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

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# Main Elements of the JIAP

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

# Countries covered by the JIAP



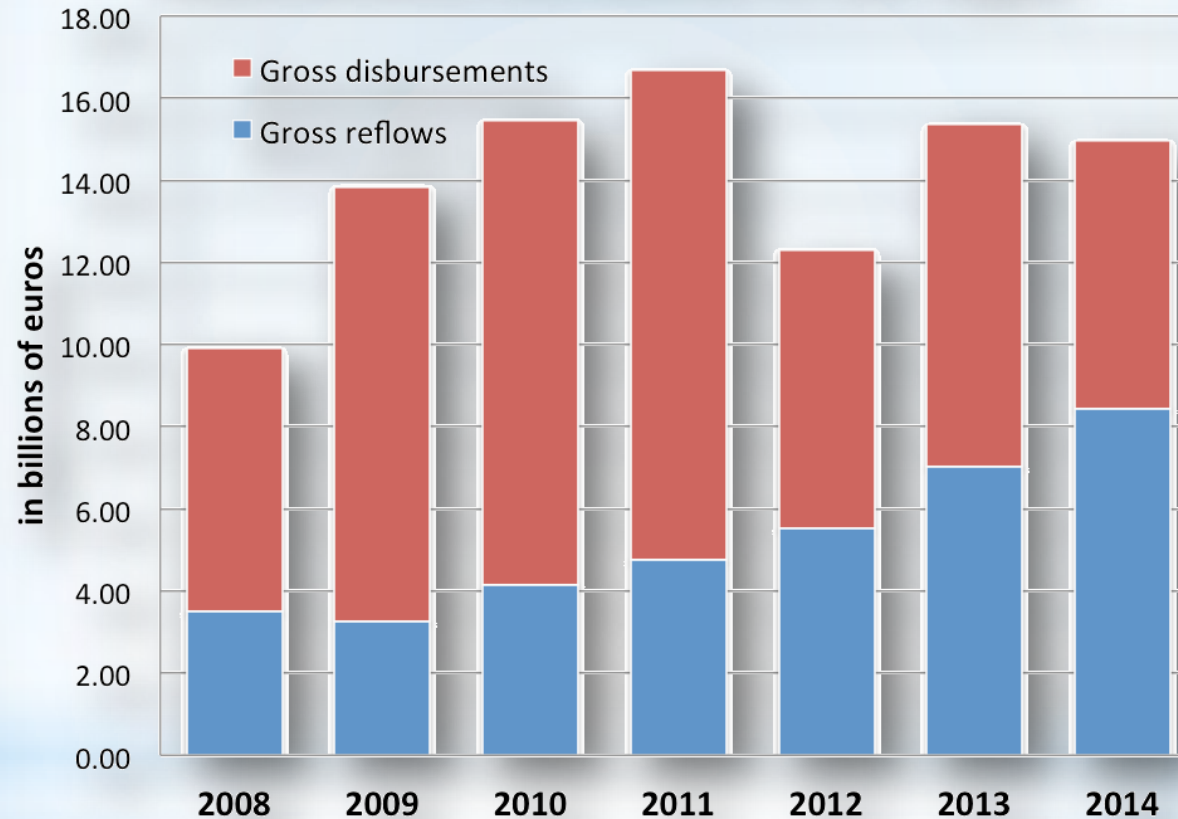
# Commitments and Delivery under the JIAP for Growth (millions of euro)

