



The CEI Fund at the EBRD

Annual Report 2016

**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 €43.5 million, mainly provides grant-type assistance for specific components of Technical Cooperation (TC) projects. The Fund has so far provided over €25.5 million for TC projects. It has also contributed about €2.4 million to the Know-How Exchange Programme (KEP), its second most important instrument and specific CEI tool.



European Bank
for Reconstruction and Development

ToC

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AGLI ITALIANI CHE DIMORANO
LA PATRIA NEL MONDO

Intro

Introduction



I am glad and honoured to be given - in my current capacity as Italian National Coordinator for the Central European Initiative (CEI) - the opportunity to introduce the 2016 Annual Report of the CEI Fund at the European Bank for Reconstruction and Development.

Italy - a founding member of the CEI and the main political and financial contributor of

the Initiative - established the Fund in 1992. Since then, Italy has fully financed it for an overall amount of €43.5 million, in order to extend a tangible and effective support to the European perspective of non-EU CEI countries, while fostering a stronger Regional Cooperation. We are proud of the results reached to this day.

In 2016, the CEI Fund at the EBRD confirmed its excellent performance. In particular, it committed more than €1.5 million for Technical Cooperation projects, which are expected to generate investments of more than €400 million in the region in strategic sectors such as: energy, transport, institutional development and finance. In this framework it is worth mentioning that since 1992, the overall international investments mobilised by the Fund amount to over €5.3 billion. Furthermore, the Fund committed in 2016 €200,000 to the CEI Know-how Exchange Programme (KEP), a

development instrument aimed at supporting the transfer of experience from institutions in the EU to peers in the non-EU countries within the CEI region; since 2004, the KEP has co-financed projects for a total value of about €13 million.

In 2017 the activities of the CEI Fund will continue in accordance with the priorities set forth in the CEI Plan of Action, and the priorities of EBRD and of the Italian Government policies in the Region. Within the overall aim of fostering economic growth and further strengthening stability at regional level, focus will be maintained on a number of sectors of interest for non-EU CEI countries, such as – among others – energy efficiency, transport, support to SME development, agribusiness. Due attention will be given to a proper local ownership of the projects, and to their capacity building aspects.

Finally, I would like to underline that Italy is currently holding the Presidency of the “Berlin Process” and will be hosting, on 12 July, 2017, the Western Balkans Summit in Trieste. We consider this event an important opportunity for the countries of the Region to advance in their European integration path; at the same time it will enhance their cooperation at regional level. Within this framework, it is ever more important to foster the connectivity sector - a field of intervention where the CEI Fund at the EBRD is already very active. Such a dimension is pivotal in order to favour progress for filling the current gaps among countries, especially in the Western Balkans region, with the aim to move the non-EU CEI countries closer to the European Union, while building better connections among themselves.

Giuseppe Cavagna

*Italian CEI National Coordinator
Head of the Adriatic and Balkans Unit
Italian Ministry of Foreign Affairs
and International Cooperation*

A handwritten signature in black ink, appearing to read 'Giuseppe Cavagna', written over a horizontal line.



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 €43.5 million.

The Fund has mainly financed grant-type Technical Cooperation (TC) projects in support of EBRD operations in a number of areas, including agribusiness, energy, finance and business, institutional development and capacity building, 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 2016, 153 TC assignments with a total cost of more than €25.5 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 EU CEI countries to benefit recipients in non-EU CEI Member States. To date, about €2.4 million have been committed by the CEI Fund in order to support 86 KEP operations. The total value of these projects (CEI grants and mandatory co-financing) is over €12.8 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 MAECI in the selection process. Following positive appraisal by the Ministry, the Office submits the proposed projects to the CEI Committee of National Coordinators¹ 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, *Executive Officer*

Ms Tea Larsson, *Junior Secretary*

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



Technical Cooperation Programme

EBRD technical assistance is primarily intended to contribute to the preparation and implementation of the Bank's investment and non-investment operations, and to provide advisory services to private and public sector clients. Technical Cooperation (TC) projects can assist in implementing legal and regulatory frameworks, institutional reforms, as well as 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, including agribusiness, business and finance, energy, institutional development, municipal infrastructure and services, SME support, and transport. The strategic focus of technical assistance has moved over time in the direction of the 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 €25.5 million towards 153 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 2016, the CEI Fund has dedicated more than €25.5 million to technical assistance operations (including over €14 million to support projects directly related to international investments). Between 1993 and 2016, these TC projects, funded by the CEI Fund at the EBRD in its countries of operations, have been able to mobilise over 5.3 billion of international investments². The EBRD alone has contributed to those investments with approximately €3.3 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 2016, the TIR is estimated to be 1:215. The EBRD's share, alone, is expected to reach approximately €130 for each euro of the CEI Fund dedicated to TC projects: this represents the EBRD Investment Ratio (EIR).

² Out of this total amount, over €400 million of investments are expected to be mobilised by TC assignments approved in 2016.

Chart 2.1.

Total Investments linked to the CEI TC assignments
(share of €5.3 billion of total linked investments)



Total Investment Ratio = 1:215

Total Investments / Total committed CEI grants

EBRD Investment Ratio = 1:130

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 (almost €10.5 million) have been committed to regional operations through 45 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 1993-2016.

Chart 2.2.

Cumulative distribution of TC assignments by country, 1993-2016 (share of a total of 153 assignments)

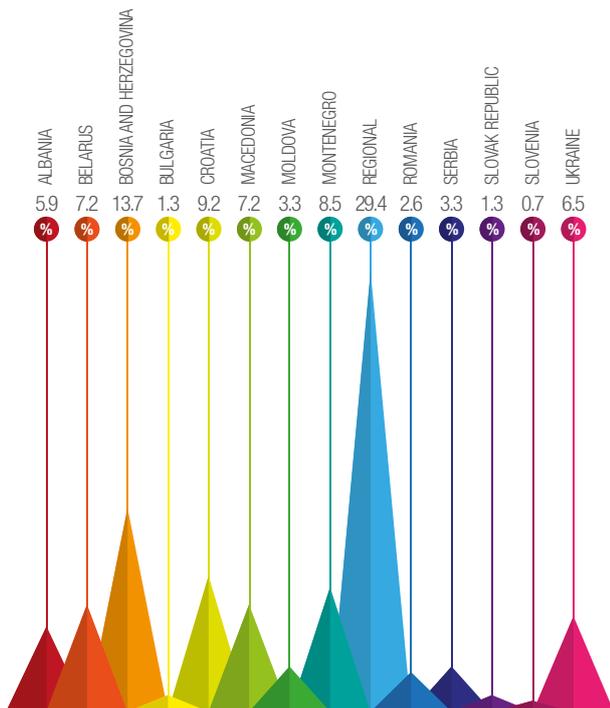
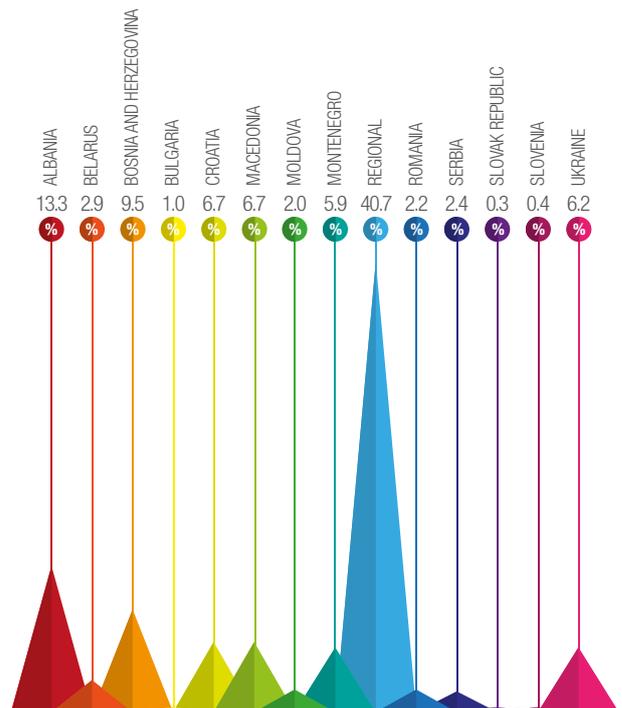


Chart 2.3.

Cumulative distribution of TC assignments by country, 1993-2016 (share of total committed grants of €25,655,558)



Sectors covered

This 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 1993-2016.

Chart 2.4.
Cumulative distribution of TC assignments by sector, 1993-2016 (share of a total of 153 assignments)

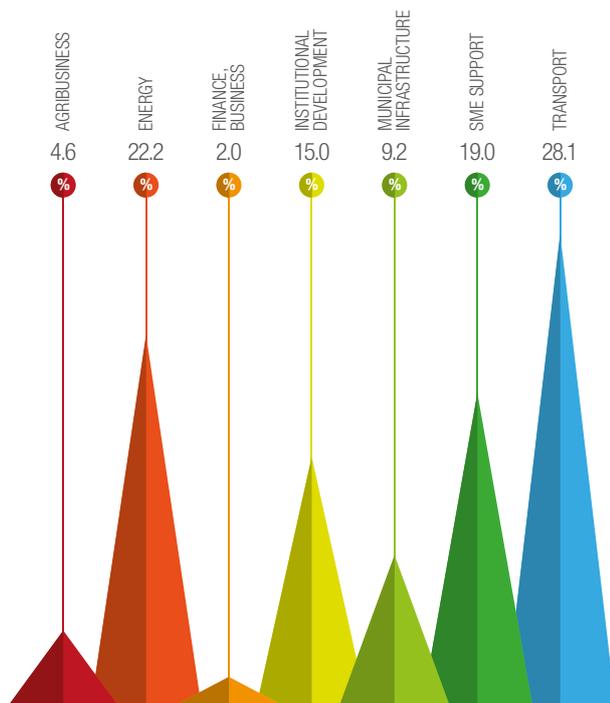
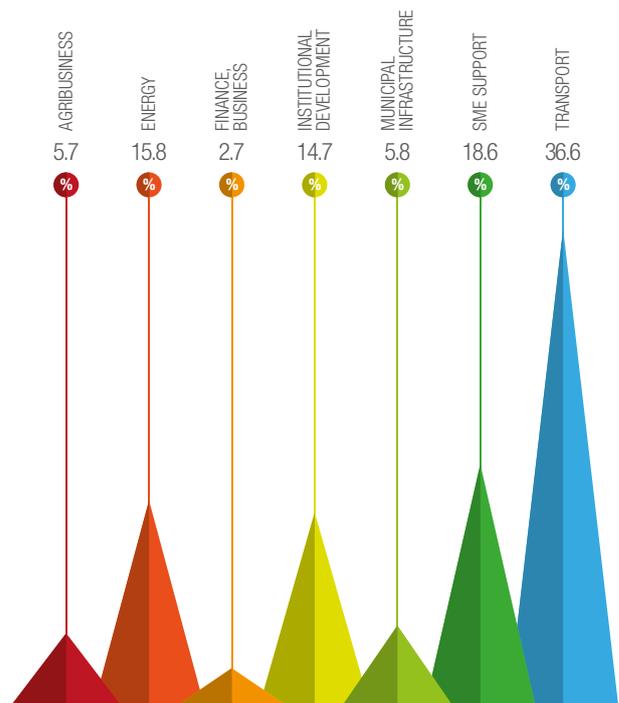
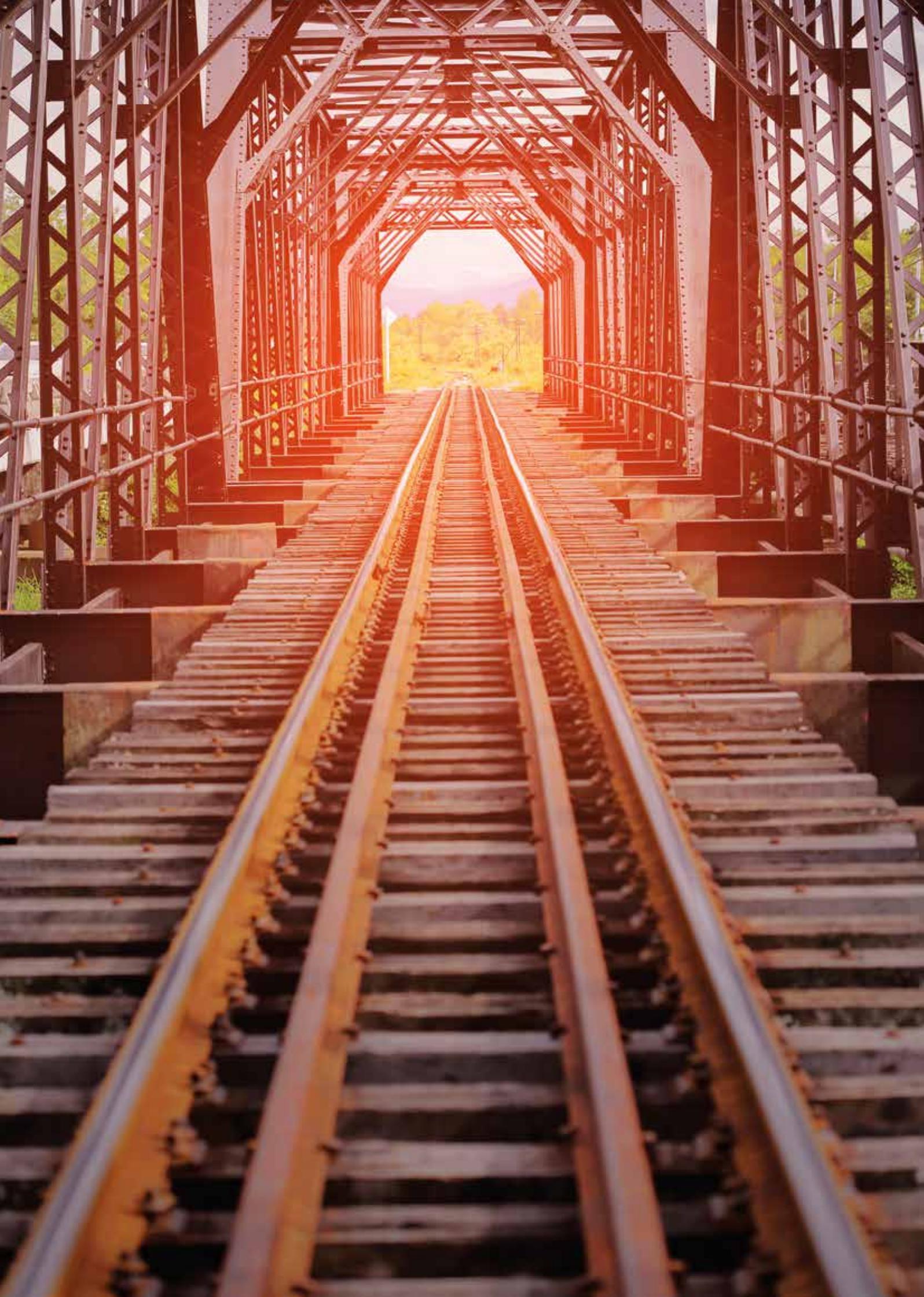


Chart 2.5.
Cumulative distribution of the value committed through assignments by sector, 1993-2016 (share of total committed grants of €25,655,558)





Technical Cooperation Assignments Approved in 2016

02

Table 2.1. List of TC assignments approved in 2016

COMMITMENT NUMBER	COMMITMENT NAME	COMMITTED €	COUNTRY OF OPERATION	SECTOR OF OPERATION	EXPECTED RELATED INVESTMENT (€ MILLION)
TCRS 1137	Independent System Operator of Bosnia and Herzegovina - Consultant for the Project Implementation Unit	400,000	Bosnia and Herzegovina	Energy	8.5
TCRS 898 Assign 7485	Climate Resilience in the Bosnian Road Network. Flood Repair and Upgrade	135,000	Bosnia and Herzegovina	Transport	150
TCRS 286 - CEI200	4 th International Master in Public Procurement Management	100,000	Regional	Institutional development	Not applicable
TCRS 1750 - CEI200	Investment in the Silk Road Infrastructure Corridor: the Western Balkans Route	160,000	Regional (Western Balkans)	Transport / Institutional development	Investments to be determined by the analysis
To be assigned	Implementation of the Corporate Governance Action Plan (CGAP) for KESH (Korporata Elektroenergjitike Shqiptare Sh.A)	300,000	Albania	Energy	218
To be assigned	Albania Secretariat to the Investment Council	175,000	Albania	Finance, business	Not applicable
To be assigned	Project Preparation along the Silk Road in CSEE: Assessing and Tackling Policy Obstacles to Infrastructure Investment in the Region	90,000	Regional	Transport	Investments to be determined by the analysis
To be assigned	5 th International Master in Public Procurement Management	125,000	Regional	Institutional development	Not applicable
To be assigned	Assessment of environmental hotspots and review of remediation investment opportunities in the low Adriatic	65,000	Albania and Montenegro	Transport	25
Total		1,550,000			401.5

Independent System Operator of Bosnia and Herzegovina - Consultant for the Project Implementation Unit

COMMITMENT NUMBER	TCRS 1137
COUNTRY OF OPERATIONS	Bosnia and Herzegovina
VALUE	€400,000
SECTOR OF OPERATIONS	Energy
EXPECTED RELATED INVESTMENT	€8.5 million (EBRD)

BACKGROUND

The EBRD will provide financing to the Independent System Operator of Bosnia and Herzegovina (ISO - www.nosbih.ba). ISO is a public company owned by the governments of the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) and operates on the entire territory of Bosnia and Herzegovina (BiH). Since 2005, ISO has been managing the power transmission system in BiH to ensure continuous supply of electricity. Inter alia, ISO is responsible for:

- Managing the transmission system and assuring its stability;
- Managing assets and equipment in the central control and dispatching centre;
- Dispatching, balancing and allocating the cross-border interconnection capacities;
- Developing and managing the rules regulating the transmission system utilisation;
- Developing and managing market rules based on the provisions related to system and ancillary services in the transmission system.

OBJECTIVES

The main objective of this technical cooperation assignment is to provide organisational and technical assistance to ISO to ensure the successful completion of the EBRD's investment project in accordance with the Project Implementation Plan and with all the Bank's requirements stipulated in the Loan Agreement. Technical assistance will include:

Task 1 - Project Preparation Phase

- Development of Project Implementation Unit (PIU) operating procedures;
- Support during the procurement process;
- Support during the evaluation process;
- Support during contract finalisation.

Task 2 - Project Implementation Phase

- Assistance in supervision, monitoring and reporting;
- Testing, commissioning and operational acceptance;
- Knowledge transfer to client.

INVESTMENT LINKS

The estimated EBRD investment amounts to €8.5 million for:

- Supply and installation of new state-of-the-art IT systems that will allow ISO to perform its full range of operations, reporting and management of the power system in the most reliable and efficient manner. It includes the Energy Management System (EMS) and the Supervisory Control and Data Acquisition (SCADA) system, a back-up control system, tailor-made development and staff training in system use and maintenance as well as necessary additional measurement and communication systems;
- Construction of the ISO headquarters in Sarajevo, where the national dispatching centre will be housed together with the above systems.

This assignment in support of a planned ISO investment is crucial for a fully functional electricity system in BiH. The related investment will enable regional market integration and will lead to improvements in cross-border trade and allocation of capacity.

Climate Resilience in the Bosnian Road Network. Flood Repair and Upgrade

COMMITMENT NUMBER	TCRS 898 Assign 7485
COUNTRIES OF OPERATIONS	Bosnia and Herzegovina
VALUE	€135,000
SECTOR OF OPERATIONS	Transport
EXPECTED RELATED INVESTMENT	€165 million (€65 million from the EBRD)

BACKGROUND

As the impacts of climate change become more apparent, climate change adaptation is emerging as an important part of the international climate change agenda. In the road sector, the recent floods that affected Bosnia and Herzegovina (BiH) in May 2014 caused the collapse of several bridges and road sections.

OBJECTIVES

In order to increase climate resilience in the EBRD's countries of operation, the Bank is systematically integrating climate risk assessments and adaptation measures in its investment operations. The Bank aims at reducing long-term risks and increasing resilience through improved practices and investments in measures and technologies that are better suited to a changing and more variable climate. In response to the aforementioned concerns in the road sector of the Federation of BiH, the EBRD is seeking technical assistance support in assessing climate change risks, setting up appropriate institutional structures and formulating a Climate Change Adaptation Strategy for the sector.

Technical assistance will:

- Support the Roads Agency in establishing an institutional framework for assessing, managing and communicating climate risks to the road network;
- Support the Roads Agency in assessing climate risks to the road network and in mapping specific vulnerabilities;
- Support the Roads Agency in developing an adaptation strategy to climate change;
- Support the Roads Agency in implementing climate resilience measures under the associated investment project.

INVESTMENT LINKS

The EBRD is considering a sovereign loan up to €65 million for on lending to the Federation of Bosnia and Herzegovina (FBH) and further to the Public Company Roads of the Federation of Bosnia and Herzegovina (FBiH Roads) to finance the reparation and modernisation of selected road sections and structures in the FBiH. The proceeds of the loan will be used to repair and upgrade the primary road network in the Federation following the damage caused by the severe floods during the spring of 2014. In addition, the financing aims at improving the level of service and traffic safety on the FBiH primary road network. Works will include the reparation of damages caused by heavy floods in May 2014 (including 37 kilometres of the carriage way, two bridges and two tunnels), reconstruction of other bridges and tunnels, and construction of bypass roads around four cities.

The total Project cost is estimated at approximately €165 million. The project is expected to be co-financed by both the European Investment Bank and the World Bank.

COMMITMENT NUMBER	TCRS 286 - CEI200
COUNTRY OF OPERATIONS	Regional
VALUE	€100,000
SECTOR OF OPERATIONS	Institutional development
EXPECTED RELATED INVESTMENT	Not applicable

BACKGROUND

The first EBRD Public Procurement Assessment - Review of Laws and Practice in the EBRD Region 2011 (the Public Procurement Assessment) highlights real and perceived deficiencies in most countries in the EBRD region. In particular, these countries remain unresponsive to market economy and international trade requirements not only in respect of the public procurement legal and regulatory framework but also in public procurement management practices in those countries. The need to develop improved methods of procurement management and purchasing and to maintain high standards of skills and integrity remain a key priority. The EBRD Procurement Policy Department has stressed capacity building as a primary goal for the enhancement of public governance and in particular procurement, in order to achieve transition objectives. Within capacity building, high-level professional education plays a major role in ensuring that key procurement management staff has appropriate skills, experience and qualifications to lead and consolidate transition results as a sustainable basis of procurement professionalism and integrity. In order to achieve efficiency and integrity in procurement, best-practice guidance and high-level professional academic training have to be provided to public sector procurement officials.

In order to support this goal, 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 - has produced the first, second and third editions of the International Master in Public Procurement Management. It was a challenge both institutions faced successfully over the period 2013-2015.

The first three-year experience has also been valuable to identify opportunities for improvement, based on feedback from students, professors and EBRD experts. The excellent results achieved with the three editions of the Master's have served as 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 previous editions 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 by the EBRD, in order to reduce the fiduciary risk to the Bank when qualified and skilled professionals are responsible for procurement activities and results.

OBJECTIVES

The main objective of the Master's Programme is to raise the academic level and training of public procurement officials, from different backgrounds; to gain 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 length of four consecutive months including traditional lectures and seminars covering specific topics of the procurement function such as abnormally low tender prices, negotiations, IT, vendor rating, etc.

