World Bank Activities in European Union Member States: The What, Where, Why, and How
Europe is facing new challenges in a world rendered more uncertain in the context of:

- Rapid technological change
- Growing inequalities in opportunity
- Demographic aging
- Youth unemployment
- Migration
- Climate change
The World Bank is a multidisciplinary institution that aspires to generate cross-cutting solutions to countries’ most complex development challenges. As a “global solutions bank” we are also present in Europe and have developed a strong operational partnership with many EU Member States and with the European Commission.

To achieve our twin goals of eradicating extreme poverty and promoting shared prosperity, the World Bank aims mainly to increase opportunities for society’s most vulnerable and helping countries reach sustained growth:

1. **GLOBAL EXPERIENCE COMBINED WITH IN-DEPTH KNOWLEDGE OF THE EU**
   - from experts and teams with expertise that has been derived from working “hands on” across more than 180 countries at all income levels and a large staff dedicated to working solely on EU Member States’ programs.

2. **MULTISECTORAL, INTEGRATED SOLUTIONS**
   - that combine the macro- and microeconomic perspectives of policies and programs to ensure consistency, coherence, and impact, and that partner with European institutions and multilateral development banks to leverage financing and results.

3. **BROAD AND INNOVATIVE INSTRUMENTS**
   - that include program and project loans, results-based financing, guarantees, financial market instruments (such as swaps), technical assistance, and in-depth analytical work.

4. **HANDS-ON SUPPORT FOR IMPLEMENTATION**
   - for governments and agencies pertaining to program and project conceptualization, design, implementation, coordination, and monitoring and evaluation.
The World Bank offers solutions through its more than 5,000 technical experts who work in the following Global Practices and Cross-Cutting Solutions Areas.
The World Bank offers its clients in the EU two core products—finance and knowledge.

Four countries currently benefit from our full portfolio of instruments, including lending and guarantees: **Bulgaria, Croatia, Poland and Romania**. Projects for each country are guided by a full strategy document called a Country Partnership Framework. Work with other EU Member States is primarily realized through advisory services, such as economic analysis or technical assistance, financed by clients themselves (known as Reimbursable Advisory Services, RAS) or through trust funds (TFs) set up by the European Commission.

Lending commitments in the EU totaled more than US$10 billion since 2012. Over the same period, RAS and TF activities in the EU totaled well over US$100 million.
The following profiles illustrate recent innovative and impactful projects. They showcase the kind of economic analysis and technical assistance that the World Bank supports within the EU.

LENDING

**WORLD BANK FINANCIAL ASSISTANCE** at attractive International Bank for Reconstruction and Development (IBRD) terms can take the form of (1) budget support through **DEVELOPMENT POLICY FINANCING;** or (2) project support through **INVESTMENT POLICY FINANCING.** A new instrument called **PROGRAM FOR RESULTS** also provides a results-based financing option for government programs. In addition, IBRD can deploy **GUARANTEES** to leverage significant private sector financing by utilizing its AAA rating and accompanying that with a targeted intervention.

**ROMANIA FISCAL EQUITY AND GROWTH DEVELOPMENT POLICY OPERATION**

To achieve sustainable development and reduce poverty, Romania faces the challenge of increasing its competitiveness, attracting investments, and achieving private sector-driven growth—all while addressing the need for improvements in health, education, and public administration. With this in mind, the World Bank’s Romania Development Policy Operation focuses on boosting Romania’s growth potential by reforming corporate governance for state-owned enterprises (SOEs); reforming the cadaster system; increasing the energy sector’s competitiveness and reducing its carbon footprint; making public spending more efficient through investment prioritization; introducing centralized procurement in health; and modernizing budget revenue administration. To help reduce poverty and social exclusion, the Development Policy Operation supports the introduction of a new law on minimum social income, which would unify a system of fragmented, poorly targeted social assistance programs into a more efficient, targeted, means-tested system that is expected to help Romania achieve its 2020 poverty reduction targets agreed on with the EU.
BULGARIA DEPOSIT INSURANCE FUND PROJECT

In 2014, Bulgaria’s banking sector experienced turbulence in the aftermath of the fourth largest commercial bank failure. The failure was the result of governance problems in which deficiencies in the regulatory and supervisory environment have required significant government support (approximately 3.8 percent of GDP). The World Bank’s financial support for the Bulgarian Deposit Insurance Fund (which amounted to €300 million) combines funding with knowledge transfer to ensure financial stability and support important institutional reforms in deposit insurance and resolution. The World Bank brought in critical global knowledge, some of which stemmed from its participation in the International Association for Deposit Insures (IADI) and its full membership with the Financial Stability Board. World Bank lending also served as a catalyst for additional resources, such as a parallel €300 million loan from the European Bank for Reconstruction and Development (EBRD).

