

Detailed Review of the WBIF Pipeline

Stage 2

Annexe – Project Fiches

March 2014



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Project Fiches

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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo* Declaration of Independence.

I. Albania (ALB)

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ALB - Energy

| TA-ALB-11 | | Upgrade of Transmission System | | | | |
|-------------|----------|--------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| I;PFS | KfW | €180,000 | €33,000,000 | €75,000,000 | N/A | Completed |

The purpose of the study was to identify the actual and future bottlenecks in Albania's electricity transmission system, and to conduct a review of the condition of the existing transmission system assets, so that potential projects could be ranked in order of required sequence for development and implementation. The study also took into account the EU requirements for Albania to join the Union for the Coordination of the Transmission of Electricity (UCTE, now ETSO-e) and included the development of an implementation plan to meet them.

| Project programme | 2008 | 2009 | 2010 | 2011 |
|----------------------------|---------|-----------------|-----------------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | ■ ■ ■ ■ | | | |
| Project Identification | | ■ ■ ■ ■ ■ ■ ■ ■ | | |
| Post WBIF TA project prep. | | | ■ ■ ■ ■ ■ ■ ■ ■ | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Complete |
| ToR/TA mobilisation | The ToR drafting completed in a reasonable amount of time. As this was one of the first TA projects, there were initial misunderstandings in terms of beneficiary approvals to the ToR, and gaining OST approval to proceed. OST were reluctant to make data available and nominate counterpart staff. |
| TA Project Identification | The project concluded in line with expectations in terms of time, cost and acceptability of the outputs. However, difficulties were experienced in gaining a true perspective of the volume of wind energy likely to be implemented and its prospective timings, as the Ministry considered this confidential, and there were problems between the Ministry and the Regulatory Agency who provided the licenses. |
| Post WBIF TA services | Following the final workshop and approval of the report, in coordination with KfW a programme of projects for implementation (FS studies, either KfW or WBIF) was agreed. Four received further WBIF grants. |
| Financing | There was no intention that this project identification study should lead to direct financing – the financing would be determined following project specific FS. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Data Confidentiality | In subsequent projects, when ToR are being developed, a fuller assessment of the data requirements has been undertaken, and confidentiality assured | |
| Intentions to commit | Experience has shown that the priority list agreed in the study has been subsequently changed, due to changes in the Government and at OST. None of the projects identified have subsequently gone to funding after WBIF FS. The intention to implement projects, and the county's willingness or capacity to engage finance should have been clearly determine in the identification study. | |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA3-ALB-ENE-01 | | Feasibility Study for the Construction of 220/110 double circuit line - Tirana 2 (Razhbull) in replacement of existing line | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; ESIA | KfW | €577,000 | €15,500,000 | €20,820,000 | Not signed | Completed |

The project concerns the construction a 220 kV double circuit line from SS Tirana 2 to Rrashbull and a new 220/220 kV substation in Rrogozhina as well as power transformer upgrade in SS Rrashbull. This will result in dramatic improvement of reliability of electricity supply from the Capital Tirana towards Durres area.

The purpose of the TA is to prepare a Feasibility Study (FS) and an Environmental and Social Impact Assessment based on the Conceptual Design that was also prepared.

| Project programme | 2009 | 2010 | 2011 | 2012 |
|----------------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA (IPF1) mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | IPF 1 |
| TA execution | Execution started in June 2010. The FS and ESIA was submitted in December 2010 and subsequently approved by the beneficiary OST in January 2011 and by KfW in February 2011. Good collaboration with local stakeholders. |
| Post WBIF TA services | NA |
| Financing | KfW is interested in providing loan but the previous government did not conclude the negotiations due to limited fiscal space of Albania. According to the Ministry of Finance, the Ministry of Energy is in the process of prioritising projects. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| Limited fiscal space | | |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| WB4-ALB-ENE-01 | | FS for construction of new Substation Tirana3 with 120MVA capacity for reinforcement of Tirana Ring | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; ESIA | KfW | €578,000 | €10,500,000 | €18,150,000 | Not signed | Completed |

The project concerns construction of a new 220/110 kV Substation (SS Tirana 3) with an installed capacity 120 MVA (Sauk area) and the reinforcement 110 kV Tirana Ring, which will reduce the overloading of the existing transmission system serving the capital city Tirana.

The purpose of the TA is to prepare a Feasibility Study (FS) and an Environmental and Social Impact Assessment based on the Conceptual Design that was also prepared.

| Project programme | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated in August 2010 and has been approved in January 2011. |
| TA execution | Execution started in April 2011. The FS and ESIA was submitted in November 2011 and subsequently approved by the beneficiary OST and KfW in February 2012. Good collaboration with local stakeholders. |
| Post WBIF TA services | N/A |
| Financing | KfW is interested in providing loan but the previous government did not conclude the negotiations due to limited fiscal space of Albania. According to the Ministry of Finance, the Ministry of Energy is in the process of prioritising projects. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| Limited fiscal space | | |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| WB6-ALB-ENE-03 | | Feasibility Study – 220kV Double-Circuit Line Elbasan 1-Fieri (including 220/110kV, 120MVA Kucova substation) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, ESIA | KfW | € 850,000 | € 32,000,000 | € 32,000,000 | Not signed | Under execution |

The state-owned Albanian transmission company - Transmission System Operator (OST) applied for WBIF technical assistance to define further upgrades of the Elbasan 1 - Fier transmission line with a possible substation upgrade at Kucova. The planned improvements aim to enhance the capacity and reliability of the power supply system (including new hydropower development), that currently provides electricity to more than 500,000 domestic and industrial consumers located in the Fier and Berat/Kucova regions and Elbasan Prefecture – a mixed rural and urban area of strategic economic importance for Albania. The upgrade, will also improve the overall reliability of supply for the Central and Southern Albania as a whole, and also provide a potential transit route to Italy.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | IPF 1 Consultant drafted the Terms of Reference following the project approval for financing in WBIF Round 6. The ToRs were approved in November 2012 and the IPF 3 Consultant mobilised in January 2013 and submitted the Inception Report in February 2013. The feasibility study is now ongoing with completion date estimated for March 2013. The extension in TA implementation has been triggered by additional system studies required by the lead IFI. |
| TA implementation | The TA project team have now determined the optimum electrical configuration which has been determined to be a single 400 kV line, but without a new Kucova substation. |
| Post WBIF TA services | Following the FS the following activities are to be undertaken: statutory approval, tendering and construction of the transmission system as provided for in the FS. The funding source for these activities is still to be agreed. |
| Financing | The Albania – KfW financing agreement has not been concluded as yet to allow for further project development toward construction phase. According to the Ministry of Finance, the Ministry of Energy is currently prioritising projects. |

| Proposed solutions/lessons learnt | | |
|--|--|--|
| Problem | Recommendation | Cost |
| Potential lack of financing | Project is latest in series of projects for transmission in Albania, none of which has been financed due to difficult financial condition of beneficiary and lack of fiscal space in Albania. Exploring potential grant financing for projects might help, although grant financing in energy sector is limited. | Exploring potential grant financing for a portion of project costs |
| Unclear requirements in ToR as to scope of System Analysis | Agreement between IFI and Beneficiary as to scope of project would have saved time in implementation of FS. | |

ALB - Environment

| MW-ALB-ENV-CEB/KfW-02 | | Water supply and sewage, Gjirokastra and Fier | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | MW €4,680,000 | €16,000,000 | €31,100,000 | Signed | Under execution |

This project is part of the German government's "Municipal Infrastructure I" programme implemented by KfW, which aims to improve the water supply and sewage management in Lezha, Fier, Saranda and Gjirokastra, by rehabilitating several water reservoirs, construction of water mains, connection of several neighborhoods and nearby villages of these towns to the water supply system and sewerage network. The investments in Fier and Gjirokastra are co-financed by the EU's IPF Municipal Window Investment Grant. The major focus of this project is water supply.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|------|
| Grant/CA ¹ | ↓ | | | | | |
| Institutional and implementation consulting services | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Mobilisation of funds | After considerable delay the Loan and Financing Agreements were signed on 23 December 2010 and then ratified in July 2011. |
| Project preparation | KfW were unable to launch the tendering for project preparation until financing was in place. Institutional consultant contract was then tendered and awarded. First milestone of implementing tariff adjustment and business plan was achieved in Aug 2012. Second milestone was to reach targets for cost coverage which Gjirokastra reached in August with extended deadline for Fier. Implementation consultant appointed Sept 2012 and provides institutional and design support. |
| Construction | Construction works are scheduled to be tendered in the 2 nd quarter of 2014 and shall be completed by end 2016 /beginning of 2017. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Expiry of grant deadline | KfW project manager liaising with EU Delegation / EU Brussels | |
| Financing gap | Feedback is that Municipal Window investment grant was crucial to filing the financing gap and to the affordability of the project. | |

¹ CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (31/07/2009)

| | | | | | | |
|------------------------------|----------|----------------------------|-----------------------|-------------------------|-----------------------|------------|
| MW-ALB-ENV-CEB/KfW-03 | | Wastewater Pogradec | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | MW €3,500,000 | €10,000,000 | €18,100,000 | Signed | Disbursing |

In 2011 the KfW assisted in the funding for a sewerage collection system and treatment plant for the town of Pogradec with the objective of reducing the pollution of Lake Ohrid. The WBIF grant supports a project designed to expand this treatment facility.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------|------|------|------|------|------|------|
| Grant/CA ² | ↓ | ↓ | | | | |
| Loan signature | | | ↓ | | | |
| Project preparation | | | | ■ | ■ | |
| Construction | | | | | ■ | ■ |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | The draft Loan and Financing Agreements were signed on 23 December 2010. |
| Project preparation | The implementation consultant commenced in September 2011 once the target set in the Special Implementation Agreement for non revenue water had been met (three month average Unaccounted for Water (UfW) of less than 50%). Slight delay due to discussions on conceptual and detailed design. |
| Construction | Construction contract awarded in April 2013 after preparation of design and tender documents and reduction of three month average UfW to less than 40%. Tenders were lower than expected so funds remain for water and wastewater. Construction forecast to complete end 2014/early 2015. |
| Disbursement | €1.26 million of MW funds disbursed and €2.05 million from KfW funds |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| None | Project in full swing and moving ahead well | |

² CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (11/08/2009)

| MW-ALB-ENV-CEB/KfW-06 Kamza Water and Sanitation | | | | | | |
|---|----------|----------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | MW €5,500,000 | €14,000,000 | €34,482,000 | Signed | Under execution |

Only 30% of the 95,000 population of Kamza has access to treated water supplies and there is a high incidence of water borne disease. Those not connected rely on shallow wells which are located close to open sewers. The WBIF grant for TA undertook a feasibility study in 2010 but the final project configuration was subject to a lot of discussion and only agreed after some additional studies were concluded in 2012. The project is planned in two phases with a first phase providing clean water supplies up to 70,000 people.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|------|------|------|------|------|------|
| Grant/CA ³ | ↓ | ↓ | | | | |
| Loan signature | | | | ↓ | | |
| WBIF TA (FS) | | ■ | ■ | ■ | ■ | ■ |
| Institutional consulting services | | | | | ■ | ■ |
| Implementation TA | | | | | | ■ |
| Construction | | | | | | ■ |

| Discussion of project problems and successes | |
|---|--|
| Stage | Summary |
| Mobilisation of funds | The Delegation Agreement was signed in December 2008 and a Financing and Loan agreement in March 2012 after the Feasibility study. |
| Project preparation FS (WBIF TA) | The feasibility study was initially carried out in 2010 but there was a lengthy debate over the water source and whether it was possible to add Kamza to the Tirana water supply system. An Addendum was agreed to the WBIF TA in 2012 in order to resolve this issue. |
| Design | The design consultant was appointed in September 2013 |
| Construction | Construction contracts are planned to be awarded end of 2014 and finish by end 2016 / beginning of 2017 |
| Disbursement | €180,865 has been disbursed from IPA funds to date on consultancy for the project location of Kamza |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Maturity | The investment grant was awarded prior to feasibility study.. However, the severity of the situation with due to dangerous water supplies was known and justified the intervention | |
| Political/technical issue | The long debate over the water source added a delay of nearly two years | |
| Expiry of grant deadline | The Delegation Agreement will need to be extended. The KfW Project Manager has actioned this. | |

³ Contribution Agreement which is signed with EC to transfer IPA funds ↓ (31/07/2009)

| TA2-ALB-ENV-01 | | Waste water sanitation in Lezha and Shengjin (only for Shengjin Component) | | | | |
|----------------|----------|--|--|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate (IPA investment grant) | Updated investment cost | Loan signature status | TA status |
| DD, TD | EC | €180,000 | €2,800,000 | €3,580,000 | IPA financing | Completed |

The objective of this project was to produce detailed designs and a complete Tender Dossier, including specifications, Bill of Quantities and Conditions of Contract, surveys, etc., in accordance with the conclusion of the Final Feasibility Study prepared by others for the provision of wastewater collection systems (primary, secondary and tertiary sewers) within in the Project Area.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/TA (IPF1) mobilisation | | | | | | |
| TA service 1 | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| IPA grant | | | | | | |
| Construction (on going) | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The ToR was initially prepared by IPF1 and completed in June 2009. The original ToR foresaw the project to be co-financed by KfW and EC. However the financiers agreed later to separate the project area and to finance separately. Therefore the ToR was revised by IPF2 in October 2010 and the project area was reduced to Shengjin only. Mobilisation immediately after the completion of the ToR. |
| TA service 1 | Execution started by IPF2 in November 2010. All outputs were completed in June 2011 and the official review and approval of the project took place in May 2011. |
| Post WBIF TA services | The tender documents of Shengjin sewerage network were merged with the tender dossiers of other tenders (prepared by other consultants) and a single larger tender was launched by EU Delegation. |
| Financing | Shengjin sewerage was decided to be financed by EU Delegation (IPA grant). The finance of €2.8 M was secured and construction started. Currently suspended due to contractors bankruptcy. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |

| TA2-ALB-ENV-02 | | Project of Water Supply & Sewerage of Kamza | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | KfW | €450,000 | €6,500,000 | €15,000,000 | Signed | Completed |

As a result of the rapid increases in the population of Kamza, which doubled from around 45,000 to 95,000 over the past 12 years, the provision of water supply and wastewater services have fallen considerably behind the levels needed for a rapidly growing population. At present around 30% of the population has access to piped water while only about 18% are covered by the existing sewerage system. There is therefore an urgent need to improve the water supply and sewerage systems for the inhabitants of Kamza

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/ TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | | | ↓ | | |
| Construction (2014 to 2017) | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/ TA mobilisation | The ToR were prepared in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries, KfW and the EC |
| TA Implementation | The project aims to provide a significant positive public health impact through improved quantity and reliability of water supply and collection and treatment of wastewater in Municipality of Kamza for compliance with EU and national environmental legislation, and to safeguard potable water resources and environmental quality for areas downstream under the influence of the River Tirana. Unfortunately, institutional / political constraints held up the project for almost two years after it had been approved by the beneficiaries, KfW and EUD, which almost led to its cancellation. However, with the help of all parties concerned the difficulty was resolved in July 2013 and the project rapidly progressed thereafter |
| Post WBIF TA services | Institutional consultant supports in performance improvement of the project locations. Implementation consultant prepares detailed design and tender documents for phase 1: construction of distribution network. |
| Financing | The project was considered justifiable and a priority and the financing agreement was signed at the time of completion of study between the Ministry of Finance and KfW, supported by contribution agreement for a significant IPA grant |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Unnecessary delay | Political / institutional constraints are very difficult to identify at the outset and take a considerable effort to resolve | N/A |

| TA2-ALB-ENV-03 | | Upgrading of Kavaja Waste Water Treatment Plant and completion of the sewerage network for Golemi | | | | |
|----------------|----------|---|-----------------------------------|--|---|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| DD. TD | EC | €350,000 (later increased to €455,000) | €4,800,000 (IPA investment grant) | €9,700,000 (€5.3 M for Kavaja, €4.4M for Golemi) | IPA investment grant for Kavaja, local funds for Golemi | Completed |

The objective of this project is to produce detailed designs and a complete Tender Dossier, including specifications, Bill of Quantities and Conditions of Contract, surveys, etc., for completion of the extension of Kavaja WWTP to provide the capacity that will be needed when the wastewater from the Golemi Beach area is discharged to the WWTP. In addition it included the main design for the Golemi sewerage network. The Tender Documents were prepared in accordance with Red Book of FIDIC suitable for an international tender.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/TA (IPF1) mobilisation | ■ | ■ | | | | |
| TA service 1 | | ■ | ■ | | | |
| Post WBIF TA project prep. | | | ■ | ■ | | |
| IPA Grant | | | | ↓ | | |
| Construction | | | | | ■ | ■ |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The ToR was prepared by IPF1 and was approved in March 2010. Mobilisation immediately after approval of the ToR. |
| TA service 1 | Execution started by IPF2 in March 2010. Design for Kavaja WWTP was completed in June 2010. Later, the scope was extended to include sludge facilities and this extension was also completed and approved in April 2011. For this purpose additional funds (€75,000) were approved by CA. The detailed design for Golemi was completed in November 2010 and approved also in April 2011. Effective results due to good collaboration and support by Promoter and Beneficiary. One issue arose when the Promoter asked during execution for the revision of the waste drying process. The TA was suspended and the consultant prepared an assessment to analyse alternative processes. The local stakeholders were persuaded that the proposal included in the ToR was the most reasonable one after the evaluation of this study. |
| Post WBIF TA services | The TD of Kavaja WWTP was merged with the tender dossiers of other tenders (prepared by other consultants) and a single larger tender was launched by EU Delegation. The tender for Golemi was done with local procedures. The Consultant supported ECD during this period. |
| Financing | Kavaja WWTP was decided to be financed by EU Delegation (IPA grant). The finance of €4.8 M was secured and construction started. Currently suspended due to contractor's bankruptcy. Golemi sewerage was decided to be financed from the national budget. Construction started partly and is progressing very slowly. |

| Proposed solutions/lessons learnt | | |
|--------------------------------------|---|-----------|
| Problem | Recommendation | Cost |
| The Promoter asked for change to ToR | A small additional study was undertaken which resolved the issue. | €5,000.00 |

| TA3-ALB-ENV-02 | | Detailed Design for water supply and sewerage systems for Elbasan city | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | KfW | €500,000 | | €20,000,000 | No loan planned | Cancelled |

As complete Feasibility Study for Elbasani Water Supply and Sewerage System is prepared in 1999 and revised in 2009, Albania's Ministry of Public Works, Transport and Telecommunication, through its General Directorate for Water Supply and Sewerage, required technical assistance to prepare detailed designs for the remaining part of water supply and the entire waste water collection system (primary, secondary and tertiary) for Elbasan city.

The detailed designs required through this technical assistance support, would serve as basis for the reconstruction of the remaining part of the water supply system and of the sewerage system thus directly contributing towards increasing the water supply and sewerage service sales and improving the financial performance of Elber Ltd (Elbasan Water Supply and Sewerage Utility).

| Project programme | 2009 | 2010 | 2011 | 2012 |
|---------------------|------|------|------|------|
| Grant award | | | | |
| ToR/TA mobilisation | | | | |
| TA service | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Project held due to institutional issues concerning the Elbasan water company. A concession contract has been awarded but failed and the plan was to return the company to the same status as other water companies in Albania. This was never implemented. There was also a long delay while the Water Master Plan was undertaken and it was re-confirmed that Elbasan was a Government priority. |
| TA implementation | No decision to start up. Grant cancelled |
| Post WBIF TA services | N/A |
| Financing | |

| Proposed solutions/lessons learnt | | |
|---|-----------------|------|
| Problem | Recommendation | Cost |
| Delays in making institutional changes to water company | Grant cancelled | |

| TA3-ALB-ENV-03 | | Feasibility Study and Detailed Design for Improvement of Flood Protection Infrastructure in Albania | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EC | €400,000 | N/A | €8,000,000 | No loan planned | Completed |

The objective of this Project is to prepare a cost-effective priority plan for interventions in flood control in the Mati River basin in order to reduce river based flood risks. The study was composed of a mid-term flood management plan, the elaboration and methods of which are in line with those of a feasibility study. The study developed a strategy for the management of floods and gave a mid-term priority plan for the development of flood management. It also included an impact model and a financial model for the interventions based on the conceptual design and the outline of the most urgent physical and institutional interventions.

| Project programme | 2009 | 2010 | 2011 | 2012 |
|---------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA service 1 | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The ToR was approved in April 2011. Mobilisation immediately after approval of the ToR. |
| TA service 1 | Execution started in April 2011. All deliverables were submitted and approvals were obtained in May 2012. The project was closed after the fulfilment of an additional request (drafting of a ToR for assessment of sedimentation in Mati River) in June 2012. |
| Post WBIF TA services | N/A |
| Financing | Needs grant finance if it is to be implemented. Under consideration by EU Delegation. |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| The project cannot be implemented due to lack of finance. Not suitable for a loan. | WBIF should not support project without secured IFI support for financing. For financing of such TA, other types of funds should be used (e.g. IPA, or other grant sources) | |

| WB4-ALB-ENV-05 | | FS & DD Regional landfill | | | | |
|----------------|----------|---------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| CF; FS; DD | CEB/KfW | €1.100,000 | €17,300,000 | €30,000,000 | N/A | Cancelled |

The grant approved was to provide the Feasibility Study which would potentially indicate a positive financial and economic perspective for the establishment of the regional landfill for Tirana-Durres-Kavaja region. The direct beneficiary of the project is the entire population of the three districts that would be served by the regional landfill (around 1.5 million inhabitants, or around 40% of total Albanian population).

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|
| Grant/IA ⁴ /FA ⁵ | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | <p>ToR completed but Government delayed the decision on the content and the start of FS. The tender documents for the consultancy were prepared in March 2013 but it became clear in April 2013 that the beneficiary was planning on a concessional model. An official letter from the Ministry never came and the grant was cancelled in June 2013. The issues underlying this were:</p> <ul style="list-style-type: none"> • Unclear institutional structure for waste management. Project responsibility between Ministry of Public Works and Transport and Ministry of Environment needed clarification • World Bank had proposed PPP model for Tirana landfill which cut across the WBIF which was dealing with Tirana/Durres/Kavaja • Government wanted to implement higher technological solution |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|--------------------------|
| Problem | Recommendation | Cost |
| Institutional structure | Do not award further waste management grants until EC agrees institutional structure is suitable | <i>Quantify solution</i> |
| IFI coordination | The World Bank project in Albania has not been coordinated with the WBIF intervention led by CEB/KfW. As World Bank was inside WBIF in 2013 this was avoidable. | |

⁴ IA = Implementation Agreement which is signed with KfW to transfer EWBJF funds ↓ ()

⁵ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards ↓ ()

| WB5-ALB-ENV-06 | | Durrresi water and sanitation | | | | |
|---------------------|----------|--------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA; FS; TMA;DD;ATP | EIB | EWBJF €475,000 EIB €475,000 | €60,000,000 | €73,600,000 | Null | On hold |

Durres, with a population of 300,000 people, is Albania's second largest city and also the main port. The project is being developed with support from the World Bank and the EIB with the World Bank due to finance the water supply infrastructure and the EIB to finance the wastewater component.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|
| Grant/IA ⁶ /FA ⁷ | ↓ | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Process of signing implementation and funding agreements took just under one and a half years. But Government changed strategy in 2012 following change in government and review of fiscal space. |
| TA implementation | Cancelled |
| Post WBIF TA services | N/A |
| Financing | In June 2013 the Ministry of Finance informed EIB that they would not take a loan from EIB for the wastewater component. They are, however, progressing with the water supply infrastructure to be funded by the World Bank. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Lack of fiscal space | Cancel grant. Project will be delayed. | |

⁶ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds ↓ (/8/2011)

⁷ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards ↓ (6/07/2011)

| WB6-ALB-ENV-10 | | Feasibility study for construction of sanitary regional landfill - Vlora region | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | KfW | €1,000,000 | €6,000,000 | €12,500,000 | | Under Execution |

As there are no regulated sanitary landfills in the Vlora region which encompasses seven municipalities and 19 communes and having population of 370,000, the WBIF grant is provided as technical assistance for a comprehensive feasibility study to address the issues of integrated solid waste management and prepare economically viable and environmentally sustainable project investment proposals, including identification of sites for the development of sanitary landfills, waste transfer stations, sorting and recycling facilities and hazardous waste treatment centres.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|------|------|------|------|------|------|
| Grant/IA ⁸ | | ↓ | ↓ | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Implementation agreement signed one year after grant award thus providing grant funds. Consultant tendering done once the financing agreement was in place with the beneficiary in June 2013 and the consultant signed the TA in December 2013. |
| TA implementation | Started early 2014 with initial planning. Feasibility study due April 2015. |
| Financing | Ministry of Finance in Albania had no knowledge of this project. This is normal as the viability of the project will only be known once the feasibility study is available. |
| Construction | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Length mobilisation. | WBIF procedural issue: The three steps of signing IA to transfer funds, signing agreement with beneficiary and consultant tendering took two years | |

⁸ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (10/12/2012)

| TA-ALB-10 | | Education, Excellence and Equity Project (EEE-P and Rehabilitation of Tirana Schools – 2 nd Phase | | | | |
|-------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| I;TMA | CEB | €1,500,000 | €30,740,000 | €50,000,000 | Signed | Completed |

Donors supporting the education sector in Albania (EIB, CEB, World Bank) lacked information on the existing situation regarding the status of schools which is urgently needed to assist in drawing up an infrastructure improvement programme. The purpose of the project was to undertake an inventory of the 4000 schools, store the information in a database, link it to a Geographic Information System, and to develop a management front end which would allow the Ministry of Education to use it as a management tool. An initial Investment financed by IFI loans signed prior to the WBIF grant was implemented in a first group of schools.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | ToR were initiated in 2009 as other projects were given priority in 2008. Three versions were produced with final approval in Oct 2009 |
| TA implementation | The Project Manager mobilised in November 2009 developed an Implementation plan but failed to win the support of the Ministry of Education. This proved insuperable and he was removed in mid 2010. The new Project Manager mobilised in September 2010 and project was implemented smoothly with completion in March 2012. The IFIs and the Ministry were all satisfied with the final product which was handed over to the Ministry. |
| Post WBIF TA project preparation | Albania has twice submitted additional PGAFs for further support in order to develop a further investment programme for the schools sector. These applications did not receive the required support from IFIs because the corresponding loans were not supported by the Ministry of Finance. |
| Financing | Donors ended the support for the project in 6/2013, with slightly over 80% of the planned contracting completed, due to the local policy to limit external borrowing, especially for the social sector projects. The Ministry of Finance had never received a request from the Ministry of Education and Science concerning the further implementation of this project. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Staffing | Finding the appropriate Project Manager is crucial to successful implementation. | N/A |
| Progressing next stage | Ensure buy-in by all Government stakeholders and support for external borrowing from the Ministry of Finance. Ministry of Education and Science should make request to Ministry of Finance. | N/A |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|--------------|
| WB6-ALB-SOC-14 | | Master plan & feasibility study for communal infrastructure works in Albanian Alps area | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; IRS; O | CEB | EWBJF €1,000,000 CEB €2,000,000 | €3,000,000 | €15,000,000 | Not signed | ToR prepared |

The Albanian Alps consists of ten rural communes in the northern part of Albania with a population of about 35,000. This is an area of outstanding natural beauty and it is planned to develop specialist forms of tourism to assist development of the region in conjunction with improving the municipal infrastructure. The technical assistance will assist with the implementation of a master plan for the development of the area and a feasibility study for major communal infrastructure works.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------|------|------|------|------|------|
| Grant/IA ⁹ /FA ¹⁰ | | ↓ | | ↓ ↓ | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | ↓ |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Implementation agreement has been on hold until government confirmed interest in project (letter received Nov 2013). This is now expected in early 2014 and Contribution agreement will be signed with ADF |
| TA implementation | ADF will procure consultants and supervise implementation together with CEB |
| Post WBIF TA services | To be reviewed at end of TA |
| Financing | Will be dependent on the outcome of the study. Ministry of Finance indicated this project is already in the budget and will be supported. |
| Construction | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Length of time to mobilise TA | Governments to provide letters of commitment from Ministry of Finance when submitting applications | N/A |

⁹ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds ↓ (//2014)

¹⁰ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards ↓ (//2014)

ALB – Transport

| MW-ALB-TRA-CEB/KfW-07 | | Feeder Roads | | | | |
|-----------------------|----------|----------------|-----------------------|-------------------------|-----------------------|------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | €9,000,000 | €15,000,000 | €24,400,000 | Signed | Disbursing |

The project is part of a multi-donor programme to support the rehabilitation of 1,500 km of secondary and rural roads in Albania. The tendering for works began in 2012 and is ongoing.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|
| Grant/IA ¹¹ /FA ¹² | ↓ | ↓ | | | | |
| Project preparation | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The Delegation agreement took a year and a half to put in place. Ratification of the loan took eight months was effected in September 2011. |
| TA implementation | The consulting services for design were jointly tendered by EIB and awarded in October 2011. However, the performance of the design consultant was weak and was largely responsible for a delay of approximately one year. |
| Post WBIF TA services | Tendering began in 2012 but the first tender procedure did not produce compliant bids and it had to be retendered. Contracts were signed in April 2013. There has been a delay in tendering the remaining contract. |
| Financing | As of February 2014 €0.98 million has been disbursed from the MW grant and €1.3 million from the loan. Fiscal space issue causing delays. |
| Construction | The Delegation agreement took a year and a half to put in place. Ratification of the loan took eight months was effected in September 2011. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|--------------------------|
| Problem | Recommendation | Cost |
| Fiscal space | Project disbursement is slowed as Government reduces spending. | <i>Quantify solution</i> |
| Problem 2 | | |

¹¹ IA = Implementation Agreement which is signed with EC to transfer EWBIF funds (23/09/2010)

¹² FA= Funding Agreement which is signed with Beneficiary to transfer EWBIF funds onwards (DATE)

| | | | | | | |
|------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA-ALB-06 | | Feasibility study for track renewal and signalling and communication systems in the whole network of Albanian Railway | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EBRD | €1,500,000 | € | €200,000,000 | Not signed | Completed |

As Albania's railway network suffered a long period of low investment and restricted maintenance, the technical assistance through this WBIF grant identified the essential priorities in refurbishment required to reinstate the operational capability and to begin process of complying with EU standards for railways. The study dealt with the core network (197km long), comprising the routes from Durres (the main port) to Tirana (the capital), Durres to Elbasan, and Vlore to Shkoder.

| Project programme | 2008 | 2009 | 2010 | 2011 |
|------------------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| Feasibility Study | | | | |
| Identification of priorities | | | | |
| Post WBIF TA project prep. | | | | |
| Loan signature | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | No problems to be reported |
| Feasibility Study | No problems to be reported. Findings highlighted the very poor state of existing system and substantial need for investment. |
| Identification of priorities | No problems to be reported |
| Post WBIF TA services | Railway Section Tirana - Durres identified as key project and this resulted in the new WBIF application - WB4-ALB-TRA-09 - approved for detailed design. EBRD is managing this TA. The tender was recently cancelled and is about to be re-published. |
| Financing | EBRD is still keen on financing the project but the Ministry of Finance do not see it as a priority at this time. They commented that they can only see the project progressing under a privatisation scenario. |

| Proposed solutions/lessons learnt | | |
|--|----------------|-------------------------------|
| Problem | Recommendation | Cost |
| The beneficiary needs assistance for further development of the railways development | PIU support | €1,500,000 (rough estimation) |
| Changes in beneficiary management | PIU support | -//- |

| WB1-ALB-TRA-01 | | Regional and Local Roads | | | | |
|----------------|----------|---|---------------|-----------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| DPD, SofW, TMA | EBRD | 4,000,000: EWBJF 2M EBRD 1M EIB 1M | 100,000,000 | 138,500,000 | Signed | Under execution |

The regional and local road network in Albania consists of around 9,500km of district (regional) and communal (local). The network is in poor condition compared to regional comparators, with over half of the local road network categorised as in a 'poor' condition. A number of sections are impassable for parts of the year, thus restricting access to essential public services, primarily health and education. The condition of the network represents a barrier to the private sector development of the rural areas, particularly by acting as a constraint on agricultural competitiveness.

| Project programme | 2009 | 2010/2011 | 2012 | 2013 |
|------------------------|------|-----------|------|------|
| Grant/IA ¹³ | | ↓ | | ↓ |
| ToR + Procurement | | | | |
| TC implementation | | | | |
| Loan signature | | ↓ | | |
| Construction | | | | |