The participants will learn more about good procurement practices: strategic tools for purchasing, international procurement law, PPP, ethical aspects involved in the procurement activities, economic analysis of markets. The course will also offer important insights on specific aspects of the procurement function, such as abnormally low tender prices, negotiations, e-procurement and vendor rating. The qualification programme is a full-time, advanced level, one-year postgraduate Master's Programme with classroom lectures running from March to July 2016 in Rome (Italy), followed by distance-learning and a mandatory professional internship in a company or institution, which can be in Italy, in the student's home country or elsewhere. The Programme is characterised by its interdisciplinary content and is meant to attract purchasers with relevant experience in procurement as well as students interested in preparing for a career in procurement, whether in state or local government, publicly-owned enterprises or multilateral international organisations.

INVESTMENT LINKS

Even though there is no directly related investment to this technical cooperation assignment, the project is in line with the EBRD priority of developing public procurement legislation and practice in countries of operation. It complements the on-going policy dialogue with senior officials. Further development might be planned in the future with the University of Tor Vergata or others, in order to ensure widespread professional expertise and maximise the impact in EBRD countries of operations.

Investment in the Silk Road Infrastructure Corridor: the Western Balkans Route

COMMITMENT NUMBER	TCRS 1750 - CEI200
COUNTRY OF OPERATIONS	Regional (Western Balkans)
VALUE	€160,000
SECTOR OF OPERATIONS	Transport
EXPECTED RELATED INVESTMENT	Investments to be determined by the analysis

BACKGROUND

China has recently become the 67th member of the EBRD. In recent years China's role as an international investor has also been growing rapidly. The Government of China has recently focused on a comprehensive investment programme to strengthen the logistical infrastructure to move goods and services from China to Europe (the One Belt One Road programme). The plan is for a comprehensive, multimodal infrastructure corridor (the Silk Road) that will span from mainland China across Central Asia to Europe, including road, railway, and ports infrastructure. The purpose of the proposed corridor is to substantially increase the trade opportunities along the countries on its route. The investment plan also includes pipelines to transport gas and oil as well as ITC infrastructure to ensure connectivity across the infrastructure corridor. While plans are still preliminary, the Chinese government has estimated an investment of \$1 trillion in this large infrastructure scheme over the next 10 years.

It is envisioned that the Silk Road will be routed through the Western Balkans, both in its maritime as well as – eventually – in its terrestrial route. This branch of the logistical corridor will link the Asian part of the route to Europe. Chinese investment in the region has already started and, over the next few years, it has the potential to increase significantly in light of the Silk Road project. The EBRD and The World Bank, given their regional coverage, are the only international financial institutions that see the Western Balkans as a region relevant to their operations in the context of the Silk Road investment plans. At this stage, such plans, and in particular the route through the Western Balkans, are still to be fully developed. The exact route of the corridor, its modal components (rail, road, maritime routes, etc.), the level and typology of investment, are all still to be defined. Timing is right to engage with the relevant parties.

OBJECTIVES

The CEI and the EBRD have agreed to enter into a two-year collaboration, focusing on providing a framework for analysis, policy dialogue and investments in relation to the common CEI Member States and EBRD countries of operation and to the common CEI and EBRD priority areas. The first of a series of projects within this collaboration framework will be focused on the Western Balkans route of the new Silk Road. In the first instance, the framework project will produce several analytical and policy notes on this topic and help prepare the joint CEI-EBRD conference in 2016 where the issues from the analytical pieces have been presented. Such analysis will form the basis to engage in policy dialogue around key areas of reform in the region. The aim of this assignment is to achieve an improvement in

the policy context and business environment in the Western Balkans region, which can enable stronger and more beneficial investments around the Silk Road infrastructure corridor.

The assignment's outcome is expected to be the improvement in the policy context and business environment in the Western Balkans region, which can enable stronger and more beneficial investments around the Silk Road infrastructure corridor.

In addition, the assignment will:

- Carry out primary research on selected topics related to the trade and investment opportunities created in the Western Balkans by the Silk Road infrastructure corridor;
- Identify what the policy areas that need to be prioritised are, in order to facilitate investment and support domestic SMEs by helping understand the potential and to be ready to capture the opportunities available in the region in the framework of the investment in the Silk Road;
- Identify economic sectors in the Western Balkans with the most potential to benefit from infrastructure investment associated with the Silk Road;
- Gather detailed data on key variables related to these sectors, including added value, revenues from sales, proportion of sales going to exports, employment, and other variables over a period of at least five years;
- Analyse data, prepare detailed statistical summaries and, if necessary, carry out limited hypothesis testing using econometric methods;
- Carry out limited fieldwork in selected Western Balkan countries with a view to preparing 2-3 case studies of important enterprises and sectors in the region with high potential for future development.

INVESTMENT LINKS

Several Chinese institutions will participate in the funding of the Silk Road, championed by the Silk Road Fund, a newly formed \$40 billion fund owned by the Chinese Government. Other Chinese institutions, such as the China Development Bank and the Industrial and Commercial Bank of China (some of the largest banks in the world), have announced that they will participate in the funding of the projects within the Silk Road. Multilateral institutions will also play an important role, in particular in terms of leveraging further private investment in the project. The newly formed AIIB, which is planning on being endowed with \$100 billion in capital, will play a key role, together with The World Bank, the Asian Development Bank and the EBRD.

Implementation of the Corporate Governance Action Plan (CGAP) for KESH (Korporata Elektroenergjitike Shqiptare)

COMMITMENT NUMBER	To be assigned
COUNTRY OF OPERATIONS	Albania
VALUE	€300,000
SECTOR OF OPERATIONS	Energy
EXPECTED RELATED INVESTMENT	€218 million (EBRD)

BACKGROUND

In June 2016, the EBRD signed a €218 million sovereign guaranteed loan to the Albanian Power Corporation “Korporata Elektroenergjitike Shqiptare” (KESH). The project aims at restructuring the company’s balance sheet and at assisting it and its 100 percent owner, the Government of Albania, in pursuing a comprehensive restructuring of the company and the Albanian power sector, long described as requiring comprehensive reform to enhance its performance, accountability and transparency.

Albania’s on-going power sector reform, further enhanced the EU Third Energy Package application - which will affect the structure of KESH - and the country’s commitments to the Energy Community are expected to bring significant operational and financial improvements in the company. Transparent and clear governance, where the roles and responsibilities of corporate bodies in the decision-making process are clearly defined, needs to be established to ensure effective running of KESH, especially after the unbundling of the wholesale function. KESH’s information system needs to be centralised in order to allow KESH management to set operational benchmarks and monitor performance on a consistent basis. Furthermore, since it is organised in the form of a public enterprise, the company operates under a legal and regulatory framework, which is not suitable for entities that should operate under market/commercial principles. Effectively, KESH’s day-to-day operations are influenced by political considerations from its owner, which leads KESH to operating as a policy tool to ensure low energy prices and secure employment. There are no adequate oversight mechanisms over its activities.

The EBRD, through technical cooperation funds, has already financed a corporate governance and legal review of KESH with the aim of identifying gaps with best practices and standards and at preparing an action plan for the implementation of recommendations to close the identified gaps. The Corporate Governance Action Plan (CGAP) will be discussed and agreed upon with the stakeholders, as a pre-condition for disbursement.

OBJECTIVES

The main objective of this technical cooperation assignment is to assist the Government of Albania and KESH in duly implementing the CGAP. In particular it will:

- Assist in setting up and formalising new structures at KESH, as might be foreseen in CGAP;
- Assist in adopting new policies, regulations and procedures to improve processes, accountability and transparency at KESH;
- Assist KESH and the Government in improving the selection process of Supervisory Board members;
- Assist the Government in drafting specific regulations and decisions of the KESH Supervisory Board functions, responsibilities and competencies, as and if needed, in order to implement CGAP recommendations of the Supervisory Board;
- Assist KESH in improving internal controls and reporting, strengthening risk function, internal audit oversight, improving disclosures and information flows;
- Assist KESH in improving and streamlining reporting to and communications with its stakeholders, in particular its shareholder and its Supervisory board.

INVESTMENT LINKS

The EBRD is providing a €218 million loan to KESH to refinance its overdrafts from commercial banks. The loan is structured in two instalments of €118 million and €100 million respectively. The loan agreement for the first instalment of €118 million was signed on the 30 June 2016. The loan is accompanied by a programme of measures that will be implemented for the purpose of: i) improving KESH’s financial and operational sustainability, ii) establishing corporate governance and climate resilience best practices, iii) advancing sector reform to achieve further market liberalisation and integration.

Albania Secretariat to the Investment Council

COMMITMENT NUMBER	To be assigned
COUNTRY OF OPERATIONS	Albania
VALUE	€175,000
SECTOR OF OPERATIONS	Finance, business
EXPECTED RELATED INVESTMENT	Not applicable

BACKGROUND

The first strategic priority of the EBRD's Country Strategy for Albania is "support private sector competitiveness by enhancing value creation, facilitating SME access to finance and fostering an enabling business environment." In February 2014, Albania and the EBRD signed a Memorandum of Understanding (MoU) on the Investment Climate and Governance Initiative for Albania aimed at re-energising the country's economic reform process. Under the MoU, the Government and the EBRD jointly committed to improving policy dialogue between the private sector and the government, strengthening the investment climate and promoting good governance. The establishment and support of the Investment Council is one of the key deliverables under that MoU.

The Investment Council (<https://www.investment.com.al/>) was officially launched in April 2015. The Council is chaired by the Minister of Economic Development, Tourism, Trade and Entrepreneurship and meets six times a year. It is a platform for public-private dialogue bringing together a select group of representatives of businesses (i.e., heads of business associations and chambers of commerce), policymakers (i.e., relevant ministers and heads of government agencies), and senior representatives of the EU, the EBRD, and the World Bank Group, to discuss and tackle challenges to the business environment in a systematic and results-oriented fashion.

The work of the Council is coordinated by an EBRD-supported Secretariat, an independent body of experts selected and contracted by the EBRD to facilitate the work of the Investment Council by engaging with the business community and providing well-founded policy reform recommendations for the Council. The Secretariat began its operations in January 2015 and provides organisational, analytical and professional support to the IC members.

The Investment Council is not meant to replace the activity of any government ministry, agency or institution. Instead, it is designed to provide a platform for dialogue between the private sector and the authorities, with the ultimate aim of leveraging the private sector's experience to enhance the content and prioritisation of policy reforms. The Investment Council also strengthens the private sector's and civil society's role in monitoring the effectiveness of the Government's activity in the area of governance reform. The Investment Council promotes good public and corporate governance, it improves the quality of the advice the government receives from the private sector, and it promotes more evidence-based advocacy.

OBJECTIVES

The objective of this assignment is to provide continued funding for the Secretariat of the Investment Council in Albania to equip it with professional staff and other resources required to ensure the effective functioning of the Investment Council. The main task of the Secretariat is to support the activities of the Council.

The objective of the Council is the improvement of the investment climate and business environment. The Secretariat is currently composed of a Head of Secretariat, an Economic Expert, a Legal Expert, and an Office Assistant. The presence of a highly professional and ethical Secretariat with experts who are independent from the Government is crucial to enhance the prospect of success in the facilitation of public-private policy dialogue.

This Secretariat aims at supporting activities focused on the business climate reform by helping to identify the main impediments to investment in key sectors, reviewing and evaluating draft relevant legislation, and disseminating best practices in the prevention of and fight against corruption and informality. Consultation with the private sector in the elaboration of the national and sector plans is a prerequisite to ensuring inclusive growth, and expanding economic opportunities for all segments of the population.

Project Preparation along the Silk Road in CSEE: Assessing and Tackling Policy Obstacles to Infrastructure Investment in the Region

COMMITMENT NUMBER	To be assigned
COUNTRY OF OPERATIONS	Regional
VALUE	€90,000
SECTOR OF OPERATIONS	Transport
EXPECTED RELATED INVESTMENT	Investments to be determined by the analysis

BACKGROUND

This assignment is proposed as a second stage of the existing assignment “Investment in the Silk Road Infrastructure Corridor: the Western Balkans Route” financed by the CEI Fund with €160,000 (see p. 12). It builds on the preliminary results of the work undertaken in the context of phase one, in particular in relation to the potential for investment in Central and South Eastern Europe (CSEE).

The proposed assignment will analyse key policy impediments to Chinese infrastructure investments in CSEE in the framework of China’s new Silk Road project – the Belt and Road Initiative (BRI). This assignment will complement project preparation efforts carried out by the EBRD and, in the future, by Chinese partners with necessary assessment of policy impediments. The purpose of the analysis will, therefore, be to: (i) assess and identify the key policy impediments to Chinese and IFI infrastructure investment opportunities in CSEE, and (ii) prioritise a set of policy actions for the EBRD to implement in order to unlock the existing impediments to investment. This project will therefore, contribute to comprehensive project preparation and eventually to the unlocking and leveraging of substantial infrastructure investment by the EBRD, Chinese investors and other partners interested in the region.

This assignment will provide an important component of project preparation, identifying and eliminating policy obstacles that would prevent investment flows to key infrastructure projects, in particular cross-border ones. The final aim of this work is the elaboration of a set of bankable projects that have been pre-prepared to be feasible, have potential for impact, compatibility with strategic priorities of relevant countries in the region, of the EU, the EBRD and Chinese counterparts involved in the Belt and Road Initiative.

In order to assess the strength of a potential infrastructure investment in CSEE and to identify which actions need to be taken to prepare the project for potential co-financing from the Silk Road Fund, an assessment of potential projects against the priorities of the Belt and Road Initiative as set out in the BRI Action Plan will be carried out. Serbia has been selected to be the starting-point country for the assessment based on the strength of existing Chinese interests and activities on a variety of key BRI points in this country.

OBJECTIVES

This TC will complement project preparation efforts carried out by the EBRD and, in the future, by Chinese partners with necessary assessment of policy impediments.

The objectives of the project are to:

- Identify potential infrastructure projects in the CSEE region that are of interest to the EBRD and Chinese investors in line with the BRI priorities and in need of project preparation support;
- Carry out assessments of policy obstacles hindering Chinese and IFI infrastructure investments in CSEE and of the gaps of standards and approaches among the key counterparts interested in co-financing;
- Create an action plan based on the assessments carried out, identifying and prioritising policy actions and policy dialogue goals to enable preparation of the chosen pilot project; and
- Eventually implement the action plan and prepare the chosen pilot project, which will be presented to partners for co-investment.

INVESTMENT LINKS

The estimated size of the EBRD investment is still unknown and will depend on the outcome of the preparatory work carried out through this TC. The EBRD investment is envisioned to be in a transport infrastructure project that aligns with the EBRD, the European Union, and the Belt and Road Initiative criteria. It will take place in one or more CEI Member State in Central and South-Eastern Europe.

5th International Master in Public Procurement Management

COMMITMENT NUMBER	To be assigned
COUNTRY OF OPERATIONS	Regional
VALUE	€125,000
SECTOR OF OPERATIONS	Institutional development
EXPECTED RELATED INVESTMENT	Not applicable

BACKGROUND

During 2013-2016, the joint work between the EBRD and the University of Rome Tor Vergata (Italy) – whose Faculty of Economics is recognised worldwide as a centre of excellence for education in procurement – has produced four editions of the International Master in Public Procurement Management (IMPPM). It was a challenge that both institutions have developed successfully (see p.14 and p.76).

OBJECTIVES

The main objective of the Master's Programme is to raise the academic and training level 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 length of four consecutive months including traditional lectures and seminars covering specific topics of the procurement function such as abnormally low tender prices, negotiations, IT, vendor rating, etc.

The participants will learn more about good procurement practices: strategic tools for purchasing, international procurement law, PPP, ethical aspects involved in the procurement activities, economic analysis of markets. The course will also offer important insights on specific aspects of the procurement function, such as abnormally low tender prices, negotiations, e-procurement and vendor rating.

The qualification programme is a full-time, advanced level, one-year postgraduate Master's Programme with classroom lectures running from March to July in Rome, Italy. It is followed by distance-learning and a mandatory professional internship in a company or institution, which can be in Italy, in the student's home country or elsewhere. The programme is characterised by its interdisciplinary content and is meant to attract purchasers with relevant experience in procurement as well as students interested in preparing for a career in procurement, whether in state or local government, publicly-owned enterprises or multilateral international organisations.

The experience of the first four years of the IMPPM has been valuable to identify opportunities for improvement, based on feedback from students, professors and EBRD experts. Excellent results achieved with the four editions of the Master's served as basis for the subsequent continuation and consolidation of the Master's Programme aimed at enhancing public procurement professionalism in the EBRD's transition countries.

Assessment of environmental hotspots and review of remediation investment opportunities in the low Adriatic

COMMITMENT NUMBER	To be assigned
COUNTRY OF OPERATIONS	Albania and Montenegro
VALUE	€65,000
SECTOR OF OPERATIONS	Transport
EXPECTED RELATED INVESTMENT	€25 million (EBRD)

BACKGROUND

In September 2015, the EBRD approved its Green Economy Transition (GET) Approach, a new strategy aimed at supporting the EBRD region in developing low carbon and environmentally-sustainable-economic-development patterns. GET builds on the over 10-year-long experience of the Bank in energy efficiency and climate finance formulated through the SEI – Sustainable Energy Initiative and SRI – Sustainable Resource Initiative, which cumulatively have mobilised over €19 billion of EBRD finance and resulted in annual savings of over 75 million tonCO₂ and over 30 million m³ of water. Through the GET and in line with the Sustainable Development Goals, the EBRD intends to scale up the level of investments in green projects, to reach 40 percent of its annual business activity by 2020.

The Mediterranean Sea region, including the low Adriatic areas, has been identified as one of the two main global climate change hotspots (i.e., the areas most responsive to climate change). The recent Fifth Assessment Report (2013-2014) of the Intergovernmental Panel on Climate Change, considers the region as “highly vulnerable to climate change”, also mentioning that it “will suffer multiple stresses and systemic failures due to climate changes”. Physical changes in the Mediterranean climate have been widely observed and such trends are envisaged to continue in the future. Climate change hazards are coupled with existing socio-economic processes associated with growing bio-geographical vulnerability and exposure in coastal areas of the Mediterranean region. One of the primary climate change impacts is on water resources and availability for the main economic sectors and dependent ecosystems. Water shortage in combination with expected climate change-related phenomena will lead to reduced rainfall and groundwater recharge and consequently to diminished water quality and quantity in some countries. Lower precipitation and increasing temperatures in the southern and eastern Mediterranean will exacerbate aridness, land degradation and desertification. Rising sea-levels and storm-related floods will make low-lying zones and coastal activities increasingly vulnerable to submersion and beaches vulnerable to erosion. Mediterranean coasts are highly urbanised, and due to the high predominance of summer tourism, most of the touristic facilities tend to locate as close to the sea as possible. Rising sea levels may endanger high portions of the coastal facilities including adjacent infrastructure. Loss of coastal and marine habitats and ecosystems are also largely implied. Economic loss

due to lower tourism will significantly impact the region and especially women as their traditional and cultural gender roles heavily rely on steady water access. This might be exacerbated by the impact of climate change that will also affect education, traditional gender roles, sanitation, etc. In addition, the growing economic activities in the region, including tourism, put a strain on the use of natural resources including:

- Drinking water – an extremely scarce resource in many coastal areas;
- Food – sometimes causing pressure on local production, especially of seafood, and leading to over-fishing;
- Electric power and cooling/heating facilities.

The extensive work carried out by various institutions has allowed the drawing of a number of general conclusions valid for all countries involved. The importance of coastal aquifers within the context of the coastal zone including the shallow marine environment has been fully confirmed.

OBJECTIVES

Consist with the objectives and operational approach formulated in the GET, the EBRD intends to review environmental hotspots in the marine and coastal areas in the low Adriatic, in particular in relation to water pollution and coastal sites affected by environmental degradation. The main objectives of the assignment are to identify the level of environmental degradation, assess remediation activities required and identify alternative financial and implementation strategies with the aim of developing specific projects suitable for EBRD financing.

The study will cover the marine and coastal areas of Albania and Montenegro.

INVESTMENT LINKS

The EBRD is interested in promoting the adoption of best environmental practices and in supporting economic development in Montenegro and Albania. As a result of the assignment, the Bank will work with specific stakeholders (e.g., municipal companies, shipping operators, state owned agencies) to finance the implementation of the projects identified. It is estimated that this technical cooperation activity will leverage approximately €25 million of EBRD finance through 2-3 operations during the period 2017-2020.

Technical Cooperation Assignments Closed in 2016

02

Table 2.2. List of TC assignments closed in 2016

COMMITMENT NUMBER	COMMITMENT NAME	€ COMMITTED	COUNTRY OF OPERATION	SECTOR OF OPERATION
CEI2-2014-03-03	Resource and process efficiency in manufacturing sectors - Extension	42,650	Regional	Energy
CEI2-2014-06-05	Montenegro Agency for the Protection of Competition	48,428	Montenegro	Energy
CEI2-2015-05-07	Montenegro Water Sector Reform	70,000	Montenegro	Municipal infrastructure
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
	Total	235,078		

Resource and Process Efficiency in Manufacturing Sectors – Extension

COMMITMENT NUMBER CEI2-2014-03-03
COUNTRY OF OPERATIONS Regional
VALUE €42,650
SECTOR OF OPERATIONS Energy

PROJECT SUMMARY

In November 2011, the CEI financed the assignment “Resource and Process Efficiency in Manufacturing Sectors”. The objective of this assignment was to develop a comprehensive methodological approach to energy and resource efficiency audits, including the development of initial pilot projects in the chemical and agribusiness sectors. This assignment was directly related to the Bank’s strategic push towards resource efficiency, which eventually resulted in the launch of the EBRD’s Sustainable Resource Initiative (SRI). The new methodology to energy and resource efficiency audits is now used for the planning and design of new industrial investment projects. The new approach proved to provide valuable insights about the business risks of investment operations in relation to:

- The use of resources (such as exposure to scarcity risks of specific resources, water among all, the potential obsolescence of production technologies);
- The benchmarking in comparison with the relevant international best practice;
- The identification and evaluation of potential investment programmes aimed at mitigating the above risks and improving the performances.

In 2014, the Bank’s operational team required additional services for further improving the methodology. This assignment aimed at developing the following:

- Preparation of sector-specific templates energy and resource efficiency audits;
- Application of the methodology to the agriculture farming equipment sector.

CEI funds were needed because there was a substantial lack of awareness in the Bank’s countries of operation and across sector associations for fostering technology innovation, improvement of companies’ environmental sustainability and transition to best practice in the use of resources.

Technical cooperation services included:

- Development of the standard risk assessment checklists and the standard detailed data-collection questionnaires for the major industrial subsectors in agribusiness and manufacturing. These tools are part of the resource-efficiency-methodology-implementation steps and need to be customised based on the specific features of each sector (e.g. list of BAT processes, typical performances, typical resources needed, etc.);
- Development of an in-depth investigation on the energy and resource efficiency improvements that new farming equipment can provide to primary agriculture operations.

Lessons learnt were taken from the design and implementation of other sustainable energy project assignments, both on the market assessment of investment opportunities and the company-specific energy audit format undertaken by the Bank in the past. Previous experience has demonstrated the need to further update the EBRD’s toolset, in particular related to checklists and the standard detailed data-collection questionnaires for the major industrial subsectors in agribusiness and manufacturing.

ACHIEVEMENTS

This assignment has fully achieved its intended outcome. It has produced a set of templates and standard checklists to be shared with prospective clients, which make the initial application of the methodology easier. With the newly developed toolsets, the Bank has increased its capacity to assess and evaluate resource-efficiency-investment-opportunities in the manufacturing sector with a consistent approach across the various countries and sub-sectors. The new methodology is currently applied whenever a resource-efficiency audit is undertaken by the Bank or its clients. The newly developed toolsets have been designed for a long-term use by the Bank and will be used for all resource efficiency audits in the manufacturing and agribusiness sectors.

