

International financial institutions boost investment in central and south-eastern Europe

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Nearly 25 billion provided under Joint Action Plan of EIB Group, EBRD, World Bank Group
The European Investment Bank Group (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank Group, including its private sector arm, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA), have continued to deliver strong financial support for central and south-eastern Europe in a joint programme to stimulate economic growth.
The three international financial institutions (IFIs) launched their Joint IFI Action Plan for Growth for the region in late 2012, pledging to invest a total of 30 billion over a two-year period.
According to their Second Report on the Joint IFI Action Plan, launched during the World Bank/International Monetary Fund Spring Meetings in Washington today, each of the IFIs is well on the way to meeting its target and may substantially exceed it.
Total financing under the initiative had reached 24.8 billion by the end of 2013.
The funding is aimed at rekindling growth in the region by supporting private and public sector initiatives in infrastructure and energy, as well as in the corporate and financial sectors.
The financing constitutes a very significant part of the capital flows into the region; an important factor at a time when such flows appear to have turned negative in the course of 2013.
The report said that growth would remain anaemic in the region, with only a modest strengthening this year after a gradual recovery in 2013. Considerable downside risks remained, it said, adding that "assistance under the initiative remains vital to restoring durable growth."
To date, under the 2013-14 Action Plan, the EIB has provided 17.2 billion out of a total commitment of 20 billion, the World Bank Group has provided 3.4 billion from its total of 6 billion and the EBRD has delivered 4.2 billion, against a commitment of 4.0 billion.
EBRD President Sir Suma Chakrabarti said: "The fragility of the recovery underscores the need for our continued collective support. Our investments are now twinned with our cooperation on driving forward the reform process which will pave the way for more robust economic growth in the future."
EIB Vice President Wilhelm Molterer added: "The EIB will deliver on its commitment under the Joint Action Plan and is open to potentially overshooting its targets by the end of 2014. The continuously challenging economic environment calls for the strong involvement of IFIs to support continuation of the convergence process, access to finance for SMEs, competitiveness and energy efficiency and security."
Laura Tuck, World Bank Vice President for Europe and Central Asia, added: "The geopolitical uncertainty and weak growth in and around central and south-eastern Europe makes this cooperation even more urgent and important. Our contribution to the Joint IFI Action Plan focuses on supporting reforms that promote competitiveness and foster social inclusion. For example, the Competitiveness Development Policy Loans in FYR Macedonia have helped improve the countrys policies in industrial development, export promotion, land management and labour markets, and have resulted in stepped up foreign direct investment."
The World Bank
1818 H Street, NW
DC 20433 Washington
USA
Telefon: (202) 473-1000
Telefax: (202) 477-6391
Mail: investigations_hotline@worldbank.org
URL: <http://www.worldbank.org/>
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Pressekontakt

The World Bank

DC 20433 Washington

worldbank.org/
investigations_hotline@worldbank.org

Firmenkontakt

The World Bank

DC 20433 Washington

worldbank.org/
investigations_hotline@worldbank.org

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