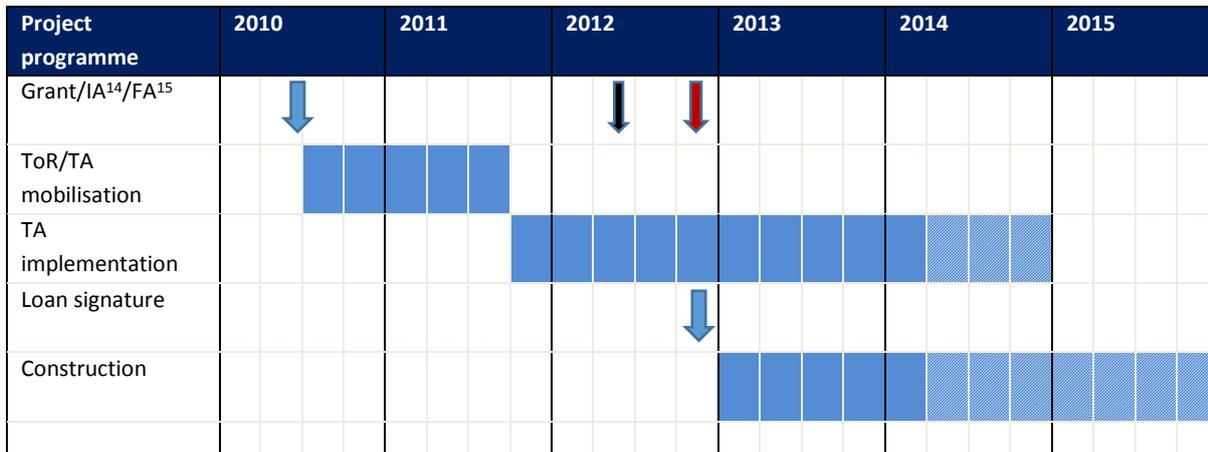
| Discussion of project problems and successes | |
|---|--|
| Stage | Summary |
| ToR/Procurement | Consultant for all TC contracts has already been completed. Activities: <ul style="list-style-type: none"> • Lenders Monitor (EBRD): EUR 215,000 • Design Consultant (EIB): EUR 1,000,000 (under execution) • Supervision (EBRD): EUR 1,500,000 • Implementation Support (EIB): EUR 750,000 (under implementation) • ESAP (EBRD): EUR 35,000 (complete) • Inst. Develop. And Tech. Support (EIB): EUR 500,000 |
| TA implementation | The SofW contract (EBRD funded portion): The Bank is currently discussing a possible solution with the Ministry of Finance. Amended GA to be submitted in early Feb 2014. |
| Other/Subsequent TA assistance non WBIF financed (if any) | None. |
| Financing | EBRD Loan: EUR 50M EIB Loan: EUR 50M EU Grant: EUR 34.5M |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Delays in signing grant agreement (GA) | The Bank is currently discussing a possible solution with the Ministry of Finance. Amended GA to be submitted in early Feb 2014. | N/A. |

¹³ IA – Implementation Agreement ↓

| WB4-ALB-TRA-08 | | TA for Project Implementation roads sector | | | | |
|----------------|-------------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EIB EBRD | EWBJF €250,000 EIB €250,000 EBRD €250,000 | €35,000,000 | €60,000,000 | Signed | Under execution |

The grant provides technical technical assistance in support of the Project Implementation Unit during implementation of investments financed by EIB and EBRD which include: rehabilitation and upgrading of 70 km of road between Fier and Tepelene; 24 km of new motorway between Levan and Vlore; construction of the Fier bypass; and construction of the Fire and Tepelene bypass.



| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | EIB used own funding in order to start the TA prior to signature of implementation agreement. Albanian Beneficiary started earlier than authorised which resulted in delays in paying consultant. |
| TA implementation (EIB) | TA progressing satisfactorily |
| TA implementation (EBRD) | |
| Post WBIF TA services | N/A |
| Financing | Loan signed in November 2012 . Not yet disbursing. Ministry of Finance has requested further loan for Vlora By-Pass. |
| Construction | Construction planned to finish end 2015. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | When a grant has IFI funding this allows the TA to start before signature of the Implementation Agreement. | |

¹⁴ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (10/2012)

¹⁵ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (05/2012)

| WB4-ALB-TRA-09 | | Detailed Design for Tirana-Durres Railway Section and economic financial appraisal for whole rail network | | | | |
|----------------|----------|---|---------------|-----------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| DPD & FS | EBRD | €1,250,000 | €27,500,000 | €42,500,000 | Not signed | ToR completed |

The investment is essential to begin the process of upgrading the railway to a viable operating public service unit providing a reliable faster regular and more comfortable passenger service. In the absence of investment it is likely that the railway will further decline and eventually become non-viable. The outcome from the investment will be an improved railway infrastructure over the main line between the Capital city of Tirana and the main port of Durres, the most highly trafficked route in the country. This in turn should lead to some reduction in the volume of passenger freight and road traffic carried between these two cities with consequent economic, social and environmental benefits.

| Project programme | 2010 | 2011 | 2012 | 2013 |
|------------------------|------|------|------|------|
| Grant/IA ¹⁶ | ↓ | | | ↓ |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/Procurement | ToR completed. Consultant has already been selected. |
| TA implementation | Not started yet pending signing of grant agreement (GA) with the government. |
| Other/Subsequent TA assistance non WBIF financed (if any) | None. |
| Financing | Preliminary stage. Ministry of Finance commented that they do not see it as a priority at this time. They commented that they can only see the project progressing under a privatisation scenario. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Delays in signing GA | The EBRD is currently discussing a possible solution with the client. Amended GA to be submitted in Feb 2014. | N/A |

¹⁶ IA – Implementation Agreement ↓

| WB7-ALB-TRA-12 | | Tirana By-pass | | | | |
|-----------------|----------|----------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;ESIA;CBA; PD | EBRD | €1,000,000 | N/A | €100,000,000 | Not signed | Under Execution |

The objective of the project is to prepare necessary documents in order to construct a 20 km bypass on the south-west area of Tirana in order to accommodate transit traffic, reduce congestion and improve environmental conditions in the capital city. The bypass will interconnect the existing Tirana-Duress highway with the new Tirana-Elbasan motorway. The purpose of the TA is to examine and assess alternative alignments, to prepare traffic projections and necessary geodetic and geotechnical surveys, to prepare Feasibility Study (FS) including Cost Benefit Analysis and environmental scoping, to prepare Preliminary Design (PD) and preliminary ESIA for the selected alignment.

| Project programme | 2012 | | | | 2013 | | | | 2014 | | | |
|----------------------------|------|--|--|---|------|--|--|--|------|--|--|--|
| Grant award | | | | ↓ | | | | | | | | |
| ToR/TA (IPF1) mobilisation | | | | | | | | | | | | |
| TA execution | | | | | | | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated in October 2012 by IPF1 and approved in February 2013. |
| TA execution | Execution started in middle of March 2013. The FS was submitted in October and subsequently approved by Albanian Roads Authority Technical Council in December 2013. The PD is ongoing and is planned for submission in March 2014. To date no major problems neither negative comments from EBRD and beneficiary. Difficulty of local Albanian Road Administration to decide on the start and finish point of the bypass in respect to the two motorways it connects. |
| Post WBIF TA services | N/A |
| Financing | EBRD is interested in providing loan as long as fiscal space of Albania is not a problem and provided that a comprehensive ESIA will be approved in the subsequent step to present TA. ECD also sees the project positively and might provide a grant for part of the construction. The newly elected Governments seem to be in favour of the implementation of the bypass. The Ministry of Finance commented that this depends on Ministry of Transport prioritisation. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None so far | | |

| WB8-ALB-TRA-13 | | FS & preliminary design of two tram lines in Tirana | | | | |
|----------------|----------|---|---------------|-----------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| FS | EBRD | €750,000 | | | N/A | On hold |

The grant will be used to prepare a full Feasibility Study of the Tirana Tram Project, which as evidenced by different pre-feasibility studies would provide a key missing infrastructure to improve traffic and reduce congestion and pollution in the capital of Albania. Such a project fits well alongside the finalization of the new Master Plan of Tirana and other major projects, -i.e., Tirana Public Transport Terminal.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|
| Grant/IA ¹⁷ | ↓ | | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/Procurement | On hold. |
| TA implementation | |
| Other/Subsequent TA assistance non WBIF financed (if any) | Bilateral donor funded FS for one of the lines. |
| Financing | N/A Would be under local government. Not supported by Ministry of Finance. |

| Proposed solutions/lessons learnt | | |
|---|--|-------------------|
| Problem | Recommendation | Cost |
| At the time of the Steering Committee a bilateral donor announced confirmation of funding for one of the two lines. | Subsequent discussions between EBRD and the EU concluded that this work should be complete before proceeding with WBIF TA. Need of upstream coordination between local actors to agree priorities and sources of financing in order to avoid inefficiency and duplication of work. | Quantify solution |
| Problem 2 | | |

¹⁷ IA – Implementation Agreement ↓

II. Bosnia & Herzegovina (BiH)

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BiH - Energy

| WB5-BiH-ENE-05 | | Wind Farm Poklečani | | | | |
|----------------|----------|---------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA;FS | EIB | €380,000 | €110,000,000 | €123,000,000 | Not signed | Under Execution |

Following general wind energy assessments in BiH and site-specific measurements at Poklečani, this project is to undertake a feasibility study, conceptual design and EIA / ESIA for the wind farm. It reviewed the data from the prefeasibility study together with the raw wind energy data, and developed an assessment of the site, access characteristics, the proposed layout of the wind turbines, access to land including roads, access to electricity transmission lines, the economic and financial viability of the project, financing options and capacity of EPHZHB to take a loan and the detailed site-specific environmental and social impacts together with mitigation strategies.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| Feasibility Study | | | | |

| Discussion of project problems and successes | |
|--|---|
| Summary | The project has been substantially completed. It is a viable project, with up to a total of 108 MW installed capacity costing around 123 million EUR, with a smaller installation of 72 MW also being viable at 106 million EUR of investment. |
| ToR/TA mobilisation | The prefeasibility study was well developed, which assisted with ToR preparation. However significant gaps in wind energy measurement data existed, and birds / bats monitoring required additional execution time. |
| Feasibility Study | In some cases, data from beneficiary was withheld from project team which would have assisted execution of FS. In addition, the formal commenting, review and adoption process was slower than anticipated. However, the main problem was a legislation issue in BiH which could prevent tenderers from adjusting the turbine micro locations, which may prevent them from bidding to supply machines |
| Financing | EIB have participated throughout the project, with a specific focus on the wind energy assessment, energy yield and the environmental factors like birds / bats monitoring. A loan is probable, once requested by EPHZHB. Ministry of Finance commented that they have received request and that outcome is likely to depend on initiative to raise FBIH borrowing limit. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Confidentiality | This lack of confidence in the WBIF team to maintain confidentiality and failure to deliver data on adjacent wind farm development, resulted in extra effort and delays. | |
| Legislation | The construction consenting process in BiH needs to be changed to give the flexibility to wind turbine suppliers to adjust the micro siting, in order to (a) make an offer and (b) honour output guarantees of wind park. | |

| WB6-BiH-ENE-07 | | Hydro-electric power plants - Krusevo & Zeleni Vir | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; PD; ESIA | EIB | € 1,000,000 | € 30,000,000 | € 41,000,000 | Not signed | Under execution |

In 2010, the Government of the Federation of Bosnia and Herzegovina adopted a Decision on the preparation and construction of HPP Kruševo and Zeleni Vir, and tasked JP Elektroprivreda BiH d.d. Sarajevo (EPBiH) to implement this Decision with assistance that came later on from WBIF for the preparation of the feasibility study, including ESIA. The TA grant was allocated in December 2011 but because of mine clearance issues the start of the TA has been delayed. Clearance certificates for the entire Krusevo/Zeleni Vir area will not be available until March 2014. Should the certificates be obtained and the associated assessments demonstrate the bankability of the HPP development, TA will also be provided to facilitate the loan agreement to be concluded with EIB for the execution of the HPPs.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | IPF 1 Consultant drafted the Terms of Reference following the project approval for financing in WBIF Round 6. The TA ToRs were issued to the IPF 3 Consultant in April 2013. |
| TA implementation | Initial assessment of ToRs and sites revealed that the TA cannot start without mine clearance certificates for the HPP sites. Consequently, the TA start date was delayed pending mine clearance certificates for the two sites, now estimated by the Beneficiary for March 2014. Should these certificates be obtained as due, full team mobilisation is expected to be resumed in March 2014 and necessary site investigations to be undertaken beginning in April 2014. According to TA ToRs the estimated duration for FS completion is 18 months from commencement, so the end date is now estimated at around September 2015. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | To be agreed. Ministry of Finance commented that it will depend on the outcome of the study. |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Project clearance certificates and authorisations | Only projects that have all the permits and authorisations required to proceed with the feasibility studies should be selected for WBIF assistance. | Nil |
| Budget for investigation works | There is a disconnection between the PGAF submission and the nature of the TA contracts and available Incidental Expenditures budgets. The PGAF should be more explicit in terms of the budget breakdown and this should be crossed checked at each Round approval process against the available TA budgets (fees and incidentals). | |

| WB6-BiH-ENE-08 | | HPP Čapljje - Feasibility Study & ESIA | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|---|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, ESIA | EIB | € 800,000 | € 23,000,000 | € 33,800,000 | Nil | Completed (up to point of project cancellation) |

Given the ongoing and/or imminent closure of existing thermal power stations in Bosnia and Herzegovina as part of the efforts to improve environmental conditions, the Government of Bosnia and Herzegovina has identified several renewable resources to be developed as priority projects with international financial assistance. Such developments would ensure compliance with the European Union Policy on energy generation according to which the total electricity consumption from renewable sources is to increase to 20% by the year 2020. HPP Čapljje is envisaged as a run-of-river plant on the River Sana. The location is 5.3 km upstream from the town of Sanski Most and downstream from the estuary of the Dabar River, just upstream from the settlement of Čapljje, in the Unsko-Sanski canton. The project was initially conceived as a compensation pool with a hydro power plant for the larger, peak development at Vrhpolje. Under the framework of WBIF, a grant has been awarded to investigate the feasibility of developing Čapljje as an independent HPP.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The project was approved for financing as part of WBIF Round 6 in December 2011. ToR were developed by the IPF 1 Consultant and issued to the IPF 3 Consultant at the end of September 2012. |
| TA implementation | The TA team mobilised at the start of 2013 in good faith given the Beneficiary's commitment to provide all necessary permits. However, by mid-2013 it became clear that the provision of an urban permit to allow the geotechnical investigations to be carried out was causing concern. The EIB, Beneficiary and DG Enlargement agreed to suspend the project from the end of September 2013. Correspondence received from the BiH authorities confirmed that no permit would be issued for the Capljje site. Consequently, all TA support has been stopped and the remaining TA grant has been cancelled. |
| Post WBIF TA services | None envisaged at this moment |
| Financing | None now envisaged |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Permits | Only projects that have all necessary permits in place, or with a written commitment from the competent government authorities, should be approved for TA grants associated with feasibility studies. The permits should be provided prior to commencement of the TA. | Nil |

| WB7-BiH-ENE-09 | | 50MW Windpark Vlastic - Travnik | | | | |
|---------------------|----------|---------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA; FAA; FS; O; PD | EIB | €875,000 | €43,000,000 | €63,000,000 | Not signed | Under execution |

The site is located on a high mountain plateau at 1200 m altitude and a pilot wind testing programme has indicated significant wind potential for the Vlastic region. The local government has agreed a 30 year concession agreement with the Public Enterprise Elektroprivreda BiH for up to 50 MW. The WBIF grant will provide assistance with wind measurement and their analysis, preparation of a bankable feasibility study and an environmental and social impact assessment, and the development of a conceptual wind park design.

| Project programme | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------|------|------|------|------|
| Grant/IA ¹⁸ /FA ¹⁹ | | | | | |
| ToR/TA mobilisation | █ | █ | | | |
| TA implementation | | | █ | █ | █ |
| Loan signature | | | | | ↓ |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | EIB organised early start prior to completion of implementation agreement using own funds. |
| TA implementation | Proceeding according to plan. Due to complete end 2015 |
| Post WBIF TA services | N/A |
| Financing | Depends on outcome of the Feasibility Study. Ministry of Finance commented that the loan is in the process of ratification. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | Use of EIB own funds speeded up the start of the TA which was helpful. | |

¹⁸ IA = Implementation Agreement which is signed with EBRD to transfer EWBIF funds (25/02/2013)

¹⁹ FA= Funding Agreement which is signed with Beneficiary to transfer EWBIF funds onwards (07/10/2013)

| WB8-BiH-ENE-11 | | Smart Metering / Automated Meter Reading (AMR) Design and CBA | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, EFA | EIB | € 460,000 | € 15,000,000 | € 30,000,000 | Not signed | Under execution |

JP Elektroprivreda BiH d.d. Sarajevo (EPBiH) is one of three public power companies in Bosnia and Herzegovina, which specialise in the generation, distribution and supply of electricity. The company has a total of 708,166 customers (as of March 2012) connected to its electricity distribution network. Approximately 95% of customer's installations are equipped with electromechanical meters while the other 5 % of customers have been equipped with electronic meters with some smart metering functionalities. Moreover, more than 25% of the existing electromechanical meters are approximately 40 years old and hence unreliable. The reading of these meters and subsequent invoicing is currently performed by about 200 EPBiH employees, whose costs add to the electricity tariff. WBIF will provide the funding necessary to establish the feasibility and viability of implementing a Smart Metering / AMR system throughout the service area, including AMR system design and procurement.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The project grant was awarded in December 2012. The IPF 1 Consultant was tasked with the ToR preparation activities. The approved ToR were issued to the IPF 3 Consultant in August 2013. |
| TA implementation | TA is under way with inputs into the EIA and system design. There are issues with the establishment of a common framework within the working group that has been set up as per ToRs, which is to condition the system design and CBA. |
| Post WBIF TA services | None envisaged as yet. |
| Financing | To be agreed. Dependent on outcome of study. Ministry of Finance not aware of this project at this stage. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Stakeholders | The permanent involvement of stakeholders as part of project Working Groups (as required under the ToRs), with direct impact on the deliverables to be produced by the consultant, is prone to create delays in the project execution or even put the project on hold. It is advisable that such preparatory studies which require wider stakeholder involvement are finalised as part of a separate assignment which would condition the award of additional TA for CBA and AMR system design. | Nil |

| WB9-BIH-ENE-01 | | HHP Babino selo | | | | |
|----------------|----------|-----------------|---------------|-----------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| FS, ESIA | EBRD | €750,000 | €20,000,000 | €28,850,000 | N/A | ToR preparation |

BiH wishes to diversify its energy sources and in order to do this, it aims to develop more of the Hydro Generation potential of the country, due to the environmental benefits it offers over fossil fuel energy sources. This application is to conduct a feasibility study for a new HPP “Babino selo” on the Vrbas river in in Srednjo – Bosanski canton (Middle -Bosnian canton).

There are currently three existing hydro power plants on the Vrbas river, which include HPP “Jajce I”, HPP “Jajce II” and HPP “Bočac”. The construction of HPP “Babino selo” was also envisaged by the Study on exploitation of the hydro-energy potential of river Vrbas, which was prepared back in 1989.

A new report on the hydro potential of the river Vrbas is underway, being financed by the World Bank through the Ministry of Foreign Trade and Economic Affairs of Bosnia and Herzegovina. Initial indications are that potential investment in HPP “Babino selo” is justified in a techno-economic sense, which has to be proved through a full project feasibility study and ESIA, which is the subject of this request.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|
| Grant/IA ²⁰ | ↓ | | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/Procurement | Preparation of ToR currently underway. |
| TA implementation | ESIA – EUR 150,000 FS – EUR 600,000 |
| Other/Subsequent TA assistance non WBIF financed (<i>if any</i>) | |
| Financing | Loan expected to be signed by 2017. Ministry of Finance not aware of this project at this stage. |
| Construction | Expected by 2017 |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|--------------------------|
| Problem | Recommendation | Cost |
| Problem 1 | | <i>Quantify solution</i> |
| Problem 2 | | |

²⁰ IA – Implementation Agreement ↓

| WB9-BIH-ENE-02 | | HHP Vinac | | | | |
|----------------|----------|----------------|---------------|-----------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| FS, ESIA | EBRD | €750,000 | €20,000,000 | €25,850,000 | Not signed | On hold |

BiH wishes to diversify its energy sources, and in order to do this, it aims to develop more of the Hydro Generation potential of the country, due to the environmental benefits it offers over fossil fuel energy sources. This application is to conduct a feasibility study for a new HPP “Vinac” on the Vrbas river in in Srednjo – Bosanski canton (Middle -Bosnian canton). There are currently three existing hydro power plants on the Vrbas river, which include HPP “Jajce I”, HPP “Jajce II” and HPP “Bočac”. The construction of HPP “Vinac” was also envisaged by the Study on exploitation of the hydro-energy potential of river Vrbas, which was prepared back in 1989. A new report on the hydro potential of the river Vrbas is underway, being financed by the World Bank through the Ministry of Foreign Trade and Economic Affairs of Bosnia and Herzegovina. Initial indications are that potential investment in HPP “Vinac” is justified in a techno-economic sense, which has to be proved through a full project feasibility study and ESIA, which is the subject of this request.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|
| Grant/IA ²¹ | ↓ | | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|---|--|
| Stage | Summary |
| ToR/Procurement | The project is on hold as the responsible municipality of Jajce seems to have changed priorities. Municipality no longer seems keen on the construction of the project to go ahead and does not seem willing to allow any physical assessment/inspection of the site, necessary for preparation of the feasibility study, to be conducted. |
| TA implementation | |
| Other/Subsequent TC assistance non WBIF financed (if any) | |
| Financing | |

| Proposed solutions/lessons learnt | | |
|--|----------------|-------------------|
| Problem | Recommendation | Cost |
| Change in priorities of Municipality post SC decision. | | Quantify solution |

²¹ IA – Implementation Agreement ↓

| WB9-BIH-ENE-03 | | Pale District Heating | | | | |
|----------------|----------|-----------------------|---------------|-----------------|-----------------------|--------------------|
| TC services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | CF status |
| CF | EBRD | €1,500,000 | €4,500,000 | €8,200,000 | Signed | Not yet disbursing |

The operation will enable construction of a new energy efficiency biomass boiler, together with reconstruction and expansion of the heat distribution network including heat exchange sub-stations and the metering of heat consumption for each consumer in the Pale Municipality in Republika Srpska, Bosnia and Herzegovina.

The investments will provide support for the development of the Company by improving the energy efficiency of the system (i.e. significant reduction of heat losses), extending its services to new consumers (i.e. increasing the size of the service area four times), improving the quality of the overall services (i.e. increased capacity of heat supply, individual metering of heat consumption). The project will also enable the Company to achieve compliance with EU energy policy and EU Directive 2006/32/EC on energy end-use efficiency and energy services.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|
| Grant/IA ²² | ↓ | | | |
| ToR + Procurement | | | | |
| TC implementation | | | | |
| Loan signature | | ↓ | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/Procurement | N/A |
| TA implementation | No TA financed under WBIF. |
| Other/Subsequent TA assistance non WBIF financed (if any) | <p>Preparation of Design and Tender Documents (EUR 155,000) The contract for the preparation of design and tender documents was signed with the consulting company in October 2013 and is ongoing.</p> <p>Project Implementation Support (EUR 500,000) The contract for project implementation support is still under selection. Commencement expected in February 2014 with first tenders expected to be published in April 2014.</p> |
| Financing | <p>Loan Agreement between EBRD and Pale District Heating Company and the Guarantee Agreement between EBRD and BiH was signed in October 2013. The Project Support Agreement between EBRD and RS and Municipality of Pale is expected to be signed in the next couple of months, once all required procedures of the Client are fulfilled. Funding Agreement between EBRD and BiH related to the investment grant from WBIF and EBRD is expected to be Signed by the end of Q2 of 2014.</p> <p>Half of the grant funds will be used to finance the components of the PIP aimed at demand side management. This includes installation of individual heating substations (IHS) for each building, installation of heat meters (or heat cost allocators) for each consumer and installation of thermostats on each radiator. According to the Feasibility Study, these investments are expected to create conditions to improve energy efficiency at the end consumers through a decrease in specific heat consumption, estimated to be more than 50 per cent (i.e. from 225 kWh per m2 to 90 kWh per m2). In aggregate this would result in annual energy savings of 25,000 MWh per year.</p> <p>The other part would be used to finance replacement of the existing district heating network. The expected benefit of this component is a reduction in heat losses from current</p> |

²² IA – Implementation Agreement ↓

| | |
|--|--|
| | <p>12-14 per cent to 6-8 per cent. It would further eliminate leakages of hot water resulting in reduced consumption of chemically treated water by 4,500 m³ per year.</p> <p>The combined grant and loan financed components will result in a reduction of CO₂ emissions of 13,000 tonnes per year.</p> <p>Furthermore without the grant component the Project as designed, would not be affordable for the average household. The forecasted tariffs required to service the loan are already at the affordability threshold of 10 per cent of the average household income.</p> |
|--|--|

| Proposed solutions/lessons learnt | | |
|--|-----------------------|-------------|
| Problem | Recommendation | Cost |
| | | |
| | | |

BiH – Environment

| | | | | | | |
|--------------------------|----------|---|-----------------------|-------------------------|-----------------------|------------|
| MW-BiH-ENV-EIB-01 | | Water and sanitation (Velika Kladusa, Orasje, Bosanski Petrovac, Posusje, Siroki Brijeg) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | EIB | MW €17,000,000 | €60,000,000 | €121,300,000 | Signed | Disbursing |

The Municipalities of Velika Kladusa, Orasje, Bosanski Petrovac, Posusje and Siroki Brijeg are part of the WATSAN project being undertaken in the Federation of Bosnia and Herzegovina for which a framework loan has been signed. A TA project project supported by a WBIF grant has been undertaken in parallel.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ²³ | ↓ | ↓ | | | | |
| Loan signature | | | | ↓ | | |
| WBIF TA (IPF2) | | | | | | |
| WBIF TA (IPF3) | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Mobilisation of funds | Delays at the start. First disbursement of grant done. |
| Project preparation | One Municipality became ineligible (lack of loan cofinancing). SIDA joined the project and supports complementary measures for wastewater investment and to strengthen sustainability of water utilities. Tender documents for Velika Kladusa, Orasje, Bosanski Petrovac, Posusje (IPF3) |
| Post WBIF TA project preparation | This project is supported by the WBIF TA WATSAN FBiH initiated by IPF 2 and and with an extension by IPF 3. |
| Construction | Construction started in Siroki Brijeg and Bosanski Petrovac municipalities. |
| Disbursement | The grant agreement IPA 2008 was signed in Sept 2010. The lack of an appointed Government initially delayed the process of ratification. MW EUR 1.997 m disbursed. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|-------------------------------------|------|
| Problem | Recommendation | Cost |
| Expiry of grant deadline | End 2015 (extension will be needed) | |

²³ CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (30/11/2009)

| | | | | | | |
|------------------------------|----------|---|---------------------------|-------------------------|-----------------------|------------|
| MW-BiH-ENV-CEB/KfW-04 | | Water supply and sewerage collection in Banja Luka | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | MW €3,000,000 | €10,000,000 ²⁴ | €19,100,000 | Signed | Disbursing |

Banja Luka is the administrative capital of Republika Srpska entity in BiH with a population of 230,000 inhabitants. The project covers the upgrading and expansion of the city's water supply network and the construction of new sewerage collectors and two water reservoirs.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ²⁵ | ↓ | | | | | |
| Loan signature | | ↓ | | | | |
| Project preparation | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | This was achieved rapidly during 2009 |
| Project preparation | The consulting contract was signed in November 2010 |
| Construction | The construction and improvement of the water supply system began in April 2012 and the construction and improvement of the sewerage collection system began in June 2012. The work is forecast to be completed in November 2014, if no further delays occur with regard to the construction of the outstanding water reservoirs. There have been difficulties between partners in the contractor's JV at an early stage of the project which have resulted in minor delays |
| Disbursement | The Municipal Window funds are fully disbursed. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Financing gap | MW funds were key in solving this issue combined with IPA 9 & 10 funds. KfW recommend that for waste water projects in the region 70% grant financing is needed for sustainability. | |

²⁴ German Financial contribution consists of € 10,000,000 loan and € 4,000,000 grant

²⁵ CA = Contribution Agreement which is signed with EC to transfer IPA funds (11/08/2009)

| MW-BiH-ENV-EBRD-02 | | Bijeljina Waste Water System Project - Phase II | | | | |
|--------------------|----------|---|---------------|-----------------|-----------------------|------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | CF status |
| CF | EBRD | 3,000,000 | 5,000,000 | 23,102,141 | Signed ²⁶ | Disbursing |

The investment will significantly improve Bijeljina's waste water quality, increase the number of connections to waste water network, and protect the local community from environmental and public health risks (primarily via contamination of ground water and potable water sources from septic tanks), thus having high social and environmental benefits for the town. The quality of drinking water supplied by the Company meets the standards set in the EU Directive on the quality of water intended for human consumption (Council Directive 98//83/EC) and the investment will enable the Company to maintain this compliance.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ²⁷ | ↓ | ↓ | | | | |
| Loan signature | | ↓ | | | | |
| Project preparation | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|---|--|
| ToR/Mobilisation | <p>All contracts were procured and are in place. The construction of the Main secondary sewerage collector number 8 (GFSK8 - MSSC 8 Galac Street) was completed on 30 April 2013. The extension of water supply distribution network (WSDN Northern Ring) was also completed on 30 June 2013.</p> <p>Construction of the main secondary sewerage collector number 3 (MSSC 3 Majeveckia Street) is progressing well and it is likely that it will be completed during the first quarter of 2014 (contracted completion date is 15 July 2014). The Construction of the main sewerage collector to WWTP (MSC from PS1 to WWTP) progressed also well and it was completed in October 2013.</p> <p>The design and build of the WWTP was expected to be finished by February 2014. The contract with the contractor was terminated on 5 July 2013 as the Contractor showed very little progress on the site in the 8 months after hand-over in November 2012. The contract was re-awarded and will be finished by February 2015.</p> |
| TA implementation | A team of international consultants was mobilised under the EU financed IPF programme to assist the PIU and the Company with physical implementation of the project and with reporting. The consultants completed their assignment in September 2012. |
| Other/Subsequent TA assistance non WBIF financed (if any) | Project Engineer (EUR 366,000): The contract was signed in May 2012. |
| Financing | The Loan Agreement was signed with the Bijeljina Water and Wastewater Company in July 2010. The Guarantee Agreement with BiH and the Project Support Agreement with the RS and Municipality of Bijeljina was also signed in July 2010. The Grant Agreement ²⁸ between EBRD and Municipality of Bijeljina and the Company was signed in February 2011. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None. | | |

²⁶ 22 July 2010.

²⁷ CA – Contribution Agreement which is signed with EC to transfer IPA funds.