Montenegro Agency for the Protection of Competition

COMMITMENT NUMBER	CEI2-2014-06-05
COUNTRY OF OPERATIONS	Montenegro
VALUE	€48,428
SECTOR OF OPERATIONS	Energy

PROJECT SUMMARY

Montenegro's current "transition rating" in relation to competition policy is 2.0 out of a possible 4.5. To make progress, Montenegro must demonstrate greater efforts on the part of the regulator, the Agency for the Protection of Competition (APC), to take active measures to limit abuse of market power and to promote a competitive environment, including removal of market entry restrictions.

Two particular areas where the APC's capacity needed to be strengthened were identified. First, the APC's members required greater understanding of key economic concepts that are critical for effective enforcement of competition policy. Second, the APC required targeted training on best practice in relation to merger assessment and evaluation criteria. Merger control has constituted one of the APC's principal activities since its establishment. However, at the time of project design, no instruction had been provided to the APC's members on this subject. The APC had requested assistance from the EBRD in preparing and delivering training in these areas.

The APC has a limited budget and largely depends on support from international organisations for capacity building assistance. It also requires the Bank's assistance to provide the necessary expertise in sourcing consultants who could undertake the necessary tasks to a high standard. The Bank typically uses TC funds to develop activities under its Legal Transition Programme and hires the necessary consultants. Technical cooperation services included a training programme on (i) the microeconomic underpinnings of competition policy, econometric methods, and (ii) analysis of merger regulation and practice in the EU, and how these areas are relevant for the handling of cases before the APC. Training was expected to be provided to approximately 20 participants, including case handlers, the director of the APC and the director of the directorate in the Ministry of the Economy.

ACHIEVEMENTS

Overall, the assignment was successful. Project outputs were delivered largely as intended and within expected timelines. There was a demonstrable improvement in the capacity of participants in the training areas, with 75 percent of responding participants reporting that they had applied lessons learned.

The assignment provided a high-quality, professionally relevant and comprehensive training programme to strengthen the ability of APC to implement competition policies in Montenegro, in particular, in view of the ongoing EU accession negotiations. The training programme was divided into three training sessions, to accommodate the working schedule of the APC and ensure that most of its members were able to attend. Between December 2014 and June 2015, three interactive training sessions on the protection of competition were delivered to 18 representatives of APC aimed at increasing their skills and knowledge in dealing with competition cases. The first training session focused on the economics for merger control, including EU regulations, best practices, and case studies. The second training session covered procedures and remedies for merger control, including the EU framework on structural and behavioural remedies, and their implementation and compliance monitoring explained in presentations and case studies. The third training session addressed the notion of costs in antitrust enforcement illustrated by the examples from the EU practice.

For all three training sessions, participants expressed their high appreciation of the relevance of the sessions to their current work, in particular the focus on the economic underpinnings of competition policies and their enforcement, and found that the sessions reached their objectives. They also highly praised the quantity and usefulness of the training materials and appropriate composition of the group. The knowledge obtained during the training will allow APC to take active measures to limit abuse of market power and to promote a competitive environment, including removal of market entry restrictions. The two major areas where the APC's capacity needed to be strengthened were addressed: greater understanding of key underpinning economic concepts, critical for effective enforcement of competition policy, and targeted training on best practice in relation to merger assessment and evaluation criteria.

COMMITMENT NUMBER CEI2-2015-05-07
COUNTRY OF OPERATIONS Montenegro
VALUE €70,000
SECTOR OF OPERATIONS Municipal infrastructure

PROJECT SUMMARY

In 2008, the EBRD provided a €18 million sovereign loan to the Montenegrin regional water supply company, Regionalni Vodovod Crnogorsko Primorje (PEW) for the rehabilitation and construction of the Regional Water Supply System (RWSS) to provide potable water from Lake Skadar to the municipalities along the Montenegrin coast. The RWSS works, which were completed in 2011, were designed on the assumption that in the near to mid-term future, the majority of the Coastal Region would be connected to the main distribution pipeline, which is the situation today. However, in 2014, only 16 percent of the distribution capacity was utilised. At the time of the project design, as a result of the lack of integration and limited buy-in to the regional water safety concept, the majority of water supply companies did not embrace the concept of regional operation and collaboration. This resulted in deterioration of local services, low water quality and high tariffs.

It was understood that in the case of full utilisation of the recently completed regional infrastructure, the majority of the above problems would be reduced or disappear. Therefore, in order for the optimal solution to materialise, be implemented and have the buy-in from all stakeholders, a detailed review of the regional institutional set-up was required. Furthermore, a well-designed regional strategic policy for the water sector had to be designed to ensure long-term sustainability of the system. In parallel, the Bank was approached by PEW and the six local public water companies that operate in the coastal area of Montenegro (Ulcinj, Bar, Budva, Kotor, Tivat and Herceg Novi - together the "ViKs") to assist with the financing of identified investments in order to rehabilitate and upgrade their infrastructure (the 'Investment Project'). The total Investment Project cost amounted to approximately €20 million, which was to be fully funded by the EBRD.

Taking into account the status in relation to the utilisation of the RWSS and the proposed new investment, the overall objective of this technical cooperation project was to develop a plan for the assessment and reorganisation of the water sector on the Montenegrin coast.

Technical cooperation services were required to develop a plan for the assessment and reorganisation of the water sector on the Montenegrin coast. The purpose of the plan was to suggest a new institutional setup for the water sector in the region, which would revise and update the technical, financial and administrative roles of PEW and the ViKs. The new structure proposed was expected to tackle the challenges faced by the ViKs: high investment costs, high operational costs related to high energy costs, high maintenance costs, high number of employees and their weak financial situation. Overall, the plan was expected to set out the creation of a business system that met the needs of consumers and was technically, economically and financially sustainable in the long run. The consultant engaged by the EBRD was responsible for obtaining, where possible, the approval of the plan from the relevant stakeholders. The Ministry of Sustainable Development and Tourism was responsible for obtaining the approval of the Plan of the Government of Montenegro and for its implementation.

ACHIEVEMENTS

The assignment fully achieved its intended outcome and output. A final plan for the reform of the institutional framework for the water sector, which reflected stakeholder comments, was submitted to the Ministry of Sustainable Development and Tourism and approved in July 2016. The plan provided sufficient information for the Ministry to make a decision on how to progress with the reform of the water sector on the Montenegrin coast, in line with the expected outcome of this project.

The Ministry now plans to act on the reform of the water supply system in line with the proposals recommended in the plan. To this end, the PEW has informally approached the Bank to extend this technical assistance to support the reform process by:

- Establishing a national regulatory body and guidelines of its regulation;
- Implementing a new institutional model (through two or three phases of reorganisation);
- Preparing a redundancy programme for local ViKs;
- Setting out financing conditions;
- Preparing a five-year investment and business plan for the new institutional model.

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

COMMITMENT NUMBER	CEI2-2015-11-17
COUNTRY OF OPERATIONS	Serbia
VALUE	€74,000
SECTOR OF OPERATIONS	Energy

PROJECT SUMMARY

The Serbian industry is currently facing multiple barriers to the adoption of best-practice technologies and services on resource efficiency. 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.

Innovation Vouchers are an established mechanism for supporting businesses for innovation – especially small and medium-sized enterprises (SMEs). The first scheme of this kind was set up in 1990, and by 2010, the number of schemes had 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. Innovation vouchers present a mechanism where a large number of EBRD clients can be supported by a variety of providers in an administratively-friendly manner.

The main objective of this assignment was to define the relevance and the scope of an innovation voucher scheme for Serbia focused on resource efficiency (energy, water and material efficiency) technologies. This was expected to include an assessment of costs and benefits and the definition of appropriate implementation arrangements. Based on the project's findings, the Bank was expected to be able to make a decision on whether to proceed with the implementation of an Innovation Vouchers Programme in Serbia.

The expected technical cooperation services included:

- Analysis of the current status of the local market for climate technologies and related services;
- Assessment of the broad research and development capabilities in the country in the area of climate technologies with a focus on Universities, research centres, laboratory test centres, etc. and mapping of relevant stakeholders. The analysis identified the main gaps in terms of R&D resources, infrastructures and competences in the country;
- Assessment of the most appropriate innovation voucher scheme in the country with definition of areas of focus, eligibility criteria, and governance. The consultants were also to review alternative implementation approaches and analyse related costs and expected benefits;
- Local consultation on the relevance of an innovation voucher scheme in the country with relevant stakeholders identified.

ACHIEVEMENTS

The results of the innovation vouchers study confirmed the applicability of such a scheme to the country. The main recommendations included in the study concerned:

- A list of R&D services to be covered by the vouchers;
- A mapping of industrial sectors and of resource efficient technologies that might be applicable;
- A list of R&D service providers that could be involved in the scheme;
- Key recommendations on the design of the scheme (size of the vouchers, admin aspects etc.)

Based on the results of the study, an innovation voucher scheme is being set up in Serbia.



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, 86 projects have been approved for a total CEI Fund contribution of about €2.4 million with an overall project value amounting to more than €12.8 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, are Albania, 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, Czech Republic and Hungary. Bulgaria, Croatia and Romania are the countries that have been involved both as recipient and provider countries, because of 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.
The projects with regional spread are highlighted in light green.

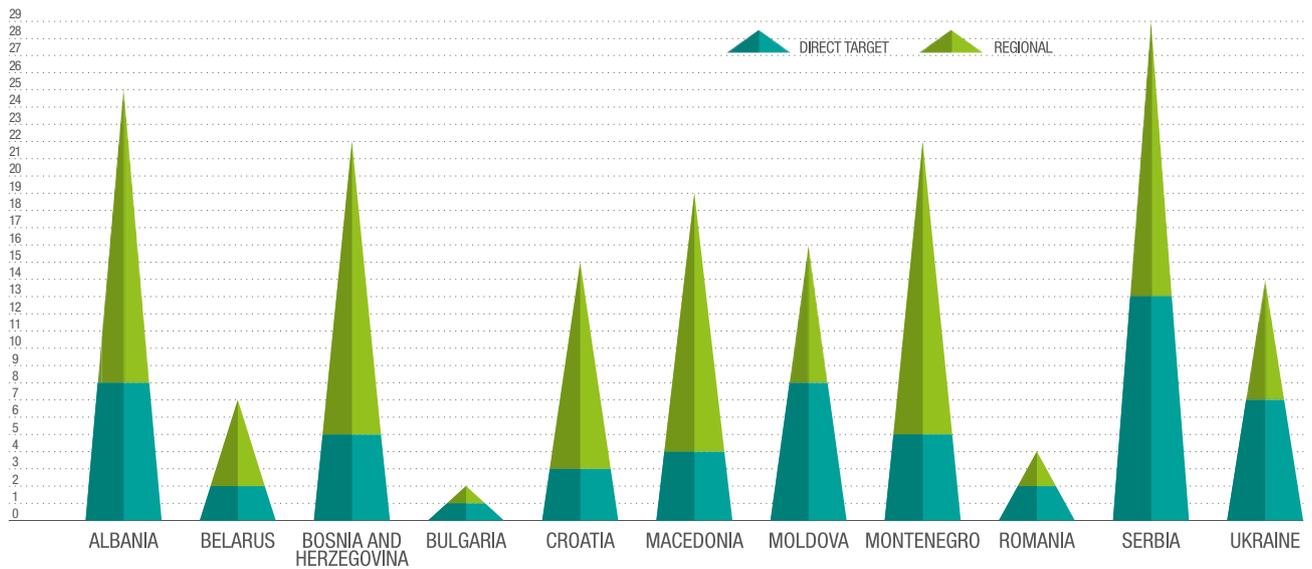


Chart 3.2. Distribution of KEP projects by number of assignments according to know-how provider countries.
The projects benefitting from know-how providers from multiple countries are highlighted in red.

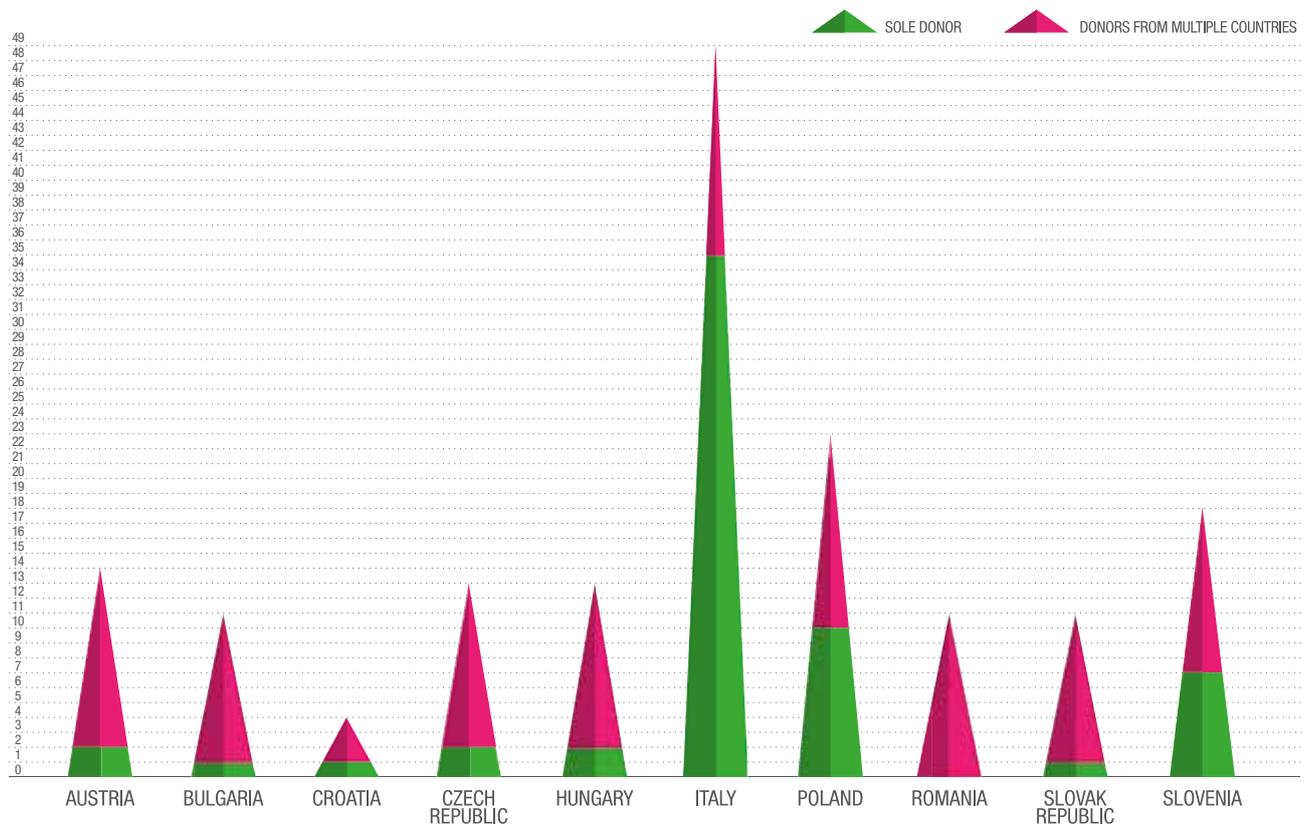
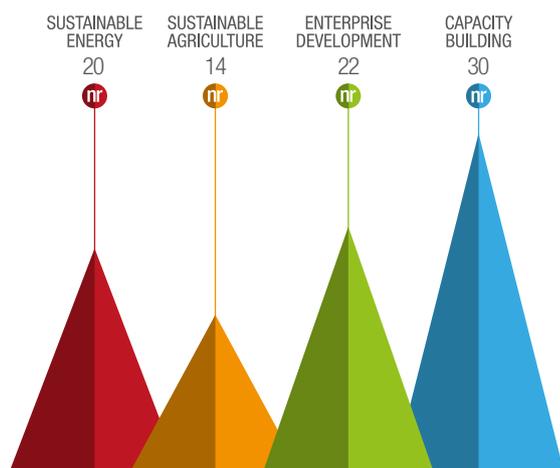


Chart 3.3. Distribution of KEP projects by number of assignments according to area of intervention.



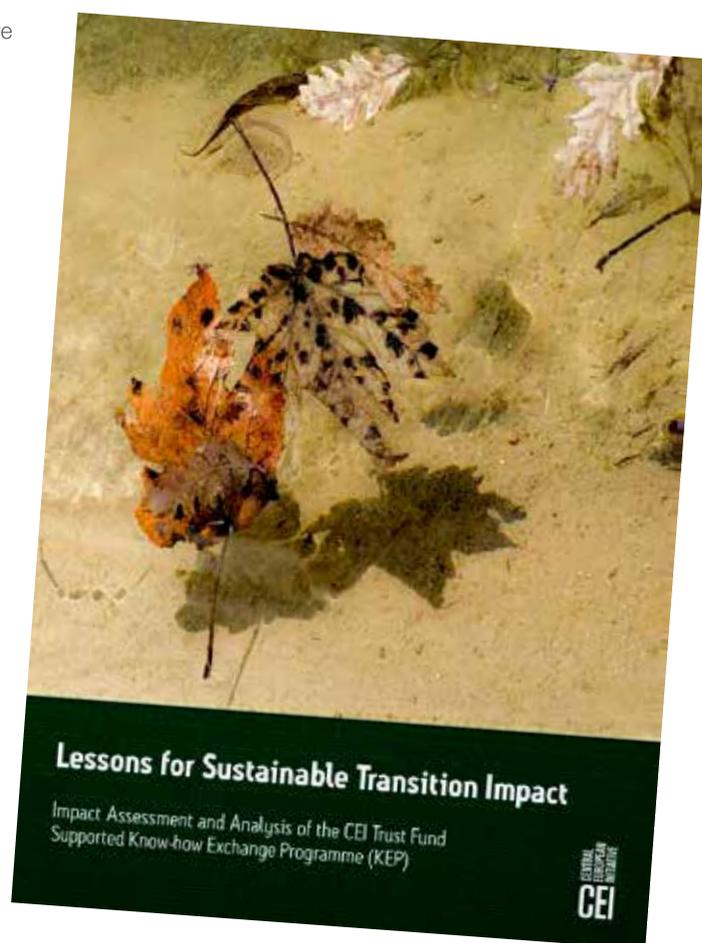
The role of the Office for the CEI Fund at the EBRD in the Programme management

The Office for the CEI Fund at the EBRD manages the KEP 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. From time to time, 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 2016, the Office for the CEI Fund at the EBRD 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 2016

03

Table 3.1. List of KEP projects approved in 2016

REFERENCE NUMBER	PROJECT NAME	COUNTRY OF KNOW-HOW PROVIDER INSTITUTION	COUNTRY OF KNOW-HOW RECIPIENT INSTITUTION	TOTAL PROJECT COST €	KEP CO-FINANCING €
1202.001-16	Support anti-corruption capacity building in Albania	EU CEP members / OSCE as coordinator	Albania	70,172	34,920
1202.002-16	Dams safety: a new approach for the monitoring of the dams with the use of remote sensing	Italy	Albania	79,710	39,885
1202.003-16	Know how exchange - GIs for non-wine food products: Exchange of know-how and boost for partnerships' based rural development in Moldova	Poland	Moldova	24,000	11,960
1202.004-16	Development and regulation of the University of Belgrade laser-laboratory infrastructure for education and research	Italy	Serbia	584,978	39,900
1202.005-16	Preserving Kotor Bay as natural and historical heritage - Analysing sea pollution sources and raising ecological awareness.	Italy	Montenegro	81,000	35,000
1202.006-16	Professional intergovernmental know-how exchange on the implementation of large scale Secondary School Scholarship and Mentoring Program for Roma Students	Hungary	Regional (Western Balkans)	77,700	38,550
Total				917,560	200,215

Support anti-corruption capacity building in Albania

REFERENCE NUMBER	1202.001-16
KNOW-HOW PROVIDER INSTITUTIONS	Organization for Security and Co-operation in Europe (OSCE); International Academy of Anti-Corruption (IACA)
KNOW-HOW RECIPIENT INSTITUTIONS	Minister of State on Local Issues, Albania as National Coordinator against Corruption (NCAC), Albania
TOTAL PROJECT COST	€70,172
CEI GRANT	€34,920
IMPLEMENTATION DATE	January 2017 – December 2017

KNOW-HOW PROVIDERS

Organization for Security and Co-operation in Europe (OSCE)
www.osce.org/albania

The Organization for Security and Co-operation in Europe (OSCE), through its Governance in Economic and Environmental Issues Department (GEEID) supports national authorities' in anti-corruption efforts, capacity building of officials on issues such as anti-corruption and good governance, conflict of interest and ethics, and assists the government in drafting policy documents such as the anti-corruption strategy and action plan, along with their monitoring and revision of policy documents. The GEEID also supports inter-institutional coordination, raising public awareness and education on anti-corruption policy and instruments as well as liaising with other important stakeholders, such as civil society and the business community to foster their watchdog role in the fight against corruption.

International Anti-Corruption Academy (IACA)
www.iaca.int

The International Anti-Corruption Academy (IACA) is an international organisation dedicated to overcoming current shortcomings in knowledge and practice in the field of anti-corruption by offering standardised and tailor-made trainings, academic degree programmes, opportunities for dialogue and networking and anti-corruption think-tank and benchmarking activities.

KNOW-HOW RECIPIENTS

The Minister of State on Local Issues and the National Coordinator against Corruption (NCAC), Albania

The Minister of State on Local Issues as the National Coordinator against Corruption (NCAC) is a national institution established by the Council of Ministers and is under the direct authority of the afore-mentioned Council. NCAC is entitled to coordinate and monitor the functioning of the anti-corruption network of public institutions at central and local level and monitor the implementation of the anti-corruption policy documents.

SUMMARY DESCRIPTION

The fight against corruption remains a complex issue in Albania with implications for the country's economic, political and social development. Therefore, the government has declared the fight against it a priority, appointing the Minister of State for Local Issues as the National Co-ordinator against Corruption (NCAC). Following this action, the government adopted a National Strategy against Corruption 2015-2020 and an Action Plan 2015-2017, drafted with the support of the OSCE Presence in Albania. Nevertheless, more efforts and support is needed by the government to succeed in countering corruption. Greater awareness and cooperation from the public in denouncing corruption is also required. The project assignment builds on results achieved by the OSCE Presence in Albania in supporting anti-corruption measures in Albania, aimed at enhancing public officials' capacities in preventing and monitoring anti-corruption practices. Therefore, the project's objective is to support the fight against corrupt practices by increasing capacities of main anti-corruption institutions.

The project will enable knowledge transfer and sharing of best practices from a successful anti-corruption model to Albanian anti-corruption institutions: a study tour, organised for national technical level public officials at main Austrian anti-corruption institutions, which will also include a workshop organised by the Anti-Corruption Academy (IACA). Moreover, the translation, publication, dissemination and promotion of the OSCE Handbook on Anti-corruption, a guide focusing on a range of issues, such as anti-corruption strategies and best practices, will be supported by OSCE funds in the framework of this project.

