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

Since its beginnings, the mandate of the CEI has been to support transition countries in central and eastern Europe in their efforts to integrate further with the European Union (EU) and achieve a higher level of economic development. To achieve this, the CEI has maintained a strong focus on its non-EU member countries.

The CEI Fund was established in 1992 when Italy signed an agreement with the EBRD “to assist the Bank’s countries of operations in central and eastern Europe in their economic and social transformation process”. The fund, towards which Italy has made a total contribution of €38.5 million since its establishment, is managed by the Office for the CEI Fund at the EBRD and provides grant-type technical cooperation (TC) assistance for specific components of the Bank’s projects. Since its inception, the fund has provided more than €23 million for funding TC projects. The fund has also contributed a total of €3.3 million to the Know-How Exchange Programme (KEP) and to cooperation activities assignments, both of which are specific CEI programmes.

Technical cooperation projects

Technical cooperation 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, small and medium-sized enterprise support and transport.

The strategic focus of CEI-funded technical assistance has moved over time in the direction of the less advanced member countries of the CEI in order to help them reach EU standards. These projects have been coherent with the framework and general objectives of the EBRD and other international financial institutions, and represent a fundamental means of development for CEI countries of operations.

At a glance

Total investments made by the EBRD linked to CEI grants
€2.9 billion

Funding provided for TC projects
€23 million

Italian contribution
€38.5 million

Member states
18

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Know-How Exchange Programme (KEP)

The Know-How Exchange Programme (KEP) is a grant facility supporting the transfer of good business practices and transition experience from the EU to non-EU countries within the CEI. The rationale of the programme is based on the assumption that economic development in non-EU countries can be strengthened through the transfer of best practices and benchmarks already in place in more advanced economies. These transfers could have an invaluable impact by ensuring the maintenance of social cohesion and economic dynamism in the region.

Through the programme the CEI offers grants to institutions willing to share their experience with partners in non-EU ODA-eligible countries. Priority is given to projects which demonstrate the highest potential for effective transfers of know-how in areas where recipient institutions have the strongest need for assistance.

Areas of intervention include European integration, the market economy, agriculture, energy, the environment, infrastructure planning and development. The capacity-building component of the programme not only targets central administrations but also relevant players at the local level.

Strengthening Serbian transport infrastructures

The CEI Fund at the EBRD provided a €175,000 technical assistance grant in support of an EBRD project aimed at rehabilitating key sections of Corridor X, the main north-south transport route running through Serbia and one of the 10 pan-European routes.

This technical assistance, complemented by funding provided by the Western Balkan Investment Framework and the EBRD Shareholder Special Fund, has led to a sovereign-guaranteed EBRD loan of up to €95 million to Joint Stock Company Serbian Railways (JSCSR) to finance further modernisation of rail track along Corridor X. The value of the entire project is expected to reach up to €290 million.

Corridor X is the most important component of the railway network in Serbia, handling over 50 per cent of all transport operations. However, its current weakness leads to speed restrictions and does not meet the anticipated needs of traffic flows. Improving the quality of Serbian Railways’ passenger and freight services is the top priority highlighted in government strategies, as is the need to re-balance transport volumes towards more environmentally-friendly modes.

Serbian Railways will introduce more transparent financing arrangements and is undergoing further structural reform to introduce market liberalisation and corporatisation through a holding structure. These wide-ranging measures aim to improve the operational and financial performance of JSCSR, which will also develop more commercial arrangements for funding.

The EBRD loan will support Serbian Railways’ restructuring by financing the modernisation of a 14km section of Corridor X from the Belgrade Central Station through Rakovica to Resnik and a further 50km of track along key corridor sections. The project will enhance the speed and reliability of passenger and freight rail services in Serbia.

In addition to investments, the Bank has backed these reforms with a significant amount of TC support that includes funding from the CEI.