POLAND Odra Flood Prevention Projects

Devastating flood episodes have highlighted Poland’s intrinsic vulnerability to flooding due to a combination of its mountainous and hilly landscape, rapid pace of urbanization and industrialization, and decades of neglected water resources infrastructure. Following the catastrophic flood of 1997, the World Bank partnered with Poland to address its flood protection efforts and update its dike systems and river infrastructure, most of which date back to the early 20th century. Currently, two ongoing flood protection projects aim to secure the lives, health, and property of millions of citizens who live in endangered areas. The project agenda includes infrastructure support and capacity building investments. Results have been impressive; in less than 20 years, a considerable stretch of the Odra River has been secured, while Wroclaw—one-third of which was flooded in 1997—is today a vibrant European city visited by thousands of international tourists.
ADVISORY SERVICES

The World Bank can provide professional technical advice that supports legal, policy, management, governance, and other reforms needed to address a country’s challenges. **REIMBURSABLE ADVISORY SERVICES (RAS)** allow us to provide clients with high GDP/capita levels that do not receive free advice financed from the World Bank’s own budget access to customized technical assistance on a reimbursable basis. Rather than compete with consulting firms, however, we see ourselves only as an “adviser of last resort.”

**CROATIA PUBLIC FINANCE AND SPENDING REVIEWS**

After becoming an EU member in 2013, Croatia was subsequently put under an Excessive Deficit Procedure by the European Commission. There is also a growing recognition among policy makers, and in Croatian society, of the need to make public spending programs substantially more effective and cost efficient. To this end, Croatia conducted its first ever spending review exercise from December 2014 to February 2015. Croatia aimed to identify options for alternative levels of funding to consider in the budget process. The World Bank helped the government define the methodology, scope, and pilots for spending reviews and design a package of savings options. This new mechanism, first tested through the World Bank project, provides a basis on which to build a more standardized process for challenging fiscal policies and programs.

**CYPRUS REUNIFICATION**

The “Cyprus problem” has divided the island since 1974, with the oldest UN Blue Helmet mission keeping the peace between Turkish and Greek Cypriots. Negotiations under UN auspices seem to offer new hope for reunification. To support an economically sustainable solution, the World Bank is analyzing the economic impact of five critical economic areas. To do so, it is drawing on its global experience with conflict—such as land reform in many postconflict countries—and its ability to mobilize and coordinate multisector expertise. Our top global experts are providing confidential, impartial, and pragmatic advice to both negotiating parties on thorny issues, such as devising a framework for restituting or compensating property of internally displaced persons or what structure a federal, united Cyprus might have.
ROMANIA EDUCATION SECTOR PROGRAM

Romania faces the challenge of delivering quality education that will equip students with relevant skills for the labor market. Its education sector has the lowest level of funding in the EU (3.6 percent of GDP in 2016), far below the EU average of 4.9 percent. Moreover, it experiences high rates of early school leaving and poor tertiary, vocational, and lifelong learning outcomes. There are high disparities in educational quality among urban and rural areas, and the Roma community is particularly vulnerable to exclusion. To address these issues, the World Bank supports the education sector through capacity building that has resulted in key strategies, which include measures for disadvantaged groups and Roma. Collectively, these measures are expected to impact 4.1 million people and use €3.28 billion in funds. The World Bank is currently helping the government monitor and evaluate the implementation of education strategies and address educational infrastructure challenges. It has also been helping the country’s Roma Education Fund implement a successful model of community-level early childhood development interventions. Finally, it is helping facilitate the transition of students from upper secondary to tertiary education by supporting schools and the education system and focusing on the vulnerable and marginalized. As a result, 1.6 million students across 1,160 schools and 300 public faculties will get help acquiring the skills they need to succeed in the labor market or to access more advanced levels of education.

