



## CONCLUSIONS

### HIGH LEVEL EU – IFI MEETING FOCUSED ON UKRAINE, MOLDOVA AND GEORGIA

BRUSSELS, 1<sup>ST</sup> APRIL 2014

#### **BACKGROUND**

On 1st April 2014, the EU and International Financial Institutions (IFIs) - WBG, EBRD, EIB, KfW, AFD, CEB - held a coordination meeting, chaired by Commissioner Füle, as a follow up to the one of 6 November 2013. The focus this time was on Ukraine, Moldova and Georgia. The IMF attended as an observer.

The signature of the EU Association Agreements (AAs), including the Deep and Comprehensive Free Trade Areas (DCFTAs), would provide a new and strong policy framework, for Ukraine, Georgia, and Moldova.

In turn, EU support under its new programming cycle 2014-2017 will be tailored to each partner's needs and ambitions linked to these agreements. It is essential that the EU, the IFIs and likeminded international partners do their utmost to provide a coherent and effective assistance package for each country in support of reforms that meet their development needs.

The meeting was an opportunity to exchange views on how to best achieve and promote shared objectives, including better governance and structural reforms in the Partner Countries, as well as to discuss concrete co-ordination opportunities for projects. In particular, projects to support the implementation of the EU Association Agreements and the Deep and Comprehensive Free Trade Areas.

The high ambition for an effective EU support package to Ukraine for the period 2014-2020, and the important role played by IFIs in that regard, were set out in press releases by the various institutions, notably by the European Commission on 5 March. In view of the forthcoming signature of AAs/DCFTAs with Georgia and Moldova, there will be a need to increase support to those two countries in order to mitigate the impacts of recent developments in the region.

Participants took note of the plans to hold investment conferences in Moldova and Georgia on the occasion of President Barroso's visit to those countries in June. They agreed that the IFIs should be represented at the conferences, at which they may present overviews of their activities to support investments in those countries.

## **CONCLUSIONS**

IFIs<sup>1</sup> and EU discussed and agreed to pursue:

### **1. Better policy coherence**

- i. Strengthened dialogue on how to support better governance and reforms in Partner Countries, notably through implementation of the AAs/DCFTAs. Efforts will be made to assess progress of reforms and economic development, with a view to establishing the most effective mix of policy measures for the response, at this crucial historical juncture and in the years ahead. This should include a division of labour of interventions among the various institutions, still to be agreed.
- ii. Continued dialogue on macro-economic developments in Ukraine, Georgia and Moldova, in particular close coordination of the upcoming **EU macro-financial assistance programme and development assistance in Ukraine**, through the **donor coordination mechanism** recently established in Kiev. The participation of the IFIs is essential to leverage international community support, increase the visibility of collective action and improve impact. All elements and instruments need to be brought together to ensure an effective and coherent international response, including on aligning respective conditionalities.
- iii. Increased emphasis including through the provision of technical assistance on better **governance** (including economic management and the regulatory and institutional frameworks) and strengthened **management of public financial resources** (including better tax administration and public financial management systems). Among others this will help Ukraine, Georgia and Moldova, to become functioning market economies and allow them to integrate through trade with the EU internal market. Special efforts will be made to assist Ukraine, Georgia and Moldova improve their agricultural production and export capacity in line with EU standards.
- iv. Continued dialogue to build a common front in the **prevention of and fight against corruption**, particularly in Ukraine and Moldova. Good progress has been made by Georgia that needs to be consolidated.
- v. Priority should be given to projects that contribute to achieving **EU foreign policy and the respective IFI objectives in Ukraine, Moldova and Georgia**, as set out notably in recent EU Council Conclusions, EU Agreements, ENP Action Plans, Eastern Partnership platforms, the 2014-2017 EU programming documents, or special measures for Ukraine, Georgia and Moldova of the respective IFIs.
- vi. Improved early and strategic **in-country coordination** between IFIs, EU Delegations and partner authorities, in particular but not exclusively, on project ideas to be supported by subsidies from the **Neighbourhood Investment Facility** so as to select the most relevant project ideas that should be pursued and developed into detailed project proposals. IFIs were encouraged to discuss systematically their ideas and project pipeline with the EU Delegations in Ukraine, Moldova and Georgia, and to continue to coordinate with them during implementation. The EU will notably ensure that project ideas selected address key gaps in EU policy frameworks and investment plans for the mentioned

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<sup>1</sup> IFIs participation to be seen within the scope of their respective mandates and geographical coverage.

countries, while taking into account the overall commitments from the Eastern Partnership Platforms and the Partner Country national development plans. In this context, the World Bank Group noted that its commitment can only be commensurate to its status and role in the NIF.

## **2. Alignment of investments and blending opportunities with DCFTA and EU's country priority sectors**

For the period 2014-2017, the European Commission encourages the IFIs to propose projects in the following sectors:

- i. Support to the implementation of the AAs/DCFTAs and to the private sector (Ukraine, Moldova, Georgia): support to SMEs to finance necessary investment to comply with the DCFTA provisions; support to SMEs to trade with the EU by enhanced access to financing; DCFTA related infrastructure and equipment (in particular laboratories, including in the sanitary and phyto-sanitary area). Special priority will be given to programmes targeting green economy sectors, rural and local development, agriculture, food safety and quality (particularly in Moldova and Georgia) or focusing on women and/or youth entrepreneurship. In addition, programmes contributing significantly to sustainable jobs creation and international trade will be favoured.
- ii. Energy projects (Ukraine, Georgia, Moldova): projects of common interest identified in the framework of trans-European energy infrastructure (TEN-E); Projects of Common Interest (PCI) as well as projects of Energy Community Interest (PECI); projects directly contributing to meeting the requirements of the Energy Community Treaty (as for instance projects included in National Energy Efficiency Action Plan and National Renewable Energy Action Plan).
- iii. Energy efficiency and Environment ( E5P Fund): IFIs are invited to continue to make the best use of this Fund in Ukraine and to extend it to the other countries (Moldova, Georgia) to support energy efficiency and environmental projects in municipalities.
- iv. Municipal & local development projects (Ukraine, Moldova, Georgia): in particular in municipalities signatories of the Covenant of Mayors contributing to meet their commitments on sustainable energy; and projects assisting municipalities to provide sustainable municipal services and improve social inclusion, while protecting and preserving the urban environment. While the Covenant of Mayors secures the commitment of municipal authorities to make energy savings, the E5P offers a financing mechanism to implement these changes. Both initiatives are complementary.
- v. Municipal Project Support Fund (MPSF): this new fund financed by NIF, once established, will provide for technical assistance to develop and implement municipal infrastructure projects in the Eastern Partnership countries.
- vi. Transport projects (at regional level): which are on the Eastern Partnership regional transport network, as endorsed at the 2013 EaP Ministerial Conference in Luxemburg (indicating connections between Eastern Partnership countries and with the Trans-European Transport Network (TEN-T)).

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