Dams safety: a new approach for the monitoring of the dams with the use of remote sensing

REFERENCE NUMBER	1202.002-16
KNOW-HOW PROVIDER INSTITUTION	University of Padua, Interdepartmental Research Center of Geomatics (CIRGEO), Italy
KNOW-HOW RECIPIENT INSTITUTION	Polytechnic University of Tirana, Institute of Geosciences, Energy, Water and Environment (IGEWE), Albania
TOTAL PROJECT COST	€79,710
CEI GRANT	€39,855
IMPLEMENTATION DATE	January 2017 – June 2018

KNOW-HOW PROVIDER

University of Padua, Interdepartmental Research Center of Geomatics (CIRGEO), Italy
www.cirgeo.unipd.it

Several Departments of the University of Padua are part of the Interdepartmental Research Center of Geomatics (CIRGEO), i.e. Civil Engineering, Computer Science, Land-Forestry Science, Archaeology, Hydraulic Engineering, Topography. The center's main aim is to promote and coordinate studies in the Survey Science field: the research interests of CIRGEO range from laser scanning applications, to indoor/outdoor positioning, mobile mapping systems, photogrammetry, 3D modelling of cultural heritage sites. Moreover, CIRGEO carries out initiatives in order to spread out the research outcomes. To this end, CIRGEO is interested in developing partnerships with national/international institutions, which are involved in all Survey Science-related fields.

KNOW-HOW RECIPIENT

Polytechnic University of Tirana, Institute of Geosciences, Energy, Water and Environment (IGEWE), Albania
www.geo.edu.al

The Institute of Geosciences, Energy, Water and Environment (IGEWE) is a national research unit that operates under the umbrella of the Polytechnic University of Tirana. The mission of IGEWE is to improve scientific research in the field of geoinformation in Albania through: scientific and applicative research, leading the in depth education process of students and young researchers undertaking third party services in the fields of seismology, natural resources, georisks, geoengineering and geoinformation technology. Through extensive experience gained in several research projects during the last 10 years, the departments of IGEWE have expanded their capabilities, skills, and the equipment to carry out, hydrological risk and warnings, meteorological studies and water monitoring.

SUMMARY DESCRIPTION

In Albania there are more than 650 dams mainly used for agriculture and for energy production. Almost all forms of construction are earth dams from 15 to 140 meters in altitude. Recently, because of this infrastructural degradation during the rainy season, many of them were liable to experience an overbanking with catastrophic consequences. The risk of flooding from these dams is very high because the Albanian territory is in a seismic area and this increases the risk of dam failure.

The project aims at transferring know-how and European standards in the field of dam monitoring (EU Water Framework Directive), and at strengthening the skills of the Albanian decision makers. In particular, the project will introduce a new approach that exploits recently developed remote sensing techniques, the highly accurate Terrestrial Laser Scanning (TLS), drones equipped with imaging tools, in order to allow frequent and accurate dam status monitoring. Namely, in a time of climatic change, natural hazards and pollution as a consequence of human action, it is crucial to improve energy efficiency and increase the use of renewable energy sources. For this purpose, hydroelectric power generated by dams play an important role among the renewable energies and in order to guarantee a safe energy production, a frequent and accurate monitoring of the dams status is crucial.

The project expects to transfer know-how on dam monitoring by means of TLS and drone surveying from the Italian TLS daily monitoring evaluation in selected Albanian case studies. Furthermore, an analysis will be carried out on the drones' performance in order to obtain low-cost monitoring of fissuring and structural failures. Therefore, the main outcome of the project will be the development of a system that will allow to appropriately monitor dam status in generic operating conditions by transmitting best practices already in place in Italy. The developed system will be based on a semi-automatic procedure that will ease the activity and allow frequent monitoring. Information acquired and processed will be available to the beneficiary through trainings and workshops in Albania. The project also aims at developing a Geographic Information System (GIS) including all the information acquired and processed. Lastly, the use of the camera based monitoring status will be evaluated.

Know how exchange - GIs for non-wine food products: Exchange of know-how and boost for partnerships' based rural development in Moldova

REFERENCE NUMBER1202.003-16
KNOW-HOW PROVIDER INSTITUTION . . .Development Policy Foundation, Poland
KNOW-HOW RECIPIENT INSTITUTION . . .Ecological Movement of Moldova, Moldova
TOTAL PROJECT COST€24,000
CEI GRANT€11,960
IMPLEMENTATION DATEFebruary 2017 – July 2017

KNOW-HOW PROVIDER

Development Policy Foundation, Poland
www.fpr.org.pl

The mission of the Development Policy Foundation is to empower Polish and Central European public and private institutions, to transfer their know-how and best practices regarding environmentally sustainable modernisation and the *acquis communautaire* adaptation to non-EU partners.

KNOW-HOW RECIPIENT

Ecological Movement of Moldova, Moldova
<http://mem.md/en/>

Ecological Movement of Moldova has experience in monitoring public consultations. It is involved in several legal transpositions, such as access to public information, forestry, water management, consultations for illegal logging-forestry, transparency of land policy in eco sensitive zones and accessibility of public space.

SUMMARY DESCRIPTION

The project aims at establishing a sustainable network of NGOs with tailored institutions from Poland, Italy, Austria and Moldova, in order to exchange experiences and stories about aspects of regional non-wine product registration. It

will setup marketing and distribution channels of regional or local products and present success stories of local producers of EU CEI Member States, disclosing the practical side of business activities connected with local specialities. The focus will mainly be on expending knowledge of other organisations and entrepreneurs from Moldova about Geographic Indications (GIs) for non-wine food products.

The project will focus on a marketing plan, management plan and on a new sales model (on-line job sharing, e-version only) and on expanding knowledge of entrepreneurs and organisations about registration, sale, management and marketing as well on focusing on the promotion of the application of EU standards and regulations on GIs for non-wine food products in Moldova. Among others, two meetings are envisaged at the beginning and at the end of the project in the Călărași region. The first meeting will be organised as a study visit with project partners. It will focus on mapping the main problems and on exchange of experience. The second meeting will focus on refining the final version of documents and their presentation. During the meeting the registration procedures for non-wine products will also be presented. It will be a good chance for the project partners to exchange good practices as well as learn how to simplify the requirements for EU sanitary and food safety regulations for local and regional products. The project's main objective is, therefore, the exchange of knowledge about GIs for non-wine food products, according to the practices of EU countries.

Development and regulation of the University of Belgrade laser-laboratory infrastructure for education and research

REFERENCE NUMBER	1202.004-16
KNOW-HOW PROVIDER INSTITUTIONS	European Laboratory for Non-linear Spectroscopy, Italy; Centre for Advanced Laser Technologies, Romania
KNOW-HOW RECIPIENT INSTITUTIONS	University of Belgrade; Vinca Institute, Serbia
TOTAL PROJECT COST	€584,978
CEI GRANT	€39,900
IMPLEMENTATION DATE	January 2017 – December 2018

KNOW-HOW PROVIDERS

European Laboratory for Non-linear Spectroscopy, Italy
www.lens.unifi.it

The European Laboratory for Non-linear Spectroscopy is the largest interdisciplinary laser laboratory in Italy and is part of a European network of large-scale laser facilities. It is associated with the University of Florence and provides advanced laser and spectroscopic facilities for researchers from Europe and promotes and facilitates the exchange of ideas, scientific techniques, and technical skills.

Centre for Advanced Laser Technologies, Romania
www.cetal.inflpr.ro

Founded in 2014, the Centre for Advanced Laser Technologies is the newest Department of the National Institute of Laser Plasma and Radiations Physics of Bucharest. The Centre offers access to high performance laser equipment available for all Academic and Industrial entities.

KNOW-HOW RECIPIENTS

University of Belgrade
www.bg.ac.rs/en

Vinca Institute, Serbia
www.vin.bg.ac.rs/index.php/en/

The University of Belgrade is a state-owned university and its activities of higher education and scientific research includes academic PhD studies, Master's and Specialist studies as well as postgraduate and specialised studies. Vinca Institute is a prominent Serbian multidisciplinary institute, performing research in different fields, such as physics, chemistry, biology, medicine and materials.

SUMMARY DESCRIPTION

The project focuses on the transfer of know-how and technical assistance, needed for the development of high-tech higher education, research and start-up facilities at the University of Belgrade. In particular, the top Italian and Romanian research institutions, the European Laboratory for Non-linear Spectroscopy and the Centre for Advanced Laser Technologies, respectively, will provide consultancy, direct expertise as to how to improve UB laser-laboratory building infrastructure. Particular attention will be paid to specific conditions required for lasers and optics, upgrading the laboratory equipment both with regard to performance and health&safety. Moreover, clear procedures for safe work in laser laboratories will be established. Under the project's framework, the identification of outdated workplace regulations and standards will be performed and updates suggested.

The project will train the personnel in the laboratory on health and safety policy and procedures to improve their safety and ease their international mobility. The knowledge transferred and other actions taken during this project will fuel a number of positive actions at the photonics community of Serbia and other educational and R&D based organisations. Indeed, many of the standards to be adopted and applied in the University of Belgrade labs are applicable to other R&D laboratories, hence the knowledge can be easily translated across the University research facilities, institutions and companies.

Preserving Kotor Bay as natural and historical heritage - Analysing sea pollution sources and raising ecological awareness

REFERENCE NUMBER1202.005-16
KNOW-HOW PROVIDER INSTITUTION . . .Iefluids s.r.l., Italy
KNOW-HOW RECIPIENT INSTITUTION . . .Ocean Montenegro; Target Consulting, Montenegro
TOTAL PROJECT COST.€81,000
CEI GRANT.€35,000
IMPLEMENTATION DATE.January 2017 – January 2018

KNOW-HOW PROVIDER

Iefluids s.r.l., Italy
www.ief fluids.com

Iefluids s.r.l. is an innovative start-up and a spin-off of the University of Trieste, which deals with developing ad-hoc numerical models for environmental and industrial fluid dynamics and their technology transfer to companies and public bodies. For marine applications, the company has developed a model, the LESCOAST, directed towards the study of the dispersion of pollutants in coastal areas.

KNOW-HOW RECIPIENT

Ocean Montenegro, Montenegro
www.ocean-team.com

Ocean Montenegro is a navigation company, which started with operating cabotage services between ports of the Adriatic Sea. It has established a traffic line between the Mediterranean Sea and West Africa. Ocean Montenegro currently operates in the Mediterranean Sea both through its branch maritime agencies and by directly operating navigation units for harbour services (towing, ships bunkering, barge chartering).

SUMMARY DESCRIPTION

Since 2007, Kotor has been part of the United Nations Educational, Scientific and Cultural Organisation World Heritage Protection Programme and in recent years, the area of the Kotor Bay, has seen a considerable increase in the influx of tourists. This has resulted in a dramatic increase in vessel traffic, especially cruise ships, in a particularly

complex area. The complexity of the coastline, bathymetry and the ship traffic has also caused some accidents related to maritime traffic, with the release of hydrocarbons into the sea, although on a small scale. Such collisions have a strong impact on the environment and human health, determine the blockade of port activities and require high remediation costs, with a large impact on the Mediterranean area. The project's aim is to strengthen the protection of the threatened area of Kotor Bay and to improve cooperation between Italy and Montenegro by investing in the future of one of the most important, historical, cultural, touristic and strategic places in the Adriatic. With the growing touristic sector and the growing number of boats and ships entering the Kotor Bay area, pollution is also increasing. Every year this industry consumes millions of tons of fuel and produces almost a billion tons of sewage. The sewage and exhaust in the Kotor Bay area is insufficiently treated. It has become one of the main causes of air and water pollution – factors causing negative environmental and health effects, which undermine the very natural beauty of the region.

The project intends to perform a detailed study on water pollution, considering various types of marine vessels entering the bay, in order to provide effective solutions that could help change the environmental and ecological aspect of the Kotor Bay area in the future. The study will focus on the definition, modelling and simulation of critical issues, in terms of possible pollution sources, in order to identify the main problems. Moreover, the project will provide local authorities with guidelines for the creation of solutions, emergency plans and activities aimed at reducing the risks of accidents. It will also contribute to the conservation of the Montenegro coast. Lastly, the project activities will directly include the population and main stakeholders, thus contributing to raising awareness on possible harmful impacts on the area.

Professional intergovernmental know-how exchange on the implementation of large scale Secondary School Scholarship and Mentoring Program for Roma Students

REFERENCE NUMBER	1202.006-16
KNOW-HOW PROVIDER INSTITUTION . . .	Roma Education Fund (REF), Hungary
KNOW-HOW RECIPIENT INSTITUTIONS . .	Ministry of Education and Sports, Albania; Ministry of Social Welfare and Youth, Albania; Ministry of Education, Science, Culture and Sport, Tuzla Canton, Bosnia and Herzegovina; Ministry of Education and Science, Macedonia; Bureau for Education Services, Montenegro; Ministry of Education, Science and Technological Development, Serbia
TOTAL PROJECT COST	€77,700
CEI GRANT	€38,550
IMPLEMENTATION DATE	January 2017 – June 2018

KNOW-HOW PROVIDER

Roma Education Fund, Hungary
www.romaeducationfund.org

The Roma Education Fund's (REF) mission and ultimate goal is to close the gap in educational outcomes between Roma and non-Roma. In order to achieve this goal, the organisation supports policies and programmes, which ensure inclusive, quality education for Roma, including the desegregation of education systems. REF provides grants for educational projects from early childhood development to tertiary education. It supports secondary school and university scholarships, provides policy advocacy and research, and implements large-scale EU-funded projects for Roma inclusion. REF's programmes reach approximately 100,000 Roma beneficiaries in 16 countries per year.

KNOW-HOW RECIPIENTS

Ministry of Education and Sports, Albania
 Ministry of Social Welfare and Youth, Albania
 Ministry of Education, Science, Culture and Sport, Tuzla Canton, Bosnia and Herzegovina
 Ministry of Education and Science, Macedonia
 Bureau for Education Services, Montenegro
 Ministry of Education, Science and Technological Development, Serbia

SUMMARY DESCRIPTION

According to the Roma Inclusion Index 15, published in September 2015, Roma students across Central, Eastern and South-eastern Europe have dramatically lower secondary school completion rates than their non-Roma peers. The project aims at strengthening the

capacities of the relevant Ministries in Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia, which are currently collaborating with the Roma Education Fund (REF). In particular, those that are focusing on the project management of the secondary scholarships and mentorship programmes for Roma students from the afore-mentioned countries.

The project will transfer the monitoring and evaluation knowledge of REF to the Ministries and project staff, ensuring the exchange of practices among the governmental institutions on the secondary scholarship and mentorship programmes. The specific focus of the project will be the development of the unified monitoring and evaluating tools in order to measure and monitor the outcomes of the programmes and the development of the uniform guidelines on tutoring/mentoring activities. In the project's framework, the emphasis will be on the development of a gender perspective to be included in the programme, in order to ensure a higher rate of Roma girls completing secondary school.

The project will develop capacity-building activities for 24 staff members from Ministries and secondary scholarship and mentoring programmes. The project will also facilitate the exchange of experiences among the Ministries and governmental institutions from all project participating countries. The cross-country, capacity building measures proposed for this project are crucial for developing efficient measures, which can have an impact on policy making, and on making the most of best practices to overcome the challenges young Roma are facing to complete secondary school successfully. At the end of the project, during the closing event, a workshop on the sustainability of the project will be organised and the evaluation of the developed and applied tools will be performed, focusing on monitoring tools and methodological guidelines for the secondary school scholarship programme.



Know-how Exchange Programme

Projects closed in 2016

03

Table 3.2. List of KEP projects closed in 2016

REFERENCE NUMBER	PROJECT NAME	COUNTRY OF KNOW-HOW PROVIDER INSTITUTION	COUNTRY OF KNOW-HOW RECIPIENT INSTITUTION	TOTAL PROJECT COST €	CEI CO-FINANCING €
1206KEP.002-12	Performance budgets in Cherkasy and Vinnitsa - support for good governance and financial transparency of local governments in Ukraine	Poland	Ukraine	188,742	24,475
1206KEP.005-12	Public Accountants Certification Training (PACT) in Macedonia, level 1 cohort 2 and level2 cohort 1	Slovenia	Macedonia	218,153	38,786
1206.005-13	Improving Environmental Monitoring and Disaster Prevention Capacity in Drina River Basin – PHASE II (Republic of Srpska and Montenegro)	Italy	Bosnia and Herzegovina, Montenegro	67,767	25,372
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	86,291	30,741
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	86,696	37,000
1206.007-14	Next Generation Competitiveness Initiative (NGCI): South East Europe Competitiveness Outlook 2015	EU CEI members / OECD as Coordinator	Regional (Western Balkans)	5,000,248	30,000
1206.008-14	Emergency management and community resilience: a goal for Serbia	Italy	Serbia	74,289	24,829
Total				5,722,186	211,203

Performance budgets in Cherkasy and Vinnitsa - support for good governance and financial transparency of local governments in Ukraine

REFERENCE NUMBER	1206KEP.002-12
KNOW-HOW PROVIDER INSTITUTION	The Polish-Ukrainian Cooperation Foundation (PAUCI), Poland
KNOW-HOW RECIPIENT INSTITUTIONS	Vinnitsa City Council, Vinnitsa Oblast, Ukraine; Cherkasy City Council, Cherkasy Oblast, Ukraine
TOTAL PROJECT COST	€188,742
CEI GRANT	€24,475
IMPLEMENTATION DATE	January 2013 – October 2015

KNOW-HOW PROVIDER

The Polish-Ukrainian Cooperation Foundation (PAUCI), Poland
www.pauci.org

Established in 2005, the Polish-Ukrainian Cooperation Foundation PAUCI is the legacy organisation to the Poland-America-Ukraine Cooperation Initiative. Since 1999, this Initiative has served as a unique tri-lateral inter-governmental programme aimed at sharing the best practices learned during the successful transition of Poland. Enriched by financial and technical assistance from PAUCI, more than 440 Polish and Ukrainian organisations have conducted 200 partnership projects and activities influencing key areas of civil society and free-market development.

KNOW-HOW RECIPIENTS

Cherkasy City Council, Ukraine
www.rada.cherkasy.ua/ua/

Vinnitsa City Council, Ukraine
<http://vmr.gov.ua>

The beneficiaries of the project are the Ukrainian cities of Vinnitsa and Cherkasy. Cherkasy is the cultural, educational and industrial centre of the Cherkasy Region, while Vinnitsa is located on the banks of the Southern Buh, in central Ukraine and is the administrative centre of the Vinnitsa region.

SUMMARY DESCRIPTION

The project implementation started in 2012 and during the first year, more than half of the planned activities took place, including staff trainings on implementation and reporting requirements, study visit to Poland for Cherkasy and Vinnytsa city management, introductory trainings and in-depth training on performance budgeting for Cherkasy and Vinnytsa specialists and social partners. In order to meet the project's target group requirements the best possible way, a survey was conducted on the budgeting

process in Cherkasy and Vinnytsa. In the following years, the project partners started the transition from training to the practical stage. Specialists from Vinnytsa and Cherkasy came to Poland, to study the practice of using performance budgeting tools in the financial, educational, health care, housing and utilities, economic and developmental spheres of local management. Moreover, the summing-up seminars in both cities gave the opportunity to discuss follow-up reforms of the budgeting systems of Vinnytsa and Cherkasy. Local experts continued working with the Performance Budget Task Forces and consulting them on the preparation of the pilot budget for the cities the following year. Additional trainings in monitoring of performance budget implementation were conducted for specialists from Vinnytsa and Cherkasy. An extra seminar on performance budgeting was organised in Vinnytsa.

The final conferences were organised in Cherkasy and Vinnytsa and the project results were published in a dissemination brochure. Through the project activities, 300 social partners in Vinnytsa and Cherkasy now possess the knowledge and skills to participate in the creation of reformed, more transparent budgets of their cities, with more than 40 possessing skills to monitor and evaluate budget tasks. Direct involvement of the highest authorities of both cities as well as the city administration raised the level of local financial management. The performance budgeting process methodology enforced the creation of issue-based coalitions of non-state actors, invited them to cooperate with local authorities to determine budget tasks, and involved them in the implementation of selected tasks. The project supported the transfer of innovations and best Polish practices of performance budgeting to Ukrainian cities. The implementation of performance budgeting in Vinnytsa and Cherkasy showed other Ukrainian cities the methodology of improvement of financial management and budget transparency. The positive outcomes of the project motivated local authorities to invest in maintenance and development of performance budgeting methodology and the outcomes of the project could be replicated in other cities in Ukraine. One of the outcomes of the project is the implementation of the participatory budget instrument in Cherkasy and Vinnytsa where the citizens of these cities could directly vote on how to spend a part of the city public budget.

Public Accountants Certification Training (PACT) in Macedonia, level 1 cohort 2 and level2 cohort 1

REFERENCE NUMBER	1206KEP.005-12
KNOW-HOW PROVIDER INSTITUTION	Center of Excellence in Finance (CEF), Slovenia
KNOW-HOW RECIPIENT INSTITUTION	Ministry of Finance, Macedonia
TOTAL PROJECT COST	€218,153
CEI GRANT	€38,786
IMPLEMENTATION DATE	June 2014 – June 2016

KNOW-HOW PROVIDER

The Centre of Excellence in Finance (CEF), Slovenia
www.cef-see.org

Established in 2001, the Centre of Excellence in Finance (CEF) is a regional non-profit institution established within the framework of the Stability Pact for South East Europe (SEE) by the Government of Slovenia and in cooperation with ministries of finance of other SEE countries. Members of the CEF are ministries of finance and central banks of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia and Turkey. The main objective of the CEF is to provide assistance to its member countries in public finance reform processes, mainly in the form of focused professional training and technical assistance. Since 2003, the CEF has been developing permanent programmes in accounting and internal auditing, and assisting member countries in their implementation.

KNOW-HOW RECIPIENT

Ministry of Finance, Macedonia
www.finance.gov.mk

The Ministry's main mission is to maintain a stable public financing and a stable macroeconomic framework to provide for the continuation of the process of economic reforms and acceleration of economic growth, contributing to better welfare and to the improvement of the living standard of Macedonian citizens. The Ministry of Finance of Macedonia has committed to strengthening the certified accountants' role in the public sector, and the institutionalisation of the accountants' professional standards and authorities.

SUMMARY DESCRIPTION

The project was a continuation of the already achieved progress in the public accounting certification area in Macedonia. It was built on the structure of a previous programme (Capacity Building in Public Accounting), implemented during 2007-2011 with positive results. The assignment was organised to deliver professional training (certificate and diploma) under the Chartered Institute of Public Finance and Accountancy. The project started with the introduction of professional certification for the public sector accountants in line with the international standards and best European practices with the main objective to assist the Government of Macedonia in strengthening the professional public sector accounting capacity through provision of an international certification programme.

Therefore, the PACT programme continued with the training and certification programme for public sector accountants in line with international standards and best practices as well as in establishing local tutors, and the institutionalisation of training and certification in Macedonia. It has also aimed at building the local training capacity in the public accounting sector by consolidating the quality of tutors and training sufficient number of candidates who will form a think-tank for public sector accounting as well as become a driver for further development of the profession. Furthermore, it has provided technical assistance for establishing a local body that would ensure sustainability of the process on the long run. The objective to establish a pool of specialists who will form a professional network for the improvement of the public accountants' performance quality was achieved. For this purpose, a Localisation Working Group composed of representatives of the Ministry, academia, training institutions in public finance was formed, in order to assess the existing capacities and needs for training.