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

# What has been the JIAP's macroeconomic contribution?

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

## Disbursements and Reflows to JIAP Region

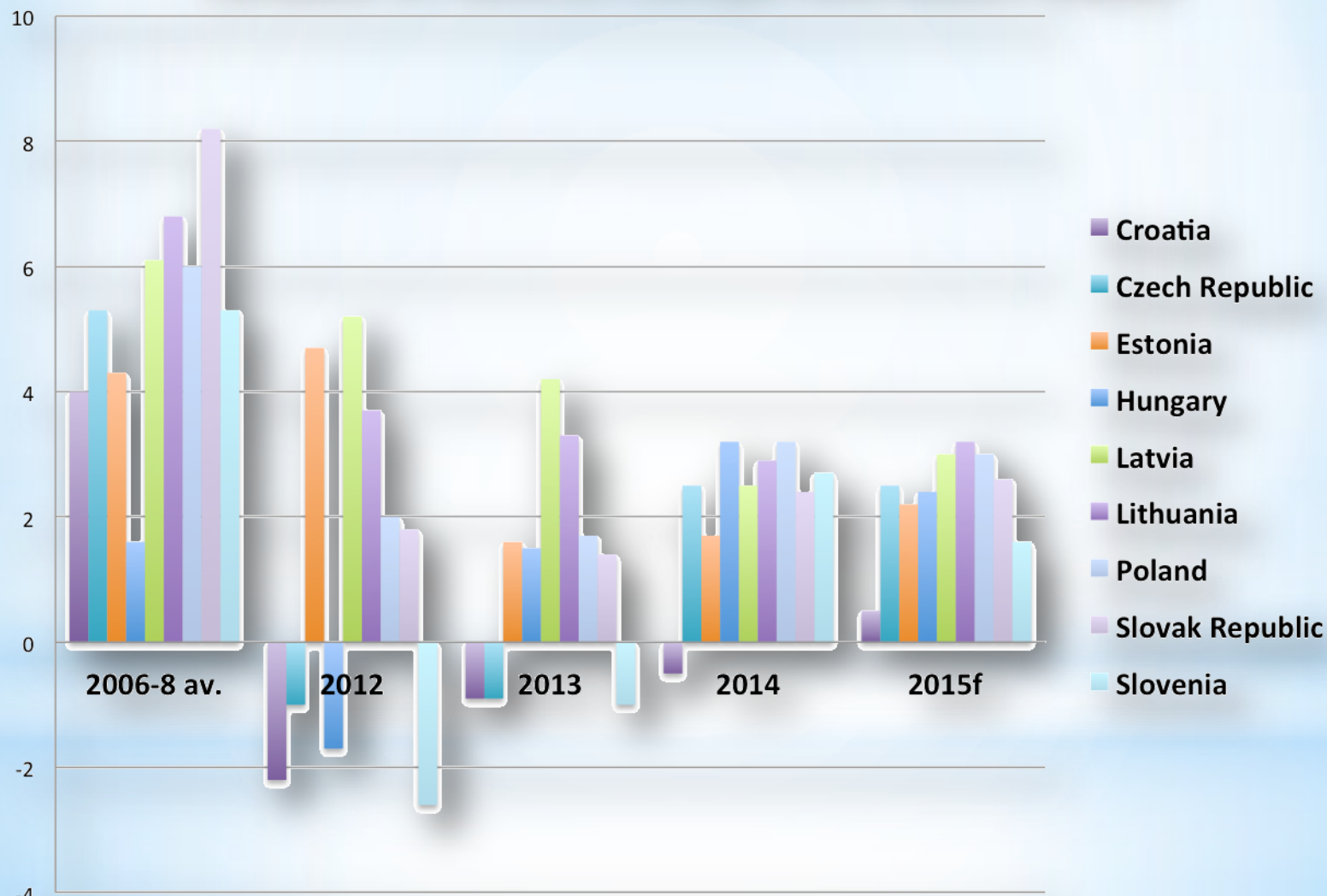


Note: Includes EIB, EBRD, IBRD, excludes EIF, IFC, MIGA

# What macroeconomic outcomes were achieved?

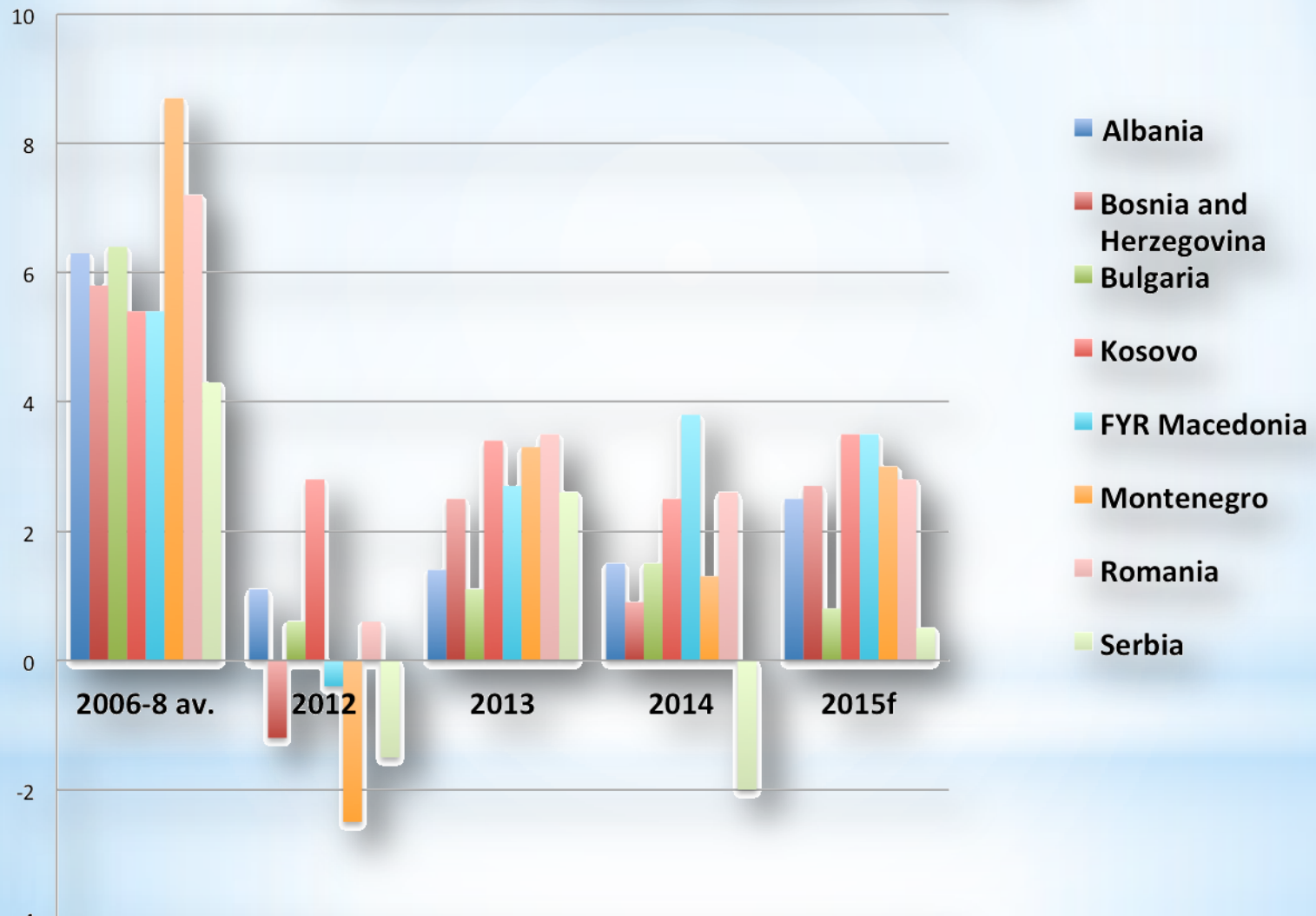
- \* JIAP only one factor among many
  - \* Poor growth in partners: Euro Area and Russia
  - \* Continued parent bank deleveraging
- \* Growth generally strengthened throughout the region
  - \* Growth rates much lower than pre-crisis and insufficient
  - \* More difficult in South Eastern Europe than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