²⁸ Grant Agreement refers to the agreement that is signed between the EBRD and the Client to transfer the investment grant under the terms and conditions of EBRD and the donor for funds to be disbursed alongside the loan.

| TA-BIH-03 | | Plava Voda Regional Water Supply Project | | | | |
|-------------|-----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| DD | EBRD; CEB | €600,000 | €22,400,000 | €27,000,000 | Not signed | Held Up |

The region of Central Bosnia suffers from water shortages and poor water quality. The proposed project will serve the needs of the inhabitants of five municipalities of Travnik, Novi Travnik, Vitez, Busovaca and Zenica. The present status of water supplies is characterized by multiple sources, intermittent supplies, poor water quality and relatively high cost of production and distribution.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | | |
| ToR/ TA mobilisation | | | | | | | |
| TA Implementation | | | | | | | |
| Post WBIF TA project prep. Loan signature | | | | | | | ↓ |
| Construction | | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/ TA mobilisation | The ToR were prepared in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries, EBRD and the EC. |
| TA Implementation | The project will serve the needs of over 150,000 inhabitants in the five municipalities over the long term by providing them with good water, which complies with EU Drinking Water Directive. The cost efficient supplies from the Plava System will help to replace multiple sources of supplies, usually requiring water treatment and pumping which are not cost efficient and produce inadequate and poor quality of supplies. Preliminary and detailed designs have been completed together with numerous other technical documents including hydrological studies and ESIA. However, about two years ago, as a result of change in the mayor of one of the municipalities, the agreement regarding shareholdings in the joint stock company was questioned. This was followed by prolonged negotiations between the municipalities for almost two years but an agreement could not be reached. However, with the intervention recently of the Prime Minister's Office, the breakthrough seems to have been achieved and an agreement appears to be nearing finalisation. As soon as this is confirmed and IFIs involved give the green light to proceed, the remaining activities which include preparation of tender dossiers for proposed works and capacity building tasks for the bulk water supply company could be completed in a relatively short time. |
| Post WBIF TA services | All project preparation activities have been completed and outputs approved by the beneficiaries and IFIs. Completion of tendering process would take the project to the construction stage. |
| Financing | Both EBRD and CEB are prepared to provide loans and Ministry of Finance is expected to approve the financing agreement especially as the Prime Minister is backing the proposed project. Ministry of Finance confirmed that they expected to see contract by end June 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Appears to be resolved | No external effort could have helped with the deadlock in negotiations between the municipalities even though the IFIs tried to mediate but without success. Equally, it was impossible to foresee that an unexpected change in the mayor of one of the municipalities, where the water source is located, would lead to such difficulties. | N/A |

| TA3-BiH-ENV-01 & WB8-BiH-ENV-27 | | Water and Sanitation in Republika Srpska - 30 municipalities | | | | |
|---------------------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FSs, TDs, PFs & PARs | EIB | €2,500,000 | €50,000,000 | €114,000,000 | Signed | Under Execution |

The project is part of framework loan between EIB and the Government of Republika Srpska. It comprises development of water and sanitation schemes for over 30 municipalities widely spread throughout Republika Srpska which will benefit 450,000 inhabitants over the long term. The objective of the projects is protection of public health and environment from provision of safe drinking water and adequate wastewater collection and treatment, while maintaining a balanced development of water supply and sanitation as well as safeguarding the financial and operational viability of the water companies.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | |
| ToR/TA mobilisation | | | | | | |
| TA service 1 | | | | | | |
| TA service 2 | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction 2013 – 2020 | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The ToRs were prepared for two separate grant awards and they were in accordance with scope of work envisaged in PGAFs and the budgets approved. |
| TA 1 Implementation | The project combines immediate intervention for urgently needed investments based on Project Appraisal Reports and on Feasibility Studies for large infrastructure such as water and wastewater treatment plants, new source development etc. 22 appraisal reports and 6 feasibility studies have been completed together with preparation of tender documents for 8 municipalities. Construction and procurement of goods and services are in progress in 6 municipalities while another 10 are waiting to commence construction activities in the summer season of 2014. |
| TA 2 Implementation | Same as above |
| Post WBIF TA services | The municipalities have undertaken project preparation activities such as detailed designs since the early stages of the TA supported by the Consultants |
| Financing | The financing plan adopted by Government of Republika Srpska and EIB with IPA support comprises 50% loan, 35% grant and 15% counterpart contribution. To date almost € 40 m is requested in EIB loan. BiH's difficulties with access to IPA funds is causing a bottleneck in the implementation process |

| Proposed solutions/lessons learnt | | |
|--|--|--------------|
| Problem | Recommendation | Cost |
| Potential bottleneck for a very successful project | A strongest candidate for additional grant funding is the Water and Sanitation Project in Republika Srpska for the following reasons; To date 13 municipalities have signed subsidiary loan agreement with Government / EIB of with total investment value of € 60m, loans € 36m and IPA grant support € 24.0. This is based on the agreed financing plan by RS Government and EIB of Loan: 50%, Grant 35% and Municipal Counterpart contribution: 15% IPA has committed a total of € 14.5 to date of which € 5m has already | € 10 million |

| | | |
|--|--|--|
| | <p>been disbursed. There is presently a financing gap of about € 10m, which is holding up progress with subsidiary agreements. Another 10 municipalities are ready to proceed with further € 20 investment and loans of additional € 10m but they would need grant support of additional € 7m. This increase the funding gap to almost € 17m. The only thing holding up the benefits of this project being widely shared by over 30 municipalities currently in the programme is the lack of grant funding.</p> <p>The IPF1 Consultants have appraised 22 municipalities to date and about 10 of them cannot move forward unless there is an injection of grants from some source. Considering that all the relatively small municipalities are more than willing to help themselves by taking on loans for 50% of the investment costs and injecting 15% of their own funds for the capital investments and are only seeking 35% grant funding to make up for their limited borrowing capacity.</p> | |
|--|--|--|

| TA3-BiH-ENV-02 | | Water and Sanitation Federation FBiH - 16 municipalities | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant Approved (IPF2 + IPF3) | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EIB | €2,500,000 | €60,000,000 | €120,000,000 | Signed | Completed |

The project concerns priority investment schemes for water and sanitation within the territory of the Federation of Bosnia and Herzegovina, the purpose of which is to improve public health and the environment. The scope of project includes TA services to PMU to bring the present projects to tendering stage and to provide assistance for the scoping, preparation and implementation of additional schemes. The project was designed to provide flexible and ad-hoc support to the PMU and Project Implementation Teams (PIT) in project organisation and contract management and to build up the capacity of the Ministry and PMU in programme and project implementation.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|------|
| Grant award | | ↓ | | | ↓ | | |
| ToR/TA mobilisation | | | | | | | |
| TA service 1 | | | | | | | |
| TA service 2 | | | | | | | |
| Loan signature | | | | | | | |
| Construction (on going on several Munic) | | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The project consists of three components and an additional feasibility. Four ToRs were prepared during the project. The framework ToR was approved in June 2010. The ToR for the feasibility of Orasje was approved December 2010. The ToR of Component A (where 6 municipalities were included) was approved in January 2011 and the ToR for Component B (including 15 more municipalities) was approved in June 2012. Component C was referring to the capacity building which was defined in framework ToR. |
| TA service 1 | After the approval of the framework ToR the project was suspended by EIB and did not commence as foreseen. All other services initiated after ToR approvals without any significant delay. Major delays due to insufficient PMU. The commencement of first construction in December 2012. Contacts to NIPAC and Government officials necessary to resolve problems. TA not allowed to contact Municipalities |
| TA service 2 | After the approval of an additional grant of WBIF approved in Round 9, IPF3 is continuing the TA services to the PMU (see WB9-BiH-ENV-03). |
| Post WBIF TA services | N/A |
| Financing | The finance contract was signed in mid-2008 by EIB and BiH for the amount of EUR 60 million and the equal amount of own contribution of the municipalities involved. The EU Delegation acknowledged that this project should be supported. An agreement for the transfer and implementation of these funds (IPF-MW 2008, IPA 2009 and IPA 2010) has been signed between EIB and EU. Grants from Sweden also available. |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Approved ToR was very generic and did not explain the specific services required. | Problem was solved by clustering the project in Sub-components and drafting additional ToRs. This insufficient initial design of the project resulted in delayed commencement of TA and was one of the bottlenecks in project initiation. In future TAs, PMU should from the start clearly define the scope of services required from consultant. | |
| Low absorption capacity of the financial resources | Political situation in BiH and especially in FBiH is very complicated and not stable. The lack of consensus on the project priorities among the decision makers constitutes bottleneck. Lack of clear policies and daily political influence should be minimised. PMU unable to take decisions. Involvement of decision makers (at Ministry level) proved to be useful. Steering Committee should be established and be functional with regular coordination meetings to monitor progress | |

| | | |
|--|--|--|
| <p>PMU understaffed and Consultant not allowed to contact Municipalities which are ignorant of tender procedures</p> | <p>PMU was created late. In addition it remained understaffed for long time. No capacity for decisions. Municipalities need direct and additional TA to handle TD preparation and tender procedures. The allocation of TA as is presently happening absolutely necessary</p> | |
|--|--|--|

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA3-BiH-ENV-05 | | Reconstruction of distribution networks in the municipalities connected to Plava Voda Regional Water Supply Project - 4 municipalities | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EBRD | €300,000 | € | €6,000,000 | Not signed | Completed |

The project concerns detailed studies for leakage reduction in the five municipalities of Travnik, Novi Travnik, Busovaca, Vitez and Zenica, which are to be connected to the Plava Voda Regional Water Supply. The existing situation is characterised by high levels of water losses varying from 50% to 80%. The implementation of the proposed measures for leakage reduction would maximise the benefits of the potential development of the Plava Voda system.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | |
| ToR/TA mobilisation | | | | | | |
| TA service 1 | | | | | | |
| TA service 2 | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The ToR were prepared in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries, EBRD and the EC. However, the TA mobilisation was delayed at the request of the municipalities as the technical investigations for the Plava Voda project were in progress which had tied up the technical staff of the water companies |
| TA service 1 | The leakage reduction studies for the 5 municipalities were implemented over a period of about 18 months to capture the seasonal variation in water flows in the networks. The studies comprised extensive campaign of measurements, identification of priority zones and proposed of measures to maximise the impact of proposed investments phased in accordance with priority needs in the short, medium and long term. An essential aspect of the studies was to involve the staff of the water companies and provide hands-on training in measurements, leakage detection and repair. The leakage studies were finalised following the national project presentation together with additional presentations in each of the five municipalities. |
| Post WBIF TA services | Additional TA would be needed for preparation of tender documents for procurement of goods and services |
| Financing | At present there is no financing plan for the proposed projects as it had been assumed that the five municipalities would be taking up significant IFI loans for the implementation of the Plava Voda project and would therefore rely on grant contribution from external donors for leakage reduction measures |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Investment grant needed | The plan was to submit a PGAF for Round 11 for an investment grant of € 2.5 million to implement the priority measures combined with small loan from the IFIs. However, in view of the current situation this is not an option and hopefully an application for grant support can be submitted in Round 12 | N/A |

| WB5-BiH-ENV-15 | | Water Leakage Reduction Plan for the Municipality of Tuzla | | | | |
|----------------|----------|--|---|---|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| I; TMA | KfW | €400,000 | €11,000,000 (covering other activities too) | €22,000,000 (of which €3 mill for leakage reduction in Tuzla) | Not signed | Completed |

The scope of this subproject is the following as it concerns its two Components:

1. Non-revenue water reduction pilot study for a District Metering Area (DMA) in Tuzla: carrying out a leak detection programme within the DMA, preparation of water balances at the start and the end of the assignment and making recommendations for future non-revenue water reduction activities.
2. Preparation of a Master Plan and of conceptual design of the primary water supply systems for those within the Municipality boundary (Northern Tuzla) but which are not still connected to the main water supply system.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA service 1 | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The drafting of ToR was postponed few months after the instruction of KfW in order to wait for results of another project. Mobilization followed suit. |
| TA service 1 | The project was implemented in a very good cooperation with all stakeholders and in time. The leakage reduction part of the project was extended to a second DMA upon the request of Beneficiary and approval of CA. The construction works were implemented by the Municipality in parallel with leakage detection activities and immediate positive results were achieved. |
| Post WBIF TA services | Beneficiary and KfW appreciated the results of project. Plans for a new PGAF are pending which would extend the pilot study to all municipal areas.. |
| Financing | The study contributed to the justification of the loan agreement between Tuzla Municipality and KfW, which is presently under negotiation. Total financial package is for 22 MEUR, composed of €11 M soft loan from KfW, €9.5 M grant from State Secretariat for Economic Affairs of Switzerland (SECO) and €1.5 M financial contribution of KfW for accompanying measures. Ministry of Finance commented that the debt capacity limit would need to be reviewed. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |
| | | |

| | | | | | | |
|-----------------------|----------|---|---------------|-----------------|-----------------------|-------------------------------|
| WB5-BiH-ENV-16 | | Construction of sewage collectors and wastewater treatment & disposal plant in Cazin | | | | |
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| FS, DPD, TD | EBRD | €700,000 | €5,000,000 | €15,300,000 | Signed ²⁹ | Under execution ³⁰ |

In the Municipality of Cazin there is almost no public sewer system since only 10 % of the population and 23 % of the companies are connected to the existing sewer network. What does exist of sewage network is in very poor condition. Due to lack of funds, operation and maintenance of sewage system is limited to emergency interventions, emergency works and repairs to fix the main causes of 'bottlenecks' in the network. The reconstruction of the parts of sewage system is necessary, as well as the expansion of the system.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|------|------|------|------|
| Grant/IA ³¹ | ↓ | ↓ | | |
| ToR + Procurement (Fea Study) | | | | |
| TA implementation (Fea Study) | | | | |
| ToR + Procurement (DPD/TD) | | | | |
| Loan signature | | | ↓ | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|--|
| Stage | FS is completed. DPD/TD: implementation has not yet started. Loan Agreement signed. TOR for design preparation being finalised. |
| ToR/Procurement | Consultant for Feasibility Study assignment contracted in April 2012. |
| TA implementation (FS) | The contract was concluded and final report presented in September 2012. The consultancy selection process for the design works and tender document support has not yet commenced. Draft TOR for the TA have recently been prepared by the client and submitted to EBRD. Selection of consultant is expected to be launched by the end of February 2014 and completed by end of June 2014. |
| Other/Subsequent TA assistance non WBIF financed (if any) | No further TA but Investment Grants coming from 2 bilateral donors are being negotiated. |
| Financing | Loan Agreement between EBRD and BiH was signed in July 2013. Grant Agreement between EBRD and BiH related to administration of investment grant is being negotiated. Signing of the latter is expected by the end of Q1 of 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Problem 1 | Delays with TOR for preparation of detailed design and delays with processing of one of the bilaterally funded investment grants will probably push the commencement of works in Q1 of 2015. | N/A |

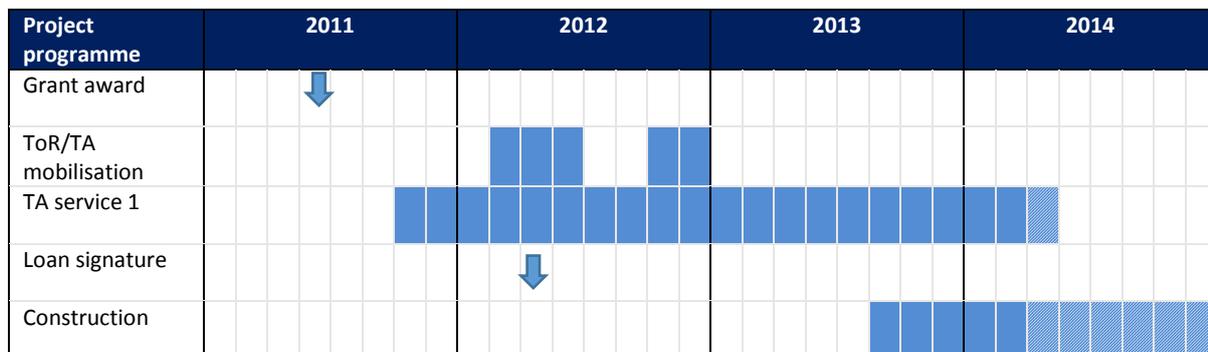
²⁹ 2 July 2013

³⁰ FS (EUR 300,000)– completed. DPD and TD (EUR 400,000) - procurement not yet started

³¹ IA – Implementation Agreement ↓

| WB5-BiH-ENV-17 | | Flood Risk Management for the Republic of Srpska | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;MD;SofW;TMA | EIB | €2,500,000 | €74,000,000 | €98,400,000 | Signed | Under Execution |

Republika Srpska (RS) suffered serious damage caused by having an inadequate flood prevention system during high water levels in spring and autumn 2010. The project purpose is to ensure the effective and rapid preparation of investment projects for flood protection in RS concerning the Immediate Measures and support to the PIU (Component A) and the Urgent Measures (Component B). The measures concern: rehabilitation of river dykes, channels, river banks, small bridges; replacement and upgrade of pumping stations; preventive measures including erosion protection, flood risk mapping and management plans, flood protection and early warning systems. The TA services include: feasibility studies, detail designs and tender documents. The TD for an overall supervision consultant was successfully implemented.



| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The measures were matured through detailed scoping missions. Two ToR were drafted related to the 2 subproject Components. Study teams were mobilized immediately after the approval of each ToR. |
| TA service 1 | The implementation of services is progressing in a very good cooperation with all stakeholders and in time. The Promoter and PIU are strongly supporting the project and have facilitated quick decision making. Constructions initiated. |
| Post WBIF TA services | A PGAF was submitted to Round 10. Positively assessed in PFG meeting. Not discussed in WBIF SC due to sanctions from EC to BiH. |
| Financing | The finance agreement with the European Investment Bank was signed in 13 October 2011 for a loan of €74 M, of which €55 M will be released as 1 st part. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------------|
| Problem | Recommendation | Cost |
| Capacity of the Beneficiary | The Beneficiary's capacity and experience is not sufficient for the size of the project and the number of contracts considered. So far IPF2 prevented this risk by corrective measures such as implementation of capacity building programmes and workshops in close cooperation with PIU and Promoter. This strongly supports the sustainability of the project. | 15.000 EUR |

| WB6-BiH-ENV-19 | | Sewage collection project for the City of Mostar | | | | |
|-------------------|----------|--|-----------------------|-------------------------|-------------------------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP, I, IRS, SofW | EIB | € 500,000 | € 8,000,000 | € 16,000,000 | On-lending agreement not yet signed | Under execution |

The existing wastewater collection and treatment system in the City of Mostar does not meet the existing demand or environmental standards: the network in Mostar covers only the central urban area that serves about 30,000 inhabitants - approximately one third of the overall population and foul waters are discharged directly into Neretva River and / or in its tributaries. Consequently, over the past decade the City has looked for international funding to improve the wastewater collection and treatment system. The current project falls within this initiative and it consists in the extension of the existing system by means of constructing collection sewers on both banks of the Neretva River as well as primary and secondary sewage networks in the urban areas of Mazoljice, Opine and Podhum-Zahum. EIB has provided a loan to support financing of water wastewater investments in FBiH, and the Mostar project is part of this project and will receive part of the funding for its project from this loan as well as from some EU grant funds. The WBIF currently provides assistance with the design review, procurement and PIT support associated with the wastewater system extension. A concurrent project supported by the World Bank and SIDA is involved in building a wastewater treatment plant.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|--------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The project grant was awarded in December 2011 and IPF 1 Consultant commenced ToR preparation activities thereafter, with draft ToRs submitted for beneficiary's and IFI's approval in October 2012. |
| TA mobilisation & implementation | The TA was allocated to the IPF 3 Consultant in December 2012, who was initially tasked with reviewing the TA needs in the light of the initial budget allocated. Changes in the scope of work (removing works supervisions) were reflected in the Inception Report delivered in March 2013 and accepted by beneficiary and IFI. In parallel the IPF 3 Consultant mobilised staff resources to undertake design review and tender dossier development. Concurrently, the first tender dossier has been drafted and issued and design review activities have started for the following two tender dossiers. IPF3 review revealed the need for significant design revision and further investigations the current TA could not accommodate supervision services as initially conceived and the budget may be altogether too tight for PIT support for the intended two years. |
| Post WBIF TA services | According to the report issued in September 2013, supervision activities will be provided by the Central Supervision Consultants as the budget for the current TA cannot accommodate them and as required by the EIB for the overall project. |
| Financing | This is planned to be part of the EIB framework loan for FBiH (WATSAN). However, the Ministry of Finance has not yet signed off on the City's capacity to borrow, as a result of a prior loan made to an earlier Mostar municipality. This will preclude disbursement of EIB and EU funds for the project. Reportedly the Ministry of Finance has now agreed to Mostar's ability to borrow for this project, but this has not been confirmed. Ministry of Finance commented that they had no information. |

| Proposed solutions/lessons learnt | | |
|--|--|-------------|
| Problem | Recommendation | Cost |
| ToRs and Scope of Work | Matching Scope of Work in ToR to available budget would save time. PMU support activities can be open-ended and difficult to define at the ToR stage, requiring initial scoping studies by the Consultant. | Nil |
| Financing | Beneficiary's borrowing capacity should be carefully scrutinized at a horizontal level prior to project / ToRs approval. | Nil |

| WB8-BiH-ENV-29 | | Optimization of sewerage collectors & WWTPs in Modrac Lake basin | | | | |
|----------------|----------|--|---------------|-----------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| FS, CD, DD | EBRD | €1,000,000 | €5,000,000 | €7,500,000 | Not signed | ToR preparation |

The project aims to finance an investment programme for the public company JP Spreca dd Tuzla, which manages a man-made water reservoir called Modrac Lake located in the Tuzla Canton. The proceeds would be used towards financing the cost of construction of a system for the collection and treatment of the wastewater from settlements located along the shores of the Modrac Lake. Moreover, if deemed feasible, the project may include the installation of an additional power generators at the small hydroelectric power plant ("HPP") built at the dam that created the reservoir. The TA package covers four activities: (i) a Feasibility Study for optimisation of sewage systems and wastewater treatment plants in the Modrac Lake basin; (ii) Conceptual Designs for Wastewater Treatment Plants; (iii) Preparation of Detail Design Documentation for sewage collectors network; and (iv) Feasibility Study of most appropriate method of removal the sediment from Modrac Lake.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|
| Grant/IA ³² | | ↓ | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | | ↓ |
| Construction | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | TOR for the feasibility study are being completed. Launch of the consultant selection process planned in February 2014. Contract signing estimate in June 2014. |
| ToR/Procurement | ToR under preparation |
| TA implementation | The feasibility study consultant will prepare TOR for design and implementation. Selection process planned in Q4 of 2014. |
| Other/Subsequent TA assistance non WBIF financed (if any) | |
| Financing | Loan financing in the amount of EUR 5.0 million from EBRD to public utility company Spreca (Loan Agreement) supported by guarantees from Tuzla Canton (Guarantee Agreement), which owns the company, in parallel with grant financing of 2.5 million is anticipated for the first sub-sovereign loan in the sector in BiH. Anticipated signing Q1 2015. Ministry of Finance have received no request at this stage. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Problem 1 | Complex project that covers territory of several municipalities and involves Cantonal government requires a lot of effort to achieve consensus and easily incurs huge delays. | N/A |

³² IA – Implementation Agreement ↓

| WB9-BiH-ENV-03 | | Water Supply and Sanitation in Bosnia and Herzegovina | | | | |
|---------------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| DD; EIA; FS; PD; SIA, TMA | EIB | € 1,250,000 | € 60,000,000 | € 121,300,000 | Signed | Under execution |

The Federation of Bosnia and Herzegovina (FBiH) entered into a loan agreement with the European Investment Bank (EIB) for the implementation of the Project “Water Supply and Sanitation in the Federation of BiH” in 2008. The original Project was intended to assist 15 municipalities in FBiH with investments in water and wastewater projects. A Project Management Unit (PMU) was created to help administer the Project since the start and act as a liaison to the EIB and other participating stakeholders. WBIF provided previous grants to assist PMU with the implementation of the project – services that were provided from 2011 until mid-2013 by the IPF 2 Consultant.

The current, additional, WBIF grant will finance assistance to the PMU in management of project components, such as: development of management systems, routines and instructions for management and monitoring of the Project; institutional capacity building of PMU and PITs; review of TDs and ToRs related to the project components; management and coordination of other consultant services; technical assistance for participating municipalities, including Project Fiches, Feasibility Studies, and TDs for WWTPs and WTPs.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | The project has been approved as part of Round 9 in June 2013. The ToR were drafted by the IPF 3 Consultant and submitted for approval in December 2013. Approval was received mid-January 2014. |
| TA implementation | IPF 3 Consultant has provided interim NKEs to support the PMU while the ToRs for this assignment were being drafted and reviewed for approval. Mobilisation in full will start in February 2014. Estimate TA duration is two years. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | The finance contract was signed in mid-2008 by EIB and BiH for the amount of EUR 60 million and the equal amount of own contribution of the municipalities involved. The EU Delegation acknowledged that this project should be supported. An agreement for the transfer and implementation of these funds (IPF-MW 2008, IPA 2009 and IPA 2010) has been signed between EIB and EU. Grants from Sweden also available. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| ToR approval | Some difficulty in getting beneficiary and IFI to agree on Scope of Work for ToR. Greater clarify during PGAF stage, although in project of this nature Scope of Work is likely to be a moving target. | N/A |

BiH - Social

| TA-BIH-01 & WB4-BiH-SOC-02 | | | State Prison Project in Bosnia & Herzegovina | | | |
|----------------------------|----------|--|--|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; PD; TMA; ATP;DD;IRS;O | CEB | €500,000 +€1,200,000 +€2,000,000 | €19,300,000 | €38,600,000 | Signed | Completed |

The aim of the project is to build a high security state prison to be associated with the recently operational Court of Bosnia and Herzegovina. The state court has two sectors, one to try war crimes cases and the other for corruption, economic and organized crime cases. The state prison will have the same two wings. Capacity will be 350 beds, which would serve about 8% of the prisoner population.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|------|------|
| Grant award | | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | Baseline assessment segment commenced in 8/2008. ToRs for the preparation of Feasibility Report and Operational Plan were completed on 09.2009; ToR for Phase B seg. 1 (PD) was completed on 17.12. 2009 and finally ToR for Phase B seg. 3 & Phase C were approved on 02.07.2010 |
| TA implementation | Delays in contracting STE for the Design were related to the definition of the scope of activities against the approved budget. STEs for preliminary design were activated in 1/2010. There was an independent revision team hired by CEB to assess the design documents, the design was adjusted following their recommendations. The State Auditor for technical documentation required some modifications to the boilers room and a question about the inclusion of a Helipad was discussed and later this facility was cancelled. The Tender Documentation was revised in order to comply with BiH Public Procurement Rules as well as with CEB Procurement procedures. The reduction of TA budget (from 1.7 to 1.2 MEUR) produced the elimination of activities related to the preparation of the procurement for Specialized Equipment and of furniture. |
| Post WBIF TA project preparation | CEB supervised the open tender for the Supervision Services (of Works), with the winning tenderer selected after two rounds. |
| Financing | CEB approved €19,300,000 loan on 19.11.2009. There are three WBIF grants making a total of €3,700,000 |
| Construction | The first Tender for Works was cancelled in 11/2013, and the second was completed successfully in 3/2014. Works are planned to commence in 3Q2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Delays in design | Delays in linking several segments of TA; assessment, feasibility, design, and tendering due to expected lack of approval infrastructure within the IPF system, as this was the first IPF operation, and linkage in institutional knowledge between the segments. Stakeholders agreed to replace several TA project leaders, and introduce forward looking TORs in each segment of TA. | N/A |
| Delays in local implementation | Beneficiary replaced three PIU leaders during preparation, due mostly to communication issues with the international stakeholders and the CEB procurement guidelines, among others. | Nil |

| WB7-BiH-SOC-04 | | Support for vulnerable persons living in collective accommodation | | | | |
|----------------------|----------|---|-----------------------|-------------------------|-----------------------|----------------------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP;IRS;O; PIU, SofW | CEB | €3,200,000 EWBJF€1,200,000 CEB€2,000,000 | €60,000,000 | €104,000,000 | Not yet signed | Awaiting transfer of funds |

Despite almost twenty years of humanitarian assistance in Bosnia and Hercegovina, today approximately 113,000 people still remain displaced, with over 8,000 living in temporary collective accommodation. The project was prepared with technical assistance from UNHCR, funded by CEB’s Norway Trust Account. The beneficiaries of this project are IDPs living in over 77 municipalities in BiH. They have remained in collective accommodation due to specific vulnerabilities such as health, economic status, family status and old age. The aim of this project is to achieve durable housing solutions for over 7,200 IDPs who currently occupy about 72% of the collective accommodation centres.

Given the specific nature of the beneficiaries, most of which will need substantial assistance to be readied to leave the CCs, and then additional assistance to be integrated into the regular social networks, the authorities are requesting project implementation assistance in handing the beneficiaries. In addition, one portion of the grant funds would be used for procurement assistance.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|
| Grant/IA ³³ /CA ³⁴ | ↓ | | ↓ ↓ | |
| Mobilisation of funds | | | | |
| Project preparation | | | | |
| Loan signature | | | ↓ | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Mobilisation of funds | Beneficiary not immediately ready. Implementation agreement now in process of finalisation. Delayed due to issue over changed EC regulations. Funds will be transferred to UNHCR who will be responsible for implementation. |
| Project preparation | |
| Financing | Loan approved by CEB Board in Jan 2013. Signature expected in 2Q 2014 and ratification in second half of 2014. Confirmed by Ministry of Finance. |
| Construction | Expected to start in 2015 |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Length of time to mobilisation | This is a complex project which has been experiencing now common delays due to internal structural problems especially in the Federation entity | |

³³ IA = Implementation Agreement which is signed with EC to transfer EWBJF funds (expected in 03/2014)

³⁴ CA= Contribution Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (expected by 06/2014)

| WB7-BiH-SOC-05 | | Support for construction of Integra sport and cultural facility | | | | |
|------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP; IRS; O; PIU | CEB | €2,550,000 €550,000 for TA + €2,000,000 CEB | €12,000,000 | €24,000,000 | Not signed | Under Execution |

This project relates to the construction of a cultural and sports facility in the City of Mostar with the aim of integration among the three ethnic communities following the armed conflict in the city in early 1990's, as well as filling the gap in availability of sports and cultural assembly/exhibition facilities in this City. The TA comprised three main Components:

1. Functional revision of existing Main Design with new Operational and Sustainability plans
2. Amendments to the Main Design and completion of the tender Design Documentation
3. Cost Reduction Study

| Project programme | 2012 | 2013 | 2014 |
|---------------------|------|------|------|
| Grant award | ↓ | | |
| ToR/TA mobilisation | | | |
| TA service | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToRs were initiated on 15/10/12, approved on 25/01/13, mobilisation started on 12/03/13 |
| TA service | The first component was completed in September 2013, while the completion of the second component is expected in April 2014. The third component is Cost Reduction Study |
| Post WBIF TA services | N/A |
| Financing | CEB is strongly supporting the Project. However current political situation in BiH may adversely influence financing. |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| Political context in BiH, particularly in Mostar | Local stakeholders should sustainably support the project | N/A |

BiH - Transport

| TA-BIH-06 | | Construction of Main Road Foca (Brod na Drini)-Hum | | | | |
|-------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EBRD;EIB | €700,000 | € | €62,250,000 | Not signed | Completed |

The grant, followed by a subsequent grant for the road section on the MNE side, was approved for the preparation of Feasibility Study for the main road link between BiH and MNE that makes SEETO route R2b the shortest connection between Sarajevo and Podgorica. Phase 1 of the Study included conceptual design options, which were evaluated with multi-criteria analysis. In Phase 2, technical surveys were conducted, as well as preliminary design solution for the adopted road alignment and Feasibility Report, which provided results for further project preparation and implementation. Completion of technical documentation has been approved under national IPA, which is now under tender phase.

| Project programme | 2008 | 2009 | 2010 | 2011 | | 2014 | 2015 | 2016 |
|--------------------------------------|------|------|------|------|--|------|------|------|
| Grant award | ↓ | | | | | | | |
| ToR/TA mobilisation | | | | | | | | |
| Draft Final Report for Phase 1 (PFS) | | | | | | | | |
| ToR/TA mobilisation | | | | | | | | |
| Final Report for Phase 2 (FS) | | | | | | | | |
| Post WBIF TA project prep. | | | | | | | | |
| Loan signature | | | | | | | | |
| Construction | | | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | No problems to be reported. |
| Draft Final Report for Phase 1 (PFS) | The budget for Phase 1 was not sufficient for traffic surveys so only preliminary assessments made in the PFS. |
| ToR/TA mobilisation | The budget for Phase 2 was not sufficient for comprehensive geotechnical surveys as per respective national legislations. |
| Final Report for Phase 2 (FS) | As grant application did not foresee the national requirements, the Preliminary Design as per national legislation could not be completed for the new road alignment. Although relevant transport national counterpart Ministries accepted the Report and the technical design option for the new interstate bridge, a bi-lateral agreement is needed to confirm the Preliminary Design solution. |
| Post WBIF TA services | Completion of Preliminary Design, update of the FS and preparation of Main Design for the E-route section in BiH, including the interstate bridge, to be procured in 2014 under national IPA financing. |
| Financing | EBRD is interested to potentially finance construction. Ministry of Finance confirmed that they have had communication from RS entity and that they would start procedure when request was received. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|--------------|
| Problem | Recommendation | Cost |
| National legislation | To include in applications budget breakdown costs for production of Feasibility Study as per respective national legislations where FS is part of PD, which requires lot for comprehensive technical surveys and is linked to spatial documentation preparation | Add €150,000 |
| Financing | Financing agreements or MoUs in place prior to grant approval would better facilitate bi-lateral coordination and formal follow up (by Inter-State Commission) | N/A |

| TA-BIH-08 | | Corridor Vc – second phase | | | | |
|-------------|----------|----------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;TMA | EBRD;EIB | €500,000 | €421,000,000 | €497,000,000 | Signed | Completed |

Corridor Vc is a major corridor which will link the Adriatic to Corridor 10 with over 350 km of road in Bosnia and Herzegovina. The objectives of the assignment were to support the Public Company 'Autoceste FBiH' in all aspects of their work related to the physical implementation of the EBRD and EIB loan and to assure carrying the tendering procedures in full compliance with the Banks Procurement Policies and Rules and thereafter to assist with contract implementation, administration and supervision. The TA was in two components with a Feasibility study of two segments of Corridor Vc for EIB (completed April 2010) and the provision of Technical and Management Assistance for contracts financed by EBRD which continued until Jan 2014.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------------|------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | | |
| ToR/TA mobilisation | | | | | | | |
| Feasibility Study | | | | | | | |
| Technical and Management Assistance | | | | | | | |
| Post WBIF TA project prep. | | | | | | | |
| Loan signature | ↓ | | | | | | |
| Construction | | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | No problems to be reported |
| TA implementation | The two components had very different profiles. The Feasibility Study was undertaken in nine months by a study team whilst the management support consisted of the provision of primarily one experienced expert for more than four years. |
| Post WBIF TA services | Construction is continuing and a second WBIF TA was awarded for Corridor Vc managed by EIB |
| Financing | EIB and EBRD has signed loans for 421 million and further 60 million loan planned. |
| Construction | Certain segments of the road are under construction |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None to be reported | N/A | N/A |

| TA2-BiH-TRA-02 | | Railway Sarajevo-Podlugovi | | | | |
|----------------|----------|----------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;DD;TD | EIB | €600,000 | N/A | €22,500,000 | Not signed | Completed |

The objective of the project is to overhaul a railway section (25 km single line) along Corridor Vc (in FBiH) in order to bring back the line into original design speeds (up to 100 kph). In addition, it is to introduce an electronic interlocking system and modern telecommunications.