Improving Environmental Monitoring and Disaster Prevention Capacity in Drina River Basin – PHASE II (Republic of Srpska and Montenegro)

REFERENCE NUMBER	1206.005-13
KNOW-HOW PROVIDER INSTITUTION	Regional Environmental Protection Agency of Emilia Romagna (ARPAE), Italy
KNOW-HOW RECIPIENT INSTITUTIONS	Republican Hydro-meteorological Service, Republic of Srpska (RHMZRS), Bosnia and Herzegovina; Hydro-meteorological and seismological Service of the Republic Montenegro (HMZCG), Montenegro
TOTAL PROJECT COST	€67,767
CEI GRANT	€25,372
IMPLEMENTATION DATE	March 2014 - December 2016

KNOW-HOW PROVIDER

Regional Environmental Protection Agency of Emilia Romagna (ARPA EMR), Italy
www.arpa.emr.it

The mission of ARPA EMR is to protect health, ecosystems and territorial safety and to promote the use of resources within a framework of sustainable development. Among ARPAE activities and tasks are monitoring and modelling of regional hydro-meteorological parameters and various environmental components, and environmental impact assessments of plans and projects.

KNOW-HOW RECIPIENTS

Republican Hydro-meteorological Service, Republic of Srpska (RHMZRS), Bosnia and Herzegovina
www.rhmzrs.com

Hydro-meteorological and seismological Service of the Republic Montenegro (HMZCG), Montenegro
www.meteo.co.me

The RHMZRS has competence in meteorological, hydrological, ecological and seismological data collecting and analysis, climate variability and change, indicators of risk and vulnerability. The HMZCG is responsible for meteorology, hydrology, ecology, hydrography and seismology.

SUMMARY DESCRIPTION

The Drina River, with its 346 Km of length, spreads over the borders between the Republic of Srpska (Bosnia

and Herzegovina), Serbia and Montenegro, with a minor part in Albania. This assignment is a follow-up of a study currently under implementation in the framework of a KEP project co-financed by the CEI Fund at the EBRD. It aims at reducing environmental risks and increasing the safety of the population in the Serbian portion of the Drina River Basin, by improving hydro-meteorological monitoring, forecasting capacity and integrated water management. During the first phases of the project, the Republican Hydro-Meteorological Services of the Republic of Srpska (Bosnia and Herzegovina) and of Montenegro joined resources for some project activities, and expressed an interest in further collaboration. Extending the project scope to the Republic of Srpska and Montenegro was considered essential, considering that all environmental risks potentially affecting the population along the Drina River are “trans-boundary”.

Thanks to phase II, a hydro-meteorological monitoring station was acquired and installed in the city of Foca, in Bosnia and Herzegovina. Moreover, during the project implementation, full reconnaissance with the local situation was performed, concerning the general environment and applied techniques for hydro-meteorological monitoring and disaster prevention. Furthermore, a detailed analysis of specific problems and institutional assessment was executed, with the special focus placed on the Republic of Srpska, including the evaluation of adopted mitigation measures for risk prevention and management. The project also helped to perform a review of existing and/or planned projects, based on either local or international financing, focusing on climate change adaptation, prevention and natural disasters and risk reduction. This was essential to identify and describe additional priority interventions to be carried out in the Drina River Basin, as a region (like upper Drina River Basin) or individually as single countries, in the medium and long term.

“ALERT”: Strengthening Serbian multi-hazard early warning and alert system / PHASE I: Setting-up integrated policies to reduce damages from extreme events and risks for population

REFERENCE NUMBER	1206.001-14
KNOW-HOW PROVIDER INSTITUTION	Regional Environmental Protection Agency of Emilia Romagna (ARPAE), Italy
KNOW-HOW RECIPIENT INSTITUTION	Republican Hydro-meteorological Service (RHMSS), Serbia
TOTAL PROJECT COST	€86,291
CEI GRANT	€30,741
IMPLEMENTATION DATE	December 2014 - July 2016

KNOW-HOW PROVIDER

Regional Environmental Protection Agency of Emilia Romagna – Regional Hydro Meteorological and Climatological Service (ARPAE / ARPA SIMC), Italy
www.arpa.emr.it

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

KNOW-HOW RECIPIENT

Republican Hydro-meteorological Service (RHMSS), Serbia
www.hidmet.gov.rs

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

SUMMARY DESCRIPTION

The project aim was to provide the beneficiary institution with an advanced instrument to establish a modern and effective Multi-Risk-Alert-System, by strengthening the links

and data exchange among all major stakeholders, who play a role in disaster prevention or population safety. At the same time, the project was an opportunity for the region of Emilia Romagna, to improve its own systems, paying special attention to vertical and horizontal communication mechanisms. Namely, the initial assessment of the situation by comparing early warning and alert systems of Emilia Romagna and Serbia, brought to evidence that “gaps” were existing on both sides and are not limited to Serbia. This allowed the Emilia Romagna region to launch a campaign for the improvement of its own system, in parallel with the Serbian system. On the other hand, the Serbian Hydro-Meteorological Institute (RHMSS) had the opportunity to positively intervene with concerned Serbian authorities, for the drafting of the new Serbian law on Disaster Risk Reduction (DRR), in its final stage of definition. The main issue of this project remained communication. After analysing the full DRR chain in both countries, the findings showed that there were still issues to be addressed in what is known as the C3 (Communication, Command and Control) chain, revealing the weaknesses of the institutional framework to correct and respond to emergencies on time.

As part of the project, a new automatic real-time hydrological station, ready for multi-hazard upgrade, was studied, purchased and installed in the city of Valjevo, along the Kolubara river. The station started functioning in October 2015 and is currently receiving, recording and transmitting data. The activity that mostly contributed to the achievement of the objectives initially established for this project was the capacity of maintaining open a permanent and highly effective channel, involving Italian and Serbian experts at all levels. The continuous exchange of ideas and views allowed a better understanding of the objective and perspectives of the project itself, producing high interest and the willingness to do one’s best.

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

REFERENCE NUMBER1206.005-14
KNOW-HOW PROVIDER INSTITUTION . . .National Research Council, Institute of Photonics and Nanotechnologies, Italy
KNOW-HOW RECIPIENT INSTITUTION . . .Faculty of Technology in Leskovac, University of Nis, Serbia
TOTAL PROJECT COST€86,696
CEI GRANT€37,000
IMPLEMENTATION DATEJanuary 2015 – August 2016

KNOW-HOW PROVIDER

National Research Council (CNR), Institute of Photonics and Nanotechnologies (IFN), Italy
www.pd.ifn.cnr.it

The Institute belongs to the National Research Council (CNR). It carries out innovative research in the fields of photonics and nanotechnologies, it is tightly integrated with the national scientific community, and collaborates with the major international Universities and research centres. The IFN laboratories are specialised in the design and realisation of optical systems for scientific and industrial applications, in the test and characterisation of optical systems and detectors. Particular attention is paid to the vacuum ultraviolet and in the characterisation of thin films, development of adaptive optics systems, metrology and gas spectroscopy.

KNOW-HOW RECIPIENT

Faculty of Technology in Leskovac, University of Nis, Serbia
www.tf.ni.ac.rs

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

SUMMARY DESCRIPTION

The PACKSENSOR project aimed at developing and installing a new innovative technology of contactless sensor, in order to detect in a non-intrusive way the interested gas composition in food packaging. Namely, in order to maintain the quality and extend the shelf life of the food products, the kind of packaging material was very important, influencing

the food safety as well. In the SMEs of South Serbia Region, the influence of the packaging on the quality and safety of food out of the factories was not monitored. The importance of this kind of monitoring was recognised by the food producers but is still in its implementation phase.

The Faculty of Technology in Leskovac, Serbia (TfL) is the only research and high educational institution in the region, organising activities regarding food technology. Regardless of the skilled staff and instruments for chemical and microbiological control in food processing, the control of packaged food and influence of the packaging on the food quality as well as safety has to be organised. The Institute of Photonics and Nanotechnology of CNR in Padua, Italy has a long-term expertise in the development of optical instrumentation using laser spectroscopy for measurements of the content and pressure of gas in closed containers, in particular for non-invasive applications in the packaging solutions, in the agro-food sector and bottling process.

During the project implementation, the scientific and technical objectives were met. Namely, the new method based on laser spectroscopy was developed and applied as an introduction of a new and simple inspection system, able to perform precise measurement and control of the inside atmosphere in the food packaging industries of the South Serbia region. The beneficiary team from the TfL was trained and educated in using the constructed device that was installed in the TfL laboratory. Furthermore, the trained TfL staff introduced the device and methods to the representatives of the two SMEs from the South Serbia region. The experiments were conducted in monitoring the chemical and microbiological changes in headspace of packed fermented milk products. The results were published and disseminated through various meetings, lectures, international conferences as well as in scientific journals. The dissemination activities are planned to continue also after the project closure, with the aim to attract the interest of food industries.

Next Generation Competitiveness Initiative (NGCI): South East Europe Competitiveness Outlook 2015

REFERENCE NUMBER	1206.007-14
KNOW-HOW PROVIDER INSTITUTION	Organisation for Economic Co-operation and Development (OECD)
KNOW-HOW RECIPIENT INSTITUTIONS	Governments, public institutions, private sector and civil society organisations of Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, and Serbia
TOTAL PROJECT COST	€5,000,248
CEI GRANT	€30,000
IMPLEMENTATION DATE	April 2013 – April 2016

KNOW-HOW PROVIDER

The Organisation for Economic Co-operation and Development (OECD)
www.oecd.org

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

KNOW-HOW RECIPIENTS

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

SUMMARY DESCRIPTION

The Next Generation Competitiveness Initiative (NGCI) has supported the governments of Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia in addressing structural economic challenges and

implementing as well as monitoring policies for greater competitiveness. The project was performed in collaboration with 16 regional expert organisations and networks, which have benefited from capacity building and peer-learning.

The main objective of the project was the development and publishing of the *Competitiveness in South East Europe: A Policy Outlook 2016 (Competitiveness Outlook)*. This publication represents an important instrument for monitoring 15 key policy areas related to competitiveness and has benefited from continuous contributions from a wide range of SEE stakeholders and the OECD.

The project specifically supported the final stage of the Competitiveness Outlook process, namely reconciliation meetings with regional expert organisations and networks, where scores and outcomes of the assessment were discussed and the final report was prepared. Through the project, the main objectives and results were achieved. Firstly, a monitoring tool was developed, in order to evaluate and assess the policy reforms and institutional setting, necessary to meet the commitments contained in the SEE 2020 Strategy, resulting in a South East Europe Competitiveness Outlook publication.

Moreover, the project has developed better understanding of the challenges the Western Balkan economies are facing as well as recommendations for further reform processes. It has also increased the capacity of participating regional expert organisations and networks to independently monitor and evaluate policies, engaging with policy makers and civil society in the region. Furthermore, it has assisted policy makers in the targeted SEE economies in aligning their long-term and reform priorities with the most pressing weaknesses of the economy. Lastly, it has established the Competitiveness Outlook as the OECD's flagship publication and set a goal to release it every two years.

Emergency management and community resilience: a goal for Serbia

REFERENCE NUMBER 1206.008-14
KNOW-HOW PROVIDER INSTITUTION . . . Istituto Superiore di Sanità (ISS), Italy
KNOW-HOW RECIPIENT INSTITUTION . . . Institute of Public Health “Dr Milan Jovanović Batut”, Serbia
TOTAL PROJECT COST €74,289
CEI GRANT €24,829
IMPLEMENTATION DATE January 2015 – December 2015

KNOW-HOW PROVIDER

Istituto Superiore di Sanità (ISS), Italy
www.iss.it

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

KNOW-HOW RECIPIENT

Institute of Public Health of Serbia “Dr Milan Jovanović Batut”, Serbia
www.batut.org.rs

The Institute of Public Health of Serbia “Dr Milan Jovanović Batut”, provides advice, support and guidance to the Serbian government and all departments for public health and conducts independent research on issues related to public health in Serbia. The main activity of the Institute is the preservation of public health, environmental protection, and prevention of risk factors for disease and injuries. These tasks are accomplished by applying health technologies and measures aimed at promoting health, preventing disease and improving the quality of life.

SUMMARY DESCRIPTION

The project launched in January 2015, aimed at strengthening the capacity of the Institute of Public Health “Dr Milan Jovanović Batut” in Serbia, in collaboration with the Serbian Red Cross on Disaster Risk Reduction, to mitigate and respond to Crisis Management, after floodwaters caused serious damage across towns and villages in the Balkan Region, with large public health consequences.

Several objectives were achieved with the project implementation. Firstly, in order to improve the beneficiaries’ response capacity in adapting the strategies to the climate change, basic trainings were delivered at central and local level. The strategy was based on a multi-hazard approach taking into consideration technological, cultural and natural capacities. Secondly, among key actors in the field of Disaster Risk Reduction, a national as well as international network of effective collaboration was created, in order to support prevention activities and social as well as health mitigation in case of complex emergencies.

The activities and the know-how exchange focused on emergency preparedness, response, recovery and other homeland security and complex emergency topics and issues. Furthermore, guidelines and best practices for monitoring and managing disaster events were included as deliverables in the training activities at central, local and distance level. The sessions also served as a platform for the exchange of views, lessons learned and experiences related to the preparation of a Regional Training Strategy in DRR. Lastly, the key activities proposed in the intervention logic took into account lessons learned as well as the management settings, tools and procedures from previous experiences and operations implemented by ISS in a similar or worst context.





Future Outlook: 2017 Strategy

The CEI Fund Strategy for 2017 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 is in line with the objectives of the CEI Plan of Action and offers a briefing on country and sector priorities for projects to be financed through the CEI Fund during 2017, with an allocation of just over €1.6 million (see Annex 2).

The CEI mandate remains strongly focused on the EU integration process, both at the political and economic level, and the tools used to accomplish this objectives are an ever-growing number of projects, as well as an increased dialogue with regional and country partners.

Therefore, the Fund will 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 challenging sectors and environments.

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). Connectivity at large is at the top of the agenda for 2017, while priority is also 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 supporting European integration, capacity building and market economy under its CEI Know-how Exchange Programme.

As for project-related activities, in 2017, 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.

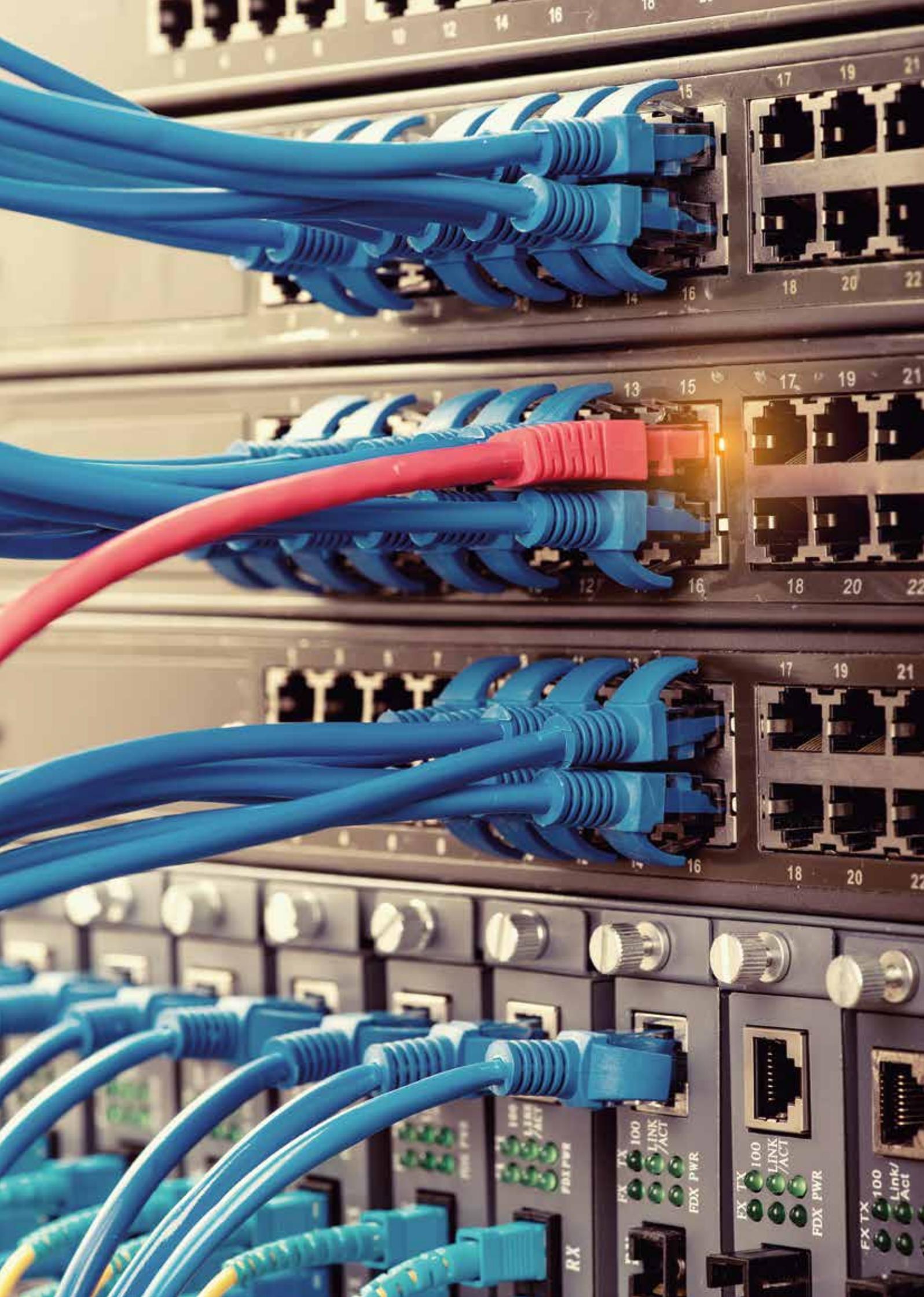
An enhanced visibility will also continue to be an important tool in fulfilling the strategy objectives for 2017.

By providing dedicated technical assistance, and through the CEI Know How Exchange Programme, in 2017, 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*





Annexes



Annex 1

Financial Report 2016

Financial Report 2016 for the CEI Fund at the EBRD contributed by Italy ¹

A Fund Summary - all years up to 31 December 2016 € ²

Inflows	
Net Inflow of funds 1992-2007 ³	26,563,961
Inflow (Italian lodgement) during 2008-2016	17,000,000
Interest up to 31/12/2016	2,970,134
EBRD Administration Fee	-1,364,660
Bank charges + gain and loss + interest expenses + Fund transactions	-141,413
Total inflow 1992-2016	45,028,022

Expenditure	
Operational/ administrative expenditure (London and Trieste offices, from 1992 up to 31/12/2003) including CEI Summit Economic Fora (1998-2003), international events / cooperation activities, cooperation with international organisations, agricultural and energy projects	5,985,499
Closed and open TC assignments as of 31/12/2016	35,307,684
Total Commitments 1992-2016	41,293,183

Fund's Availability	
Total Available Fund Balance by EBRD Financial Control: CEI Account - as of 31/12/2016 (Annex 3)	232,773
Total Available Fund Balance by EBRD Financial Control: CEI2 Account - as of 31/12/2016 (Annex 4)	3,473,453
TC assignments not numbered as of 31/12/2016	790,000
Expected recovery from TC assignments	100,000
Expected recovery from operational activities and KEP in Trieste	117,658
Total available as of 31/12/2016	3,133,885

B Fund Budget 2017-2018

Budget Forecast 2017 (Annex 2)	2,130,000
Expected Inflow during 2017	0
Expected Fund Availability for 2018	1,003,885

¹ 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.

² All currency amounts are denominated in EURO, unless otherwise indicated.

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

Annex 2

Budget 2017

Budget 2017 for TC, KEP and Office operational activities (London and Trieste)

A Projects	Trieste (€)	London (€)	Total €
Technical Cooperation Projects		1,350,000	
Know-how Exchange Programme	280,000		
Subtotal			1,630,000
B Human Resources			
Permanent Staff (Programme Manager + 2 staff members)	165,000	109,000	
Analytical support		7,000	
Subtotal			281,000
C Travels and Events			
Missions	7,000	14,000	
Meetings and hospitality	5,000	4,000	
Subtotal			30,000
D Operational Expenses			
Cleaning, security, IT, audit and certifications	8,000		
Publications, visibility, website	12,000	2,000	
Utilities and maintenance	20,000		
Equipment	5,000		
Telephone, postage, stationery, and bank	6,000	3,000	
Insurance	5,000		
Subtotal			61,000
E Contingencies and miscellaneous			
Reserves for projects and other expenses	93,000	35,000	
Subtotal			128,000
Total			2,130,000

Annex 3

Central European Initiative Fund

Balance 2016

Income vs Budget	Total Contributions	Other Income	Total Income	Budget
€	26,563,960.61	2,913,605.01	29,477,565.62	29,477,565.62

Budget Breakdown	Budget	Fund Level Budget	Projects Budget
€	29,477,565.62	6,980,089.00	22,497,476.62

Fund Level Transactions	Budget	Management Fee	Other Expense	Available
€	6,980,089.00	969,659.99	6,005,963.17	4,465.84

Budget vs Earmarks	Project Budget	Earmarked	Available	Disbursements
€	22,497,476.62	22,264,703.45	232,773.17	22,197,507.61

Central European Initiative Ministry of Foreign Affairs Fund

Balance 2016

Income vs Budget	Total Contributions	Other Income	Total Income	Budget
€	17,000,000.00	56,529.07	17,056,529.07	17,056,529.07

Budget Breakdown	Budget	Fund Level Budget	Projects Budget
€	17,056,529.07	540,094.96	16,516,434.11

Fund Level Transactions	Budget	Management Fee	Other Expense	Available
€	540,094.96	395,000.00	27,425.43	117,669.53

Budget vs Earmarks	Project Budget	Earmarked	Available	Disbursements
€	16,516,434.11	13,042,980.64	3,473,453.47	9,659,592.50

List of Technical Cooperation Assignments 1993-2016

COMMITMENT NUMBER	COMMITMENT NAME	COMMITTED €	COMMITMENT STAGE	COUNTRIES OF OPERATION
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 OPERATION
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 OPERATION
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	disbursing	Moldova
CEI2-2013-07-11	Moldova Railways: Assistance in preparation and implementation of tender for rolling stock rehabilitation	250,000	disbursing	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	closed	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	closed	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 - Agrofusion	39,250	committed	Ukraine
CEI2-2014-11-10	Energy and Resource Efficiency Programme for the Corporate Sector - CEI - KPMG - Belarus Industry Study	48,280	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	closed	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	disbursing	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 OPERATION
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	closed	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
CEI2-2016-02-01	Framework for joint EBRD-CEI collaboration for policy engagements: Project Facilitation and Analyst Support - Silk Road	160,000	committed	Regional
CEI2-2016-02-02	Enhancing Public Procurement Professionalism - Capacity Building Programme	100,000	disbursing	Regional
T CRS 1137 - Earmark 8620	Independent System Operator of Bosnia and Herzegovina - Consultant for the Project Implementation Unit	400,000	approved	Bosnia and Herzegovina
T CRS 898 Assign 7485	Climate Resilience in the Bosnian Road Network. FBiH Roads – Flood Repair and Upgrade	135,000	approved	Bosnia and Herzegovina
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
To be assigned	Implementation of the Corporate Governance Action Plan (CGAP) for "Korporate Elektroenergjitike Shqiptare Sh.A"	300,000	approved	Albania
To be assigned	Albania Secretariat to the Investment Council	175,000	approved	Albania
To be assigned	Project Preparation along the Silk Road in CSEE: Assessing and Tackling Policy Obstacles to Infrastructure Investment in the Region	90,000	approved	Regional
To be assigned	International Master's Programme in Public Procurement Management 2017	125,000	approved	Regional
To be assigned	Assessment of environmental hotspots and review of remediation investment opportunities in the low Adriatic (Albania and Montenegro)	65,000	approved	Regional
Total		25,655,158		