# Growth in Central Europe and Baltic States



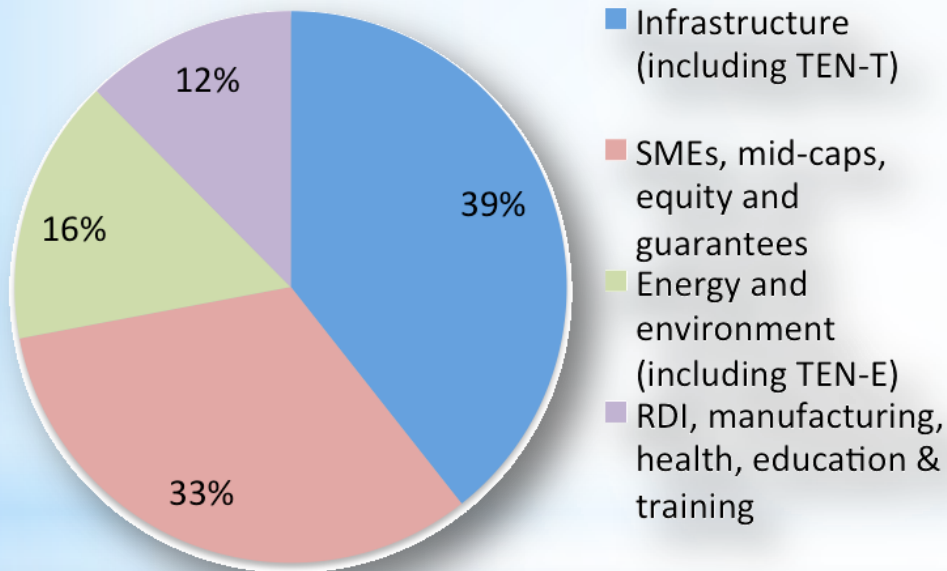


# Growth in South Eastern Europe

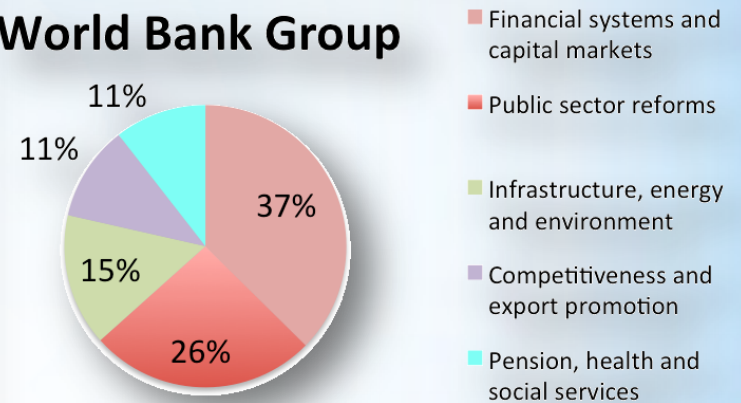


# Sectoral breakdown of operations

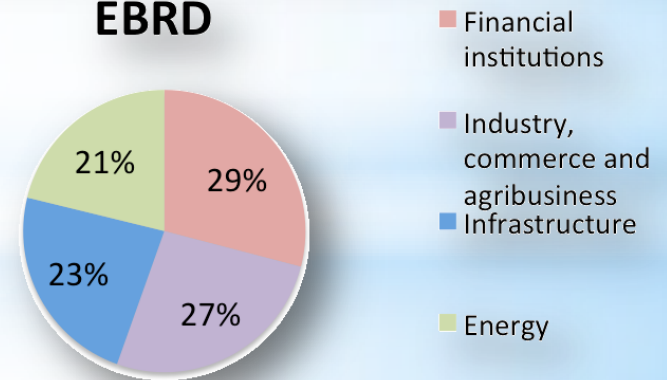
## EIB Group



## World Bank Group



## EBRD



# Infrastructure financing

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

# Energy financing

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

# Supporting the Financial System

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

# Improving utilization of EU funds

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

# Raising Productivity and Competitiveness

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

# Looking Forward

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



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

Thank you