The purpose of the TA is to prepare:

1. Feasibility Study (FS) including traffic projections, environmental elaboration and Cost Benefit Analysis
2. Detailed Design (DD) and Tender Documents (TD) for works.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA execution | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR were initiated in June 2009 and submitted by IPF1 in March 2010, but were objected during consultation. The ToR were redrafted by IPF2 and submitted in September 2010, but some stakeholders objected again to the scope of TA. A new ToR with new scope of TA was submitted and finally approved in April 2011. The accumulated delay in ToR overall approval reached almost 1.5 year. |
| TA execution | Execution started in May 2011. The FS was submitted in September 2011 and its final version was approved in December 2011. The DD started with delay due to bad weather conditions (not allowing field surveys to be performed) and the draft DD was submitted in November 2012. Major delays in review and comments from beneficiary resulted to late submission of final DD and TD (June 2013) that were eventually approved in August 2013. |
| Post WBIF TA services | None |
| Financing | Framework loan of €86 million in place. BiH authorities are in negotiation with EIB for a 3 rd tranche of loan (Railways III) to complete railway Corridor Vc. The construction of this section will be included in this loan tranche. Min of Finance reports that approval for this particular segment should be in place in April 2014. |

| Proposed solutions/lessons learnt | | |
|---|---|--|
| Problem | Recommendation | Cost |
| Little consent among stakeholders on scope of works and on TA services. | TA projects should not be initiated if major stakeholders do not agree on basic project facts. Involve all stakeholders in ToR preparation. Directly involve the IFI, NIPAC and competent Ministry at highest level to resolve similar issues | None |
| Major delays in commenting on submitted reports by the beneficiary. | Capacity building or existing staff or additional staffing, or even better, introduce external design review. | 10% of the actual design cost or around 20,000 EUR |

| WB1-BiH-TRA-01 | | Corridor Vc motorway | | | | |
|----------------|-------------|------------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SoW; TMA | EIB EBRD | EWBJF €1,000,000 EIB €1,000,000 | €421,000,000 | €497,000,000 | Signed | Under execution |

The Corridor VC motorway is a major north-south transit road which starts in Budapest and runs through northern Croatia and down through Bosnia and Herzegovina to the Adriatic coast. The 340 km in Bosnia and Herzegovina will cost over €3 billion and EIB and EBRD have provided loans for construction of several sections. The TA was designed to run in parallel to the construction and to provide assistance with project preparation (including design review, tender documents, tendering, works supervision, reporting and liaison with Banks), part of the detailed design (Pocitelj-Ziroci section) and the development of the ToR and detailed design for the motorway management system.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|
| Grant/IA ³⁵ /FA ³⁶ | ↓ | | | ↓ | ↓ | |
| ToR/TA mobilisation | █ | █ | █ | █ | | |
| TA implementation | | | | | █ | █ |
| Loan signature | | | ↓ | | | |
| Construction | | | | █ | █ | █ |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Took three years to get funding agreement signed and ratified. Reason for delay was complications in BiH due to need to sign at federal level with agreement of both entities. |
| TA implementation | Design TA contract signed Oct 2013 |
| Post WBIF TA services | N/A |
| Financing | Loan signed |
| Construction | Under construction with over 50% of phase 2 loan now disbursed. |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Length of time to sign funding agreement in BiH | Problem derives from institutional complexity of BiH. No easy solution. | |

³⁵ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds ↓ (25/2/2013)

³⁶ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards ↓ (/10/2012, ratified /03/2013)

| WB1-BiH-TRA-03 | | Mahovljani Interchange: Assistance with Institutional Strengthening of RS Motorways | | | | |
|----------------|----------|---|---------------|-----------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| TMA | EBRD | €300,000 EWBJF €150,000 EBRD 150,000 | €21,000,000 | €34,000,000 | Signed | Completed |

The EBRD loan was anticipated for the construction of the Mahovljani Interchange ('MI'), which is located on the Banja Luka to Gradiska motorway. This motorway is already constructed and in use. A huge part of the construction cost of the motorway was financed by EBRD and the European Investment Bank ('EIB') under the Regional Roads Project (DTM: 31788). This motorway provides a high standard link for the north-west region of the Republika Srpska ('RS') and its capital Banja Luka, to the international motorway Corridor X (Zagreb – Belgrade) in Croatia. Grant co-financing of EUR 5 million for this project was secured from the European Commission ('EC') under their Crises Response Package.

The main objectives of this TA assignment were: (i) to assist with institutional strengthening programme (including tolling strategy); (ii) to provide advice tailored to the needs of an autonomous government owned company; and (ii) to assist the company which was only established in late 2009 with business planning and the introduction of the management systems.

| Project programme | 2009 | 2010 | 2011 | 2012 |
|--------------------|------|------|------|------|
| Grant | ↓ | | | |
| ToR + Procurement | | | | |
| TC implementation | | | | |
| Loan signature | ↓ | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/Procurement | No issue with the ToR preparation and procurement of consultant. |
| TA implementation | Implementation started in Q4 2010 and was successfully completed in Q4 2011. |
| Other/Subsequent TA assistance non WBIF financed (if any) | No other TA's are associated with this Project. |
| Financing | Loan Agreement was signed in December 2009 between EBRD and BiH. Project Support Agreement was signed between EBRD on one side and Republika Srpska on the other side in December 2009. Project Agreement between EBRD and the RS Motorways was also signed in December 2009. The Contribution Agreement between the EC and the EBRD was signed in November 2010. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|-------------------|
| Problem | Recommendation | Cost |
| Problem 1 | n/a | Quantify solution |
| Problem 2 | n/a | n/a |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| WB5-BiH-TRA-14 | | Corridor Vc Railways, Track overhaul Bos. Šamac/Šamac – Sarajevo, Sections: Dobož – Maglaj, Jelina-Zenica | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;DD;TD | EIB | €1,000,000 | N/A | €72,800,000 | Not signed | Under Execution |

The objective of the project is to overhaul 2 railway sections (25 km double line, 10 km single line) along Corridor Vc (in both BiH entities) in order to bring back the sections into the original design speeds (up to 100 kph). In addition, it is to introduce an electronic interlocking system and modern telecommunications along the two sections.

The TA has two Components:

1. Preparation of a Feasibility Study (FS) including traffic projections, environmental elaboration and Cost Benefit Analysis
2. Detailed Design (DD) and Tender Documents (TD) for works.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR were initiated in September 2011 and were approved in June 2012. The objection of one of the beneficiaries on the scope of works resulted to a 4 months delay in ToR approval. |
| TA execution | Execution started in late August 2012. The FS was submitted in December 2012 and its final version was approved in March 2013. The draft DD was submitted in December 2013. Finalization of DD on the basis of beneficiaries' comments and TD are pending. No problems during execution. Only delays in receiving comments to deliverables, especially in by the Federal BiH Railways. |
| Post WBIF TA services | None |
| Financing | BiH authorities are in negotiation with EIB for a 3 rd trench of loan (Railways III) to complete railway Corridor Vc. The Ministry of Finance reports that approval for this particular segment is expected in April 2014. |

| Proposed solutions/lessons learnt | | |
|--|--|--|
| Problem | Recommendation | Cost |
| Little consent among stakeholders on scope of works. | Directly involve the IFI and competent Ministry at highest level to resolve similar problems | None |
| Delays in commenting on submitted reports by one of the beneficiaries. | Introduce external design review. | 10% of the actual design cost or around 20,000 EUR |

| WB6-BiH-TRA-18 | | Study on Toll Collection Possibilities and System Design for Republic of Srpska Motorways | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA, FS | EBRD | € 300,000 | € 10,000,000 | € 10,300,000 | N/A | Completed |

Republika Srpska (RS), Bosnia and Herzegovina, has a motorway network at various stages of development. The construction of sections of the motorway network is planned to be financed from different sources, including usage-based tolls. As a condition of its loan for a portion of the motorway system, EBRD required that the Motorway Company analyse the best options for implementation of a tolling system, including the potential for private sector involvement. Consequently, a feasibility study was undertaken in 2012-2013 to examine options and propose the most appropriate tolling system for the motorways, taking account of the long-term motorway development programme. The study was a step towards implementing a road charging system for the use of motorways; it presented the proposed strategy and action plan for the implementation of tolling on the three most developed motorway corridors in the Republic of Srpska totalling approximately 150 km. The study included preparation of a traffic forecast model; a review of tolling system options; an analysis on a multi-criteria basis; and a cost-benefit analysis of the selected recommendation.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|--------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | IPF 1 Consultant drafted the Terms of Reference following the project approval for financing in WBIF Round 6. The ToR were approved in July 2012 and the IPF 3 Consultant fully mobilised in September 2012. |
| TA implementation | The IPF 3 team provided all deliverables, including an additional Interim Report which included information that may be used by the Beneficiary in implementing an interim tolling solution for the Gradiska – Banja Luka section of the motorway, and had been provided by July 2013 when the beneficiary and lead IFI issued formal approvals. This TA is now complete. |
| Post WBIF TA services | None envisaged at this stage. |
| Financing | The beneficiary may be funding an interim tolling program from its own funds. Implementation of other sections may be included in financing for construction of the motorway sections. |

| Proposed solutions/lessons learnt | | |
|--|--|----------------|
| Problem | Recommendation | Cost |
| Reporting | Beneficiary is requested to comment on the draft ToRs including on the deliverables, with specific references to tasks/outputs that will be required. | Nil |
| Sourcing of specific services (e.g. traffic surveys) | Costs associated with all surveys should be reasonably priced into the ToRs for all WBIF projects, based on actual quotations from relevant local/international companies. | As appropriate |

III. Croatia (CRO)

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CRO - Energy

| WB5-HR-ENE-01 | | LNG Regasification Vessel | | | | |
|----------------------|----------|---------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| CS; FS; EIA; SIA; CD | EBRD | €1,000,000 | N/A | €600,000,000 | Not signed | Under Execution |

The project concerns construction of an LNG terminal on Krk island, Croatia, with a capacity of up to 6 bcm/year. The overall objectives of the project are to provide Croatia with safety supply in crisis periods, security of gas and required conditions in the gas system at peak consumption periods, facilitate wider options for additional transit of natural gas through Croatia with the development and use of gas storage facilities and to provide to Croatia access possibility to the LNG spot market.

The purpose of the TA is to prepare a Conceptual Solution (CS), a Feasibility Study (FS), an Environmental and Social Impact Assessment according to Croatian and EBRD requirements and to develop the Conceptual Design (CD) for use in the procedure for preparing the Location Permit application.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR was initiated in September 2011 and was approved in March 2012. |
| TA execution | Execution started in May 2012 but was interrupted for a month due to conflicting positions of involved Ministries. The CS together with the Market Survey were submitted in December 2012. The FS was submitted in November 2013 and the EIA approval procedure started in September 2013. The project is ongoing. The SIA is planned for submission in January 2014 as well as the CD. Planned completion in April 2014. Several intermediate delays occurred. |
| Post WBIF TA services | NA |
| Financing | As a very commercial project it remains still to be clarified if the project will need EU financing or will be financed by companies with specific interest in the gas/LNG business |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| Delay during the execution due to conflicting positions of involved Ministries | Positions between different stakeholders should be better coordinated before project initiation | |
| Delay in execution due to unclear project owner | The project owner should not change in the course of executing a study. Reduced interest for implementation results | |
| Delay in execution due to involvement of JASPERS | All project stakeholders should be known before initiation or in early stages of the execution | |

| WB5-HR-ENE-02 | | LNG Evacuation Gas Pipelines Omišalj-Zlobin-Rupa(Slovenia) | | | | |
|---------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| CBA | EBRD | €180,000 | N/A | €107,000,000 | Not signed | Completed |

The project concerns construction of an LNG evacuation gas pipeline from the LNG terminal on Krk, Croatia to Rupa in Slovenia. The pipeline consist of two sections, the main gas pipeline Omišalj (LNG terminal) - Zlobin and the international pipeline Zlobin – Rupa (Slovenia).

The purpose of the TA is to prepare Cost-Benefit Analysis (CBA) for the evacuation pipeline.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|---------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | ■ ■ | ■ ■ | |
| TA execution | | | ■ ■ ■ ■ | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR were initiated in February 2012 and were approved in October 2012. Delays due to interrelationship with subproject WB5-HR-ENE-01 |
| TA execution | Execution started in January 2013. The project is linked to deliverables in project WB5-HR-ENE-01 and could not start before completion of the Market Study undertaken in WB5-HR-ENE-01. In addition the new tariff policy was received from beneficiary only in September 2013. The CBA was submitted in December 2013 and subsequently approved by the beneficiaries in January 2014. An Annex to the Financial Analysis concerning 2 additional scenarios (2 additional evacuation pipelines) was submitted in December 2013. |
| Post WBIF TA services | N/A |
| Financing | Since the beneficiary has changed his overall gas transmission network strategy and now prefers another evacuation pipeline than the one included in the CBA, the project will probably not move forward for implementation. |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| Delays due to new tariff policy from the beneficiary | All inputs for a project should be available before initiation or in early stages of the execution | |
| Delays due to dependencies on another subproject (WB5-HR-ENE-01) | Projects with interdependencies should be planned accordingly when proposed for approval to WBIF SC | |

| WB5-HR-ENE-03 | | Wind and solar projects in Splitsko-dalmatinska County | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EFA; EIA; FAA; FS; PD | KfW | €500,000 | €124,000,000 | €124,500,000 | Nil | Cancelled |

Feasibility studies with approved financing through this grant were to be used to help HEP OIE, and also the Project Company to obtain a loan for the realization of the project(s). These would include: preparation of bankable location study including wind study and solar potential evaluation, Conceptual Design of the power plant, preliminary grid connection study, Environmental Impact Assessment, Strategic Environmental Assessment and financial model that would include calculation of profitability, cost benefit, risks, sensitivities.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|
| Grant/IA ³⁷ | ↓ | | | | |
| ToR/TA mobilisation | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Project not included in County plans and HEP did not follow up ToR preparation. The grant was cancelled in June 2013. The tender documents for the consultancy had been prepared and commented on by KfW. The key issues with this project have been: <ul style="list-style-type: none"> • Project not included in county plans (still the situation in Feb 2014) • Feed in tariff reduced by 30% to 40% which would bring the economic viability of the project into question |
| Financing | A loan of €50 million was agreed by KfW with HEP in 2008. The plan was to finance this renewable energy project from this loan. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|--------------------------|
| Problem | Recommendation | Cost |
| County plans | Defer grants until high level permits such as county planning approval has been obtained | <i>Quantify solution</i> |
| Political | The reduction in feed in tariffs is a political issue which cannot be planned for. | |

³⁷ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (DATE)

| WB5-HR-ENE-04 | | Small hydro-electric power plant Ozalj | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EFA; EIA; FAA; FS; PD | KfW | €500,000 | €7,200,000 | €7,700,000 | Nil | Cancelled |

The grant would cover feasibility study and preparatory documents for obtaining location permit, which is necessary for further development of project. It would include preparation of bankable feasibility study, Conceptual Design, preliminary grid connection study, Environmental Impact Assessment, if needed, and financial model that would include calculation of profitability, cost benefit, risks, sensitivities.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|
| Grant/IA ³⁸ | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | HEP announced at a meeting in April 2013 that they had started work on the hydro project themselves directly and requested to use the grant for another site. This change in scope is not allowed under WBIF procedures and the grant was cancelled in June 2013 |
| Financing | A loan of €50 million was agreed by KfW with HEP in 2008 and it was planned to finance this project from this loan. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|--------------------------|
| Problem | Recommendation | Cost |
| Change in strategy | HEP developed an alternative plan for implementing the project | <i>Quantify solution</i> |

³⁸ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (DATE)

| | | | | | | |
|----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| WB8-HR-ENE-11 | | Regulation and Development of Sava River in Zagreb - Feasibility Study, SEA and CBA | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, SEIA, CBA | EBRD | € 1,500,000 | € 500,000,000 | €1,200,000,000 | Not signed | Under execution |

Overflows on River Sava, such as those registered in 2010 which significantly affected Zagreb alongside neighbouring settlements, drew the Croatian Government's attention to the need for improved flood protection schemes. In order to continue the 1970s river regulation plans for the Sava, the Croatian Government through the state-owned enterprise HEP RVNP d.o.o. has initiated, with WBIF funding, a new study on the feasibility of enhancing the existing works and arrangements from the Slovenian border to the City of Sisak. The study will consider additional river embankment and regulation works, including the use of the flood relief channel Sava-Odra, as well as the possibility of developing hydropower plants which would ensure, as a minimum, more than 25% of Zagreb's current electricity demand. It is also proposed that the new river schemes would ensure constant water supply to the City and would stabilise Sava's riverbed which is now severely affected by structural changes in catchment area upstream.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|-------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | IPF 1 Consultant drafted the Terms of Reference following the project approval for financing in WBIF Round 8. The ToRs were approved in July 2013 and the development of the FS was entrusted to the IPF 3 Consultant, who fully mobilised in September 2013. |
| TA implementation | The IPF 3 Consultant mobilised in September 2013 and focused most of the activities so far on data collection for the legal, technical and financial assessments which will inform the more developed FS, CBA and ESIA. The mobilisation and assessment stage took longer than estimated in the ToR as activities needed to be further detailed so as to have an adequate definition of the beneficiary's expectations within the TA budget constraints. Project Mobilisation Report was issued in January 2014. |
| Post WBIF TA services | None envisaged at this stage. |
| Financing | It has been agreed in principle that financing would come as both grant and loan depending on the nature of the development. |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Grant award and Beneficiary contribution | The scope of TA services as submitted in the PGAF required a budget of €2m. The grant award was €1.5m, with the expectation of the beneficiary providing €0.5m. The nature of the services does not lend itself easily to subdivision of responsibilities, and there is no mechanism for beneficiary contributions to WBIF for implementation under the same IPF contract. Where grant awards are not for the full amount of the requested services, a mechanism must be available for specific items/activities to be identified for the beneficiary contribution. The ToR as issued to IPF3 compounded the | Nil |

| | | |
|--|--|--|
| | <p>matter by not clearly indicating what was expected of IPF3 consultant to a value of €1.5m, but presented the full scope with a budget of €2m.</p> | |
|--|--|--|

| | | | | | | |
|----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB9-HR-ENE-01 | | Inspection, Evaluation, Rehabilitation, Upgrading and Reconstruction of JANAF Oil Pipeline | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TD, PD, EFA & ESIA | EBRD | € 1,600,000 | € 10,000,000 | €12,500,000 | Not yet signed | ToR preparation |

The JANAF oil pipeline system was built during the period between 1974 and 1979 as an international crude oil transportation system. The system runs from the port of Omisalj on the island of Krk in the northern Croatian Adriatic and reaches the Sisak Terminal, from where it continues towards Croatian-Hungarian border, with a north branch for Slovenia as one section and from Sisak Terminal to Slavonski Brod Terminal towards the Sotin on Croatian-Serbian border, as the other. The system now comprises 759 km of pipeline, of which 622 km is in Croatia. The system was built to serve the refineries in Croatia, Serbia, Bosnia and Herzegovina (as present beneficiaries) and Hungary, Slovakia and Czech Republic, as EU member states and future potential beneficiaries.

The main objective of this project is to prepare a tender dossier to replace a section of the oil transportation network between Omisalj to Sisak with an underground/undersea pipeline, and to conduct a review of the entire Croatian oil network, with a view to identifying potential future investment requirements to rehabilitate and reconstruct the network in Croatia.

The designing and construction of the JANAF Oil Pipeline, one of major projects in former Yugoslavia, had been financed mostly by international banks (Kuwait Foreign Contracting and Investment Co, Libyan Arab Foreign Bank, EBRD and so on). After 33 years of use the pipeline has been confirmed strategic importance in sector of energy and oil transportation on the regional and European level, but it is also ready for the further significant pipeline rehabilitation and upgrading.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|-------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR+Procurement | | TOR | | |
| TA implementation | | ■ | ■ | |
| Loan signature | | | ↓ | |
| Construction | | | ■ | ■ |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | Grant was approved in June 2013. On-going |
| TA implementation | |
| Post WBIF TA services | No |
| Financing | Negotiations on-going with the client to sign the loan. Letter confirming client commitment received in February 2014. Signing expected in Q4 2014 |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Commitment letter from the client is pre-requisite for the financing plan to go ahead as a whole (including TA). | Beneficiaries to work upstream with IFIs prior to submission of PGAFs so as to minimise implementation delays. | |

CRO - Social

| TA3-HR-SOC-01 | | Construction of a penitentiary/prison complex in Sibenik | | | | |
|---------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FR, OP, EMF, TD, DR | CEB | €800,000 | €50,000,000 | €100,000,000 | Approved by CEB Board | Cancelled |

The objective of the TA grant was to assist the Ministry of Justice of Croatia in the preparation of a prison/penitentiary facility that would accommodate 1270 inmates in Sibenik- western Croatia. The TA assignment consisted in two phases. The following documents were produced under the first phase: (i) Feasibility Report (FR), (ii) Operational Plan (OP), and (iii) Environmental Management Framework (EMF). The second phase of the assignment, which started immediately after project approval by CEB's AC, included (i) assistance to the PIU for the preparation of the Tender and Contract dossier for the D&B Contract (TD), and (ii) design review (DR). Although the TORs for the second phase of the assignment were elaborated, the second phase was never implemented as the Croatian Authorities informed CEB and the Consultant of their decision to put the Project on hold due to budgetary reasons and to cancel the outstanding TA grant.

| Project programme | 2009 | 2010 | 2011 | 2012 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | ToRs for the 1 st phase initiated in April 2009 and finalised in September 2009. ToRs for the 2 nd phase initiated end-December 2011 and finalised end-October 2012. Three drafts provided and several modifications/clarifications requested by CEB. |
| TA implementation | Further to concerns expressed by CEB with respect to delays, the quality of the work and the way in which the TA implementation was organised, a meeting was held in Paris in June 2011 with all stakeholders. It was decided that the Consultant would immediately review the situation with respect to the delivery of the 1 st phase of the assignment, provide reinforcements where needed and verify the quality of deliverables. In December 2011 the KE appointed for the 1 st phase was removed and a new Project Manager was mobilised to prepare the ToRs for the 2 nd phase. These were approved by CEB but Government never mobilised PIU and then announced changed government priorities. Grant was cancelled in June 2013. |
| Financing | 1 st phase resulted in CEB Board approving €50 million loan. HR authorities are no longer considering EU Structural Funds as an alternative source of funding for the project Taking into account the limited availability of budgetary funds, another option would be to downsize the project and increase CEB's share in the project's cost. This would involve additional TA to review the project scope and costing, as well as a new AC approval. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|----------------------|
| Problem | Recommendation | Cost |
| Staffing | Finding the appropriate Project Manager is crucial to successful implementation. | N/A |
| Progressing next stage | Possible project restructuring due to the lack of available budgetary resources. | Additional TA needed |

| WB6-HR-SOC-03 | | New Campus and the University of Zadar Learning Resource Centre | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP; EIA; FAA; FS; PD | EIB | € 800,000 | € 20,000,000 | € 90,500,000 | Not signed | Under execution |

WBIF granted funding to assist the University of Zadar in the establishment of a new University Campus by rehabilitating a part of the existing obsolete buildings and building a new University Learning Resource Centre, on a 166,893 m² site, approximately 1 kilometer north of the main University premises and administration building. This is the first phase of the development plans undertaken by the University of Zadar. The scope of services to be covered by the WBIF grant includes development of a Feasibility Study, CBA and Environmental Screening (for all 3 phases of the whole project), develop a preliminary design for ULRC and reconstruction of obsolete buildings, and assistance for preparation of tendering documentation for the main design and works for the ULRC construction.

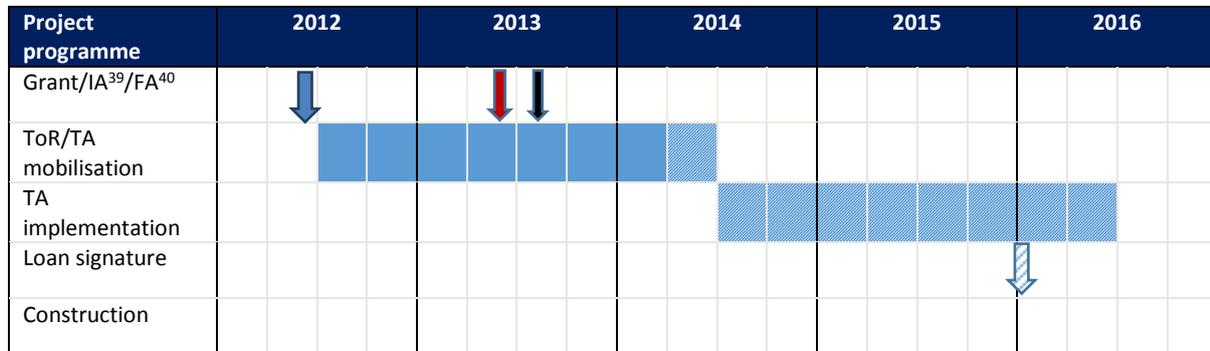
| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR | | (1) | | (2) |
| TA stage 1 implementation | | | | |
| TA stage 2 implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The grant was approved in Round 6 application in December 2011. The IPF 2 Consultant drafted the ToR, which were issued to the IPF3 Consultant in early August 2012. The IPF 3 Consultant fully mobilised in September 2012. These ToRs only partly covered the scope of works approved in the PGAF and it allowed only for a part of the grant (€ 500,000). During the execution of the first ToRs, the IPF 3 Consultant has been tasked with the preparation of the ToRs for the remaining grant allocation under this project as well as with the preparation of the ToRs for additional grant allocated in Round 9 (WB9-HR-SOC-02). |
| TA implementation | The IPF 3 team mobilised as planned and all deliverables associated with the IPF 1 stage 1 ToR are now complete for around € 400,000. As the scope of work included in the PGAF was not covered in full by the first ToR, DG Enlargement has accepted that the IPF3 Consultant prepares the ToR for the second stage as well as the ToRs for additional grant allocated in Round 9 (WB9-HR-SOC-02) to this project. ToR preparation work for the stage 2 activities is now ongoing. |
| Post WBIF TA services | None envisaged at this stage. |
| Financing | To be further defined once the TA is complete. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| ToRs | Phasing of grant awards would give better clarity of purpose of the requested TA and ensure that subsequent grant awards match project delivery. The second grant award would be redundant if the FS stage resulted in a non-viable project. | Nil |

| WB7-HR-SOC-04 | | Student Accommodation Infrastructure at universities of Rijeka and Osijek | | | | |
|---------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EFA; FS | EIB | EWBJF €2,800,000 | €17,000,000 | €70,930,000 | Not signed | Under execution |

Provision of student accommodation is a critical problem in Croatian higher education and the objective of the project is to improve the capacities at the Universities of Rijeka and Osijek by adding 3000 new beds at Rijeka and 750 at Osijek. The WBIF grant will provide a feasibility study and cost benefit analysis of the project, undertake the design and produce the tender documents.



| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Implementation and funding agreements are signed. PIU has been created and tender for TA is in process of being launched. |
| TA implementation | Proceeding according to plan. Due to complete end 2015 |
| Post WBIF TA services | N/A |
| Financing | Depends on outcome of the Feasibility Study. Will probably be financed in conjunction with structural funds. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None | | |

³⁹ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (28/05/2013)

⁴⁰ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (/07/2013)

| WB9-HR-SOC-01 | | Health - Hospital rehabilitation programme | | | | |
|--------------------------------------|----------|--|---------------|---------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | loan estimate | Estimated investment cost | Loan signature status | TA status |
| Preparation of project documentation | CEB | €1,500,000 | €29,000,000 | €60,000,000 | Not signed | ToR preparation |

The grant will be applied to the preparation of complete project documentation needed for renovating, extending, modernizing and equipping four hospital facilities, namely: (i) technical evaluation(s) of existing documentation (Technical Feasibility Studies), (ii) preparation of Environmental and Social Impact Assessments (ESIA), (iii) preparation of Preliminary, main and/or detailed designs, technical specifications, Bill(s) of Quantities, cost estimates as required, and (iv) preparation of the Tender and Contract dossier for works.

The proposed Grant is expected to leverage additional funding from EU Structural Funds, within the measures of social infrastructure development defined as one of the priorities within the ongoing programming process.

| Project programme | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | ToR preparation subject to the signature of the Implementation Agreement between CEB and EBRD. Draft IA pending since grant approval in June due to on-going discussions between EIB and EBRD, co-managers of the EWBJF, regarding controls & evaluations and reporting. |
| TA implementation | N/A |
| Post WBIF TA project preparation | N/A |
| Financing | Discussions regarding possible CEB loan to finance infrastructure components will be initiated upon finalisation of Technical Feasibility Studies and ESIA. |

| Proposed solutions/lessons learnt | | |
|--|----------------|------|
| Problem | Recommendation | Cost |
| Lengthy procedures related to the drafting of IA | | N/A |

| WB9-HR-SOC-02 | | New Campus and the University of Zadar Learning Resource Centre | | | | |
|---------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP, TMA | EIB | € 1,200,000 | € 15,000,000 | € 90,000,000 | Not signed | ToR preparation |

WBIF has granted funding for to assist the University of Zadar in the establishment of a new University Campus by rehabilitating a part of the existing obsolete buildings and by building a new University Learning Resource Centre, on a 166,893 m² site, approximately 1 kilometer north of the main University premises and administration building. This is the second grant allocated to the development plans undertaken by the University of Zadar. The scope of services to be covered by the WBIF grant includes tender dossier preparation.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | The grant award for the further development of the Zadar project was approved in December 2012. ToR preparation has been allocated to IPF3 because of its current involvement in the first grant award (WB6-HR-SOC-03). This work will not commence until the second stage of the first grant award has been advanced. |
| TA implementation | Not yet commenced as ToRs for this project require prior development and implementation of the TA grant allocated in the previous phase (Round 6). |
| Post WBIF TA services | None envisaged at this stage. |
| Financing | To be further defined once the TA is complete. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Grant allocation | Phasing of grants should take account of progress on prior stages. In the case of Zadar, the grant application and award was premature, but likely driven by the EU accession date in July 2013 after which Croatian beneficiaries would become ineligible for further grants except for projects where Croatia's participation is in regional projects. | Nil |

IV. Kosovo* (KOS)

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KOS – Energy

| MW-KOS-ENE-KfW-02 | | Improvement of District Heating in Pristina | | | | |
|-------------------|----------|---|-----------------------|-------------------------|-----------------------|------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| FAA, TMA | KfW | MW €14,000,000 | €5,000,000 | €28,700,000 | Signed | Disbursing |

The EU and KfW are supporting the Ministry of Mining and Energy and the District Heating Company, Termokos, in their efforts to rehabilitate the District Heating (DH) System. The project comprises the rehabilitation and expansion of the Pristina district heating system and the construction of Cogeneration Heating Plant (CHP) project which uses the by-product heat from Kosovo B coal fired power station.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|
| Grant/IA ⁴¹ /FA ⁴² | ↓ | | ↓ | | | |
| WBIF TA | | | | | | |
| Implementation | | | | | | |
| Loan signature | | | ↓ | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Mobilisation of funds | The signature of the contribution agreement was a lengthy process but was undertaken in parallel to the loan preparation. |
| WBIF TA | The feasibility study for the co-generation element was undertaken through a WBIF TA. |
| Implementation TA | An implementation consultant has assisted from March 2012 and will finish in last quarter of 2014 |
| Construction | Construction began in mid 2013 and will finish end 2014. The cost of the co-generation equipment has proved more expensive than estimated and additional funds are being sought. |
| Disbursement | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|--------------------------|
| Problem | Recommendation | Cost |
| Financing gap | The cost of the co-generation equipment has increased and €7 million is required. Possible that the German Government may be able to provide this. | <i>Quantify solution</i> |

⁴¹ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds (20/03/2012)

⁴² FA= Funding Agreement which is signed with Beneficiary to transfer EWBIF funds onwards (DATE)

| TA3-KOS-ENE-03 | | Improvement of District Heating, Phase 2 - CHP | | | | |
|--------------------------------|----------|---|---|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS + Legal/Regulatory Measures | KfW | €375,000 (initially in the PDF indicated as €300,000) | €5,000,000 (additional funds provided by: ECLO (€13.8M), German Gov. (€6M) and Pristina Mun. (€2M)) | €27,000,000 | Signed | Completed |

EU is supporting the Ministry of Mining and Energy and the District Heating Company, Termokos in its efforts to rehabilitate the District Heating (DH) System. This Cogeneration Heating Plant (CHP) project aims to deliver fuel efficient heat in an integrated way through a fuel efficient energy technology that, unlike conventional forms of separate electricity and heat production, uses the by-product heat from Kosovo B that is normally wasted by being rejected to the environment.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | |
| ToR/TA (IPF1) mobilisation | | | | | | |
| TA execution | | | | | | |
| Loan signature | | | | ↓ | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | (IPF 1) |
| TA execution | Execution started in May 2010, The FS and reports on Legal and Regulatory Measures submitted in April 2011. The FS was subsequently approved by the beneficiaries in May 2011. The Legal and Regulatory Measures component was subsequently approved by the beneficiaries in May 2011 and by the IFI in Dec 2012 after additional work was carried out. |
| Post WBIF TA services | NA |
| Financing | Loan agreement with KfW (€6M) and Green for Growth Fund of EC (€13.8M) to Kosovo were signed on November 2011. The Municipality provided €2M and the German Government additional €6M. Implementation of Phase 1 started mid. 2013 |

| Proposed solutions/lessons learnt | | |
|---|------------------------------|---------|
| Problem | Recommendation | Cost |
| Unclear Legal and Institutional Framework required additional work. | A Legal Expert was provided. | €13,020 |

| WB4-KOS-ENE-05 | | Energy Efficiency Measures in Public Buildings | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | KfW | €600,000 | €7,000,000 | €7,000,000 | Not signed | Completed |

The objective of this FS was to review the institutional framework for energy efficiency in Kosovo from both the policy and financing / implementation perspectives, and to screen, select, audit and specify between 20 and 30 pilot Energy Efficiency projects in municipal public buildings in Kosovo, for subsequent implementation through a grant / KfW loan funding to the municipalities via intermediary commercial banks in Kosovo.