List of Know-how Exchange Programme Projects 2004-2016

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	TOTAL PROJECT COST (€)	CO-FINANCING (€)	CEI IMPLEMENTATION STAGE
1206.009-04	Introduction to Public Finance Management	Slovenia	Macedonia	15,172	5,000	closed
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
1206.014-05	CEI support to Wholesale Markets Development in Ukraine	Italy, Poland / FAO as coordinator	Ukraine	65,164	36,502	closed
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
1206.004-06	Prospects of EU-Ukraine economic relations	Poland	Ukraine	54,143	21,790	closed
1206.005-06	Entrepreneurship and Enterprise Development in South East Europe: identification and implementation of good policy practices	EU CEI members / OECD as coordinator	Regional (Western Balkans)	95,900	38,200	closed
1206.006-06	SMILE (Support for Moldova: Innovation, Leadership and positive Environment)	Italy	Moldova	83,183	22,708	closed
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
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
1206.009-06	Building Effective Fresh Fruit and Vegetables Quality Control System in Moldova	Slovak Republic	Moldova	10,791	1,660	closed
1206.010-06	Study tour on EU co-ordination	Austria, Poland	Romania	8,523	3,689	closed
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
1206.002-07	Improving transparency in local government finance in Moldova through better budgeting process	Poland	Moldova	67,191	18,065	closed
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
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
1206.012-07	CEI study tour and workshop: Networking and cluster model to support SMEs internationalization	Italy, Slovenia	Regional	88,044	34,584	closed
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 Balkans)	40,376	18,598	closed
1206.002-08	1st Ukrainian School of Civil Society Leaders	Poland	Ukraine	128,666	32,992	closed
1206.014-08	BIOM-ALBA: Analysis and study of the feasibility of a biomass chain in Albania	Italy	Albania	97,039	31,987	closed
1206.015-08	Promotion and development of agrotourism and ecological agriculture in Moldova	Poland	Moldova	109,061	13,273	closed
1206.018-08	MOLDAGROFOOD - Systems for the Organization of the Moldovan Food Farming Production Process	Italy	Moldova	83,185	36,023	closed
1206.020-08	Fostering Innovation in SMEs in the Western Balkans. Phase II	EU CEI members / OECD as coordinator	Regional (Western Balkans)	91,591	35,084	closed
1206.021-08	Monitoring SME policy implementation in the Western Balkans	EU CEI members / OECD as coordinator	Regional (Western Balkans)	102,622	40,000	closed

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	TOTAL PROJECT COST (€)	CEI CO-FINANCING (€)	IMPLEMENTATION STAGE
1206.026-08	Capacity Building in Public Accounting (CBIPA) in Moldova	Slovenia	Moldova	241,357	40,000	closed
1206.027-08	Transfer of Macrolotto best practice to the management of sustainable and equipped productive areas	Italy	Serbia	41,508	14,181	closed
1206.002-09	PORTRAIN	Italy	Albania	91,979	33,900	closed
1206.003-09	Supporting Serbian SMEs in acceding to EU markets	Italy	Serbia	42,448	21,224	closed
1206.004-09	S.E.A. - System for Energy Autonomy	Italy	Moldova	121,600	20,000	closed
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
1206.006-09	Development of decision support systems for integrated water management in Belarus	Italy	Belarus	64,306	31,288	closed
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
1206.008-09	ICT Cooperation: Italy – Croatia Technology Cooperation	Italy	Croatia	14,492	6,239	closed
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
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
1206KEP.005-10	Good governance in Chisinau - introduction of performance budget in the capital of Moldova	Poland	Moldova	123,544	32,683	closed
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
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
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
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
1206KEP.010-10	Monitoring SME policy implementation in the Western Balkans	Eu CEI members / OECD as coordinator	Regional (Western Balkans)	142,858	40,000	closed
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
1206KEP.012-10	COOPERADRIA: Support to the capacity in developing and managing cooperation projects: Institute of Transport	Italy	Albania	45,899	15,622	closed
1206KEP.013-10	Krapina Zagorje County Rural Development Strategy	Slovenia	Croatia	28,908	12,919	closed
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
1206KEP.009-11	Public Accountants Certification Training (PACT) in Macedonia	Slovenia	Macedonia	114,080	29,915	closed
1206KEP.010-11	Training of Internal Auditors in Public Sector in Montenegro	Slovenia	Montenegro	225,122	39,641	closed
1206KEP.011-11	Evaluating SME policy implementation in the Western Balkans	EU CEI members / OECD as coordinator	Regional (Western Balkans)	102,150	39,671	closed
1206KEP.001-12	Improving environmental and disaster prevention capacity in Serbia	Italy	Serbia	72,135	33,002	closed
1206KEP.002-12	Performance budgets in Cherkasy and Vinnitsa - support for good governance and financial transparency of local governments in Ukraine	Poland	Ukraine	188,742	24,475	closed
1206KEP.003-12	Conditions for technology transfer of experience for Tirana City - ContextT	Italy	Albania	86,193	28,435	closed
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
1206KEP.005-12	Public Accountants Certification Training (PACT) in Macedonia, level 1 cohort 2 and level 2 cohort 1	Slovenia	Macedonia	218,153	38,786	closed
1206KEP.006-12	Know-how for Donetsk Region – strengthening of administrative structures and regional development in Ukraine	Poland	Ukraine	28,736	11,292	closed

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	TOTAL PROJECT COST (€)	CO-FINANCING (€)	CEI IMPLEMENTATION STAGE
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
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
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	closed
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	closed
1206.005-13	Improving Environmental Monitoring and Disaster Prevention Capacity in Drina river basin – Phase II	Italy	Bosnia and Herzegovina, Montenegro	67,767	25,372	closed
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
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
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
1206.010-13	Development of Online Geodata Portal of Cultural Heritage in Novi Sad, GisNS	Italy	Serbia	44,106	14,951	closed
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
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	86,291	30,741	closed
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	under implementation
1206.003-14	On the job training in Humanitarian Demining and Mine Risk Education (MRE)	Italy	Bosnia and Herzegovina	80,000	40,000	closed
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	under implementation
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	86,695	37,000	closed
1206.006-14	MaCCIM - Maritime Cluster Cooperation Italy Montenegro	Italy	Montenegro	80,000	40,000	under implementation
1206.007-14	Next Generation Competitiveness Initiative (NGCI): South East Europe Competitiveness Outlook 2015	EU CEI members / OECD as coordinator	Regional (Western Balkans)	5,000,248	30,000	closed
1206.008-14	Emergency management and community resilience: a goal for Serbia	Italy	Serbia	59,243	24,829	closed
1206.011-14	The development of graphene-based sensors for the detection of environmental pollutants	Italy	Serbia	83,400	30,228	under implementation
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	under implementation
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	under implementation
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	under implementation
1206.003-15	Innovation management for SMEs	Poland	Belarus	34,501	17,250	under implementation
1206.005-15	HYMEUR-Hydrometeorological Modelling for Environmental Qualitycontrol	Italy	Serbia	81,150	40,000	under implementation
1206.006-15	SMA.RI.GO.	Italy	Moldova	80,000	38,785	under implementation

REFERENCE NUMBER	PROJECT NAME	KNOW-HOW PROVIDER COUNTRY / ORGANISATION	KNOW-HOW RECIPIENT COUNTRY	TOTAL PROJECT COST (€)	CEI CO-FINANCING (€)	IMPLEMENTATION STAGE
1206.007-15	Development of a training program on Management of Disaster Prevention, Preparedness and Rapid Response	Italy	Serbia	73,850	36,925	under implementation
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	under implementation
1206.001-16	Support anti-corruption capacity building in Albania	EU CEI members / OSCE as coordinator	Albania	70,172	34,920	under implementation
1206.002-16	Dams safety: a new approach for the monitoring of the dams with the use of remote sensing	Italy	Albania	79,710	39,885	under implementation
1206.003-16	Know how exchange - GIs for non-wine food products: Exchange of know-how and boost for partnerships' based rural development in Moldova	Poland	Moldova	24,000	11,960	under implementation
1206.004-16	Development and regulation of the University of Belgrade laser-laboratory infrastructure for education and research	Italy	Serbia	584,978	39,900	under implementation
1206.005-16	Preserving Kotor Bay as natural and historical heritage - Analysing sea pollution sources and raising ecological awareness,	Italy	Montenegro	81,000	35,000	under implementation
1206.006-16	Professional intergovernmental know-how exchange on the implementation of large scale Secondary School Scholarship and Mentoring Program for Roma Students	Hungary	Regional (Western Balkans)	77,700	38,550	under implementation
TOTAL				12,812,811	2,370,380	

Resource Efficiency Investments in the CEI Region - Optimising Technical Assistance, Maximising Leverage

BACKGROUND

Since 2004, the CEI has strongly supported the EBRD's efforts in the area of climate change and energy efficiency. It has done so by providing funding to enable the Bank to implement energy/resource audit frameworks offering early stage TC support to potential clients to help them identify and assess potential efficiency investments, which can be included into the EBRD investment plan.

Because of the financial and economic crisis, energy efficiency and environmental projects are at risk of being delayed and maybe cancelled. There is an opportunity for the EBRD to provide for the needs of public and private clients in the current market context, thereby fulfilling its transition mandate through the promotion of market innovation and the introduction of best practices in the broader energy and environmental aspect.

Through the technical support provided by the EBRD within the Sustainable Energy Initiative (SEI), and the Sustainable Resource Initiative (SRI), the Bank has been able to play a key role in supporting its clients in the transition towards

international best practices in terms of energy efficiency and environmental performance.

Over the years, the importance awarded to aspects of the green economy in the Bank's work has significantly increased, reflecting both the priorities of the EBRD countries of operations, as well as the growing attention to environmental sustainability at international level. The EBRD's Green Economy Transition (GET) was launched in 2015 to address the challenges of energy efficiency and climate change in its countries of operation, one of the most energy intensive regions in the world.

Energy and resource audit activities are a cost-effective way of translating potential energy efficiency (EE) gains into specific investments. Typically, energy audits cost between €30,000 and €75,000 and include the following activities:

- Work with technical staff of clients to identify energy and resource efficiency investments;
- Assessment of the feasibility of the potential investments;

DATA COLLECTION

SITE VISIT

FINAL REPORT / RECOMMENDATIONS



Engineers working with local staff during an energy audit site visit.

- Assistance to the Bank in reviewing/developing bankable investment programmes;
- Provision of training services to ensure clients are able to implement and manage efficient manufacturing systems on a sustainable basis;
- Support to clients by optimising project management during procurement and implementation of the energy and resource-efficiency investments;
- Support to clients in strengthening their corporate governance by developing sustainability reports on their operations and products;
- Help to clients to appraise carbon credits opportunities and assisting in the preparation of the preliminary documentation for carbon credit projects (e.g. CDM or voluntary markets);
- Support to the Bank in assessing technical and economic potential of sustainable production technologies and resource optimisation solutions across different sectors of the economy.

The frameworks provide excellent leverage for donors. As of 31 December 2016, over 460 energy/resource audits have been undertaken for a total of €17.5 million. These audits are linked to a total of €3.6 billion of EBRD climate finance (SEI/SRI/GET) - each €1 of TC has led to approximately €206 of EBRD climate investment.

More importantly, the Bank's audit activities have directly lead to sizeable environmental benefits. Across the associated investment, the impact on carbon emission reduction equals cumulatively to around 17,000 ktCO_{2e} per year, over 7m toe/year of primary energy savings and over 16,000,000 m³/year of water consumption savings.

For activities funded by the CEI, the investment leverage increases – each €1 of the CEI funding is linked to €226 of the EBRD green investment. The CEI-funded audit activities were directly linked to 783 ktCO_{2e} per year, over 3m toe/year of primary energy savings and over 13,000 m³/year of water consumption savings.

AUDIT METHODOLOGY

In order to achieve maximum benefits from the energy audits, the Consultants distribute a set of questionnaires, which the client is to complete ahead of or during the site visit. These forms are used to gain a better understanding of patterns and volumes of energy and resource use; they cover electrical and non-electric energy supply as well as power demand profile, main equipment installed in the facility, breakdown of energy consumption between the facility's systems, annual costs for energy / resource usage and energy management policies.

During the site visit, which usually lasts from 3 up to 5 days, the consultant assesses the energy and resource efficiency level of the site facilities and production areas, and discusses energy / resource efficiency opportunities with the local staff involved in the site energy management. It is often the case the EBRD's own engineers also join the site visit to work closely with the client and consultant to fully explore and understand the areas where EBRD finance could be applied.

Following the site visit, the consultant prepares a final report that details the technical and financial analysis, including pre-feasibility-level cost estimates for potential energy / resource efficiency measures. For each of these measures the consultant describes the limitations of existing equipment, the recommended actions to improve the situation and the technical solution to implement it. The consultant also provides a ranking of the proposed measures utilising financial criteria and is presented as a preliminary CAPEX Programme that can be used by the client's management team in the decision-making process.

Case Study **Polesie (Toy Manufacturer) – Belarus**

The EBRD was considering financing PP Polesie JV Ltd, an owner and operator of a plant located in the Brest region (Belarus) producing toys for children to expand its capacity, optimize the energy performance of the company, finance working capital and refinance short-term loans. Energy expenditure accounts for approx. 15 percent of the total production costs of the Company: electricity consumption stems mainly from: i) the production process; ii) cooling system and iii) lighting; natural gas consumption is mainly for space heating.

The objective of the assignment was to review the planned investments under consideration by the Company and perform a detailed feasibility study of the proposed combined cooling, heat and power plant (CCHP) to review its financial viability and highlight the key risks associated with the project implementation. The Consultant also supported the Company to finalise the technical specifications of a proposed cogeneration project and in facilitating the procurement process.

Following the completion of the audit the EBRD proceeded to finance and sign the project in 2016 for €10 million, €3 million of which is to support green investment in the company. The €3 million component will support the installation of the CCHP to improve energy supply throughout the year. It will use two 1.2MW engines and a 1MW absorption chiller. The CCHP has an IRR of 48 percent and a payback period of 2 years.

The project will benefit from annual natural gas consumption savings of 24,100 MWh and emission reductions of 7,500 tCO₂ /year. These are equivalent to the footprint of 1,900 Belarussian households.

Table 7.1. List of CEI-funded activities 2014-2016

Country	Year	Consultant	Commitment (€)	Project Name	Sector	Energy Efficiency financing component €	Leverage (€ spent on each TC leads to € of Green Investments)	Estimated primary energy savings toe /year	Estimated emission reductions ktCO ₂ e /year
Macedonia	2004	D'Appolonia	25,876	Ispat, Skopje	Primary Metal Manufacturing	2,000,000	77	0	0
Serbia	2004	MWH	20,315	Sevojno	Copper processing	1,000,000	49	0	0
Bosnia and Herzegovina	2005	D'Appolonia	4,809	Steel Zenica	Primary Metal Manufacturing				
Bosnia and Herzegovina	2005	D'Appolonia	24,855	Natron Hayat	Wood Product Manufacturing	3,000,000	121	42,517	100
Bulgaria	2005	MWH	18,518	Svilosa Pulp Mill	Pulp and Paper	14,000,000	756	0	0
Romania	2005	MWH	21,418	European Drinks	Food Manufacturing				
Romania	2005	MWH	4,500	European Drinks	Food Manufacturing				
Serbia	2005	MWH	5,499	Sevojno	Copper processing				
Ukraine	2005	D'Appolonia	27,400	Istil, Donestsk	Primary Metal Manufacturing	17,000,000	620	17,857	42
Ukraine	2005	MWH	21,526	Starobeshevo	Power generation				
Bulgaria	2006	MWH	21,758	Boni	Food Manufacturing				
Ukraine	2006	D'Appolonia	20,400	Olympic Plaza	Real Estate				
Ukraine	2006	MWH	19,200	Ukrain Industries	Chemical Manufacturing	4,000,000	208	0	0
Romania	2007	D'Appolonia	46,613	Soufflet	Food Manufacturing	20,000,000	429	425	1
Serbia	2007	D'Appolonia	16,350	Victoria Group	Food Manufacturing	5,000,000	306	13,180	31
Serbia	2007	D'Appolonia	8,831	Victoria Group	Food Manufacturing				
Ukraine	2007	D'Appolonia	18,600	UKRRICHFLOT	Transport				
Ukraine	2007	MWH	22,765	Kharkiv Tile Plant	Ceramics				
Ukraine	2007	MWH	30,298	Astarta Sugar Mill	Food Manufacturing	11,000,000	363	25,510	60
Romania	2008	MWH	24,985	Pehart	Paper Manufacturing	6,000,000	240	6,377	15
Ukraine	2008	D'Appolonia	32,848	LKMZ	Fabricated Metal Products				
Ukraine	2008	D'Appolonia	13,292	LKMZ	Fabricated Metal Products				
Ukraine	2008	MWH	29,316	Ukrtransnafta	Oil and Gas				
Ukraine	2008	MWH	16,600	Astarta - Kobyllyaki	Food Manufacturing	3,000,000	181	5,527	13
Albania	2009	D'Appolonia	43,728	Tirana Schools	Municipal				
Bulgaria	2009	D'Appolonia	34,425	KCM	Primary Metal Manufacturing	35,000,000	1,017	55,272	130
Poland	2009	MWH	34,304	GHG Reduction Warsaw	Carbon trading				
Ukraine	2009	D'Appolonia	36,343	Obolon	Food Manufacturing	3,000,000	83	12,754	30
Ukraine	2009	MWH	32,750	EEMS Review in Ukraine	Steam and Air Conditioning Supply	37,000,000	1,130	0	0
Regional	2009	D'Appolonia	14,996	Assessment of Audits	Study				
Regional	2009	MWH	14,676	Assessment of Audits	Study				
Belarus	2010	MWH	42,172	Pinskdrv	Wood Product Manufacturing	400,000	9	0	0
Bosnia and Herzegovina	2010	MWH	30,744	Brcko/Agrana	Food Manufacturing				
Montenegro	2010	D'Appolonia	25,612	Montenegro ZCG Railways	Rail Transportation	14,000,000	547	6,378	15
Serbia	2010	MWH	41,925	Titan Cement	Cement				
Bosnia and Herzegovina	2011	MWH	31,370	Bingo	Food Manufacturing	5,000,000	159	1,492	5
Macedonia	2011	D'Appolonia	40,780	PERI	Rail Transportation	46,000,000	1,128	1,270	4
Serbia	2011	MWH	36,969	MK Group	Agribusiness	15,000,000	406	17,000	66
Serbia	2011	MWH	24,987	VG Biomass	Biofuel Production	10,000,000	400	18,413	58
Moldova	2012	D'Appolonia	49,260	Moldovan Railways	Transport	25,000,000	508	3,822	15
Romania	2012	MWH	24,564	WWTP	Water and Sewage	5,000,000	204	1,905	6
Belarus	2013	Crovetto	37,486	Mark Formelle	Textiles				
Regional	2013	E&Y	49,850	Fertilizer Study	Study				

Country	Year	Consultant	Commitment (€)	Project Name	Sector	Energy Efficiency financing component €	Leverage (€ spent on each TC leads to € of Green Investments)	Estimated primary energy savings toe /year	Estimated emission reductions ktCO2e /year
Belarus	2014	Crovetto	18,697	Uniflex	Packaging Manufacturer				
Belarus	2014	KPMG	48,280	Market Review of Privately Owned Business	Industry				
Macedonia	2014	D'Appolonia	46,546	Makstil	Primary Metal Manufacturing				
Ukraine	2014	D'Appolonia	39,250	Agrofusion	Food Manufacturing				
Belarus	2015	Crovetto	30,086	Polesie	Toy Manufacturer	3,000,000	100	2,618	8
Bosnia and Herzegovina	2015	Tractebel	40,000	Bingo	Food Manufacturing	15,000,000	375	5,732	0
Moldova	2015	Advantech	43,580	Glass Container	Glass Manufacturing	5,000,000	115	0	5
Montenegro	2015	D'Appolonia	49,730	Mesopromet	Food Manufacturing				
Ukraine	2015	D'Appolonia	49,750	Serseris Grain Terminal	Port Infrastructure	36,000,000	724	0	10
TOTAL			1,509,432			340,400,000	226		

Chart 7.1. CEI-funded activities 2014-2016 by country of operation

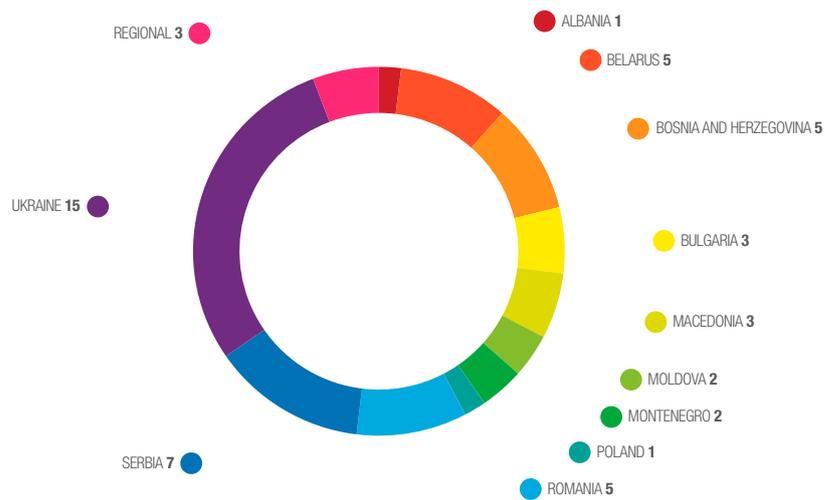
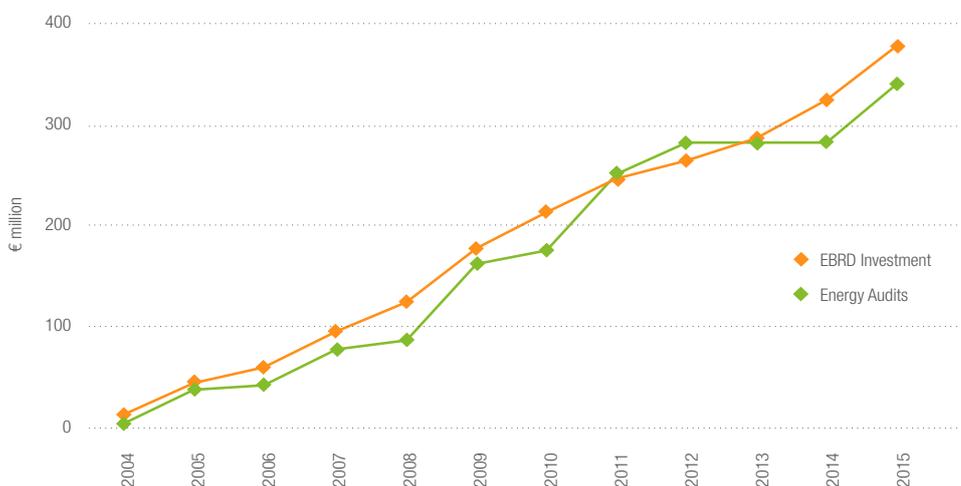


Chart 7.2. Link between CEI-funded activities and scaling up of the EBRD Finance



EBRD's Role in Developing the Transport Sector: Promoting Sustainable Transport

Transport is a key enabler of growth, providing the physical networks and services upon which the economy depends for the movement of people and goods. By connecting areas of economic activity within a country, transport increases access to markets and services. From a social perspective transport provides the individual mobility that is critical for the people of the region, in terms of access to markets and essential services such as health and education. The provision of efficient, safe and sustainable transport is, therefore, fundamental for economic growth and the development of well-functioning markets.