GREECE GUARANTEED MINIMUM INCOME PROGRAM

Greece is still suffering heavily from the aftermath of the Eurozone crisis. At the same time, the country lacks a well-targeted welfare system to deal with impacts to the most vulnerable. To address these issues, the World Bank has been helping authorities to design, pilot, and roll out Greece’s first national poverty-targeted welfare program. The program is part of the Memorandum of Understanding Greece signed with the institutions responsible for monitoring its economic adjustment program. The World Bank team is financed by the European Commission and brings unique global knowledge to the task of implementing social safety net programs in Greece and elsewhere. It is also providing hands-on implementation support. As of April 2017, more than 185,000 applications had been accepted by this new program, which is called Social Solidarity Income.
The **EUROPE 2020 PROGRAMMATIC TRUST FUND** was established to allow the European Commission to avail itself of the World Bank’s technical assistance and analytical and policy work for the purpose of pursuing the goals of Europe 2020, the EU’s growth strategy until 2020. The program manager is based in Brussels and since its establishment in 2012, it has received around €25 million in EU contributions from various European Commission directorates. The trust fund is managed under the EU-World Bank Group Framework Agreement, which is the instrument governing the cooperation between the two partners.

**EU 2020 PORTRAITS OF LABOR MARKET EXCLUSIONS**

Financed by the Europe 2020 Trust Fund, the World Bank, together with the OECD, has developed the Portraits of Labor Market Exclusion to offer a new way to profile unemployed and inactive populations in seven EU Member States and derive targeted policy recommendations. Each “portrait” presents profiles of individuals who have no or limited labor-market attachment. The profiles are created from survey information and focus on people who define themselves as unemployed, retired, or inactive. The portraits attach stories to statistics. They examine detailed labor market, demographic, and social circumstances to identify distinct groups of individuals who are the potential beneficiaries of income- and employment-support policies. The analysis, which essentially combines labor market analysis and poverty profiling, offers a pragmatic way to look at individuals through the lenses of both poverty/welfare status and labor market indicators.

**EU 2020 SUBNATIONAL DOING BUSINESS REPORTS**

Unlike regular *Doing Business* reports that are focused on the national level, subnational *Doing Business* reports capture differences in business regulations and their enforcement *across locations* in a single country. They provide data on the ease of doing business in each location, and rank the results. In partnership with the European Commission through the Europe 2020 Trust Fund, the World Bank is producing subnational *Doing Business* measurements in seven EU Member States: Bulgaria, Croatia, the Czech Republic, Hungary, Portugal, Romania, and Slovakia. The aim is to advance regulatory reforms at the regional level to promote peer-to-peer learning and convergence toward best regulatory practices, and to foster private sector development.
BRUSSELS, BELGIUM | ☎ +32 2 552 0052

ARUP BANERJI
Regional Director for the European Union
abanerji@worldbank.org

ROGIER VAN DEN BRINK
Lead Economist and Adviser for Macro & Fiscal, Governance
rvandenbrink@worldbank.org

CHRISTIAN BODEWIG
Adviser for Social Protection, Jobs, Poverty, Education, Health
cbodewig@worldbank.org

MARCUS HEINZ
Adviser for Engagement with European Union Institutions
mheinz@worldbank.org

ANDREA LIVERANI
Adviser for Transport, Urban, Environment, Energy, Agriculture, Water
aliverani@worldbank.org

ISFANDYAR KHAN
Adviser for Competitiveness, Financial Sector, Innovation and Technology, PPP
ikhan2@worldbank.org

SOFIA, BULGARIA | ☎ +359 2 969 72-29

ANTONY THOMPSON
Country Manager Bulgaria, Czech Republic, Slovak Republic
athomson@worldbank.org

WARSAW, POLAND | ☎ +48 22 520 80-00

CARLOS PINERUA
Country Manager Poland and the Baltics
cpinerua@worldbank.org

ZAGREB, CROATIA | ☎ +385 1 2357-230

ELISABETTA CAPANNELLI
Country Manager Croatia, Slovenia
ecapannelli@worldbank.org

BUCHAREST, ROMANIA | ☎ +40 21 201 03 11

TATIANA PROSKURYAKOVA
Country Manager Romania, Hungary
tproskuryakova@worldbank.org

WASHINGTON, DC, UNITED STATES | ☎ +1 202 473 1000

DIRK REINERMANNN
Country Manager Southern Europe
dreinermann@worldbank.org

ANDREA KUCEY
Representation in Washington, DC
akucey@worldbank.org