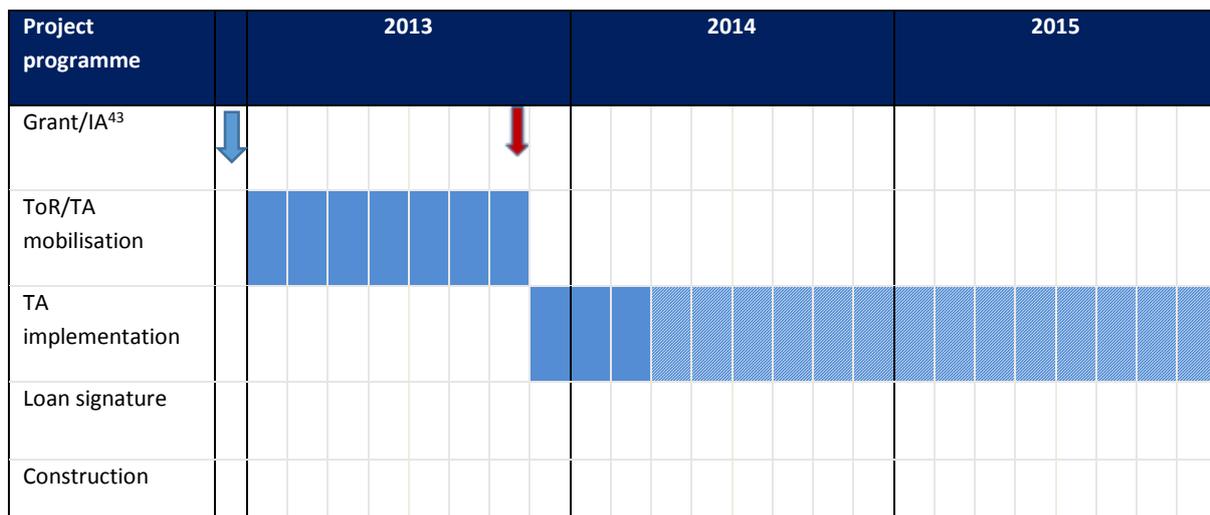
| Project programme | 2010 | 2011 | 2012 | 2013 |
|----------------------------|-----------|---------------------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | ■ ■ ■ ■ ■ | | | |
| Feasibility Study | | ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ | | |
| Post WBIF TA project prep. | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | The FS was satisfactorily completed, and led to a subsequent WBIF award for implementation. |
| ToR/TA mobilisation | The ToR approval and mobilisation process took longer than anticipated, due to the disparate nature of the beneficiaries (municipalities) and this delay caused one of the nominated experts to be unavailable. |
| TA service 1 | In execution, it became apparent that there was problem with municipalities taking a loan themselves, which was uncovered in the financial / legislative assessment. It was also identified that the national intermediary banks had high liquidity, and loans would be cheaper without a credit line to those banks. In addition, the certified energy auditors did not have access to their own test equipment, which was not identified during ToR preparation. |
| Post WBIF TA services | Preparation of the follow-on PGAF for implementation support, which was subsequently approved |
| Financing | KfW obtained financial support to allow a loan to be made to the MoF for EE measures. Ministry of Finance anticipate signature in June 2014 |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| High liquidity in national banks | Future FS for EE measures via credit lines to intermediary banks need to assess liquidity early in the FS | |
| Inability for municipalities to take loan directly | Significant grant assistance was required to make the financial aspects attractive to KfW and the municipalities. KfW was able in the end to supply sovereign guaranteed loan. | |

| WB7-KOS-ENE-08 | | Energy Efficiency measures in Central Public Buildings | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FAA; FS; TMA | WB | €700,000 | €25,000,000 | €26,150,000 | N/A | Under Execution |

The €700,000 grant is provided through WBIF to undertake energy audits in 200 central government buildings, resulting in the identification of energy efficiency investments in health, education, judicial and cultural buildings. These audits will assess the energy savings potential, investment requirements, and financial/economic viability. In addition, part of the grant will be used for update of the public building stock study (inventory) for the country and an analysis of the environmental impacts and recommended remedies from the building renovations. Actual investments will be made through a parallel World Bank investment loan (US\$32.5 million, of which US\$18 million is allocated for central government building renovation.) It is complementary to another project supported by WBIF, which focuses on EE measures in the public buildings which are managed by local authorities.



| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The TOR has been finalized and issued but the critical factor was the signature of the implementation agreement which transfers the funds. This happened in October 2013. |
| TA implementation | Contract was signed Dec-13. Inception mission was conducted Jan-14 and first batch of energy audit and environmental impact reports were submitted in early March. |
| Financing | Not applicable to sector development projects |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|-------------------|
| Problem | Recommendation | Cost |
| Problem 1 | | Quantify solution |
| Problem 2 | | |

⁴³ IA = Implementation Agreement which is signed with the IFI to transfer EWBIF funds ↓ (October 2013)

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB7-KOS-ENE-09 | | Implementation of Energy Efficiency Measures in Public Buildings in the Municipality Level | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| CF; PIU; TMA | KfW | €2,500,000 | €2,500,000 | €7,500,000 | Not signed | Under Execution |

In Kosovo, heating of public facilities comprises around 70% of the overall thermal energy consumption. Most public sector buildings have very poor construction standards, maintenance and thermal insulation. This project focussed on the improvement on the heating, lighting and thermal insulation in municipality public buildings. This grant for implementation support and technical assistance in design, construction and operation/measurement and verification phases of the project was blended with the other WBIF grant managed by WB. A first WBIF TA did the initial project preparation over the period April 2011 to Jan 2012.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁴⁴ | | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | KfW have been to visit all seven Municipalities signed up for the project during the WBIF TA. Three have not finally signed up as they are part of a parallel EU Delegation organised grant funded project. KfW will still proceed with the project having received confirmation of interest from four municipalities. IA will be sent to EBRD in February 2014. |
| TA implementation | The tender documents are ready for consultant tendering in summer 2014. |
| Financing | KfW have agreed to proceed with the loan offer (decision Dec 2013). Ministry of Finance forecast signature in June 2014. |
| Construction | Planned to start spring 2015 with two year programme |

| Proposed solutions/lessons learnt | | |
|--|--|--------------------------|
| Problem | Recommendation | Cost |
| Liaison EC Delegation grant funded project has cut across WBIF loan funded project | EC Delegation to manage the WBIF portfolio in each country | <i>Quantify solution</i> |

⁴⁴ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds (DATE)

| WB8-KOS-ENE-11 | | FS - Fuel switching & system expansion for district heating in Gjakova | | | | |
|-----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| IS; ToR phase 2 | KfW | €140,000 (out of the approved €300,000) | €4-8Million | €11,000,000 | Not signed | Completed |

The project aims to identify available fuel sources enabling the beneficiary to switch from expensive to cheaper fuel source, thus making the operation sustainable. Included is additionally a heat market analysis to prepare a reasonable basis for the optimal size of the plant size and configuration as well as rehabilitation and expansion of the district heating network.

The purpose of the TA is to prepare an Identification Study (IS), a Heat Market Assessment and establish a reasonable basis for the optimal plant size and configuration as well as rehabilitation and expansion of the district heating network. Included as well is the elaboration of a Terms of Reference (ToR) for the next phase (Phase 2), which will include a comprehensive Feasibility Study, ESIA and Institutional and Regulatory (tariffs).

| Project programme | 2012 | 2013 | 2014 | 2015 |
|------------------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA execution, phase 1 | | | | |
| TA execution, phase 2 (IPF3) | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated in January 2013 and were approved in June 2013 |
| TA execution, phase 1 | Execution started in July 2013. The IS was submitted in December 2013. A workshop took place on January 28, following which the final IR was submitted. The ToR for Phase 2 were submitted January 2013 and approved by all stakeholders. Currently uploaded to MIS for consultation process. |
| TA execution, phase 2 | The implementation of Phase 2 activities was assigned in the recent WBIF SC meeting in December 2013, to IPF3. |
| Post WBIF TA services | The PGAF submitted to WBIF Round 10 was approved. |
| Financing | KfW is interested in providing loan for the fuel substitution as well as for the District Heating rehabilitation, after the results of Phase 2 will become available. The investment and the potential loan amounts remain to be clarified in Phase 2. Ministry of Finance commented that loan would depend on outcome of the Feasibility study. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |
| | | |

KOS - Environment

| MW-KOS-ENV-KfW-01 | | Rehabilitation of Prishtina water supply and sewage network | | | | |
|-------------------|----------|---|-----------------------|-------------------------|-----------------------|------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | MW €11,000,000 | €6,000,000 | €17,072,500 | Signed | Disbursing |

The project concerns the development of a new water supply source for the city of Prishtina. The Municipal Window investment grant has been focussed on the rehabilitation of the water supply and sewerage system while the TA grant has determined the least cost option for developing additional water resources.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ⁴⁵ | ↓ | ↓ | | | | |
| TA Implementation | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | The ratification of the loan by the Government was a lengthy process |
| Project preparation | A WBIF TA undertook the feasibility study for providing the additional water resources, preparing the follow-up project "Construction of Water Treatment Plant for regional water company Prishtina" (also supported by EU grants) of the project under concern here. An implementation consultant was appointed after loan signature. Some delay was caused due to lengthy coordination regarding the tender documents for the work contracts. |
| Construction | The first contract was awarded in August 2013. The contracts are as follows: WC 1: Rehabilitation water treatment plant Badovc, installation of water supply system WC 2, Lot 1: Installation of water resource protection measures, replacement of distribution network Fushe Kosovo WC 2, Lot 2: Replacement feeder mains and distribution network Mauhagjeret/ Sunny Hill |
| Disbursement | €2.6 million disbursed to date (30% on the implementation consultant), of which €1.7 million has been out of IPF MW fund. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Success/problem | Recommendation | Cost |
| Profitable water company | The Prishtina water company achieved positive financial results in 2012 | |
| Financing gap | The MW funds were critical to solving the financing gap and making the project sustainable | |

⁴⁵ CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (09/09/2009)

| TA-KOS-01 | | New Water Source Development for Regional Water Company Pristina | | | | |
|-------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;TMA | KfW | €300,000 | €20,000,000 | €35,000,000 | Signed | Completed |

The project concerns development of a new water supply source for the City of Pristina. The existing water supply services suffer from chronic water shortages for the residents of the City and those living in the surrounding 7 municipalities served by the Pristina Water Company. The situation is further exacerbated by high level of water losses, estimated at over 50%, low water pressures and daily rationing of supplies lasting between 8 to 12 hours are common. In addition, some of the recent urban developments in the City cannot be served by the existing system.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | | |
| ToR/ TA mobilisation | | | | | | | |
| TA Implementation | | | | | | | |
| Post WBIF TA project prep. | | | | | | | |
| Loan signature | | | | ↓ | | | |
| Construction 2014-2019 | | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/ TA mobilisation | Preparation of the ToR were in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries, KfW and the EC |
| TA Implementation | The objectives of project are to provide a reliable long term water supply system and achieve significant socioeconomic benefits and improved public health impact through increased quantity and reliability of water supplies to the City of Pristina and the surrounding seven municipalities with an existing population of over 550,000 and projected population over the long term to reach over 700,000. The proposed project components include intake works on the Ibar canal, environmental protection measures, long transmission mains and a new water treatment plant |
| Post WBIF TA services | This large project has reached construction stage 3 years after the completion of the feasibility study. Design and tender documents have been completed and contractors have been pre-qualified. Construction will commence shortly |
| Financing | The delay of almost two years after financing agreement and start of second phase of project preparation resulted from awaiting the completion of a parallel project for rehabilitation of water distribution network and other operating efficiency improvements. However, with strong support from the government, KfW and the contribution agreement to provide IPA funding, this large and complex project has reached the stage of construction |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| None | The study assessed all potential alternative development options to prepare an economically viable project which met the expectations of the beneficiaries, KfW and EUD | N/A |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA3-KOS-ENV-01 | | Project preparation Feasibility Studies for Waste Water Treatment Plants in Kosovo* | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EC; KfW | €1,750,000 | €60,000,000 | €120,000,000 | Not signed | Under Execution |

The situation regarding water pollution in Kosovo has reached alarming levels and threat this poses to the economic and social welfare of the 2 million inhabitants and the cross border impact of the present situation. Due to lack of wastewater treatment the main rivers downstream of larger municipalities and are so heavily polluted that the water cannot be used for water supplies and in some places even for irrigation. To comprehensively address these problems the following studies have been completed.

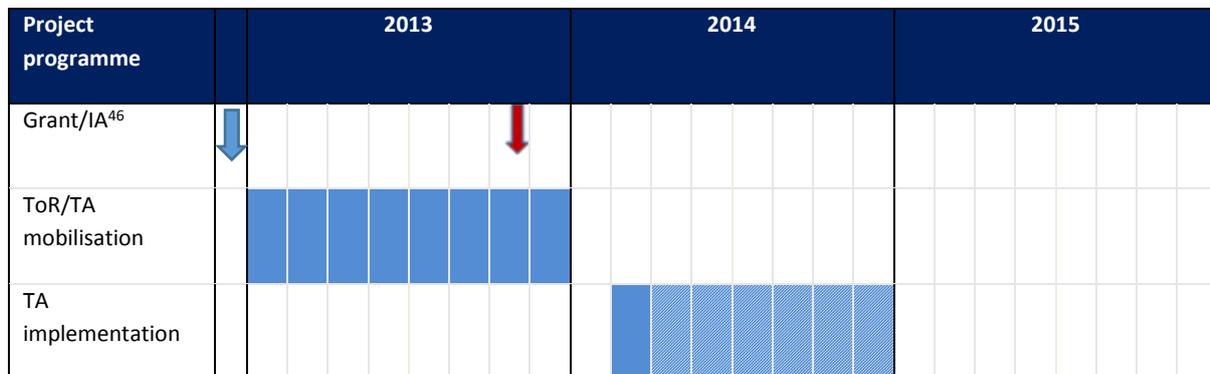
| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | |
| ToR/ TA mobilisation | | | | | | |
| TA Implementation | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/ TA mobilisation | This large TA is being implemented in two separate clusters and consequently separate ToR were prepared for each cluster to undertake studies for four large cities including Pristina |
| TA Implementation | To comprehensively address the problems of inadequate wastewater collection and treatment the following feasibility studies have been completed: <ul style="list-style-type: none"> • Pristina: The proposed project for collection and treatment of wastewater from Pristina and surrounding municipalities of Obilic and Fushe Kosova will serve the needs of combined population of 450,000 over the long term and significantly improve river water quality. • Gjilan: A project for adequate wastewater collection and treatment has been developed which will serve the long term needs of population of 90,000 • Ferizaj: The Study has prepared a priority project for wastewater collection and treatment which will serve the needs of population of over 92,000 in the long term. • Mitrovica River Ivar divides the City of 100,000 and all raw sewerage is discharged directly into it. A feasibility study is under progress to address these problems. |
| Post WBIF TA services | None to date. These projects will need significant grant funding supported by IFI loans in view of very limited borrowing capacity of the government and the municipalities |
| Financing | The Pristina project is being considered for financing by KfW, IPA and the French Government. EBRD is interested in financing the Gjilan and Ferizaj projects with support from IPA and other donors. Significant IPA funding could be made available for this politically sensitive City of Mitrovica. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation areas | Cost |
| None | All feasibility studies have been approved by the beneficiaries and lead IFIs. Although significantly large investments are required but it is highly likely that they will all reach construction stage with IFIs and external donors support | N/A |

| WB7-KOS-ENV-05 | | Strengthening Waste Management | | | | |
|-----------------|----------|--------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FAA; FS; EIA; I | WB | €400,000 | | | N/A | Under Execution |

The €400,000 grant is provided by WBIF, which will finance the production of pre-feasibility studies and preliminary environmental impact assessments for investments to improve collection and disposal infrastructure for domestic solid waste management and for the clean-up of local waste dumpsites, the preparation of a national plan for industrial and hazardous waste management and the preparation plan for reform of the waste management sector, including the legal framework.



| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Following competitive tender, Consultants for the above activities have been selected. The contract is going to be implemented over 11 months between January to December 2014. |
| TA implementation | Activities have commenced. The Consultant has mobilized and has visited Kosovo twice. A draft Inception Report has been prepared, commented by the Bank and a revised Inception report is expected before end of March 2014. |
| Post WBIF TA services | |
| Financing | Not applicable to sector development studies |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| No issues have been encountered till now. | Kosovo Authorities have been consulted and welcome the activities under this grant. The EC Delegation office has also been consulted. Activities are on schedule. | |
| | | |

⁴⁶ IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds (DATE)

| WB7-KOS-ENV-06 | | Feasibility Study for Protection of Iber Canal | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | WB | €500,000 | €7,000,000 | €10,000,000 | Not signed | Under Execution |

The WBIF grant of € 500,000 is provided for the production of a feasibility study to address the issues of water losses, pollution abatement and security of supplies from the Iber-Lepenc Canal, which conveys water from the large Gazivoda reservoir in the north. Pristina, which is the commercial and administrative capital, depends for its water largely on this supply.

| Project programme | 2012 | 2013 | 2014 |
|------------------------|------|------|------|
| Grant/IA ⁴⁷ | ↓ | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR/RfP has been finalized, and a TA Consortium has been awarded the contract to help the WB team prepare the Feasibility Study. The Implementation Agreement was finally signed and this was the reason for the long time to mobilise the TA. |
| TA implementation | |
| Financing | Dependent on outcome of the feasibility study |

| Proposed solutions/lessons learnt | | |
|---|----------------|--------------------------|
| Problem | Recommendation | Cost |
| Length of time to sign Implementation Agreement | | <i>Quantify solution</i> |

⁴⁷ IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds ↓ (DATE)

KOS - Social

| WB8-KOS-SOC-06 | | Kosovo* education improvement project | | | | |
|----------------|----------|---------------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SD; TMA | WB | €550,000 | | | N/A | ToR preparation |

This project provides assistance to the Kosovo Ministry of Education, Science and Technology to address the most immediate needs in the education sector through a sector-wide assessment of the current situation. The project will provide the foundation for better investment planning in the education sector by providing the Ministry of Education, Science and Technology with the necessary tools, information, and capacities to lay the ground for institutionalisation of information-based decision making and practices in allocation of resources, and in monitoring implementation and impact on the education sector.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁴⁸ | ↓ | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR have been discussed with the beneficiary. Progress dependent on signature of the Implementation Agreement |
| TA implementation | |
| Post WBIF TA services | Based on findings the WB will consider approving further investments. |
| Financing | Not applicable to sector development studies |
| Construction | N/A |

| Proposed solutions/lessons learnt | | |
|---|----------------|--------------------------|
| Problem | Recommendation | Cost |
| Length of time to get Implementation Agreement signed | | <i>Quantify solution</i> |

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo* Declaration of Independence.

⁴⁸ IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds ↓ (DATE)

KOS - Transport

| TA-KOS-02 | | Rehabilitation of Railway Route 10 (Leshak – Mitrovicë – Fushë Kosovë – Ferizaj – Hani i Elezit) | | | | |
|-------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| PFS;PD;FS | EC | €500,000 | N/A | €135,000,000 | Not signed | Completed |

The objective of the project is to rehabilitate (to achieve original design speeds) existing north-south rail line (Route 10 of SEETO network) in Kosovo, namely Leshak- Fushe Kosove-Hani i Elezit (145 km in total). The rehabilitation consists of renewal of substructure and superstructure, electronic interlocking-telecommunications and introduction of electric traction installations (optional).

The purpose of the TA was to prepare a full Feasibility Study (FS) including engineering design at preliminary level, traffic projections, environmental elaboration and CBA. It also included the investigation of major reconstruction for 160 kph at conceptual design and Pre-Feasibility Study (PFS) level.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/TA (IPF1) mobilisation | | | | | | |
| TA execution | | | | | | |
| Post WBIF TA project prep. | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated by IPF1 in June 2009 and was approved in March 2010. |
| TA execution | Execution started in April 2010. The draft PFS/FS was submitted in September 2010 and its final version was approved in December 2010. Excellent collaboration with the beneficiary instrumental to timely execution. |
| Post WBIF TA services | Kosovo submitted new PGAF for Detailed Design (DD) and TD preparation for the south part (Fushe Kosove-Hani i Elezit) of Route 10 (Length of section: 64 km – investment cost: 89 mil EUR–TA grant: 1.84 mil EUR) that was approved by WBIF SC in June 2013. |
| Financing | IFIs initially were not present in Kosovo. TA was supported by ECLO. Following the presence of EBRD in Kosovo, the Bank supported the PGAF for DD, TD and institutional strengthening. A general procurement notice (GPN) was published by EBRD in October 2013 for TA (and potential loan of 40 mil EUR). Ministry of Finance anticipates loan signature in June 2014. |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Permission not granted to make line inspection in parts north of Kosovska Mitrovica | Preliminary design based on existing ortho-photo, geodetic maps and archives. | |

| WB5-KOS-TRA-06 | | Feasibility Study for the key railway links (East – West) | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| PD;FS | EC | €600,000 | No IFI yet | €229,000,000 | Not signed | Completed |

The objective of the project is to rehabilitate in order to achieve the original design speeds on existing East-West rail lines in Kosovo, namely Podujevo-Peje, Kline-Prizren and Fushe Kosove-Pristina (190 km in total). The rehabilitation consists of renewal of substructure and superstructure, electronic interlocking-telecommunications and introduction of electric traction installations (optional).

The purpose of the TA was to prepare a full Feasibility Study (FS) including engineering design at preliminary level, traffic projections, environmental elaboration and CBA. It also included the investigation of linking Pristina airport by rail at conceptual level.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated in August 2011 and approved in February 2012. |
| TA execution | Execution started in April 2012. The draft FS was submitted in November 2012 and its final version was approved in January 2013. Excellent collaboration with the beneficiary was instrumental to timely delivery of TA. |
| Post WBIF TA services | N/A |
| Financing | IFIs initially were not present in Kosovo. EBRD or EIB might be interested for lending in the future (already initiated involvement in Rail Route 10 – TA-KOS-02). Ministry of Finance commented that this will depend on outcome of the Prizren to Albania connection apart from the airport link which could be done under a PPP arrangement. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None | | |

| WB9-KOS-TRA-01 | | Railway Route 10 rehabilitation | | | | |
|----------------|----------|---------------------------------|---------------|-----------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| DPD, TD | EBRD | €1,840,000 | €35,000,000 | €90,000,000 | Not signed | ToR completed |

The Rail Route 10 in Kosovo has a length of 148 km providing a north-south connection between Leshak near the border with Serbia in the north and Hani i Elezit near the border with FYROM in the south. The purpose of this assignment is the preparation of detailed design and tender documentation for the rehabilitation and partial upgrade of 64km of the southern section of the line from Fushe Kosove to Hani i Elezit.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁴⁹ | ↓ | | |
| ToR + Procurement | | | |
| TA implementation | | | |
| Loan signature | | | ↓ |
| Construction start | | | |

| Discussion of project problems and successes | |
|---|--|
| Stage | Summary |
| ToR/Procurement | ToR prepared and agreed with client. Procurement not started yet. |
| TA implementation | Not started. |
| Other/Subsequent TA assistance non WBIF financed (if any) | Other TAs for the project for a total estimated cost of EUR 2,000,000 involve works supervision, implementation support, and institutional building. |
| Financing | Under preparation. Ministry of Finance forecast signature in June 2014 |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| New project structure being considered | The EBRD is considering a new project structure following the Government's request. | n/a |
| Problem 2 | | |

⁴⁹ IA – Implementation Agreement ↓

V. Former Yugoslav Republic of Macedonia (MKD)

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MKD - Energy

| TA-FYRMAC-02 | | Pilot Project – Windpark Development | | | | |
|--------------|----------|--------------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | KfW | €400,000 | €33,000,000 | €75,000,000 | Signed | Completed |

ELEM is currently in the process of establishing the first Windpark in former Yugoslav Republic of Macedonia. Following previous wind energy assessments, the feasibility study reviewed the wind energy assessment data from each of the 4 sites, and analysed site and access characteristics, determined the proposed layout of the wind turbines, access to land, access to electricity lines, the economic and financial viability, financing options and environmental and social impacts. Once the FS was complete, ELEM engaged finance with KfW, and went ahead with the detailed design and tender process for the installation of the wind turbines, which are now operational.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|------|
| Grant | ↓ | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | ↓ | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ELEM supported the development of the ToR with strong support from their general manager. |
| Feasibility Study | The project was extended to have an execution period of at least 12 months to (i) allow for environmental monitoring of birds and bats over a full migratory season and (ii) to allow for additional measurements of wind energy to be made on site in winter conditions. |
| Due Diligence | Differences in the approach to procurement between WBIF and the consultant appointed by KfW for due diligence took some time to resolve on turbine micro siting etc. |
| Post WBIF TA services | Assistance was provided to ELEM and KfW in their due diligence process. |
| Financing | The FS justified an investment of approximately €75m in 25 machines with a capacity of 52.5MW. The facility will be located at Bogdanci in the South-East of the country |
| Construction | Construction was completed in March 2014 |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Period of FS too short | Further FS have recognised the need for the FS to extend at least 12 months for adequate environmental monitoring | |
| Duplication of effort | It would be better if the IFI accepted the wind energy assessment made by WBIF, unless their procedures require two independent wind energy assessments. | |

| WB4bis-MKD-ENE-03 | | Electricity production Zletovica | | | | |
|-------------------|----------|----------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA; FS | EIB | EWBJF €500,000 EIB €500,000 | €127,000,000 | €131,000,000 | Not signed | Under execution |

The first component of this project, namely dam and water supply infrastructure, is under construction with Japanese financing. The WBIF grant supports the preparation of the second and third components which consist of irrigation in Probistip and Kratovo municipalities and construction of small hydroelectric power plants. The activities requested include the update of the feasibility study for the irrigation component and a feasibility study related to the hydro power component.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|
| Grant/IA ⁵⁰ /FA ⁵¹ | | ↓ | ↓ | ↓ | |
| ToR/TA mobilization | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Process of signing implementation and funding agreements took one year with procurement of consultant by Beneficiary undertaken in parallel. |
| TA implementation | The TA is going well although slightly delayed. |
| Post WBIF TA services | N/A |
| Financing | EIB await the outcome of the feasibility study. A loan is likely but the size of the loan will be dependent on the results of the feasibility study. Confirmed by the Ministry of Finance. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None | | |

⁵⁰ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (8/2011)

⁵¹ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (6/07/2011)

| WB5-MKD-ENE-04 | | National gasification system | | | | |
|----------------|----------|------------------------------|---------------|-----------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| EIA, FS SIA | EBRD | €170,000 | €85,000,000 | €307,940,000 | Not signed | Under Execution |

The proceeds of the EBRD loan will part-finance the first stage of the gasification in FYR Macedonia - the construction of five sections of the gas transmission system for a total of 388 km. In addition to strengthening the country's energy security, the project will foster the use of natural gas, a more efficient, sustainable and environmentally-friendly alternative to lignite.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|
| Grant/IA ⁵² | ↓ | | ↓ | |
| ToR + Procurement | TOR | P | | |
| TA implementation | | | | |
| Loan signature | | | | ↓ |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/Procurement | The consultant must prepare a gap analysis to verify whether the locally-prepared Environmental Impact Assessment complies with the EBRD environmental and social standards and address any gaps identified by doing supplemental studies, a Stakeholder Engagement Plan and a Livelihood Restoration Framework. |
| TA implementation | The TA is currently being implemented. Due to the time required for collecting, reviewing and translating the extensive amount of data, challenges on obtaining information on land acquisition process in FYR Macedonia as well as time required to gather comments from all parties involved in Project development, the completion date of this assignment has been extended twice: from 3 May 2013 to 31 October 2013 and then to 31 March 2014. The assignment is currently in the final stages of its execution with two key documents, required for the ESIA disclosure, pending. It is expected that the Livelihood Restoration Framework and Environmental and Social Action Plan will be submitted for comments in spring 2014. The consultant has worked closely with the FYR of Macedonia Ministry of Transport and Communications, which coordinated obtaining comments from all parties involved in the Project development in FYR Macedonia. |
| Other/Subsequent TA assistance, non WBIF financed (if any) | The EBRD has also performed a technical and market assessment of Phase 1 of FYR Macedonia's National Gasification System which was financed by a TA from a bilateral donor. This assessment, completed in August 2013, has raised a number of issues about the commercial and financial viability of this investment which the Bank is currently trying to address. |
| Financing | The financing for this project is still under discussion at this stage especially given the issues raised by the technical and market assessment. Loan agreement expected by end 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Problem 1 | Obtaining the required information and feedback on the documents | Nil |

⁵² IA – Implementation Agreement ↓

| | | |
|--|--|--|
| | <p>might be a prolonged process due to the complex round of approvals required for a public-sector Project. Land acquisition process is also considered a sensitive matter by the Government, and therefore obtaining any data on land-acquisition that took place prior to EBRD involvement is extremely difficult and triggers delays in completing the assignment. One needs to allow reasonable time for the consultants to implement these assignments.</p> | |
|--|--|--|

| | | | | | | |
|-----------------------|----------|---|---------------|-----------------|-----------------------|---------------|
| WB9-MKD-ENE-01 | | FYROM part of 400kV interconnection line Bitola (FYROM) - Elbasan (Albania) & Ohrid 400/110 substation | | | | |
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| DD | EBRD | €900,000 | €37,300,000 | €43,500,000 | Not signed | ToR completed |

This project is a part of an initiative to establish a major East -West electricity transmission corridor between Bulgaria, Macedonia, Albania and potentially Italy (via a planned submarine cable). This section (Bitola to Albanian border, with substation at Ohrid) is part of the Macedonia / Albania section of that corridor. The overall objective of the project is the construction of a high voltage 400 kV electricity transmission line between Sub Station Bitola 2 and Ohrid, with the construction of a new 400 kV substation at Ohrid, close to the Albanian border. This project, which has been identified as a priority for the creation of the regional electricity market in South East Europe, and will contribute to the stability and security of the electricity system of the Balkans, not only for the two countries directly concerned, but also for the electricity systems of the region by closing a 400 kV ring between Albania, Greece, and FYR Macedonia.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|
| Grant/IA ⁵³ | ↓ | | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | ↓ | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|--|
| Stage | Tendering |
| ToR/Procurement | ToRs have been prepared by the Client with the assistance of the Lead IFI |
| TA implementation | Planned to start in Q2 2014 |
| Other/Subsequent TA assistance non WBIF financed (if any) | None currently foreseen |
| Financing | Based on the existing Pre-Feasibility Study the EBRD is, in principle interested to finance the investment in the transmission line and substation at Ohrid that form the Macedonian part of the investment in the transmission line from Bitola to Elbasan. It is anticipated that negotiations on the financing will commence in Q2 2014. Loan Agreement expected to be signed Q1 2015 |

| Proposed solutions/lessons learnt | | |
|---|--|--|
| Problem | Recommendation | Cost |
| Problem that may arise concerns delays in land acquisition in FYROM | The grant is aimed at funding the FYROM part that is already targeted to start earlier than the Albanian part due to the fact that the Macedonian part of the overall project is twice as long as the Albanian one and also requires a substation. This choice is based on previous experience that showed that land acquisition is critical and on the needs of the Macedonian power network for grid strengthening in the Ohrid area based on increasing demand (particularly from tourist development in the Ohrid area). | The solution is timing-based and won't require any additional funding. |

⁵³ IA – Implementation Agreement ↓

MKD - Social

| TA-MKD-01 | | Idrizovo Prison Reform Project in the former Yugoslav Republic of Macedonia | | | | |
|-------------|----------|---|-----------------------|-------------------------|----------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature | TA status |
| DD;FS;TMA | CEB | €500,000 | €46,000,000 | €51,300,000 | Signed | Completed |