Transport is also an enabler of international trade. In the modern global economy, where no country is self-sufficient, transport is key to trade development, providing the means for emerging markets to integrate into the global economy. Export access is crucial for the companies in the Bank's region, increasing and maximising opportunities for expansion and economic development.

The Bank recognises the fundamental role transport networks and services play in improving the quality of life of the citizens of the region, and increasing the opportunities for commercial development. At the same time, it recognises the need to develop sustainable transport systems which align economic growth with environment and social sustainability.

Sustainable transport drives sustainable development, which is crucial to meeting the needs of people in their personal and economic lives, while respecting the ability of future generations to meet their needs. As such, Sustainable Transport is fundamental to progress in achieving the recently adopted Sustainable Development Goals: Sustainable Transport supports inclusive growth, job creation, poverty reduction, access to markets, the empowerment of women, and the well-being of persons with disabilities and other vulnerable groups. It is also essential to our efforts in fighting climate change, reducing air pollution and improving road safety.

Given the strategic importance of the transport sector for sustainable development the EBRD has complemented its primary focus on promoting transition to market-oriented economies. It has enhanced its focus on sustainability in support of the various strategic priorities on climate change, environmental protection, gender equality and social inclusion, by increasing its impact in terms of volume of financing, coverage of sectors, emission reductions, policy dialogue and innovative financing instruments.

The Bank's ability to scale up green transport investments is a success by combining investments with Technical Cooperation and policy dialogue, with support by the EBRD's donors such as the CEI: the Bank mobilises more than €8 million in TC funding every year and blends these resources with investments to facilitate the complex reform

process and the delivery of sustainable transport networks. The EBRD uses policy dialogue to support 'top-down' policy-making, i.e. by supporting the implementation of policies which create an environment that fosters sustainable projects. It also supports 'bottom-up' evidence-based policy-making, where experience from projects is fed back to governments and the investor community to help remove real barriers to the further growth of a sector (e.g. the publication of policy papers about Performance Based Management Contract or Inland Water Transport).

Over the past ten years, the EBRD has more than doubled its annual investments in the transport sector. The Bank supports the development of national transport networks and aims to improve the efficiency, competitiveness and financial sustainability of the transport sector in its countries of operations. This includes supporting the development of the private sector for transport services and increasing private sector participation in the provision of transport infrastructure, for example, through Public Private Partnerships (PPPs).

In 2016, the Bank signed 23 transactions in the transport sector for a total EBRD investment of over €1 billion. The projects were diverse geographically and from a sectoral point of view, including the promotion of inland water transport and rail infrastructure in the Western Balkans, road rehabilitation and new motorways in Bosnia and Herzegovina, the expansion of port capacity grain exports in Ukraine or the introduction of green logistics practices.

DELIVERING SAFER AND MORE RESILIENT ROADS

With the support of the CEI, the Bank is preparing some guidance on integrating climate resilience measures into road infrastructure investments in the Western Balkans that can help clients to move towards best industry practice and achieve greater resilience to climate change.

The study analyses existing evidence of changing weather patterns in the region. It assesses the impact on transport infrastructure and identifies critical areas of focus and vulnerabilities for transport planners and transport operators. It defines appropriate interventions with an indication of investment requirements and 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.

Although the toolkit is still under preparation, in 2016, the Bank already started applying some of this knowledge to a loan signed in Bosnia and Herzegovina aimed at repairing and upgrading the country's road network, which had been damaged by severe floods in recent years. Given the recent extreme weather events which had led to floods, drought, landslides, heatwaves, storms and wildfires, the Bank worked with the Road Agency to assess the impacts

of climate change on the project roads. The purpose of this was to develop adaptation measures to improve the resilience of the road network and produce a series of recommendations, including risk mapping, increased institutional collaboration, physical adaptation solutions as well as alternative route plans for emergencies, thus extending the enhanced management of climate change risks to other roads.

ROAD SAFETY

The EBRD invests in projects to improve road safety. A few years ago, the EBRD joined other Multinational Development Banks (MDB) in establishing an MDB Road Safety Initiative to increase road safety activities. Since then, the EBRD has increased financing of road safety improvements. It has mobilised over €2 million of technical assistance for road safety audits, capacity building, policy and institutional development and awareness events. For example, in 2016 the Bank provided €400,000 through the EBRD Shareholders Special Fund to support the development of a traffic accident database in Bosnia and Herzegovina and launched an initiative of knowledge sharing amongst MDBs about Occupational Road Safety.

With the CEI's support, the Bank is assisting the Road Agency of Serbia in the preparation and certification of a road safety management system in line with the ISO 39001 requirements. Under a TC assignment funded by the CEI, the Bank has mobilised consultants to build capacity amongst their staff and to assist the agency during the certification process.

DELIVERING INTEGRATED AND ENERGY EFFICIENCY RAIL TRANSPORT IN WESTERN BALKANS

Railways play a key role in the development of sustainable transport networks and constitute a core area of the EBRD activity in the region. The Bank has been supporting the rehabilitation and construction of new tracks, upgrade of rolling stock, rehabilitation of stations etc. focussing on bringing infrastructure to international standards of safety, security and environmental compliance.

Through its financing, the Bank has been promoting the rail system as an environmentally sustainable transport mode, while encouraging energy efficiency technologies to keep its competitive advantage.

The EBRD projects in the rail sector have also served as a platform for policy dialogue and an introduction of best practices in the context of the various EBRD initiatives. For example, the EBRD is working with Albanian Railways in the promotion of Gender Equality in the organisation, the promotion of rail transport and safer level crossings amongst the Civil Society, or the introduction of Track Access Charges.

In Macedonia, grant funds from the CEI will help the rail sector to implement an integrated Energy Management Information System (EMIS). The main purpose of the Bank's project is to provide the infrastructure manager and the rail operator with the technical information and tools to gradually improve the process of monitoring the use of natural resources (mainly energy ones) across its operations, and to utilise the related information to improve efficiency, reduce operational costs and improve overall control of environmental impact.

TRANSPORT

As of December 2016. At a glance.

Number of operations to date	290
Net cumulative Bank Investment	€14,739 million
Cumulative disbursements	€11,321 million
Portfolio	€7,433 million
Number of active portfolio operations	161
Operating assets	€4,248 million
Private share of portfolio	24%
Equity share of portfolio	5%
Number of operations YTD	23
Bank Investment YTD	€1,051 million
Disbursements YTD	€777 million

Chart 8.1. Annual Bank Investment and Operation
(€ million at reported rates)

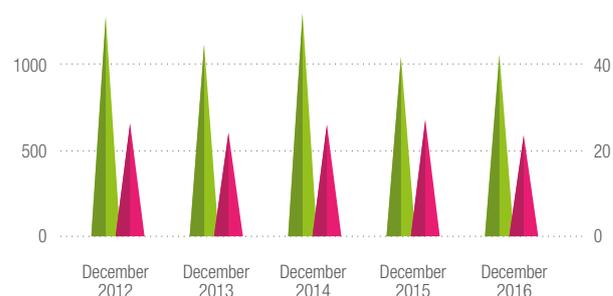
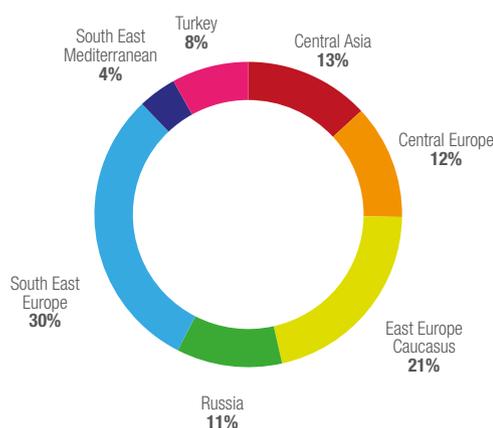


Chart 8.2. Portfolio and Operating Assets
(€ million at reported rates)



Chart 8.3. Portfolio Composition
(Share of current portfolio at reported rates)



An overview of the EBRD Transition Report 2016-17: Transition for all

INTRODUCTION

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

As usual, the latest report contains an update on the latest macroeconomic and structural reform developments across the entire region, including CEI countries. Recent years have been difficult for many countries: after four years of economic slow-down, average annual growth in the region fell close to zero in 2015 and showed little sign of a rapid recovery during most of 2016. This largely reflects the impact that low commodity prices and the recession in Russia have had on the economies of Eastern Europe, the Caucasus and Central Asia. Within the CEI region, however, moderate growth momentum has been sustained. Furthermore, structural reforms continued to advance, especially in the energy sector and in non-bank financial services.

This year's Transition Report is the first one dealing exclusively with the important subject of inequality and economic inclusion. It focuses on a number of key aspects of inclusive growth: the distribution of income; the impact that the transition process has had on people's well-being and happiness; equality of opportunity; and financial inclusion. The analysis in this Report draws on the third round of the Life in Transition Survey (LiTS III), a household survey conducted by the EBRD and the World Bank in 34 countries in late 2015 and the first half of 2016. The results of that survey are compared with those of the first two rounds, which were conducted in 2006 and 2010. The report also uses the results of a unique survey of bank managers (the EBRD's Banking Environment and Performance Survey) and other rich sources of data.

The transition from planned to market economies was far from smooth, especially in the early years. One of the most interesting findings of this year's Report is that men and women born at the start of the transition process are on average around 1 cm shorter than those born just before or after that period. It is no wonder, then, that most people in the transition region were, until recently, less happy than people with similar income levels elsewhere in the world. Now, though, that is no longer the case: people in those formerly communist countries are, on average, just as satisfied with their lives as their counterparts in other parts of the world.

The EBRD region has not only caught up with richer countries in terms of happiness; it has also closed some of the income gap. However, not everybody has benefited equally. Only 44 percent of all men and women in post-communist countries have enjoyed total income growth that is higher than the average for the G7 economies. This means that more than half of all people in the transition region have not seen their earnings converge with those of people living in richer countries.

The report looks at ways in which the benefits of growth can be distributed more equally. Redistributing income can help, but the key is to improve people's opportunities to succeed in life – regardless of their gender, place of birth or parental background. To achieve this, the region needs improved access to tertiary education, stronger links between secondary education and employment, better infrastructure links and more affordable childcare. Enhanced access to financial services, aided by the introduction of digital payment systems and improved information comparing the cost of different banking products, will also make it easier for rural populations, women and people in poorer countries to participate more fully in the local economy.

MACROECONOMIC OVERVIEW

Across the entire transition region, the differences in economic outlook in the East and West, which have been apparent for several years, persisted throughout 2016. Russia and other commodity exporters were negatively affected by a further drop in the price of oil in the first half of 2016 while the increase in the price of oil since the first quarter of 2016 has been a positive development for these economies. In CEI countries, however, economies continue to benefit from low commodity prices and accommodative monetary policy in the Eurozone.

Following a GDP growth of 3.4 percent in 2015, the Central Europe and Baltic region saw some deceleration in economic expansion, to 2.6 percent, in the first half of 2016. Investment performed below expectation, partly because the slow start of EU funds inflow from the current budget dramatically affected public investment, and partly because private sector projects have been persistently delayed for various reasons, such as regulatory uncertainty in Poland or difficulties in credit financing, such as in Latvia or Slovenia. However, growth in 2017 is expected to pick up slightly to around 3 percent. Economic growth in South-Eastern Europe (SEE) has held up well, following the improved performance in 2015 and the rise in average growth across the region to 2.3 percent (versus 1.4 percent in 2014). All countries recorded positive growth in the first half of 2016 aside from Greece, and a further rise to 3 percent is projected in 2017, fuelled by broad-based growth across the region. Elsewhere in the CEI region,

the resumption of growth in Ukraine and Moldova in 2016 is offsetting the negative developments in Belarus, but all three economies are expected to generate positive growth in 2017.

STRUCTURAL REFORMS

During 2016, the overall outlook for market reforms improved across the transition region, including in CEI countries, although some reversals also occurred in isolated cases. There was a noticeably positive balance of reforms in the infrastructure and energy sectors. Highlights included the ongoing extension of the electronic toll system in Belarus so that it now covers significant parts of the country's road network. Reforms have advanced in the energy sector in numerous countries in recent years, reflecting a continued appetite for change. The progress in the past year was particularly noticeable in South-Eastern Europe, with important restructuring efforts under way in Albania, Bulgaria and Serbia. Also noteworthy are the efforts in the past year of the Ukrainian government in tackling inefficiencies in the governance of the energy company Naftogaz. In July 2016, the government approved Naftogaz's unbundling plan.

Some of the region's financial sectors remain rather vulnerable and fragile, and high levels of non-performing loans – a legacy of the various crises in the past decade – are holding back credit growth and confidence in many countries. However, developments in the private equity and capital markets have been mostly positive in the past year. An important initiative affecting the CEI region is the SEE

Link platform for stock markets in South-Eastern Europe, launched in early-2016 and expanded later in the year with the inclusion of the Belgrade and Zagreb stock exchanges.

CONVERGENCE AND INEQUALITY

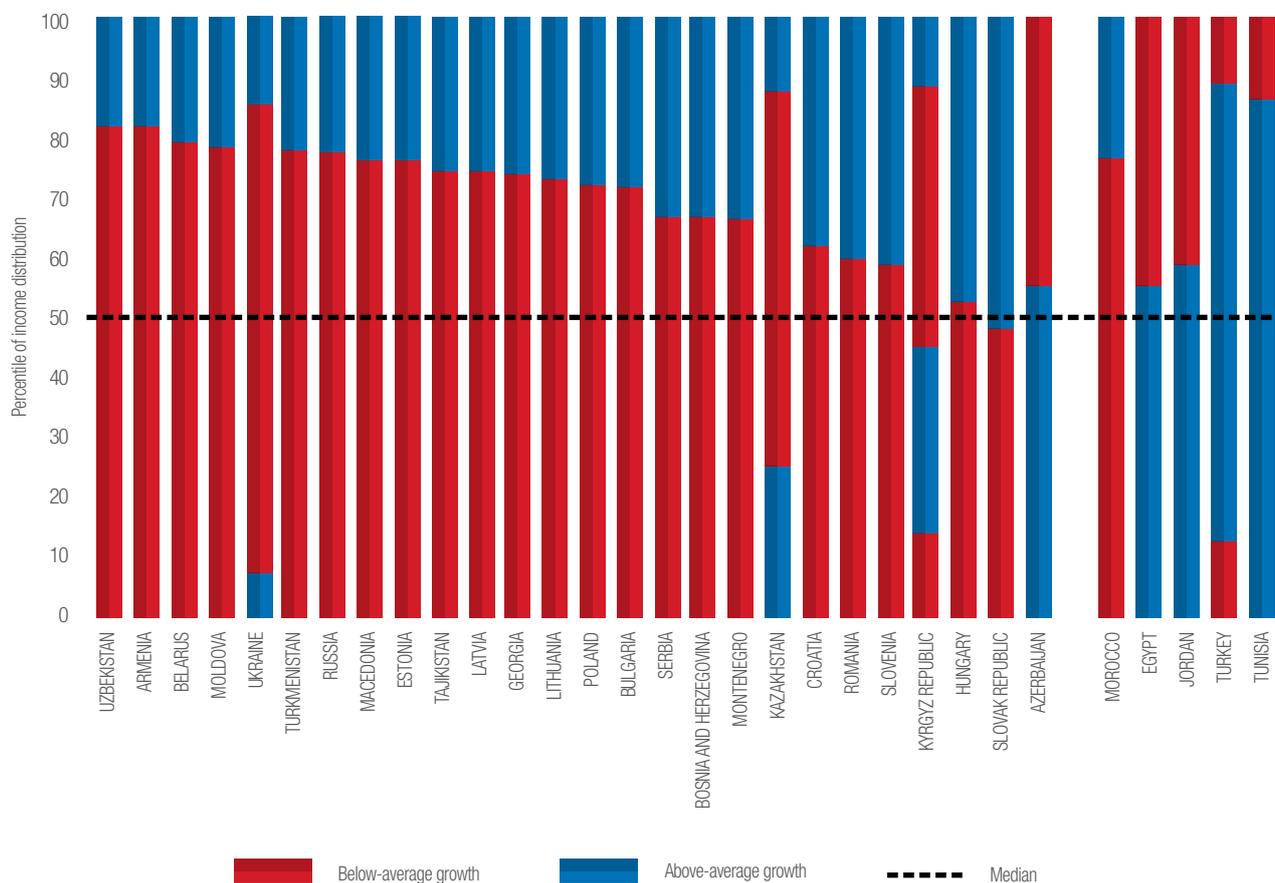
The transition region as a whole has achieved an impressive amount of income convergence since the start of the transition process. Furthermore, significant progress has been made in terms of reducing poverty. However, people's individual experiences of growth and convergence have differed vastly, depending on their position on the income ladder.

In post-communist countries, average income growth corresponds to the experience of someone in the top 27 percent of the income distribution (see Chart 9.1). Furthermore, only 44 percent of people in those countries have personally experienced income convergence – that is to say, long-term income growth above the average level in the G7 economies. The shifts seen in income patterns over the last two-and-a-half decades reflect both broader globalisation trends and experiences unique to the region – a legacy of the wage decompression and deep recessions seen in the early years of the transition process, as well as the very fast shift from manufacturing and agriculture-based economies to a more service-oriented model.

Before the start of the transition process, levels of inequality in the region were very low by international standards. Although inequality has increased sharply, it remains moderate in comparison with other parts of the world.

Chart 9.1. Percentiles of the population with above/below average income growth, 1989-2016.

(Source: EBRD Transition Report 2016-17)



Despite this, people are overwhelmingly of the view that inequality levels are high and rising. These perceptions may, to a significant extent, be guided by the fact that wealth is strongly concentrated among the very rich – even when compared with other emerging market economies. In contrast with advanced economies and emerging markets elsewhere in the world, the richest individuals in the EBRD region derive their wealth predominantly from commodity rents and related sectors, as opposed to IT-based innovation or competitive manufacturing.

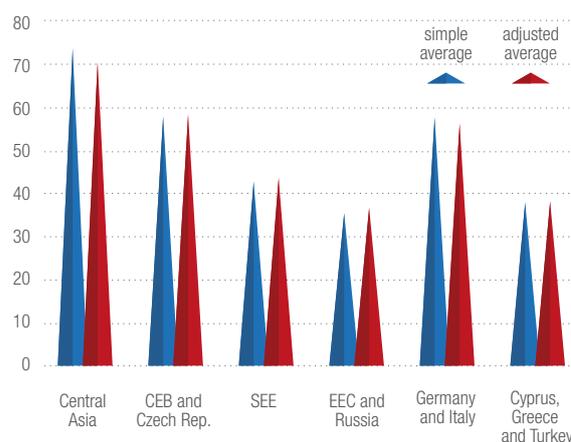
The fact that wealth is strongly concentrated among the very rich across the region calls for higher standards of governance, transparent processes for privatisation and public procurement, the disclosure of detailed information on contracts and revenue management in extractive industries, as well as consistent enforcement of competition law and efforts to diversify economies away from excessive dependence on natural resource rents. The taxation of wealth could also play a more prominent role as a source of government revenue. Meanwhile, at the bottom of the income distribution, the reduction of poverty requires targeted, well-designed social transfer programmes.

THE IMPACT OF TRANSITION ON WELL-BEING

In the last 25 years, people living in formerly communist countries have seen their economic, political and social institutions undergo dramatic changes. In the early years of the reform process, they also suffered severe economic recessions. The report uses newly available data from LiTS III to analyse the impact that the early years of the transition process had on the well-being of people in those countries.

Previous studies have identified a “transition happiness gap”, with residents of post-communist countries reporting significantly lower levels of satisfaction than their counterparts in non-transition countries with similar income levels. However, data from LiTS III show that this

Chart 9.2. Percentage of respondents who are satisfied with life. (Source: EBRD Transition Report 2016-17)



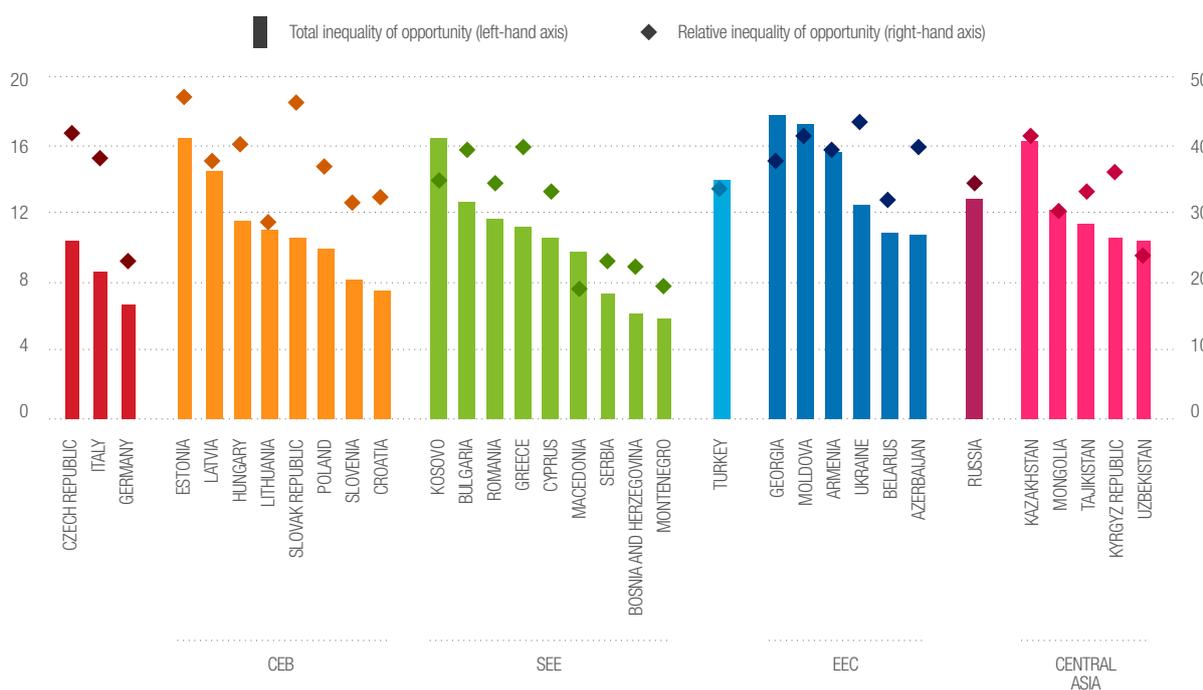
gap has finally closed, with residents of formerly communist countries now expressing just as much satisfaction with life as their peers in other countries (see Chart 9.2).

This optimistic finding comes with three caveats, though. First of all, that “happiness convergence” is only partially explained by increases in satisfaction in those transition countries; declining satisfaction levels in non-transition countries such as Germany and Italy have also played an important role.

Second, such happiness convergence does not mean that the acute social costs incurred at the start of the transition process were any less painful. Anthropometric measures made available by LiTS III data indicate that the early years of that process were a period of substantial deprivation, with permanent physical effects. Indeed, people born

Chart 9.3. Total inequality of opportunity in terms of income and relative inequality of opportunity.

(Source: EBRD Transition Report 2016-17)



around the start of the transition process are an average of 1 cm shorter than their older and younger peers, pointing to the significant hardship that their families endured as a result of those reforms. However, data also show that those people have gone on to enjoy better lives: they are, on average, now better educated and more satisfied with life than their peers.