The objective is to facilitate the planning, building and rehabilitation of four penal institutions: Idrizovo Penal Correctional Facility, Skopje Prison, Kumanovo Penal Correctional Facility, and Tetovo Juvenile Educational Correctional Facility. The TA provided services to perform Feasibility reports, advise and review design performed by local design companies. In addition TA was provided for adjusting operational practices in the prisons to those in EU. To facilitate that an extensive study tour took place in UK with visits to prisons operated by private entities and by government/local authorities.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|---------|------|-----------------|---------------------|---------------------|---------------------|---------------------|
| Grant award | ↓ | | | | | | | |
| ToR/TA mobilisation | ■ ■ | | ■ ■ | | ■ | | | |
| TA service 1 IPF1 | | ■ ■ ■ ■ | | | | | | |
| TA service 1 IPF2 | | | | ■ ■ ■ ■ ■ ■ ■ ■ | ■ ■ ■ ■ | | ■ ■ | |
| Loan signature | | | | | | ↓ | | |
| Construction | | | | | ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ | ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ | ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ | ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToRs related to the four Prisons (Kumanovo, Idrizovo, Tetovo and Skopje) were developed in two stages (IPF1/IPF2). A third additional ToR had to be drafted early 2012 to address the specific issues, which occurred for Skopje Prison |
| TA service 1 (IPF1) | The TA included initial assessment, Feasibility Report, Operational Plan, TA during Preliminary Design |
| TA service 2 (IPF2) | The services included TA during Main Design but it could not be implemented in parallel for the 4 Prisons, as initially foreseen, due to significant delays in Design process, which disrupted and delayed significantly the TA. Moreover local designers were not enough qualified for Prison projects. Suspension of TA in 2012 due to changes in Urban regulations which caused the cancellation of the initial tender for the design. Subsequently new ToRs for Skopje Prison were necessary. |
| Post WBIF TA services | N/A |
| Financing | CEB Loan agreed and being disbursed, Construction for Kumanovo Prison completed, for Idrizovo and Tetovo ongoing, Construction of Skopje Prison planned for 2014-15 |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Design for the 4 Prisons not performed in parallel as initially planned. Lack of planning and organisation at PIU level | Prior WBIF involvement, further checking if the planning and organisation of PIU for the implementation of the accuracy of the design process is necessary. Reinforcement of PIU capacities for such a large infrastructure project | N/A |
| Changes in Urban regulations during TA services | | |

| TA3-MKD-SOC-01 | | Health Provider Institutions (HPIs) | | | | |
|----------------|----------|-------------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| DD;FS;PD;TMA | CEB | €2,000,000 | €96,600,000 | €120,600,000 | Not signed | Under Execution |

The Objective was to support the ongoing reform of the healthcare sector in the Country. As Part of a CEB funded comprehensive infrastructure project, IPF TA (TA stage 1 and Stage 2) focused on the following Health Provider Institutions (HPI):

1. Performing detailed assessment on the needs of more than 50 HPIs throughout the Country (including environmental protection/ mitigation measures and medical waste treatment management plan) and preparation of Feasibility Report.
2. TA to Designers hired by the Ministry of Health for two main Health Provider Institutions: the Clinical Campus "Mother Teresa" in Skopje; and Shtip Clinical Hospital.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------|------|------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | | | |
| ToR/TA (IPF1) mobilisation | | | | | | | | |
| TA service | | | | | | | | |
| Loan signature | | | | | | | | |
| Construction | | | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | There were lengthy discussions on first draft ToR and then suspension of TA due political changes, which ended up with extension of the scope of TA. Final Report and ToRs for Stage 2 were also delayed mostly due to late selection of the HPIs by MoH |
| TA service 1 | Very complex Stage 1 due to unclear strategy at MoH level, political changes, weakness of PIU. Difficulties in Stage 2 due to incomplete Design programme, and Designers hired by MoH not being sufficiently qualified. |
| Post WBIF TA services | N/A |
| Financing | Works tender for both HPIs expected to be launched in April 2014. The loan for Phase II was approved by CEB in January 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Stage 1, Changes in MoH Strategy | TA at such early stage implies high risks, as it could provide technical grounds only for Strategic decisions. WBIF TA is more efficient for the following stages of Projects cycle | N/A |
| PIU Capacity | Large health infrastructure projects would require highly qualified PIU, sufficiently staffed, which should be a precondition for starting WBIF activities | N/A |

| WB6-MKD-SOC-02 | | Physical education facilities in secondary schools, acquisition of equipment & refurbishment of below basic standard - Phase I | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | CEB | €1,000,000 | €12,500,000 | €14,300,000 | Signed | Disbursing |

The project comprises construction and equipment of thirty (30) new Physical Education Facilities (PEFs) in secondary schools, equipment of existing PEFs in secondary schools, and schools refurbishment to provide basic learning conditions. Due to budgetary constraints only EUR 200 000 had been foreseen for schools rehabilitation for this Project, partially financed by CEB's loan, whereas the real needs in the secondary schools proved to be much higher. Thus a EWBIF grant of € 1 million was awarded in December 2011 to cover the rehabilitation works of 6 secondary schools: SS Koco Racin Veles; SS Ljupco Santov Kocani; SS Taki Daskalo Bitola; SS Josif Josifovski Gevgelija; SS Kiril Pejcinovic Tetovo (secondary building); and SS D-r Ibrahim Temo Struga.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ⁵⁴ | | ↓ | ↓ | | | |
| Project preparation | | | | | | |
| Loan signature | ↓ | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Mobilisation of funds | Implementation agreement was signed on 9 September 2012 |
| Project preparation | Procurement procedures for the preparation of the design and revision of the rehabilitation works of the 6 (six) secondary schools were concluded in January 2013. All services were completed in March 2013. The delivered designs were used as a Technical specification for the Tender Dossier for reconstruction work for those 6 (six) secondary schools. The tender procedures are completed and contracts are being signed. Contracting handled by the PIU. |
| Financing | Grant transferred to Ministry of Education and Science in December 2012. Fully disbursed |
| Construction | Bid evaluation finished end 2013 after the work in this contract was combined with the other schools project. Contracts signed early 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |

⁵⁴ CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (09/09/2012)

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|------------|
| WB6-MKD-SOC-03 | | Physical education facilities in secondary schools, acquisition of equipment & refurbishment of below basic standard - Phase II | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | CEB | MW €2,000,000 | €30,000,000 | €45,000,000 | Signed | Disbursing |

The project was designed with a wide scope to cover upgrading of educational infrastructure: construction and equipment of 70 new Physical Education Facilities (PEFs) in primary schools, equipment of 50 existing PEFs in secondary schools, rehabilitation of 30 existing PEFs, and refurbishment of 150 schools. Due to budgetary constraints, only first priority investments have been included in Phase II, whereas the real needs in the education infrastructure sector are much higher. Thus a EWBIF grant of € 2 million was awarded in December 2011 to cover the rehabilitation works of 10 primary schools.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ⁵⁵ | | ↓ | ↓ | | | |
| Project preparation | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | ■ | ■ | ■ |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | Implementation agreement was signed on 6 September 2012 |
| Project preparation | Procurement procedures for the preparation of the design and revision of the rehabilitation works of the 6 (six) secondary schools were concluded in January 2013. All services were completed in March 2013. The delivered designs were used as a Technical specification for the Tender Dossier for reconstruction work for those 6 (six) secondary schools. The tender procedures are completed and contracts are being signed. The PIU responsible for contracting. |
| Financing | Grant transferred to Ministry of Education and Science in December 2012. |
| Construction | Works in this contract combined with the other schools contract and bids evaluated end 2013. Contracts signed early 2014 |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |

⁵⁵ CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (06/09/2012)

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB6-MKD-SOC-04 | | Complementary funding for completion of works related to HPIs Rehabilitation Phase I | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF disbursement |
| CF | CEB | €3,000,000 | €23,000,000 | €46,000,000 | Signed | Disbursed |

The Institute for children lung diseases "Kozle" in Skopje was built in 1965. The condition of the building was in a severely deteriorated state. To provide better healthcare and better working and care conditions, Ministry of Health decided to build a new and a modern facility to accommodate the Institute and to meet the latest healthcare building standards and the standards for energy efficiency. For this purpose, partial financing is provided from a CEB loan. However, given the strict monitoring of external debt and public expenditure, the Government couldn't allocate sufficient funding to cover the the costs. A grant from EWBIF in an amount of € 3 million was approved in December 2011, to co-finance the construction works of the new Institute building.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ⁵⁶ | | | ↓ | ↓ | | |
| Project preparation | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | Implementation agreement was signed on 4 July 2012 |
| Project preparation | |
| Financing | Payments follow according the agreement and have reached the specified limit of funds in the amount of 65% of the contract value. The outstanding amount will be paid during 2014. The WBIF grant is fully disbursed. |
| Construction | The contracts for the works and the supervision of the works were tendered in compliance to the CEB procurement guidelines, and were subject to a CEB procurement review. Civil Works contract in an amount of € 6.8 million was signed on 29.05.2012 with the company "Grupa Macedonia Medical". The Construction works started on 17.09.2012.. Up to date around 65% of the planed works are finished. All construction works are completed and the craft works are in progress (windows, interior walls, floors, mechanical installations, water installations, heating installations, etc.), in accordance with the planned schedule. Deadline for completing the building is 24 months - 17 th of September 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |

⁵⁶ CA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (04/07/2012)

MKD - Transport

| | | | | | | |
|-----------------------|----------|--|---------------|-----------------|-----------------------|-----------|
| WB5-MKD-TRA-01 | | Construction of railway line Kumanovo-Deve Bair, border with Republic of Bulgaria, Eastern part of Corridor VIII, section Kumanovo-Beljakovce | | | | |
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| DPD & TD | EBRD | €1,500,000 EWBJF €750,000 EBRD €750,000 | €46,400,000 | €59,556,000 | Signed | Completed |

Corridor VIII is an integral part of the European Union ('EU') endorsed 'Core Transport Network'. The EBRD loan funds have provide financing for the rehabilitation of a 30.8 km section of Corridor VIII in the east of FYR Macedonia.

The TA was designed to cover the following tasks: (i) Provided detailed engineering design services for the rehabilitation of Kumanovo – Beljakovce section; (ii) Assisted the client in the procurement of works and services ensuring compliance with "EBRD's Procurement Policies and Rules; (iii) Supported the Client in the tender process for selecting a contractor;

| Project programme | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|
| Grant/IA ⁵⁷ | ↓ | | ↓ | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | ↓ | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | This assignment was successfully implemented and the works contract funded from the EBRD loan proceeds was awarded on 20 December 2013. The official start of the works contract is scheduled for 2 March 2014. |
| ToR/Procurement | The consultant selection was carried out in a full compliance with EBRD Procurement Rules and Procedures (PR&P). |
| TA implementation | The Consultancy contract was implemented under existing budget for a period of 21 months. |
| Other/Subsequent TA assistance non WBIF financed (if any) | N/A |
| Financing | Loan signed in August 2012. The first disbursement is currently being processed. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|-------------------|
| Problem | Recommendation | Cost |
| Problem 1 | N/A | Quantify solution |
| Problem 2 | | |

⁵⁷ IA – Implementation Agreement ↓

| | | | | | | |
|-----------------------|----------|---|---------------|-----------------|-----------------------|-----------------|
| WB7-MKD-TRA-02 | | Railway line Eastern part of Corridor VIII, Beljakovce - Deve Bair section – Detailed Design | | | | |
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TC status |
| DDP, TD | EBRD | €2,700,000 EWBJF €1,350,000 EBRD €1,350,000 | €140,000,000 | €150,000,000 | Not signed | Under execution |

Corridor VIII is an integral part of the European Union ('EU') endorsed 'Core Transport Network'. The EBRD loan funds will provide financing for construction of new and a rehabilitation of existing alignment of a 34 km of the second section of Corridor VIII in the east of FYR Macedonia.

The TA was designed to cover the following tasks: (i) Provide detailed engineering design services for the the Beljakovce - Kriva Palanka section; (ii) Assist the client in the procurement of works and services ensuring compliance with "EBRD's Procurement Policies and Rules; (iii) Support the Client in the tender process for selecting a contractor;

| Project programme | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|
| Grant/IA ⁵⁸ | ↓ | ↓ | | |
| ToR + Procurement | | | | |
| TC implementation | | | | |
| Loan signature | | | ↓ | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/Procurement | The selection process took one year and it was carried out in compliance with EBRD PR&P. |
| TA implementation | The contract signed in July 2013 with an implementation period of 24 months; The preliminary DD report is expected to be presented to the Client in May 2014 and the final DD report is scheduled to be finalized by February 2015; |
| Other/Subsequent TC assistance non WBIF financed (if any) | N/A |
| Financing | The loan agreement is expected to be signed in September 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|-------------------|
| Problem | Recommendation | Cost |
| Problem 1 | N/A | Quantify solution |
| Problem 2 | | |

⁵⁸ IA – Implementation Agreement ↓

| | | | | | | |
|-----------------------|----------|--|---------------|-----------------|-----------------------|-----------------|
| WB7-MKD-TRA-03 | | Railway line Eastern part of Corridor VIII, Kumanovo - Beljakovce section - Supervision | | | | |
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| SofW | EBRD | €2,500,000 EWBJF €1,550,000 EBRD €950,000 | €46,400,000 | €59,556,000 | Signed | Under Execution |

This assignment is associated with Railway Corridor VIII – Phase I project which was approved the the Bank’s Board in July 2012. The project entails EUR 46.4 million sovereign loan to the government of the Former Yugoslav Republic of Macedonia (‘FYR Macedonia’) which was signed in August 2012. The financing supports investment for the rehabilitation of a 30.8 km section of Corridor VIII in the east of FYR Macedonia.

The selected consultant will conduct supervision of the construction site in accordance with FIDIC terms, the existing standard tender documentation of the Bank for procurement and installation of the facilities and equipment, as well as with the relevant local legislation on constructions.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|
| Grant/IA ⁵⁹ | ↓ | ↓ | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | ↓ | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|---|--|
| Stage | Summary |
| ToR/Procurement | The selection process lasted 14 months. The selection process was carried out in a full compliance with EBRD PR&P. |
| TA implementation | Contract signed on 16 December 2013 and the implementation period is 30 months with 12 months defect liability period. The start of the services scheduled for March 2014 |
| Other/Subsequent TA assistance non WBIF financed (if any) | N/A |
| Financing | The loan agreement was signed in August 2012. The works contract was awarded in December 2013 and the contraction activities are expected to start March 2014. The works are to be completed in 30 months. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|-------------------|
| Problem | Recommendation | Cost |
| Problem 1 | N/A | Quantify solution |
| Problem 2 | | |

⁵⁹ IA – Implementation Agreement ↓

| WB9-MKD-TRA-01 | | Motorway A4 Skopje - Blace, section Stenkovec interchange Blace | | | | |
|----------------------|----------|---|-----------------------|-------------------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| DD; EIA; FS; PD; SIA | EBRD | € 1,00,000 | € 100,000,000 | € 101,000,000 | Not signed | ToR completed |

The Government of former Yugoslav Republic of Macedonia intends to develop a motorway as part of the Pan-European corridor E-65, instead of the current state road A4 which cannot adequately meet current traffic loads. This motorway development will seek to contribute to the SEETO Comprehensive Network, Route 6A – Ribarevina (Montenegro) – Ribarice (Serbia) – Pristina (Kosovo*) – Skopje (former Yugoslav Republic of Macedonia).

The current WBIF grant will finance the review of a previous (2009) feasibility study for the Motorway A4 Skopje- Blace, Section: Interchange “Stenkovec” – Blace (12,5km), including the preparation of the Environmental and Social Impact Assessment Study, and preliminary design and detailed design for 3,0km of this section. The WBIF TA will also seek to investigate the options available for the implementation of the Project through a Public-Private Partnership.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | The project has been approved as part of Round 9 and the IPF 1 Consultant has commenced drafting the ToRs. ToRs preparation is now ongoing with final review and acceptance expected in February 2014. |
| TA implementation | IPF 3 Consultant will manage the TA once ToRs have been approved for implementation. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | To be agreed. Depends on outcome of the updated Feasibility Study. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None to report insofar | | N/A |

VI. Montenegro (MNE)

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MNE - Energy

| TA-MON-02 | | Electricity Network Development Programme | | | | |
|-------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;PFS | EBRD | €1,850,000 | €60,000,000 | €100,000,000 | Signed | Completed |

This project was executed in two parts – firstly a project identification study to examine transmission and distribution system enhancements required, including protection signalling and metering requirements, and then in the second stage to undertake a Feasibility Study for the priority project “Lastva to Pljevlja 400kV development”.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|------|
| Grant | ↓ | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | ↓ |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Summary | This project was successfully completed and has resulted in loans from both EBRD and KfW to CGES, the beneficiary. Critical to energy link Western Balkans – Italy. |
| ToR/TA mobilisation | Two stages 1) project identification and 2) Feasibility study of key project |
| Project Identification | The project identification study resulted in a number of transmission and distribution projects. In cooperation with KfW and EBRD, the priority project for full FS of Lastva to Pljevlja 400kV was selected. There was a problem in TSO separation from the rest of the business, and the acquisition of EPCG shares by Italian A2A, which de prioritised distribution projects. |
| Feasibility Study | The main problem during FS was that GoM decided to undertake a DSP study in parallel with the FS, which precluded proper examination of alternate line route options, as DSP came up with a single line route solution. There was also scope creep in that CGES / Terna required a detailed level of site assessment especially tower placements not prescribed in the PGAF or ToR, of included in grant value. |
| Post WBIF TA services | TERNAs agreement with CGES to install sub cable and converter stations brought pressure on them to move into implementation, at least for substation and line to Cevo. An additional request was made for line route survey, which was declined as outside scope and more appropriate for next design level. |
| Financing | EBRD have engaged a loan for the line elements (signed April 2013), while KfW are providing a loan for the substation elements |

| Proposed solutions/lessons learnt | | |
|---------------------------------------|---|--------------------------|
| Problem | Recommendation | Cost |
| Scope Creep | The requirements of the level of design at FS for OHL and SS is now more clearly elaborated and agreed in ToR for these types of projects | <i>Quantify solution</i> |
| Concurrent activities outside FS work | In retrospect, it would have been better to delay the FS until after the DSP process had concluded, or even better to have persuaded GoM to delay the DSP process until the FS had examined line route options from the technical, economic and environmental perspectives. | |

| WB5-MNE-ENE-04 | | Pljevlja renewable energy heating | | | | |
|----------------|----------|-----------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, EIA | EBRD | € 2,500,000 | € 4,000,000 | € 6,500,000 | Not signed | Cancelled |

The grant was approved for capital investment to support the installation of a biomass fired boiler plant in the area of a hospital in order to heat the hospital facilities and also to be used as peak/reserve capacity for the new district heating network. It would serve as an important part of the investment programme aiming to extend and develop a new district heating system that can provide environmentally beneficial, cost-efficient heat supply to Pljevlja. Without grant assistance the level of tariff increases which are affordable in the medium term are insufficient to allow the project to proceed.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | |
| TA implementation | Implementation of project stopped by EBRD to be assessed once more details are known about reorganization plan. |
| Post WBIF TA services | |
| Financing | |

| Proposed solutions/lessons learnt | | |
|---|-----------------|------|
| Problem | Recommendation | Cost |
| Private biomass supplier went into bankruptcy process and is being restructured | Grant cancelled | |

| WB6-MNE-ENE-05 | | Feasibility Study for Biomass District Heating System of Kolašin | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, EIA | KfW | € 300,000 | € 2,100,000 | € 2,400,000 | Not signed | Under execution |

The Municipality of Kolašin has for several years considered the possibility of providing its inhabitants with a district heating system based on biomass. This project is to assess the feasibility and viability of the proposed district heating system, and then if proved feasible and viable, to develop the technical and environmental assessments to facilitate the engagement of a loan to implement the project. The technical assistance includes two phases: Phase 1 – Scoping Study, intended to provide sufficient detail to make a preliminary assessment of the viability of the DH/CHP project, and hence to justify the additional work required to complete the full feasibility study in the second phase; Phase 2 – Feasibility Study, to KfW standards, which shall only be commenced after full agreement and a positive assessment of the project from the first phase is gained by the Municipality, the Ministry of Economy in Montenegro and KfW. Phase 1 TA activities are now ongoing.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | IPF 1 Consultant drafted the Terms of Reference following the project approval for financing in WBIF Round 6 in December 2011. Some delays were incurred due to reluctance of the IFI to approve full implementation of the project without a preliminary phase as well as a commitment by the beneficiary. The TA ToRs were issued to the IPF 3 Consultant in August 2013, with a two-phased approach to the Project. |
| TA implementation | TA activities are ongoing. Team mobilised in December 2013. ToRs for TA have a budget of €400,000, which is more than the TA grant (€300,000) approved at PGAF stage. It has been agreed that pre-feasibility work will be undertaken as part of Phase 1 and subsequent services which will require additional funding will be sought to cover Phase II ToRs, if necessary. IPF 3 team mobilisation was contingent on the lead financing institution's seeking further assurance from the Beneficiary's financial commitment to the project. Overall duration of the TA has been estimated at 8 months. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | To be agreed. Dependent on outcome of the Feasibility Study. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|--|
| Problem | Recommendation | Cost |
| ToRs | ToR budget should be in compliance with the PGAF approval. | Up to €100,000 to fully fund the project |

| WB6-MNE-ENE-06 | | Electricity network expansion for the development of RES | | | | |
|----------------|----------|--|---------------|-----------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| FS | EBRD | €600,000 | €17,000,000 | €17,600,000 | Not signed | ToR completed |

Based on the commitments made under the Energy Community Treaty (accepting binding targets for renewable energy) with a target for Montenegro of a 29.5% share from renewables of total energy consumption by 2020, one of the significant constraints to the development of renewable energy remains a transmission network which is currently not able to support a large amounts of electricity generated from renewable energy sources. This project aims at the construction of a Vilusi -Herceg Novi overhead line 110kV and a substation 400/110/35 kV in Brezna to bring security of supply to the country and enable the wider development of RES.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|
| Grant/IA ⁶⁰ | | | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | |
| ToR/Procurement | TORs have been finalised and the project is under procurement. |
| TA implementation | Pending |
| Other/Subsequent TA assistance non WBIF financed (if any) | N/A |
| Financing | The project appears to be a feasible candidate for potential loan financing, subject to the outputs and confirmation of the feasibility study and the ESIA. Financing negotiations should take place in 2015. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| The delay in preparing the TORs | Caused by (a) the lack of internal capacity in the beneficiary, CGES, to carry out this work due to their focus on the construction of the overhead line and substation from Lastva to Pljevlja, and the undersea transmission cable from Montenegro to Italy, and (b) the need to wait for regulatory approval of these investments within the framework of the wider transmission network development plan. | N/A |

⁶⁰ IA – Implementation Agreement ↓

MNE – Environment

| | | | | | | |
|--------------------------|----------|---|-----------------------|-------------------------|-----------------------|------------|
| MW-MNE-ENV-EIB-02 | | Rehabilitation and construction of water and waste water infrastructure in North | | | | |
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | EIB | €5,000,000 | €57,000,000 | €114,220,000 | Signed | Disbursing |

The aim of the project is to improve the quality and sustainability of environmental infrastructure in the North of Montenegro.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|--------|------|------|------|------|------|------|
| Grant/CA ⁶¹ | ↓ ↓ | | | | | | |
| Project preparation | | | | | | | |
| Loan signature | | ↓ | | | | | |
| Construction | | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Mobilisation of funds | Delays at start. First disbursement to beneficiary under preparation |
| Project preparation | Tender documents for other municipalities (IPF3) |
| Financing | MW EUR 2.5m disbursed. Complementary grant was offered for Pljevlja project from IPA 2010 National Programme |
| Construction | Construction to start in Q1 2014 ... |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Expiry of grant deadline | End 2015 Extension after 2015 will be needed | |

⁶¹ IA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (11/08/2009)

| TA-MON-05 & TA-MON-07 | | Podgorica Water and Wastewater Infrastructure Project | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EIB | €300,000 | €35,000,000 | €75,000,000 | Signed | Completed |

On the advice of EIB and with the approval of the beneficiaries the two separate TAs were combined together to undertake and integrated Feasibility Study for water and wastewater. The project covered rehabilitation and expansion of Podgorica's water and wastewater collection and treatment infrastructure for Podgorica City with a population of 200,000. This is very important project for the environmental resources and future economic growth where tourism is a target sector along the Moraca river, in the Lake Skadar National Park, and along the coastline adjoining the lake outlet.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | | |
| ToR/TA Mobilisation | | | | | | | |
| TA Implementation | | | | | | | |
| Post WBIF TA project prep. Loan signature | | | | | | | |
| Construction (2013-20) | | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The ToR were prepared in close consultation with the Podgorica Water Company and the EIB and the first version was approved by the EC |
| TA Implementation | The feasibility study comprehensively addressed the problems with water supply and wastewater services which suffered from long term lack of adequate investment. Water supply system was in need of capacity and operating improvements. The existing wastewater treatment plant had a limited capacity with over half of the city's discharges going untreated into the River Moraca. The objective of the proposed investments for infrastructure development was to provide Podgorica City with a sustainable and efficient water supply and a sewerage collection and treatment system that treated all of the cities discharges in compliance with the EU directives. |
| Post WBIF TA project preparation | Podgorica Water Company used its own resources to prepare designs and tender documents and implemented construction of water supply and sewage networks and is in the process of preparing tender for the new wastewater treatment plant in accordance with recommendations of the study |
| Financing | To date City has invested € 5m of its own resources in water supply network and loan of € 8.5m from EIB has been used (part of framework loan) for sewer network rehabilitation and extension. A tender for design, build and operate for the proposed wastewater plant with total investment of € 55m and potential loan of € 35 is under preparation. Ministry of Finance commented that they had not consulted and that Government approval would be required. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | The study was conducted from the project office at the beneficiary premises which led to close cooperation with the Podgorica Water Company staff and full support for the findings and conclusions of the study | N/A |

| TA2-MNE-ENV-04 | | Wastewater treatment plant Berane | | | | |
|----------------|----------|-----------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature Status | TA status |
| FS | EIB | €150,000 | €5,200,000 | €11,200,000 | Signed | Completed |

The project is part of the EIB framework loan with the Government of Montenegro for Water and Sanitation and it was prioritised by the Master Plan for Northern Municipalities. The project proposed priority investments for improvements in drinking water quality, and increased operating efficiency, which will benefit population of around 50,000 in the short term. The proposed investments for wastewater collection and treatment will safeguard the potable water resources for areas downstream under the influence of the River Lim.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/ TA mobilisation | | | | | | |
| TA Implementation | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | | ↓ | | | |
| Construction (2014-2017) | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA Mobilisation | The preparation of ToR, selection of suitable staff and allocation of required inputs were all in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries, EIB and the EC |
| TA Implementation | The feasibility study for water and wastewater met the requirements of international donors as well as national regulations and EU directives. The Study formulated long term strategic investment plans for both water and wastewater and identified priority investment programmes for improvements in water supply and wastewater collection and treatment services in the short term. There were specific problems with drinking water quality, together with low operating efficiency and high water losses. The wastewater collection infrastructure was inadequate and raw sewerage was discharged to River Lim. The Study prepared an affordable and optimum programme for investments to be implemented in phases. The findings and conclusions of the Study were approved by the beneficiaries EIB and Jaspers Appraisal Mission. The consultants also prepared a "funding gap analysis" in accordance with Jaspers Mission Requirement suitable for IPA Application. |
| Post WBIF TA services | The designs have been completed for proposed project under EUD PPF and tender documents are to be completed by IPF 3 to progress the project to construction by summer 2014 |
| Financing | The project will be financed by combination of EIB framework loan and IPA grant with exact amounts determined once tenders are known. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | High quality feasibility study which meets expectations of all beneficiaries | N/A |

| TA3-MON-ENV-02 | | Wastewater treatment plant and network in Kolasin | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature Status | TA status |
| FS | EIB | €200,000 | €3,300,000 | €3,500,000 | Signed | Completed |

The project is part of the EIB framework loan with the Government of Montenegro for Water and Sanitation and it was prioritised by the Master Plan for Northern Municipalities. Kolasin is surrounded by UNESCO protected Tara River and Biogradska Gora National Park. It is a prime tourist destination for skiing in winter and popular holiday resort in the summer. The project developed by the feasibility study will provide adequate quality and quantity of water supplies and collect and treat wastewater to protect the environmental resources. The proposed project is under consideration for financing and construction by EIB and IPA.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA service 1 | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | | | ↓ | | |
| Construction (2015-2018) | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The preparation of ToR, selection of suitable staff and allocation of required inputs were all in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR were approved the beneficiaries, EIB and EC. |
| TA Implementation | The project preparation feasibility study for water and wastewater was aimed at satisfying the requirements of international donors as well meeting the national regulations and EU directives. The Study formulated long term strategic investment plans for both water and wastewater and identified priority investment programmes for improvements in water supply and wastewater collection and treatment services in the short term, prepared environmental baseline assessments, and a financial model of the operations of the company to demonstrate the actions needed to ensure the long term sustainability of their operations. The findings and conclusions of the Study was approved by the beneficiaries and EIB and commended |
| Post WBIF TA services | The project has progress to the tender stage for design. The tender for construction will be prepared by IPF-3 Consultants probably by late summer of 2014 and start of construction is expected in 2015 |
| Financing | The project has been selected by the beneficiary Ministry for a loan from EIB (under framework loan) and a grant supported from IPA as shown in the financing plan. However, is it more than likely that the financing plan will be adjusted to canvas for more grant support from IPA in view of weak financial position of the municipality |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | The key to the success of the project preparation feasibility study is to work closely in consultation with the final beneficiaries and deliver the proposed project that is technically optimum and financially sustainable and meets the expectations of the final beneficiaries, the EUD and the lead IFI | N/A |

| TA3-MON-ENV-03 | | Wastewater treatment plant and network in Danilovgrad | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EIB | €200,000 | N/A | N/A | N/A | Cancelled |

The PGAF for proposed project preparation feasibility study for the development of a wastewater collection and treatment project was supported by EIB. However, soon after the approval of the PGAF, EBRD signed a financing agreement with the Ministry of Finance / Municipality of Danilovgrad for the development of the wastewater collection and treatment project by updating an old, locally produced study, and offering bilateral technical assistance for implementation support. The Municipality subsequently requested that the grant be transferred to a feasibility study for water supply instead. This was not supported by EIB and PFG meeting rejected the request and cancelled the grant.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA service 1 | | | | | |
| TA service 2 | | | | | |
| Post WBIF TA project prep. | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|-----|
| Stage | |
| ToR/TA mobilisation | N/A |
| TA service 1 | N/A |
| TA service 2 | |
| Post WBIF TA services | |
| Financing | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| | This is a one off event and a change in the lead IFI after the approval of the PGAF has not taken place for any other project under WBIF | |
| | | |

| TA3-MON-ENV-04 | | Wastewater treatment plant and network in Rozaje | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | EIB | €200,000 | €2,500,000 | €8,200,000 | Signed | Completed |

The project is part of the EIB framework loan with the Government of Montenegro for Water and Sanitation and it was prioritised by the Master Plan for Northern Municipalities. The project prepared by the study will alleviate the problems of frequent disruptions to water supplies and untreated discharges of sewage to River Ibar by providing secure water supplies and adequate collection and treatment of wastewater and benefit the population of over 20,000.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | |
| ToR/TA mobilisation | | | | | | |
| TA Implementation | | | | | | |
| Post WBIF TA project prep. | | | | | | |
| Loan signature | | | | ↓ | | |
| Construction (2014-19) | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Preparation of the ToR, were in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries, EIB and EC |
| TA Implementation | The feasibility study for water and wastewater met the requirements of international donors as well as national regulations and EU directives. The Study prepared long term strategic investment plans for both water and wastewater and identified priority investment programmes for improvements in water supply and wastewater collection and treatment services in the short term. The study proposed measures to address the problems of frequent breakages in transmission mains and disruption to town's water supply and prepared a project for wastewater collection and treatment to prevent discharges of untreated sewage to the River Ibar The Study prepared an affordable and optimum programme for investments to be implemented in phases. The findings and conclusions of the Study were approved by the beneficiaries, EIB and Jaspers Appraisal Mission. The Consultant also prepared a "funding gap analysis" in accordance with Jaspers Mission requirement suitable for IPA Application. |
| Post WBIF TA services | The designs have been completed for proposed project by PPF and tender documents are to be completed by IPF 3 to progress the project to construction by summer 2014 |
| Financing | The project will be financed by EIB (part of framework loan) and it is expected by potentially a high proportion of grant funding from IPA as proposed by Jaspers Mission. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | The project fulfils the expectation of the beneficiaries and is progressing smoothly to construction stage | N/A |

| WB4-MNE-ENV-11 | | Construction of Regional Landfills in Pljevlja and Zabljak | | | | |
|----------------|----------|--|-----------------------|--|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA;FS;SIA | EIB | €150,000 (later approved by CA to €227,000) | €27,000,000 | €54,000,000 (Includes WB4-MNE-ENV-12 Components too) | Not signed | Under Execution |

The overall objective of this Component is the provision of an adequate MSW management system for the Municipalities of Pljevlja and Zabljak. The specific purpose is to prepare a feasibility study, conceptual design and EIA for the construction of a regional centre for waste management for the Municipalities of Pljevlja and Zabljak.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA service 1 | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | The drafting of ToR was suspended by the request of the EIB for six months after the approval. The ToR drafting was longer than usual due to the maturity problems and unclearness of the background data. The budget allocated for the project was not well planned and was far from recovering the expected outputs. 7 draft ToRs were prepared for the satisfaction of all stakeholders and provision of approval. |
| TA service 1 | The site surveys were neither foreseen in the budget of the TA at the beginning nor did the Beneficiary have such allowance to provide them. Therefore the budget was revised accordingly to 227.000 EUR. All outputs of the project (feasibility study, conceptual design and EIA) were prepared three times because of the disagreement of the stakeholders on some basic data (i.e. unit waster generation) which was provided/instructed before. |
| Post WBIF TA services | N/A |
| Financing | The Government of Montenegro and EIB already signed a Financial Agreement for 27 MEUR in November 2009 for project "Waste Management in Montenegro". The EIB loan was planned to cover up to 50% of project cost. However as explained below this project will possibly not be included in the finance programme. |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| The project most probably shall not be implemented | The Strategic waste plan of MNE is under revision since last year and this waste management centre is not expected to be part of the revised strategy. This is a typical maturity issue. The maturity of projects has to be checked and verified in detail before any subproject is initiated. To have a detailed appraisal stage before the approval of grant and/or a draft ToR prepared and attached with the PGAF may be a good idea. | |
| The outputs were prepared three times | The PIUs should act as not only as intermediary correspondence units but as decision makes and consolidators of comments. Management of conflicting comments and commenting deadlines should be clarified. The master plans and strategic plans should be perceived as guides for the TA deliverables and not as legislative documents prescribing all key assumptions for site specific issues. | |
| Significant delays in responses to the outputs by some Beneficiaries | PMUs mandate and autonomy should be strengthened and their instructions on commenting deadlines should be respected. | |

| WB4-MNE-ENV-12 | | Construction of Regional Landfills in Montenegro | | | | |
|----------------|----------|--|-----------------------|---|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA;SIA | EIB | €750,000 | €27,000,000 | €54,000,000 (includes WB4-MNE-ENV-11 too) | Signed | Under Execution |