Third, while residents of post-communist countries have, on average, overcome the dramatic experience of transition, specific sections of society have been left behind. People born to families with lower levels of education and income have proved to be more vulnerable to the changes experienced during the transition process, and they are still lagging behind in terms of both objective and subjective well-being.

INEQUALITY OF OPPORTUNITY

People's circumstances at birth – their gender, place of birth, ethnicity and parental background – often have a significant impact on their educational qualifications, the type of job they get and, ultimately, their earnings. Such inequality of opportunity is both inefficient and unfair. It prevents people from making the best use of their skills or realising their entrepreneurial ideas, and that can, in turn, negatively affect a country's long-term growth, leading to persistently high income and wealth inequality. A lack of opportunities can also result in a loss of confidence in the key economic and political institutions that underpin market-based economic systems, eventually resulting in reform reversals.

Inequality of opportunity in the EBRD region remains higher than in western European countries such as Germany, according to estimates based on LiTS III data. It accounts for an average of 20 to 50 percent of total income inequality in many EBRD countries of operation (see Chart 9.3). Parents' level of education is the key factor determining inequality of opportunity, followed by gender and place of birth. Inequality of opportunity is also strongly correlated

with inequality of observed incomes: all countries with high levels of inequality of opportunity also have high levels of income inequality.

Inequality of opportunity is substantially higher in terms of getting a good job – one that provides a stable income stream of sufficient size – than it is in terms of getting a job in general. Moreover, when it comes to education, inequality of opportunity appears to have increased, since it is estimated to be significantly higher for people who started school after 1989 relative to older cohorts. High levels of inequality of opportunity in society reduce people's support for open markets and democracy. In contrast, inequality of outcomes does not have such an effect and may actually strengthen support for market economics and democracy, provided that differences in outcomes are driven by differences in effort, rather than circumstances at birth.

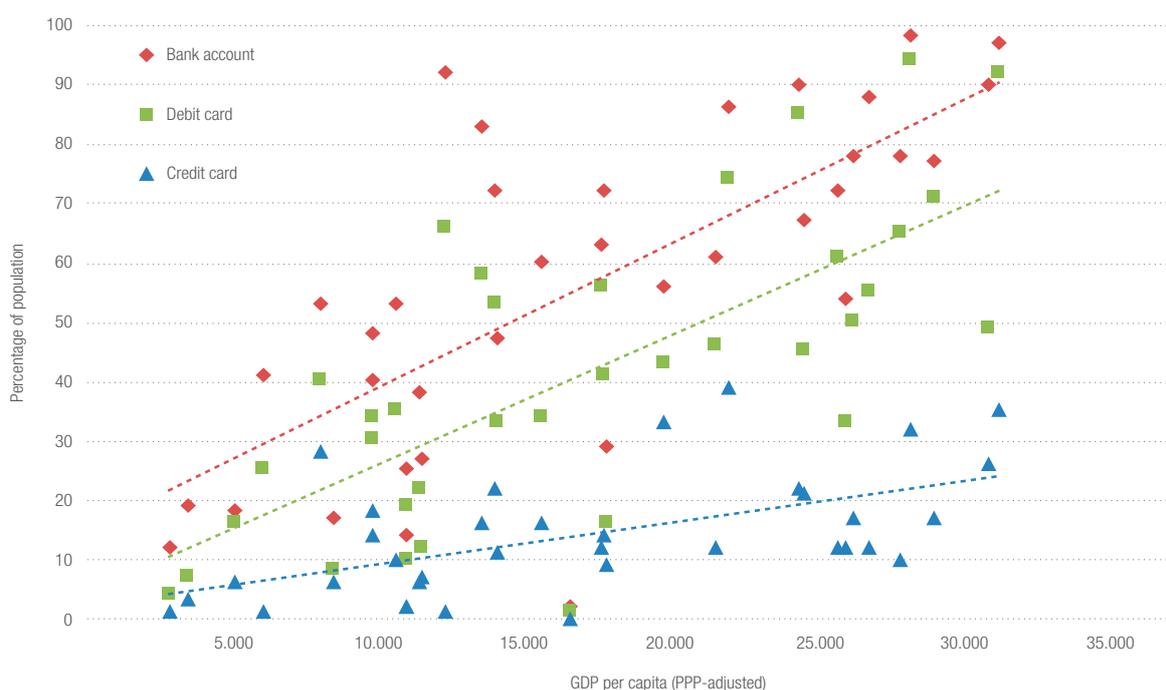
Economic policies can play an important role in reducing inequality of opportunity and levelling the playing field, for instance by improving access to tertiary education (through targeted scholarship programmes, for example), by strengthening links between secondary education and employment, by improving infrastructure links and by increasing the availability of affordable childcare.

FINANCIAL INCLUSION

An inclusive financial system can reduce both inequality of opportunity and, ultimately, inequality of outcomes. While access to financial services is reasonably good in richer parts of the EBRD region, it is not so good in less developed economies. In those poorer countries, financial access is also distributed unevenly. In particular, women, young people and rural populations remain disconnected from the financial system. There is a strong positive correlation between a country's level of economic development and access to bank accounts and debit/credit cards (see Chart 9.4).

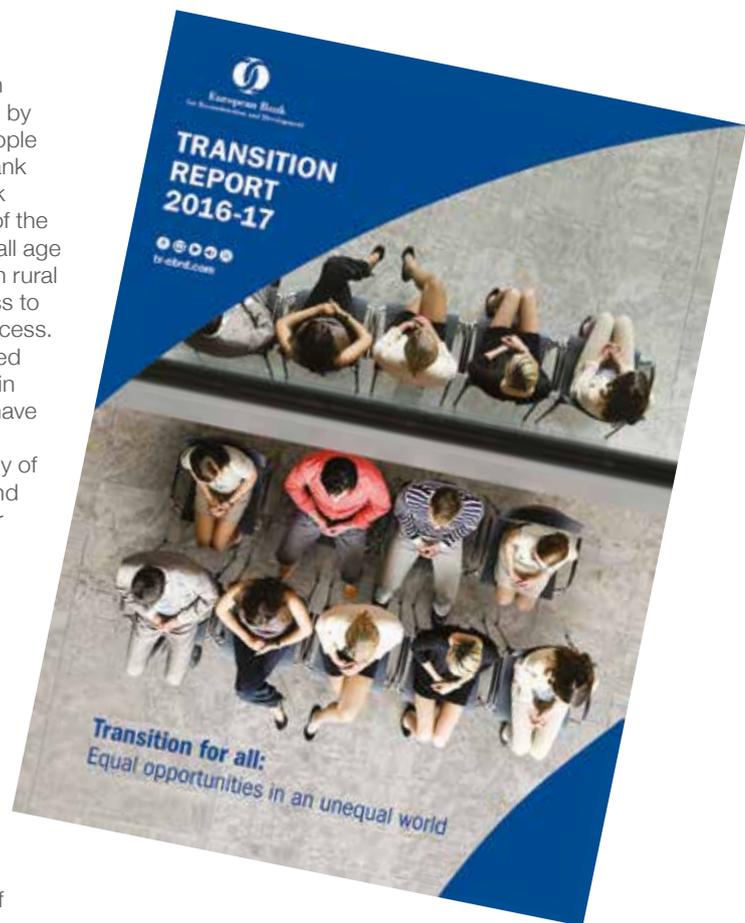
Chart 9.4. Economic development and financial inclusion in the transition region.

(Source: EBRD Transition Report 2016-17)



The reasons for such exclusion often vary depending on the circumstances of the household or individual in question, with many young people being discouraged by onerous documentation requirements, while older people are often deterred by long distances to the nearest bank branch. While gender gaps in terms of access to bank accounts have nearly been eliminated in richer parts of the EBRD region, they persist in poorer countries across all age groups. There are also significant differences between rural and urban areas of poorer countries in terms of access to bank accounts, with rural women having the worst access. While foreign banks' entry into the market has improved competition – and thus access to financial services – in many countries, evidence suggests that these gains have been uneven, with less educated and lower-income households having less access to such services. Many of these households do not normally apply for loans – and when they do, they receive fewer loan offers than their peers.

Governments can stimulate the use of bank accounts and encourage more people to connect to the formal financial system by introducing digital payments for wages and transfers. At the same time, banks can design financial products that better meet the needs of excluded groups, such as “no-frills” accounts and mobile banking, as well as tailoring documentation requirements to the realities of younger and poorer individuals. Focusing efforts on improving access to finance in rural communities, where the social benefits of financial inclusion are considered to be high, can help to foster the economic integration of this important segment of society, which is currently underserved in the region. Meanwhile, participation in credit markets can be encouraged by establishing credit registries, fostering the expansion of branch networks (and thus competition) in underserved areas, publicising the interest rates available in the local area using official comparison websites and promoting financial literacy campaigns.



Enhancing Public Procurement Professionalism - Capacity Building Programme

4th Edition - International Master in Public Procurement Management (IMPPM), University of Rome Tor Vergata, Italy

VALUE	€100,000
COUNTRY OF OPERATIONS	Regional (non-EU CEI Member States)
SECTOR OF OPERATIONS	Institutional development
EXPECTED RELATED INVESTMENT	not applicable

INTRODUCTION

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

THE PROCUREMENT TEAM OF TOR VERGATA UNIVERSITY

The unique concept of the IMPPM pivots on the multi-disciplinary approach coined at the TVU - Faculty of Economy, incorporating in addition to economics, also engineering and law disciplines which all together define the Master studies in Procurement. The line of innovations in procurement at TVU, likewise, in 2004, was recognised when TVU won the national competition "MEF Consip Master in E-Procurement" organised by the Italian Ministry of Economy and Finance together with the Central Purchasing Body, Consip, concerning the organisation of a Master's Degree in E-procurement, where all the Italian Universities were invited to participate.

THE RATIONALE FOR IMPPM

According to numerous studies, the lack of professionalisation in procurement management and administration remains the greatest weakness in many countries. Procurement has in fact not been recognised as a specific profession in one third of the OECD countries.

IMPPM is a Master's Programme crafted to meet the needs of the EBRD countries of operation. It responds to ever increasing demand created by the evolution of procurement professionals responsible for meeting the changes and challenges of Public Procurement as a strategic function critical to good governance.

In times when budgets are stretched, but the need for public sector presence and action is deemed critical, when structural and rapid sources of funding seem missing, when there is a growing concern for the quality of public intervention and when regulation is felt too intrusive and ineffective in pushing forward the private markets' profitability and growth, it appears that an organised and transparent process of setting up public procurement can be fundamental in ensuring that trust in the action of policy-makers.

In a country where public consumption and investment over GDP of goods, services and infrastructure projects averages around 15 percent, a mere 10 percent of savings in expenses frees approximately 1.5 of GDP that can be dedicated to either lowering taxes, adding to social expenditure, or boosting growth and cohesion in society.

Intelligent aggregation of demand, smart market analysis, collusion prevention and encouragement of micro and small firm participation, contract management, proper measurement of internal performance and rewards to firms that have done well on past contracts, can rapidly bring significant savings for the public sector and subsequently benefits to citizens.

The Procurement Team at Tor Vergata University has understood and even anticipated this trend, deciding to invest energy in a qualified teaching programme, with passion and commitment. Tor Vergata's history of effective training in public, private and military procurement provides an excellent academic foundation for professionals who wish to acquire a more advanced level of skills and knowledge to become a reference point for their procurement teams.

STRATEGIC FIT FOR THE EBRD

Building the capacity of public procurement professionals fits with the Bank's strategy to contribute towards enhanced corporate governance, to a more efficient use of public funds, to a better implementation of private and public development projects as well as to building a network of procurement professionals while reducing the risks of the EBRD's operations in countries of operation, as detailed in the EBRD Country Strategy for Serbia, and it is in line with the EBRD's Investment Climate and Governance Initiative and with the EBRD's Gender and Inclusion Strategy.

IMPPM 2017 QUALIFICATION PROGRAMME'S LEARNING PATH

The objective is to build capacity in Procurement through a comprehensive and structured English language IMPPM Programme. It is designed to address the training needs of managers of public procurement authorities and other major public entities in the EBRD countries of operation, while also enhancing public procurement professionalism. Graduates from the IMPPM are recognised as future leaders in policy dialogue with the EBRD and champions of the procurement reform process in their home countries.

The learning concept is a combination of academic and work-place experience, as well as, hands-on activities, developed in training modules covering relevant topics of best procurement practice. The IMPPM, hosted by the Faculty of Economy at the University of Tor Vergata (TVU), is designed to cover: Country Procurement Strategy and Organisation; Legal Framework and Procurement Law; Procurement Purchasing Strategy and Procedures; Procurement Cycle and Planning; Economic Analysis of Markets and Products; considering ethical aspects and red flags, as well as, practical tools for efficient procurement, all focused on the achievement of economic results and added value.

IMPPM, a one-year intensive Master's Programme, consists of in-presence class units for a duration of 4 months, taking place at the TVU Campus in Rome and including traditional didactic lectures, balanced with case studies and seminars covering specific topics of the procurement function issues. The remaining nine months are based on distance learning, specialised internship and a Master's Thesis preparation and dissertation.

Exams

During the lecture period in Rome, exams are organised in two sessions: the first exam session will be administered at the end of the sixth module. The second exam session will be administered at the end of the last module. Students have a one-week break for exam preparation before each exam week; this occurs at the end of module six and module twelve.

Traineeship period

At the end of the twelve modules, students are required to be involved in a traineeship period, within their own or another organisation. Before candidates can be admitted to defend their thesis, the board members of the Master's Programme must firstly approve the work prepared during their traineeship period.

Final Dissertation

At the end of the Master's Programme students are required to submit a dissertation, which will be part of their final evaluation. The dissertation is a case study concerning procurement issues related to their own organisations, to a specific country or to a public procurement challenge.

FOUR GENERATIONS OF IMPPM

The four generations have involved 119 participants from 33 countries and 85 diverse entities and institutions from the EBRD's countries of operation. The fourth generation alone involved 28 students from 17 countries. The EBRD sponsored 23 students of which the CEI, contributed towards sponsoring 9 students from Albania (1), Belarus (1), Bosnia and Herzegovina (3), Serbia (2), Macedonia (1), and Ukraine (1). It is interesting to note the composition of students, as follows: 51% female, 49% male and 26% of students in their twenties (Albania, Bosnia and Herzegovina, Serbia, Kyrgyz Republic, Jordan).

Results and experience can be categorised as very successful, contributing both to the professional uplifting of the participating students and the capacity enhancement of Procurement Agencies from the EBRD countries of operation. All of the students either already graduated successfully or will graduate shortly (students from the 4th generation will graduate in March 2017) and were reincorporated into their home entities. Knowledge and skills gained in different areas were immediately and readily used back in the workplace.

Monitoring of learning progress was carried out by using customary Master's level exam methods, consisting of mid-term and final exams that enabled to record individual student's proficiency. Results were very encouraging. On average, the performance was very good and slightly above the average score of the class. Third generation students showed better results compared to the first two generations. This can be mainly attributed to a programme re-tooling made jointly by TVU and the EBRD and based on lessons learned from the first two generations. The best students came from the EBRD funded scholarships, confirming the Bank's careful scrutiny of the selection process.

"These Master studies were a significant experience for me, and I would recommend it to every professional. IMPPM gives you the opportunity to gain new knowledge; it teaches you how to think out of the box, how to apply everything you heard during the lectures, and how to be a fine expert in public procurements. Furthermore, it allows you to acquire valuable business contacts, and also to get to know people who will become your good friends".

Biljana Simonovic – Serbia

"I was lucky to have the best professors and administration staff that contributed to opening my mind by sharing their knowledge. I am happy to go back home with a great added value in Public Procurement Management. My thanks to all who have contributed to make my dream come true".

Khaled Beji – Tunisia

"This Program is so far unique, as it offers an interdisciplinary approach to procurement, comprising legal, economic, strategic, ethical, and project management aspects. It includes different professors from prestigious universities and institutions in the procurement context".

Daniela Wortmann – European Investment Bank

TECHNICAL ASSISTANCE SUPPORT FOR COMPLEMENTARY EXTENDED CAPACITY BUILDING

IMPPM has also been the vehicle for the establishment of an EBRD-IMPPM Alumni, a network of professionals who attended the IMPPM programme for the first four generations.

In 2016, the majority of graduates from IMPPM who participated in the IMPPM expressed their interest to follow up on their “Cursus Studiorum” beyond the Master’s itself by improving their knowledge and the latest best practices in the sector by discussing critical issues and sharing experiences with senior experts of the sector and fellow graduates by participating at this Workshop. The EBRD Procurement Policy Department, therefore, organised a “Workshop on Contemporary Issues in Procurement Practice” which was held in Belgrade on the 27 and 28 September 2016. The CEI supported the initiative with a contribution of €25,000.

The Workshop was organised by the EBRD, the University of Belgrade - Faculty of Law, the Chamber of Commerce and Industry of Serbia, the University of Rome - Tor Vergata, the International Master in Public Procurement Management and IMPPM Alumni Student Association. It served as continuous education activity and professional enhancement forum, and as a demonstration of the results of the capacity building programme achieved through the International Master in Public Procurement Management (IMPPM).

CONCLUSIONS

The joint work of the EBRD and TVU, as well as the continuous support of the CEI, has enabled to successfully deliver four generations of the IMPPM. The experience has allowed identifying opportunities for improvement, based

on feedback from students, professors and EBRD experts, which will be used to fine-tune the programme for the Fifth Generation and beyond.

The IMPPM is a critical contribution to the long-term objective of the EBRD to transfer knowledge and build capacity for the enhancement of public governance and in particular through procurement as a sustainable base of professionalism and integrity in order to achieve transition objectives. It has been confirmed to be one of the critical pillars in the EBRD’s Policy Dialogue with countries of operation in the area of Procurement.

This Master’s enables public procurement officials in the Bank’s countries of operation to gain new and in-depth insight into best procurement practices. When returning to their home countries, the scholars will be in the condition to influence their national procurement agenda by modernising and upgrading its procurement system. Former students, as certified by Interim Technical Cooperation Reports, also achieved the great result to become key players in reforming the national procurement system and on the operation side they were able to apply modern best practices which are critical to achieve more efficient and reliable procurement services in the EBRD’s CoOs.

IMPACT, SUSTAINABILITY AND THE WAY FORWARD

Securing a sustainable path is essential to create a critical mass of proficient and highly trained procurement professionals who can promote the advancement of Public Procurement in their own countries. The excellent results achieved so far will boost the penetration, by ripple effect, of training/trainers from the recipient countries. Building knowledge in Procurement management will also reduce the fiduciary risk of the EBRD in implementing investment projects financed through the EBRD loans and will contribute



“The idea of creating a Workshop on Contemporary Issues in Procurement Practice originated from the successful cooperation between the European Bank for Reconstruction and Development (EBRD) and the University of Rome Tor Vergata to provide procurement practitioners coming from different parts of the world a space to exchange good practices and discuss about different aspects related to the procurement function.”

Marie-Anne Birken, General Counsel Office of the General Counsel, EBRD

“In the past four years the EBRD committed to invest in people that can contribute to the development of their countries supporting the International Master in Public Procurement Management (IMPPM), organized every year by the University of Rome Tor Vergata. This commitment is part of the Bank’s interest in promoting the professionalization of the procurement function, bringing benefits that are sustainable over generations to come.”

Jan Jackholt, Director, Procurement Policy Department, EBRD

to a more efficient utilisation of national budgets. The continued support of IMPPM in English will also contribute towards a sustainable IMPPM offered at TVU. IMPPM is now recognised worldwide as a leading master’s programme in procurement; as shown by the wide participation of other Multilateral Development Banks, including the World Bank, the European Investment Bank, the African Development Bank, the Council of Europe Development Bank, and the United Nations Development Programme. The African Development Bank following the EBRD, has sponsored additional students from their own countries of operations, demonstrating the sustainability of the whole programme and the great impact IMPPM has on the world procurement stage.

LOOKING FORWARD

The latest two editions of the IMPPM have seen the engagement of other EBRD’s departments, such as Economics, Policy and Governance (Investment Climate and Governance) and Gender teams.

In September 2016, this cooperation among EBRD’s Departments and the Tor Vergata University has further strengthened with the new partnership with the University of Belgrade. As part of the implementation of country programmes underpinned by Memoranda of Understanding on investment climate and governance signed with the authorities in Albania, Serbia, and in Bosnia and Herzegovina, the Bank sees the opportunity to meet the

great demand from the Western Balkans by launching a similar IMPPM programme in Belgrade, hosted by the University led by TVU and tailored on the same academic model currently adopted in Rome.

The Regional IMPPM in Belgrade is expected to welcome the first cohort of up to 30 students in September 2017. In the admission process, the UoB each year will aim at maintaining the following quotas: circa 60 percent of the admitted students shall be public procurement officials from the Western Balkans; 20 percent shall be procurement officials from other regions, and 20 percent shall be unaffiliated young prospective practitioners.



Abbreviations and acronyms

AER	Assembly of European Regions
APC	Agency for the Protection of Competition, Albania
ATCO	Air Traffic Control Officer
BAS	Business Advisory Service
BiH	Bosnia and Herzegovina
BREA	Belarusian Renewable Energy Association
BRI	Belt and Road Initiative
PAPEX	Capital Expenditure
CEF	Centre of Excellence in Finance
CEFTA	Central European Free Trade Agreement
CEI	Central European Initiative
CETIR	Central Initiative System - transport information reporting system
CGAP	Corporate Governance Action Plan
CoO	Countries of Operation
CO2	Carbon dioxide
CSEE	Central and South East Europe
EBRD, the Bank	European Bank for Reconstruction and Development
EE	Energy Efficiency
EIR	EBRD Investment Ratio
EGP	Enterprise Growth Programme
EMS	Energy Management System
ENP	European Neighbourhood Policy
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FBiH	Federation of Bosnia and Herzegovina
GDP	Gross Domestic product
GET	Green Economy Transition Approach
IACA	International Anti-Corruption Academy
IFI	International Financial Institution
ISO	International Organization for Standardisation
IMPPM	International Master in Public Procurement Management
KEP	Know-how Exchange Programme
KESH	Korporata Elektroenergjitike Shqiptare (the Albanian Power Corporation)
LITSIII	The third EBRD Life in Transition Survey
MAECI	Ministry of Foreign Affairs and International Cooperation, Italy
MWH	Montgomery Watson Harza
MoU	Memorandum of Understanding
NCAC	Minister of State on Local Issues, Albania as National Coordinator against Corruption, Albania
NGO	Non-governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for security and Cooperation in Europe
PACT	Public Accountants Certification Training
PEW	Regional Water Supply "Regionalni Vodovod Crnogorsko Primorje", Montenegro
PIU	Project Implementation Unit
PPP	Public-Private Partnership
REF	Roma Education Fund, Hungary
RS	Republika Srpska
RWSS	Regional Water Supply System, Montenegro
SCADA	Supervisory Control and Data Acquisition
SEE	South East Europe
SEI	The EBRD Sustainable Energy Initiative
SME	Small and medium-sized enterprise
TAM	The EBRD TurnAround Management Programme
TC	Technical Cooperation
TIR	Total Investment Ratio
TVU	Tor Vergata University, Rome, Italy
SRI	The EBRD Sustainable Resource Initiative
VIKs	Local public water companies operating in the coastal area of Montenegro (Ulcinj, Bar, Budva, Kotor, Tivat and Herceg Novi)
WeBSEDF	The EBRD Western Balkans Sustainable Energy Direct Financing Facility
YTD	Year To Day
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 CEI countries	Albania, Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia
ENP CEI countries	Belarus, Moldova, and Ukraine

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