The overall objective of this Component is the provision of an adequate Municipal Solid Waste management system for Montenegro. The project comprises of 6 independent Components. (i) EIA Study for the Regional Landfill construction in Niksic; (ii) Assessment of management models and options for cost recovery for the future construction and operation of regional landfills including the preparation of the national strategy for the waste management tariffs (iii) Procurement assistance for construction of Leachate Treatment Facility at Livade (iv) Procurement assistance for supervision of Leachate Treatment Facility at Livade (v) Procurement assistance for the design and construction works and supervision services for the Rehabilitation of Cafe Dumpsite (vi) Procurement assistance for the design and construction works and supervision services for the Rehabilitation of Vrtijeljka Dumpsite. The chart below refers to all components.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA service 1 | | | | | |
| Loan signature | ↓ | | | | |
| Construction (Comp. iii) | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | In general maturity problems were present for all components. For 3 components it was foreseen during the grant application that the detailed designs are ongoing and shall be completed by others in a reasonable time. However they were never completed and in fact were rejected by local review committees. Therefore some ToRs were suspended and/or drafted several times and had to be revised |
| TA service 1 | The interest of the stakeholders was lost for some Components because their projects lost their priority, which lead to late or no responses to the deliverables. Lack of the sound management cycle for some Components because of low project maturity led to delays and complications in tendering and contract management. Conflicts between the local stakeholders result to comments on deliverables not covered by ToR. |
| Post WBIF TA services | N/A |
| Financing | The Government of Montenegro and EIB already signed a Loan Agreement for €27 million in November 2009 for project "Waste Management in Montenegro". The EIB loan was planned to cover up to 50% of project cost. Comp. iii under construction. Ministry of Finance commented that only €1.2 million has so far been allocated which was for the Livadi plant. The remainder depends on the outcome of the review. |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| Proposed Components do not have sufficient maturity | A detailed appraisal stage before submitting a PGAF and before approval of grant is necessary (Niksic landfill and Café dumpsite studies rejected). | |
| Significant delays in responses to the outputs by some Beneficiaries | PMUs mandate and autonomy should be strengthened and their instructions on commenting deadlines should be respected. | |

| WB6-MNE-ENV-17 | | Reconstruction of water supply system in Old Royal Capital of Cetinje | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature Status | TA status |
| ATP; MD | EIB | EWBJF €600,000 | €2,000,000 | €4,000,000 | Signed | Under execution |

The existing water supply infrastructure in the Old Royal Capital of Cetinje is outdated with limited capacity and high leakages. The WBIF grant will assist by undertaking the preparation of technical documentation and designs for the reconstruction of the water supply system. The project is included under a framework loan from EIB for the “Montenegro Water and Sanitation project” and so financing is already in place.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|
| Grant/IA ⁶² /FA ⁶³ | | ↓ | ↓ | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | ↓ | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Implementation and funding agreements took a year to put in place with a further six months for procurement of a consultant. |
| TA implementation | Proceeding according to plan. Due to complete mid 2014 |
| Post WBIF TA services | N/A |
| Financing | €57 million framework loan signed Oct 2010 which includes Old Royal Capital of Cetinje |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None | | |

⁶² IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (25/02/2013)

⁶³ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (05/10/2012)

| WB7-MNE-ENV-24 | | Technical Assistance for Wastewater and Water Supply projects in Montenegro | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature Status | TA status |
| TDA, ATP | EIB | € 700,000 | € 14,466,667 | € 23,183,788 | Signed | Under execution |

WBIF agreed to support seven Montenegrin municipalities - Bijelo Polje, Niksic, Cetinje, Berane, Plav, Rozaje and Andrijevisa - in their efforts to improve sanitary conditions and to ensure better and continuous water resources for their inhabitants. The assistance provided was initially envisaged to include the construction of wastewater treatment plants in the Municipalities of Bijelo Polje, Berane, Rozaje, and in the Old Royal Capital of Cetinje, as well as of sewerage networks in the Municipalities of Plav and Niksic, and the extension and upgrade of the water supply system in the Municipality of Andrijevisa. During TA implementation, priorities are changing and substitution of towns and project components is required.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | The project grant was awarded in June 2012. The IPF 1 Consultant was tasked with ToR preparation activities. The approved ToR were issued to the IPF 3 Consultant in June 2013. |
| TA implementation | TA is under way. The proposed water supply pipeline project at Andrijevisa appears to have become focussed primarily on hydropower generation through the inclusion of a large diameter penstock. The continuing eligibility of the sub-project (Andrijevisa) is under discussion with EIB. The lack of clarity in the programme to be implemented has been a major constraint on TA progress. |
| Post WBIF TA services | None envisaged as yet. |
| Financing | To be agreed but this grant supports projects already financed under the framework loan agreement. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| ToRs | For sub-project TAs that relate to implementation of already signed loans, the time and effort spent on preparing ToR for subsequent TA implementation is wasted if the programme is not sufficiently defined or adhered to. A better solution is to agree a broad scope of TA services for PMU support, and leave the definition of the TA input to the Inception stage of the TA. | Nil |
| TA engagement | The Beneficiary has been reluctant to regard the TA as a key stakeholder in the project, leaving discussions to a series of bi-lateral interactions – Beneficiary/Bank, Bank/TA, Beneficiary/TA. This has a negative impact on progress and engagement of parties to address issues in a coherent manner. Project procedures (IFI/Beneficiary/TA) should be mandatory on projects with already-signed grants. | |

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB8-MNE-ENV-31 | | Montenegro Solid Waste – TA in Preparation of Project Implementation (Preparation of tender documentation for construction of the regional centre for waste treatment in Pljevlja) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TD | EIB | € 70,000 | Not yet available | Not yet available | Not signed | ToR preparation |

In 2009, Montenegro and EIB signed a Finance contract for the project “Montenegro Solid Waste”, in the amount of 27 million EUR. The project concerns the construction of the first phase of the regional centres for waste treatment that comply with Annex I of the Landfill Directive (1999/31/EC), recycling and composting facilities, transfer stations, as well as the rehabilitation of existing dumpsites.

The current WBIF grant consists of technical assistance services for PROCON, the national implementation agency for the Solid Waste Project, in the preparation of tender documentation for the construction of a regional landfill in Pljevlja, which would serve the needs of Pljevlja and Zabljak municipalities. This assistance comes as a continuation to prior TA granted under WBIF for the preparation of feasibility studies for the rehabilitation of the old solid waste dumpsites in 10 municipalities in Montenegro, including Pljevlja.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | The project was approved as part of Round 8 in December 2012. The preparation of the ToRs was entrusted to IPF 2 and the task is still ongoing as the IPF 2 Consultant is awaiting completion of feasibility study for land fill project and preliminary design prior to preparing ToR for preparation of tender documentation. However, it seems there is no agreement between the two municipalities on landfill location and some further delays could be expected. |
| TA implementation | Not yet commenced as TA ToRs are not yet available. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | To be agreed. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Approval processes | It is understood that the delays are in part a s a result of JASPERS involvement in the review of the FS; it is understood that the ToR for the IPF2 assignment do not cover adequately the subsequent JASPERS requirements. For projects where future EU funding contributions are envisaged, JASPERS should be consulted during ToR formulation as a key stakeholder, thereby ensuring full coverage of the scope of TA services and deliverables. | N/A |

| WB8-MNE-ENV-32 | | Construction of main water supply pipeline in Andrijevisa | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|----------------------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | EIB | EWBJF €400,000 | €300,000 | €800,000 | Not signed | Awaiting transfer of funds |

Andrijevisa Municipality has a population of 5,000 inhabitants who at present no longer have secure water supply system. The existing infrastructure is outdated and inefficient and the main water supply pipeline from the source to the urban settlement is in need of reconstruction and repair. The preparation of tender documentation for the improvement of this 12.5 km asbestos cement pipeline, estimated to cost €0.8 million, has already been carried out and the WBIF grant approved is an investment grant which will realise this project.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|
| Grant/IA ⁶⁴ /FA ⁶⁵ | | | | |
| Mobilisation of funds | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | Funding agreement signed but implementation agreement signature outstanding |
| Financing | The municipality is included within the EIB framework loan agreement. |
| Construction | Expected to start in 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None | | |

⁶⁴ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (not yet signed)

⁶⁵ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (20/11/2013)

MNE - Social

| TA2-MNE-SOC-08 | | Centre for the Elderly - Pljevlja | | | | |
|----------------|----------|-----------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; PD; TMA; | CEB | €150,000 | €2,000,000 | €1,200,000 | Not signed | Completed |

There is currently no social program to address the needs of the elderly in Pljevlja. The Municipality (local authorities) adopted the National Action Plan for Elderly (NAP 2008) in alliance with the national Strategy for Elderly which envisages the construction of Centre for Elderly in Pljevlja. This would be composed of a daily central component, residential facilities and would also cater for elderly people with disabilities. The Centre would offer innovative social services in accordance with the best EU practices.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | ToR for Preliminary and Main design was completed on May 2012 |
| TA implementation | Preliminary design submitted to the Beneficiary on October 2012 and approved. Detailed design presented on January 2013 and completed with interior design on March 2013. Design sent to State design Revision Team on March 2013, first comments sent by SDRT on August 2013. Amendments requested were submitted on September 2013. |
| Post WBIF TA project preparation | |
| Financing | The line Ministry arranged Euro 2,000,000 with CEB for construction works and equipment through the Regional Housing Programme. Currently, this agreement is still in preparation phase and these funds are expected to be available in the second part of 2014. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Revision delay | An early and jointly participation of the State Design Revision Team, before the end of the design preparation, would shortened the time for total completion of the technical documentation. | N/A |

MNE - Transport

| TA2-MNE-TRA-03 | | Reconstruction of Main Road Scepan Polje-Pluzine (Bosnia and Herzegovina border) | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS;l | EIB | €150,000 | €35,000,000 | €62,000,000 | Not signed | Completed |

The grant, complementing to the Round 1 precedent grant for the BiH section, was approved for preparation of Feasibility Study for the main road link between BiH and MNE, which makes SEETO route R2b the shortest connection between the capitals of the two countries. The Pre-Feasibility Report prepared in this phase was based upon conceptual design options, while further preparation of Preliminary Design with Feasibility Study was approved by a subsequent grant in Round 3.

| Project programme | 2009 | 2010 | 2011 |
|--|------|------|------|
| Grant award | ↓ | | |
| ToR/TA mobilisation | | | |
| Conceptual Designs with Pre-Feasibility Report | | | |
| Post WBIF TA project prep. | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | No problems to be reported |
| Conceptual Designs with Pre-Feasibility Report | As the activities overlapped with parallel activities conducted under TA-BIH-06, coordination was achieved to the satisfaction of all stakeholders who accepted/had no objection on the Report following a Workshop held in May 2010. |
| Post WBIF TA services | Further preparation of the Preliminary Design and completion of Feasibility Study approved under TA3-MON-TRA-01 |
| Financing | See TA3-MON-TRA-01. Accordign to Ministry of Finance this is unlikely to be financed during until after 2016. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| National transport priorities | National transport priorities should present more clear status/ranking of project priorities in compliance with the SEETO Multi Annual Plan | N/A |

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA3-MON-TRA-01 | | Construction of the main road Scepan Polje-Pluzine (Bosnia and Herzegovina border) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA;PD | EIB | €550,000 | €35,000,000 | €62,000,000 | Not signed | Under Execution |

The grant for this SEETO Route R2b section approved for continuation of the Feasibility Study preparation including Preliminary Design, which previously initiated with Phase 1 implemented under TA2-MNE-TRA-03. The Pre-Feasibility Report prepared in this previous phase was made upon conceptual design options while further preparation of Preliminary Design with Feasibility Study was approved by subsequent grant in Round 3.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|
| Grant award | | ↓ | | | | |
| ToR/TA mobilisation | | | | | | |
| Feasibility Study | | | | | | |
| Preliminary Design | | | | | | |
| Post WBIF TA project prep. | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | More than six months passed from grant approval until ToR preparation, as results from the Phase 1 were outstanding. TA mobilisation was also delayed due to the fact that results from the in-parallel Study activities in BiH project were to be presented and accepted by the stakeholders. |
| Feasibility Study | The Feasibility Study is to be updated with final project costs, once the Preliminary Design is accepted. |
| Preliminary Design | Acceptance (revision) of the Preliminary Design has been significantly delayed with the state revision process ongoing since November 2013. |
| Post WBIF TA services | N/A |
| Financing | No changes reported from initial interest (at PGAF phase). Ministry of Finance commented that it is unlikely to be financed until after 2016. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------------|
| Problem | Recommendation | Cost |
| Design revision | Design revision (supervision) is required under the National Regulations of Montenegro (similar in all countries in the WB), which is an obligation of the owner of the project (Ministry of Transport), but no such budget has been made available and the design approval has not progressed for several months. | 26,000 EUR |
| Beneficiary staff changes | Consecutive changes in the Ministry's and Road Directorate's management structure have repeatedly brought delays to the project. | N/A |
| Time for decision making | Disagreements between different parts of the end beneficiary (Ministry of Transport and Road Directorate) are causing delays in design approval and hence delays to further development of the project. | N/A |

| WB6-MNE-TRA-14 | | Preparation of a SEETO road route 4 investment plan for Montenegro | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EIB | EWBJF €500,000 | €400,000,000 | €500,000,000 | Not signed | Completed |

The SEETO road route 4 runs between Vatin (Romanian border) – Belgrade (Serbia) – Podgorica (Montenegro) – Bar (Montenegro) and the portion in Montenegro is about 170 km divided into five sections. The WBIF prepared a Route Investment Plan, Technical Options and an Environmental and Social Impact Assessment for the full 170 km.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|
| Grant/IA ⁶⁶ /FA ⁶⁷ | | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Agreements had been prepared prior to grant award due to high priority attached by Government to project. |
| TA implementation | According to plan. Allowed Government to proceed with international design/build tender. |
| Post WBIF TA services | Within loan proposed by Chinese |
| Financing | Contract for design build under negotiation with Chinese contractors who proposed a 20 year repayment period, five year grace period and 2% interest rate for a project cost of approx. €0.8 billion |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| None | Early preparation of agreements is a way of achieving rapid TA implementation | |

⁶⁶ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (5/01/2012)

⁶⁷ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (21/02/2012)

VII. Serbia (SER)

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| WB4-SER-ENE-04 | | Interconnection with Bulgaria Gas Transmission Pipeline | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; ESIA | EBRD | €1,000,000 | N/A | €60,000,000 | Not signed | Completed |

The project concerns construction of a 150 km long gas pipeline to serve as interconnector between Serbia and Bulgaria, from Niš – Bela Palanka – Pirot – Dimitrovgrad – Sofia. Of this length 100 km will be on Serbian territory and 50 km on Bulgarian territory. The construction of this gas transmission pipeline line is a necessity for stable gas supply in a very broad geographical area that includes not only Serbia and Bulgaria, but also Kosovo and former Yugoslav Republic of Macedonia as well as other countries in the Balkan region.

The purpose of the TA is to prepare for the Serbian part a Feasibility Study (FS) and an Environmental and Social Impact Assessment based on the Conceptual Design that was also prepared.

| Project programme | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated in July 2010 and has been approved in February 2011. |
| TA execution | Execution started in April 2011. The FS and ESIA were submitted in November 2011. An Annex to Financial Analysis (commercialisation issues) was additionally requested and started in May 2012 and submitted in July 2012. Approvals received from beneficiaries and IFI. The project had to be executed in parallel with a similar project in Bulgaria, which started a year later. So no coordination was possible. |
| Post WBIF TA services | N/A |
| Financing | Srbijagas as beneficiary showed little interest in implementing the project although Memorandum of Understanding to implement the project was signed on December 14, 2012, between the Government of Serbia and the Government of Bulgaria. Ministry of Finance commented that some of funds agreed with EBRD for gas storage may be re-allocated to this project subject to restructuring of Serbia Gas. |

| Proposed solutions/lessons learnt | | |
|--|--|---------|
| Problem | Recommendation | Cost |
| Unclear elaboration concerning the project's commercial viability created the need for additional work | A Business Development Expert was provided | €31,000 |
| Low support to implement the project from the main beneficiary Srbijagas | Projects should not be initiated when there is not sufficient local support | |
| Delays from Bulgarian side in respective FS and ESIA got the project out of track | Projects with dependencies in same or other countries should be better coordinated before being launched | |

| WB4bis-SER-ENE-05 | | Rehabilitation District Heating Systems – Phase IV | | | | |
|-------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FAA, TMA | KfW | €500,000 | €45,000,000 | €58,297,000 | Signed | Under Execution |

The objective of Phase IV of this Programme is to improve the technical efficiency and financial and ecological sustainability of the 20 participating municipal District Heating Companies (DHC) by replacing obsolete pipelines, substations and production facilities, as well as by modernising and improving their operation and maintenance. The Programme also aims to introduce institutional and organisational reforms in the DHC, which shall enhance their business policies, for example by supporting the introduction of consumption-based billing. There are two WBIF grants awarded for this project which have been treated as one overall project preparation input (see WB5-SER-ENE-06).

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|------|
| Grant/IA ⁶⁸ | | ↓ | ↓ | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | This was the first Implementation Agreement and took one and a half years to prepare. However, there were €2 million of German Government funds that were used to fund the consultant who therefore started before the IA signature. |
| TA implementation | The two grants were used to provide TA in the form of development of Investment Plans and assistance with tender documentation and contracting. Subsequently the consultant has assisted with implementation and will continue until end 2015. |
| Financing | The loan was signed 30 September 2011. Ministry of Finance noted disbursement to be 6% at end 2013. |
| Construction | Construction works for most of the awarded contracts has started and more tenders are planned for spring 2014 and 2015. At end 2013 25% of the main tender had been completed. |

| Proposed solutions/lessons learnt | | |
|--|----------------|------|
| Success/Problem | Recommendation | Cost |
| The rehabilitation of the district heating systems in 20 towns will be a major achievement | | |

⁶⁸ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (16/5/2012)

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB5-SER-ENE-06 | | Rehabilitation of the District Heating Systems in Serbia – Phase IV” - Program implementation – SECOND STAGE | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FAA, TMA | KfW | €1,512,000 | €45,000,000 | €58,262,000 | Signed | Under Execution |

The grant has been provided by the EU through the WBIF for the financing of consulting services required for the preparation and implementation of the Programme which is co-financed by a grant of the German government of €2 million. In preparatory stage of Phase IV the consulting team performed heat demand forecasts, hydraulic calculations and analyses of the business models in order to elaborate detailed investment plans for each DHC. This is the second of two grants provided for this project which has been treated as a single overall project preparation process (WB4bis-SER-ENE-05).

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|------|
| Grant/IA ⁶⁹ | | ↓ | ↓ | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | ↓ | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The TA was able to start prior to signature of the implementation agreement due to the use of German Government grant funds. |
| TA implementation | The two grants were used to provide TA in the form of development of Investment Plans and assistance with tender documentation and contracting. Subsequently the consultant has assisted with implementation and will continue until end 2015. |
| Financing | The loan was signed 30 September 2011. Ministry of Finance noted disbursement to 6% at end 2013. |
| Construction | Construction works for most of these contracts have started and the overall completion date is planned for end 2015. At end 2013 25% of the main tender had been completed. |

| Proposed solutions/lessons learnt | | |
|--|----------------|------|
| Problem | Recommendation | Cost |
| The rehabilitation of the district heating systems in 20 towns will be a major achievement | | |

⁶⁹ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds (16/05/2012)

| WB8-SER-ENE-11 | | EE Programme in public buildings – Serbia EEP | | | | |
|-------------------|----------|---|-----------------------|-------------------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP; DD; FS; SofW | KfW | €1,300,000 | €15,000,000 | €18,000,000 | Not signed | ToR completed |

The proposed Energy Efficiency Programme in Public Buildings (EEP) would focus on selected public service buildings - especially schools - and demonstrate to the municipal and government officials and local communities the benefits of investment in energy efficiency measures. The programme builds on the experiences of the on-going Serbia Energy Efficiency Project (SEEP) co-financed by the World Bank. The programme will be implemented in two phases and comprise 25-35 schools.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁷⁰ | | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Implementation agreement signed within three months but the Financing and Loan agreement have been under negotiation during 2013 with long reaction time from Government side. |
| TA implementation | The tender for consulting services by an Implementation and Supervision Consultant was done in parallel and tendered and decided 4Q 2013 but has been put on hold pending decision on financing. |
| Financing | Project was not signed end of 2013 by Government due to level of indebtedness. The Serbian Government (Ministry of Finance, Ministry of Energy and Ministry of Education) has reiterated that the Project Agreements shall be signed as soon as possible. However, signing would only be possible after the elections, i.e. not before early June 2014. |
| Construction | |

| Proposed solutions/lessons learnt | | |
|--|--|--------------------------|
| Problem | Recommendation | Cost |
| Fiscal space issue was somewhat holding up project | Elections in March 2014 will further delay the signing but KfW hope to sign in June 2014 | <i>Quantify solution</i> |

⁷⁰ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds (13/03/2013)

| WB9-SER-ENE-01 | | 400kV OHL from sub-stations Bajina Basta to Kraljevo | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA; FS; PD; SIA | KfW | €800,000 | €35,000,000 | €40,800,000 | Not signed | ToR preparation |

This grant is in direct link to Western Serbia system upgrade and regional study on new 400 kV interconnection between Serbia, Montenegro and Bosnia and Herzegovina. This technical assistance will provide the preparation of the first phase of Central Serbia system upgrade (from existing 220 kV OHL to 400 kV OHL SS Kraljevo - SS Bajina Basta – with the existing routing used to the largest possible extent).

| Project programme | 2013 | 2014 | 2015 | 2016 |
|------------------------|------|------|------|------|
| Grant/IA ⁷¹ | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|---|--|
| Stage | Summary |
| ToR/TA mobilisation | Grant approved in June 2013 and Implementation Agreement sent by KfW to EBRD in August 2013. Signature delayed due to negotiations over changed EC financial regulations. In January 2014 KfW requested that the grant be changed to implementation under IPF framework thus avoiding the delay. |
| TA implementation | IPF 1 will write the Terms of Reference with implementation probably by IPF 3 |
| Post WBIF TA services | KfW will award implementation consultancy |
| Financing | This will depend on the outcome of the Feasibility study |
| Construction | |

| Proposed solutions/lessons learnt | | |
|---|---|--------------------------|
| Problem | Recommendation | Cost |
| Delay in mobilisation due to changed EC financial regulations | KfW have found a solution by switching implementation to be under the IPF framework | <i>Quantify solution</i> |

⁷¹ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (DATE)

SER – Environment

| MW-SER-ENV-CEB/KfW-01 | | Medium-sized towns Water Supply and Sewerage Systems –Kraljevo,.. | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | KfW | MW €3,000,000 | €25,000,000 | €38,000,000 | Signed | Disbursed |

The project is directed towards 7 municipalities and is implemented as phase 2 of Programme 1 of the Water & Sewerage Open Programme in Medium-Sized Municipalities in Serbia. The project objective is to improve the water supply and sewerage networks for the towns of Kraljevo, Loznica, Sabac, Smederevo, Sombor, Pancevo and Vrsac and thus improve the living standards and hygienic conditions of the local populations. The emphasis is 90% on water supplies and 10% on wastewater.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|---|---|---|--|---|---|
| Grant/CA ⁷² |   | | | | | |
| Project preparation | | |  |  |  |  |
| Loan signature | |  | | | | |
| Construction | | | |  |  |  |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| Project preparation | Considerable progress has been made, despite delays due to contractual issues and long tendering procedures in Serbia. Almost all of the final design works and the majority of the tender documents have been completed. The two phase approach aiming at incentivising good utility management has resulted in improved performance. |
| Disbursement | The IPF MW funds are fully disbursed with only the €36k remaining allocated for auditing. Total disbursement is €12.5 million |
| Construction | The programme is in full swing with construction ongoing in five towns (Kraljevo, Loznica, Sabac, Smederevo and Sombor). Pipe rehabilitation works have started in July 2012 in four towns and in Loznica the rehabilitation of the pumping station started in May 2012. Works will be completed for four cities by October 2014 with overall completion due September 2015. Key issues have been: Obtaining the location permit for the reservoir has held up the component in Pancevo; the city of Vrsac started 13 months late for political reasons; and the city of Smederevo delayed award of contracts for a year due to uncertainties over the budget. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|--------------------------|
| Problem | Recommendation | Cost |
| Financing gap | The IPF MW investment grant has been important to achieving the financing and sustainability of the programme. | <i>Quantify solution</i> |
| Changes in PUCs management | | |

⁷² IA = Contribution Agreement which is signed with EC to transfer IPA funds  (11/08/2009)

| TA-SER-17 | | Feasibility studies for collection and treatment of waste water in the municipalities of Vranje and Uzice | | | | |
|-------------|----------|---|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS | KfW | €500,000 | €15,300,000 | €36,500,000 | Signed | Completed |

The project deals with the rehabilitation and expansion of water and wastewater infrastructure in the Municipalities of Vranje and Uzice. Vranje is in southern Serbia and has a population of 98,000 and Uzice is in west of the country with a population of 60,000. The waste water services in both cities suffer from long term lack of investments. The project preparation feasibility studies targeted to provide a significant positive health impact through improved quantity and reliability of water supply and collection and treatment of wastewater to meet needs for compliance with EU environment acquis.

| Project programme | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|------|------|------|
| Grant award | ↓ | | | | | | |
| ToR/TA mobilisation | | | | | | | |
| TA service 1 | | | | | | | |
| Post WBIF TA project prep. | | | | | | | |
| Loan signature | | | | | ↓ | | |
| Construction (2014 -2018) | | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Preparation of the ToR were in accordance with scope of work envisaged and the budget given in the approved application. The first version of the ToR was approved by the beneficiaries and the EC |
| TA Implementation | Each study formulated a long term strategic investment programme for both water supply and wastewater collection and treatment infrastructure. The priority investment programme for improvements in water supply and wastewater services was identified in each case together with environmental assessment of its contribution to mitigate the threat to environmental resources of the project areas |
| Post WBIF TA services | Implementation consultants were contracted by KfW to prepare detailed design and tender documents. Tenders for construction works for the two projects are expected in early 2014. |
| Financing | The projects were found to represent viable investments with the assistance of IPA grant funding and KfW loan and reached the construction stage without significant delays. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | The projects are progressing smoothly to construction. | N/A |

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-------------------|
| TA3-SER-ENV-01 | | Novi Sad Wastewater (formerly Municipal Water - Nis and Novi Sad Municipalities) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EIB | €1,000,000 | Not yet available | € 60,000,000 | Not signed | Not yet commenced |

In 2009, building on the loan agreed by the Government of Serbia and EIB for improvements in the water sector, Nis and Novi Sad applied for WBIF grant in order to obtain TA assistance necessary for the implementation of the water and wastewater investment programme in the two municipalities. The grant would have covered various services – FS, TMA and overall capacity building to the PMU, associated with the implementation of the programme.

WBIF assistance was however discontinued by Nis and put on hold by Novi Sad shortly after the approval of the grant and thus the TA is at the moment discontinued and resuming TA services would require the redefinition of TA scope and approval from the WBIF SC / DG Enlargement. The project application is at present (February 2014) being reviewed under written procedure by EIB and DG Enlargement. The change of scope if approved will focus on preparing a Feasibility Study with preliminary design and environmental impact assessment for the wastewater treatment plant at Novi Sad. The value of grant will likely be reduced.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The project was approved as part of Round 3. The Municipality of Nis withdrew from the project and Novi Sad stalled any progress on the grant until 2013 when the project was reallocated from IPF 1 to the IPF 3 Consultant. The IFI, EIB, and Beneficiary have requested a change of scope, with the services requested only for Novi Sad wastewater treatment plant. The review of the grant application/change of scope issues are being processed under “written procedure”, with the outcome awaited. |
| TA implementation | Not yet commenced as TA ToRs are not yet available. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | To be agreed. Dependent on outcome of the feasibility study. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Progress to next stage | Swift decision making is required in order to mobilise resources towards more mature projects. Written procedures need to be defined and understood by all stakeholders. | Nil |

| | | | | | | |
|-----------------------|----------|--|---------------|-----------------|-----------------------|-----------------|
| WB6-SER-ENV-03 | | Construction of collectors II & VII and water well in Subotica and preparation of tech. docs. for sludge management | | | | |
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| CF, ATP, FS | EBRD | €2,040,000 | €11,000,000 | €24,600,000 | Signed | Under execution |

The project is designed to address critical investment needs in the water and wastewater sector in the City and Municipality. Previously, the project of reconstruction and expansion of the communal wastewater treatment plant in Subotica has been implemented, with total investment costs of EUR 17.5 million. This was part of a previous EBRD project. With this, Subotica is the first major city in Serbia to operate a WWTP in line with EU directives and the national legislation. However, although the plant's capacity lies at 150,000 p/e, only 100,000 p/e load is connected today. In addition, there are surrounding settlements where there is no wastewater treatment today. The Project aims to connect one settlement (Palic) to the existing wastewater treatment plant, and possibly construct an additional small wastewater treatment plant in the settlement Bajmok, which is located too far from Subotica City to be connected to the existing plant.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|
| Grant/IA ⁷³ | | ↓ | | |
| ToR + Procurement | | | | |
| TA implementation | | | | |
| Loan signature | | ↓ | | |
| Construction start | | | | |

| Discussion of project problems and successes | |
|---|---|
| Stage | Summary |
| ToR/Procurement | <p>There are 9 project components and the main design is available for all of them. The consultant is currently reviewing the project documentation which is already prepared by the PUC, after which they will work on finalisation of the missing documentation and preparation of the tender documents. Based on the tentative work plan, the construction is foreseen to start in July 2014 and last until October 2017. The documentation for the new water treatment (component 1) is at the stage of approval of conceptual design. Estimated time period for the approval is 3 months. This component will be treated as a fully separate project, following FIDIC Yellow Book. At the stage of waiting for the issuing of construction permits are:</p> <ul style="list-style-type: none"> • component 2, west-east main connection line for water supply; • component 3, central main pipeline for water supply. <p>Construction permits available are for:</p> <ul style="list-style-type: none"> • component 4, Losinjska street pipeline for water supply; • component 5, collector II; • component 7, collector VII. <p>The components 2 and 4 will be merged into one Red Book tender, and components 3, 5 and 7 into another one.</p> <p>Components 6, 8 and 9 will be funded by the municipality and are taken out of the consultants' scope of work.</p> |
| TC implementation | <ol style="list-style-type: none"> 1) Project Implementation Support – contract signed on 6 September with consultant. Draft inception report was provided in mid-January 2014. 2) Feasibility Study for New Sludge Management Options – contract signed on 29 November 2013 with consultant. Inception report was provided in late January 2014. |
| Other/Subsequent TA assistance non WBIF financed (if any) | n/a |

⁷³ IA – Implementation Agreement ↓

| | |
|--------------|--|
| Financing | This project is financed by the EBRD, WBIF and the City. Loan Agreement signed 4 May 2012. These priority infrastructure investments in water and wastewater system aim to significantly improve the quality of water supply, wastewater disposal and treatment services in Subotica. In addition, the WBIF funded technical assistance will support project implementation and commercialisation of wastewater sludge through its potential exploitation (biomass, fertilisation of land, etc). |
| Construction | Expected to start in July 2014 |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| No identified. | | |

SER – Social

| TA2-SER-SOC-04 | | Municipal and Regional Infrastructure | | | | |
|----------------|----------|---------------------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP;O;SofW;TMA | EIB | €375,000 | €75,000,000 | €150,000,000 | Signed | Completed |

The project concerns the financing of an investment programme managed directly by the Ministry of the National Investment Plan (MNIP). The programme includes investment schemes in several sectors, mainly in the transport and local/regional roads, education, cultural and historical heritage and public buildings rehabilitation. These interventions are located in municipalities throughout Serbia.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | ↓ | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | ToR approved Oct 2009, Kick-off meetings held in Nov 2009 and STEs mobilised in Dec 2009. PMU members appointed in Jan 2010. |
| TA implementation | The TA team set up procedures for first requests to EIB and also disbursements and this set in motion the process of managing a large number of small municipal contracts. Loan disbursement has continued successfully. The Final Report finalised October 2010. An extension for up to four months on a part time basis was approved for the Financial expert to maximise the benefit from the mission. |
| Post WBIF TA project preparation | |
| Financing | Loan was in place and purpose of TA was to facilitate disbursement of signed loan by assisting PIU. 84.5% of €50 million loan was disbursed by end 2013 according to the Ministry of Finance while possibility of further €25 million loan remains. |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| PMU efficiency affected by changes | As changes in the PMU leadership and the understaffing of the MNIP have lead to a slower PMU activity a stable composition of PMU members is essential | |
| Some projects lacking documentation / not ready for tendering / found not eligible after deeper analysis | Train adequately PUC and PIU representatives to apply IFI/EC requirements as far as selection and elaboration of projects are concerned | |

| TA3-SER-SOC-02 & WB6-SER-SOC-08 | | | Judiciary facilities & Extended TA for judiciary facilities | | | |
|---------------------------------|----------|----------------|---|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| MD;PD;TMA | EIB | €2.520.000 | €45,000,000 (to cover other installations too) | €43,000,000 | Signed | Under Execution |

The objective was to support the ongoing Judiciary Reform process and the modernisation of Judiciary Infrastructure in Serbia. A Feasibility Study was performed by EIB in 2010. Project consists of 3 subprojects:

1. TA3-SER-SOC-02 (completed) for Support to PIU, Preliminary, Main Design for new Prosecutor Building (Building C) and Extension of State Court (Building D);
2. WB6-SER-SOC-08 (on-going) for Support to PIU, Preliminary, Main Design for the renovation of Palace of Justice (Building B);
3. WB9-SER-SOC-09 (to be initiated) for Support to PIU and supervision during construction of Palace of Justice (Building B).

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------|------|------|------|------|------|------|------|
| Grant award | | ↓ | | ↓ | | ↓ | |
| ToR/TA mobilisation | | | | | | | |
| TA service 1 | | | | | | | |
| TA service 2 | | | | | | | |
| Post WBIF TA project prep. | | | | | | | |
| Loan signature | | | | | | | |
| Construction | | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToRs for TA service 1 were initiated on 15/02/11, approved on 07/04/11, mobilisation started on 15/04/11 ToRs for TA service 2 were initiated on 08/03/12, approved on 04/05/12, mobilisation started on 31/05/2012 ToRs for TA service 3 were initiated on 02/12/2013, expected to be approved in February 2014. Mobilisation expected in May 2014 |
| TA service 1 | MoJPA changed strategy due to Political changes. New building (Kataniceva street) identified in the course of the TA. Two Main designs completed but one project cancelled (Building C). Implementation of Building D significantly delayed |
| TA service 2 | Significant delays due to late establishment of the Judicial networks resulted to project being on hold for more than 6 months. PIU is lacking basic structure and skills. |
| Post WBIF TA services | Additional TA might be needed in 2014 for Supervision services during construction of Kataniceva street building, which replaces Building C |
| Financing | Government has prepared new financing plan. EIB still committed. Negotiations in progress for signing new loan agreement. From the old agreement only €15M approved. Disbursement planned to start in 2014. |

| Proposed solutions/lessons learnt | | |
|--|---|------|
| Problem | Recommendation | Cost |
| Government changes have caused change of priorities | Projects financed under WBIF should now have their priorities modified. | N/A |
| New Judiciary organisation network not legally adopted when TA started | Application for WBIF TA should be granted when Projects are mature enough | N/A |
| Insufficient PIU | Existing PIU should be strengthened to be properly functional | N/A |

| TA3-SER-SOC-03 | | Modernisation of Prison Facilities/providing a humane and safe prison system | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| DD; FS; TMA | CEB | €700,000 | €18,000,000 | €30,000,000 | Not yet signed | Under execution |

The project is part of the “Modernisation of Prison Facilities” Programme of the MoJ. This Programme involves a series of projects and policies aimed at alleviating prison overcrowding and adjusting the inmates’ living, safety and hygiene conditions by renovating and building new facilities as well as improving security and safety systems. The Serbian penal system includes 29 prisons holding over 8,500 prisoners and faces many problems after years of a lack of investment (poorly equipped, maintained and overcrowded facilities) and out-dated legislation.

In this context, the Serbian authorities requested the support from CEB for the partial financing of the construction and equipment of 2 prison facilities with a total capacity of 900 inmates; a grant request was submitted by the authorities to the WBIF in 09/2009 to assist the MoJ (as beneficiary) in preparing the 2 prison projects. The WBIF grant was approved in 12/2009 and the IPF1 team was designated to provide the necessary assistance.

The 1st phase of the TA comprised the preparation of the FRs and OPs for the 2 prisons. This led to the approval by CEB of the Rep. of Serbia’s loan applications for the partial financing of the construction and equipment of the Pančevo [EUR 18 million loan] and Kragujevac [EUR 17 million loan] prison facilities in 01/2012 and 03/2012, respectively.

| Project programme | | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------|---|------|------|------|------|------|
| Grant award | ↓ | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR | ToR for OP and FR completed on February 2011; ToR for design approved in 2012 |
| TA implementation | Final OP and FR completed in December 2011 and architectural designer selected on August 2012. Preliminary design approved on July 2013. Dislocation of the complex, due to the future construction of an oil pipe line crossing the property has been completed and submitted. New cadastral parcel plan is expected during the first quarter of 2014. Completion of the Final Design documents is foreseen for middle June 2014. |
| Post WBIF TA project preparation | An additional PGAF is under preparation, requesting a grant for the continuation of the TA with the scope to support the PIU on the preparation of the Tender documentation and procedures. |
| Financing | All documents necessary for signing the Loan Agreement are ready. Ministry of Finance confirmed that the loan is in the 2014 budget. |
| Construction | Construction of Pancevo prison expected to start in 2015. |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Delay due to interference with another project. | The complete information on future projects related to a cadastral parcel are paramount to avoid delays and complicated procedures. | N/A |

| TA3-SER-SOC-04 | | Social Housing – Serbia | | | | |
|----------------|----------|-------------------------|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | CEB | € 70,000 | €32,000,000 | €58,100,000 | Signed | Completed |

The “Municipal Social Housing Project” builds on the successful results achieved with the “*Settlement and Integration of Refugees Programme*” (SIRP), financed by the Italian Government. Launched in March 2005 and implemented by UN-Habitat over a period of three years in seven municipalities/cities of Serbia, the SIRP Programme has been instrumental in setting the grounds for the Serbian social housing system currently under development.

Given the positive results achieved and the experience gained with the SIRP, the Serbian authorities requested the support from CEB for the partial financing of the construction of new housing units, both for rental and sale, as well as, in certain instances, improvement of existing housing-related basic infrastructure. The project was approved by CEB in November 2010.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | ↓ | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | Elections and restructuring of all Ministries had an imminent consequence at the outset of the project; hence the appointment of a PMU was delayed one year. This clearly affected the Inception phase. |
| TA implementation | Without adequate preparation, the project could not have been presented to CEB for approval. The Feasibility Report was backed up with the signature of preliminary agreements with the beneficiary municipalities, which at the end resulted in smooth and immediate approval by CEB of the Government’s loan request. |
| Post WBIF TA project preparation | Additional TA funded by CEB to support project implementation was approved to support the institutional capacities of the PMU and the Municipal Housing Agencies implementing the project. This includes support at the preliminary stage of project implementation and, subsequently, ensuring that the PMU operates in accordance with CEB standards and best practices as regards, <i>inter alia</i> , financing, tendering, contracting, supervision, evaluation and monitoring of the project. |
| Financing | The Loan Agreement between CEB and the Republic of Serbia was signed in July 2011 and subsequently ratified by the Serbian Parliament in October 2011. However, the Ministry of Finance noted that it had not yet started disbursing due to issues relating to standards for social housing. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Inception phase delayed | Elections and Government restructuring cannot be mitigated. | |
| Loan financing model | Crucial innovation of this project was a loan financing model which allows the overburdened local governments to produce own rental housing stock, with minimum additional financial resources. | |

| WB4-SER-SOC-05 | | TA for school modernisation programme | | | | |
|----------------|----------|---------------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EIB | EWBJF €400,000 EIB €400,000 | €50,000,000 | €100,000,000 | Signed | Under execution |

The School Modernisation Programme is aimed at improving the learning conditions for students at all levels of pre-university education. Two components are focussed on the renewal and expansion of school infrastructure supported by the loan and in parallel a TA component supports the strategic development of the Serbian education system and the decision process for choosing the schools to be built/improved.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|
| Grant/IA ⁷⁴ /FA ⁷⁵ | ↓ | ↓ | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | ↓ | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Achieved in 3 months by using EIB budget to recruit consultants to define strategy. In this way the delay of one year while implementation agreement was signed was avoided. |
| TA implementation | Successful. First 5 then 15 schools identified from long list of 100. Completion report due end 2013. |
| Post WBIF TA services | N/A |
| Financing | Loan was signed just prior to grant award. This allowed investment to proceed in parallel to TA. 13% of loan disbursed by end 2013. Due to complete end 2014. Extension possible. Ministry of Finance commented that disbursement in 2014 would be slowed due to limit on fiscal space. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | Projects involving EIB's own resources can be started ahead of the signature of the Implementation Agreement | |

⁷⁴ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (25/7/2011)

⁷⁵ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (20/06/2011)

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB6-SER-SOC-09 | | Development of a concept for monitoring & evaluation of inclusive practice in Serbian education system | | | | |
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SD; TMA | WB | €350,000 | N/A | N/A | N/A | Under execution |

This technical assistance project is part of the ongoing “Serbia Delivery of Improved Local Services Project” (DILS), funded by the World Bank, and complements the Programme “Improving school capacities for education of students with development difficulties in Serbia”. The output of the technical assistance project is the design of a quality assurance system for inclusive education, including the tools for regular monitoring and evaluation of inclusive practices that will be used to support daily work of the education professionals at the school and municipal level, and inform further inclusion-related policy design and implementation.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|------|
| Grant/IA ⁷⁶ | | ↓ | | ↓ | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The start of the project was held up by a delay in finalizing arrangements for the Implementation Agreement and hence transferring the funds. TOR completed. |
| TA implementation | ?? |
| Financing | Not applicable to sector development projects |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|--------------------------|
| Problem | Recommendation | Cost |
| Problem 1 | | <i>Quantify solution</i> |
| Problem 2 | | |

⁷⁶ IA = Implementation Agreement which is signed with WB to transfer EWBIF funds ↓ (Sept 2013)

| WB8-SER-SOC-13 | | Extended TA for improvement of prison facilities | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP;MD;PD | CEB | €700,000 | €17,000,000 | €29,000,000 | Not yet signed | Under execution |

The project is a direct continuation of the IPF project reference TA3-SER-SOC-03 and is part of the “Modernisation of prison facilities” Programme of the MoJ which involves a series of projects and policies aimed at alleviating prison overcrowding and adjusting the inmates’ living, safety and hygiene conditions by renovating and building new facilities as well as improving security and safety systems.

The 1st phase of the TA comprised the preparation of the FRs and OPs for the 2 prisons. This led to the approval by CEB of the Rep. of Serbia’s loan applications for the partial financing of the construction and equipment of the Pančevo⁷⁷ [EUR 18M] and Kragujevac⁷⁸ [EUR 17M] prison facilities in 01/2012 and 03/2012, respectively.

The 2nd phase of the TA comprised undertaking the design of the Pančevo prison, while the Third phase was devoted to the elaboration of the design of the Kragujevac prison. At present, the two designs are in the final stage and it is expected that they will be finished around mid-2014.

In parallel, the Framework Loan Agreements between CEB and the Republic of Serbia for the partial financing of the two projects are expected to be signed and ratified by the Serbian Parliament by the end of the 3Q2014.

| Project programme | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|------|------|------|------|------|
| Grant award | | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | ToR for design approved in June 2013 |
| TA implementation | Revised versions of OP and FR received no-objection from MoJ and CEB on September 2013. AO received on 04.10.2013. Conceptual design was completed in December 2013. Preliminary design is in progress. |
| Post WBIF TA project preparation | An additional PGAF is under preparation, requesting a grant for the continuation of the TA with the scope to support the PIU for: technical design following from the main design documentation; preparation of the tender documentation for construction works; provision of training in International Competitive Bidding (ICB) procedures; and facilitating the procurement process. |
| Financing | All documents for the signature of the two Loan Agreements are ready. Ministry of Finance confirmed that the loan was in the 2014 budget. |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Land ownership and cadastre issue pending to be resolved | As this issue causes longer in-parallel process with finalising spatial documentation and Location Permit obtaining, cadastre registration is indispensable prior to TA mobilisation for technical designs | N/A |

⁷⁷ A new prison facility with a capacity of 500 inmates.

⁷⁸ A new High Security prison facility with a capacity of 400 inmates who will be serving sentences of 5 years or more.

| WB9-SER-SOC-01 | | Judiciary Facility - Palace of Justice | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|-------------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature Status | TA status |
| TMA; SofW | EIB | € 800,000 | € 45,000,000 | € 91,800,000 | Signed | Not yet commenced |

The proposed technical assistance will contribute to the implementation of a larger judiciary facility rehabilitation and construction project in the Republic of Serbia, as part of its National Judiciary Reform Strategy. The TA grant and loan associated with this assignment target the construction of the Palace of Justice.

There has been previous WBIF assistance provided to this project (WB6-SER-SOC-08 and TA3-SER-SOC-02 TA). The current WBIF grant will finance the supervision of works associated with the construction of the "Palace of Justice." The grant will also be used to continue the technical support provided so far to the Project Implementation Unit set up with the Ministry of Justice and Public Administration for the purpose of this project. Specifically, the TA provided to the PIU will include daily management of the project and assistance with tendering. The project was initially allocated in June 2013 for implementation under the EWBJGF⁽¹⁾ but was transferred for IPF implementation⁽²⁾ in December 2013.

| Project programme | 2013 | 2014 | 2015 | 2016 |
|-------------------|------------------|------------------|------|------|
| Grant award | ↓ ⁽¹⁾ | ↓ ⁽²⁾ | | |
| ToR | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The project was approved as part of Round 9 in June 2013, but EIB requested its transfer to IPF in November 2013, ratified by the WBIF SC in December 2013. ToR now under preparation by IPF2, who had experience in the previous phase of the project. |
| TA implementation | IPF 3 Consultant will implement the TA once ToRs have been drafted and approved for implementation. |
| Post WBIF TA services | Additional TA might be needed in 2014 for Supervision services during construction of Kataniceva street building |
| Financing | Government has prepared new financing plan. EIB still committed. Negotiations in progress for signing new loan agreement. From the previous agreement only €15M approved. Ministry of Finance confirmed that disbursement will commence in 2014. |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Allocation of projects to EWBJGF or IPF. | A period of 6 months has been lost from June to December 2013 with no ToR preparation started until late December 2013. The process of allocation, or indeed the decision to request and accept a transfer to IPF or vice versa, is not transparent to all stakeholders. A documented procedure would assist in making this transparent. | n/a |

SER – Transport

| | | | | | | |
|--------------------------|----------|--|-----------------------|-------------------------|-----------------------|------------|
| MW-SER-TRA-EIB-03 | | Reconstruction of the Urban transport system (tramway and road) of the City of Belgrade | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | CF status |
| CF | EIB | €6,000,000 | €15,000,000 | €33,580,000 | Signed | Disbursing |

The Municipal Window grant is dedicated to the improvement of street infrastructure in Belgrade. This project component is part of the Belgrade Urban Renewal Project which benefits from an EIB loan aimed at revitalising Belgrade public transport and urban environment. The project component supported by the WBIF grant is made up of three components of which the largest (90% of total) is the reconstruction of Bulevar Kralja Aleksandra.

| Project programme | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|------|------|
| Grant/CA ⁷⁹ | ↓ | ↓ | | | | |
| Project preparation | | | | | | |
| Loan signature ↓ | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| Mobilisation of funds | Delays in implementation due to change in work programme |
| Post WBIF TA services | An EBRD loan and additional WBIF grant cofinances a second phase of the project |
| Financing | Loan Agreement signed in August 2003. 90% of the MW grant frontloaded on the first sub-segment while remaining amount will be disbursed onto second sub-segment. |
| Construction | First component (Bul Kralja Aleksandra) constructed in 2010. The works on the second sub-segment (reconstruction of the Vojvode Stepe Street) are expected to commence in 2014. |

| Proposed solutions/lessons learnt | | |
|---|---|------|
| Problem | Recommendation | Cost |
| Component 2 withdrawn due to change in City's infrastructure implementation | Due to considerations involving the general urban reorganisation of the City, works on Karadjordjeva street have been postponed resulting in its removal from the scope of the MW grant. The funds foreseen for this street were reallocated to Vojvode Stepe street. | N/A |

⁷⁹ IA = Contribution Agreement which is signed with EC to transfer IPA funds ↓ (31/10/2009)

| | | | | | | |
|------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA-SER-15 | | Reconstruction of the Railway line Nis-Presevo-former Yugoslav Republic of Macedonia border | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA;FS | EBRD;EIB | €500,000 | € | €263,000,000 | Not signed | Completed |

This single-track 166.6km-long railway section, although part of Railway Corridor X and an important connection of Serbia with the former Yugoslav Republic of Macedonia and further to Greece, is in poor state with train speeds severely restricted. The Technical assistance covered identification of the optimal improvement strategy with technological, economic and financial evaluation and preparation of Feasibility Study.

| Project programme | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| Identification of optimal strategy | | | | |
| Feasibility Study | | | | |
| Post WBIF TA project prep. | | | | |
| Loan signature | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | ToR for this project were programmed for early 2009 as there were several transport TAs to be prepared at the same time. |
| Identification of optimal strategy | The study justified and agreed important principles in the rehabilitation of this segment which would be important for all segments. |
| Feasibility Study | Completed to Beneficiary approval and EBRD no objection. |
| Post WBIF TA services | The subsequent WBIF grant (WB4-SER-TRA-05) was approved for Design but was cancelled later due to changes in Serbia's railway infrastructure priorities |
| Financing | Government changed priorities for railway rehabilitation and informed EBRD that other sections of Corridor X were more important. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Change of national priorities | Secure countries' interest by selecting projects, which are top priorities in countries' strategic planning. Also, master plans at national level need to be updated and endorsed by governments. | N/A |

| WB1-SER-TRA-01 | | Corridor X Serbia | | | | |
|----------------|-------------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| PD; DD; SoW | EIB EBRD | EWBJF €1,500,000 EIB €1,500,000 EBRD €1,500,000 | €579,000,000 | €1,360,000,000 | Signed | Under execution |

Corridor X is a strategically important corridor 1,500 km in length which links Austria, Slovenia, Croatia, Serbia, former Yugoslav Republic of Macedonia and Greece. The project covers two sections in Serbia, 98 km along E80 between Nis and Dimitrovgrad and 75 km on E75 between Grabovnica and Levosoje. WBIF has provided €4.5 million for project management and special studies of which €3 million is managed by the EIB and €1.5 million by EBRD. Overall technical assistance is coordinated with the World Bank which is also a co-financier for the project. Work on both sections is underway.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|
| Grant/IA ⁸⁰ /FA ⁸¹ | ↓ | | ↓ | ↓ | | |
| ToR/TA mobilisation | █ | █ | █ | | | |
| TA implementation | | | | █ | █ | █ |
| Loan signature | ↓ | | | | | |
| Construction | | | | █ | █ | █ |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Took two and half years to get the funding agreement signed. This length of time was due to the complexity of the project and there were no specific problems. Complex project to manage with a new company set up specifically in Serbia for this purpose (Corridors of Serbia). Note that funding agreement was signed prior to implementation agreement. |
| TA implementation (EIB) | EIB used their own budget in order to move things forward prior to signature of implementation agreement. TA started July 2012 but there are several contracts which are managed by the Serbia Beneficiary Corridors of Serbia. |
| TA implementation (EBRD) | |
| Post WBIF TA services | N/A |
| Financing | Loan signed in October 2009 prior to award of the WBIF grant. Ministry of Finance commented that disbursement by end 2013 was only around 15% due to expropriation issues. |
| Construction | Under construction and disbursing |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Length of time to sign funding agreement | This was due to the complexity of the project and the creation of the new company Corridors of Serbia. Use of EIB own funds speeded up start of TA implementation which was helpful. | N/A |

⁸⁰ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds ↓ (22/10/2012)

⁸¹ FA = Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards ↓ (7/12/2011)

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| WB1-SER-TRA-02 | | Belgrade Rail Modernization Project – Procurement, Implementation Support and Contract Supervision & Urban Transport Public Service Contracting and Route Structuring Preparation | | | | |
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EBRD | €750,000 | €50,000,000 | €79,750,000 | Not signed | Cancelled |

Beneficiary of this grant was the City of Belgrade, for modernising a metropolitan-wide suburban rail transit system for greater Belgrade, as part of the overall City Transport Development Strategy. The suburban rail system involves the modernisation of the existing suburban passenger rail operator, BG Voz, owned by Serbian Railways (SR), into a modernised suburban rail operator.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|------|------|
| Grant | ↓ | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Technical and environmental due diligence completed. Project held up as Government changed priorities in railway sector |
| TA implementation | |
| Post WBIF TA services | N/A |
| Financing | The project is held up since financing has not yet been arrived by the respective banks due to lack of results in negotiations on the structure of the project between the City of Belgrade and Serbian Railways |
| Construction | |

| Proposed solutions/lessons learnt | | |
|--|-----------------|------|
| Problem | Recommendation | Cost |
| Lack of results in negotiations between the City and PE Serbian Railways | Grant cancelled | |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| WB1-SER-TRA-03 | | Sava Bridge Loan Extension: Performance-Based Maintenance and Management of Roads and Bridges | | | | |
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EIB | €240,000 | €160,000,000 | €405,000,000 | Signed | Cancelled |

This grant involved a Technical Assistance (TA) for the Sava Bridge project and in particular a Performance-Based Maintenance and Management (“PMMR”) of Roads and Bridges. The objectives of the assignment are to:

- Develop a road and bridge management and maintenance strategy which secures the improvement of road conditions and high performance over time.
- Establish the requirements for an adequate road inventory database and Bridge and Pavement Maintenance Management System (BPMMS) to ensure optimal maintenance interventions and use of funds.
- Develop a PMMR approach specific to Belgrade.
- Implement a procurement approach from design of tender documentation through to selection and first phase implementation.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|------|------|
| Grant | | | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Delay due to ToR negotiation |
| TA implementation | Delay in finding agreement on budget and organization for the PMMR pilot project within services in charge of implementation lead to the cancellation of the grant. |
| Post WBIF TA services | |
| Financing | |
| Construction | Under construction |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |

| WB4-SER-TRA-04 | | TA for railways infrastructure II | | | | |
|----------------|----------|-----------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature Status | TA status |
| TMA | EIB | EWBJF €500,000 EIB €500,000 | €140,000,000 | €169,000,000 | Signed | Under execution |

The rail transport sector is of critical importance to Serbia and the country's geographical position makes it a key transit country for passengers and goods. The goal of the Government is to upgrade the railway infrastructure after years of underinvestment. The WBIF grants supports a loan signed in 2006 by providing support to the PIU responsible for rehabilitation of this railway corridor.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|
| Grant/IA ⁸² /FA ⁸³ | ↓ | ↓ ↓ | | | | |
| ToR/TA mobilisation | | | | | | |
| TA implementation | | | | | | |
| Loan signature | ↓ | | | | | |
| Construction | | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Approx eighteen months required for the signature of implementation and funding agreements and then Beneficiary procured the TA. |
| TA implementation (EIB) | The TA contract was signed on 3 Nov 2011 and is planned to complete in 2014. It is progressing normally. |
| Post WBIF TA services | N/A |
| Financing | Loan signed in July 2006. 50% disbursed. |
| Construction | Construction planned to finish end 2015. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| None | | |

⁸² IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds ↓ (24/8/2011)

⁸³ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards ↓ (/10/2011)

| WB4-SER-TRA-05 | | Documentation for Modernization of Railway Nis to FYRo Macedonia | | | | |
|------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS, PD, EIA, SIA | EBRD | €1,040,000 | | €263,600,000 | Not signed | Cancelled |

The Technical assistance was to build on the Feasibility Study prepared under the previous WBIF grant covering preparation of Preliminary Design with updating the FS and producing other relevant documentation such as EIA, SIA.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|
| Grant/IA ⁸⁴ /FA ⁸⁵ | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | |
| TA implementation | The grant has been cancelled June 2012 on the SC6 and the respective grant amount was released and made available for other rounds of project submissions. |
| Post WBIF TA services | |
| Financing | Government changed priorities for railway rehabilitation and informed EBRD that other sections of Corridor X were more important. |

| Proposed solutions/lessons learnt | | |
|---|--|------|
| Problem | Recommendation | Cost |
| Change in Government priorities in railway sector | Secure countries' interest by selecting projects, which are top priorities in countries' strategic planning. Also, master plans at national level need to be updated and endorsed by governments | |

⁸⁴ IA = Implementation Agreement which is signed with EBRD to transfer EWBIF funds ↓ (/8/2011)

⁸⁵ FA= Funding Agreement which is signed with Beneficiary to transfer EWBIF funds onwards ↓ (6/07/2011)

| WB4-SER-TRA-06 | | TA for railways infrastructure | | | | |
|----------------|----------|--------------------------------|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant Approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| TMA | EIB | EWBJF €800,000 | | | N/A | Under execution |

The rail transport sector is of critical importance to Serbia and the country's geographical position makes it a key transit country for passengers and goods. The goal of the Government is to upgrade the railway infrastructure after years of underinvestment. The WBIF grant provides assistance for implementing the railway component of the General Railway Master Plan of Serbia and capacity building support to the Ministry of Infrastructure and Energy⁸⁶ and Serbian Railways. This includes support for identifying priority projects to be implemented with the support of IFIs and bilateral donors in the next 5 to 10 years.

| Project programme | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|
| Grant/IA ⁸⁷ /FA ⁸⁸ | ↓ | ↓ | | | |
| ToR/TA mobilisation | | | | | |
| TA implementation | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Process of signing implementation and funding agreements took one year with six months for procurement of consultant by Beneficiary |
| TA implementation | Has produced a strategy and list of projects and included a number of preliminary studies. This has been useful in trying to bring a clear focus to the railway sector where priorities have frequently changed and two WBIF grants have been cancelled. |
| Post WBIF TA services | N/A |
| Financing | The work could result in a loan but this is considered less likely now that Serbia has committed to an €800 million loan from Russia to support the railways. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| None | WBIF should not commit more funds to the Serbian railway sector until the implications of the loan from Russia are fully understood. | |

⁸⁶ Nowadays Ministry of Transport

⁸⁷ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds (8/2011)

⁸⁸ FA= Funding Agreement which is signed with Beneficiary to transfer EWBJF funds onwards (6/07/2011)

| WB6-SER-TRA-10 | | Belgrade Public Transport and Traffic Infrastructure Improvement Project | | | | |
|--------------------|----------|--|--|-----------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Loan Estimate | Investment Cost | Loan signature status | TA status |
| TD, ATP, TMA, SofW | EBRD | €2,350,000 | EBRD €87,000,000 + €1,400,000 Green Energy Special Fund Loan EIB €57,000,000 | €223 million | Signed | Under execution |

The City of Belgrade is the centre of economic and business activities in Serbia as well as in the whole region. The capacity and condition of the existing transportation system is close to saturation resulting in continuous congestion which is expected to worsen over time, given the constant increase in the number of registered cars in Belgrade, as well as the growing mobility demands of the population. However, with a balanced planning and investment approach featuring the promotion of high-quality and reliable public transport, Belgrade's traffic situation can be stabilised. The Belgrade Urban Renewal Project II is supporting increased capacity and enhancing the quality of urban public transport through improvements to the streets, tram infrastructure and traffic management, as well as to the City's ability to manage and protect the street assets once these have been modernised. This WBIF grant is being used for technical assistance in support of the investments under the EBRD and EIB loans, including an update to the City's transport master plan (including a Strategic Environmental Assessment in conformity with EU Directive 2001/42/EC), procurement and implementation support for a new integrated Project Management Unit and construction supervision.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|------|------|------|------|
| Grant/IA ⁸⁹ | | | | |
| ToR + Procurement (PIU Support) | | | | |
| TA implementation (PIU Support) | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/Procurement | At this stage, only the PIU assignment has been procured and contracted. Procurement started in August 2012 and a contract signed on August 2013. The client managed the procurement process in line with EBRD PP&R. No issues were encountered. Procurement of the remaining two WBIF financed TAs (plus the 4 additional TAs financed by other donors) has not yet commenced. The Terms of Reference for the SMART Plan and SEA is currently being finalised and the City plans to launch this tender during February. The ToR for Supervision is under preparation. The new temporary City administration is currently reviewing the originally envisaged project components and as a result there may be some changes in the investment plan (more in terms of the priorities than scope). Once the review is completed, the tender for supervision will be finalised and launched. The City of Belgrade is governed by the temporary authority since September 2013 (when the previous mayor was dismissed). New elections are scheduled for 16 March 2014. Before the new Mayor is elected, no progress is expected with respect to 4 additional TAs financed by other donors. |
| TA implementation | No issues identified so far and the implementation of the PIU assignment is progressing as planned. The consultant is currently reviewing existing and preparing the needed project |

⁸⁹ IA – Implementation Agreement ↓

| | |
|---|---|
| | documentation. PIU Support (EUR 1,050,000)– contracted on 9 August 2013. Construction Supervisor (EUR 900,000) – procurement not yet started. Smart Plan (EUR 400,000) – procurement not yet started |
| Other/Subsequent TA assistance non WBIF financed (if any) | <p>Under the original loan:</p> <p>Road Asset Management and Coordinated Street Permit Scheme Design (EUR 500,000) The assignment will provide the City with the design of a coordinated permit scheme for Belgrade’s streets and roads, in order to maximise the economic benefits of the city’s infrastructure for users. The tasks to be carried out will involve a mixture of discussions with the City, elaboration of documentation, and dialogue with various stakeholders within the City and within the utility industry active in Belgrade street environment. This TA has been discussed in detail with the City. However, there is still a lack of clarity as to counterparty will be responsible for execution of the assignment. The change in the Mayor has also made it very difficult to get decisions made by the City. It is not expected these issues to be resolved before the elections (scheduled for 16 March).</p> <p>Parking PPP Tender Preparation and Tender Process Support (EUR 350,000)</p> <p>The assignment will provide the City with the design of a parking tender document and assistance with the tender such that the City as able to attract a good level of competition to the tender before awarding a well-balanced parking concession contract with a private parking concessionaire. The tasks to be carried out will involve a mixture of discussions with the City, elaboration of documentation, and dialogue and promotion of the parking tender process. This TA was due to start under a new parking project that EBRD has been discussing with the City. However, agreement on the scope of the new parking project (i.e., a pure PPP or some form of Joint Venture with a private partner), is yet to be reach and therefore this TA has not progressed.</p> <p>Under the loan extension:</p> <p>Strategic Turnaround Management Plan (EUR 160,000)</p> <p>The assignment will help to develop a strategic management plan (the “Plan”) for the tram mode with clear performance incentives linked to the mode-specific performance targets, which will be linked to the revised Public Service Contracts (“PSCs”). The Plan will focus on developing a detailed turn-around plan for GSP, which should relate to the adapted PSCs and with performance standards to be set out for the tram mode. To date, this assignment has not progressed. The scope may be re-adjusted to complement further TA support to GSP under a different project. Discussions will resume after the elections.</p> <p>Preparation of technical requirements and tendering for public transport shelter lighting optimisation (EUR 100,000)</p> <p>The assignment will provide the City with a solution to public transport shelter lighting which is highly energy efficient and reliable. Specific tasks will include: (i) preparing the identified lighting investment including all detailed technical specifications; (ii) developing a framework for implementation and action plan for public shelter lighting; (iii) analysing any institutional aspects of the project; (iv) identifying the best method of tendering the lighting system. This assignment is on hold. The Bank will resume the discussions with the City once the new Mayor is elected.</p> |
| Financing | Loan Agreement (€57 mill) signed on 17 Nov 2011 and extension (€30 mill) signed on 5 July 2013. GESF loan (€1.4 mill) and EIB loan (€57 mill) not signed. |
| Construction | Expected in summer 2014 |

| Proposed solutions/lessons learnt | | |
|--|----------------|------|
| Problem | Recommendation | Cost |
| The delays encountered as a result of the change in the City government. | N/A | N/A |
| | | |

| WB8-SER-TRA-14 | | Reconstruction & Modernisation of Existing Railway Track & Construction of Second Track on the Belgrade – Nis; Stalac – Djunis Section | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA; FS; PD | EBRD | € 1,500,000 | € 105,550,000 | € 107,660,000 | Not signed | ToR completed |

The Serbian Government through the JSC “Serbian Railways” has applied for financing to further develop the feasibility study undertaken for the rehabilitation / upgrade of the of the second railway track on the Stalac-Djunis section, on the Belgrade – Nis line. The proposed rehabilitation focuses on the remaining 17 km long single-track section on the railway line between Belgrade and Nis. Once Stalac-Djunis section is reconstructed and modernized, the entire section of the railway Corridor X through Serbia, from the Croatian border (border station Sid) through Belgrade, to Nis, would become a double-track line.

The WBIF grant will finance the completion of the documentation comprising the feasibility study for the proposed railway development, including preliminary design and EIA.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |
| Construction | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR | The project was approved as part of Round 8 in December 2012 and ToR preparation has been entrusted to the IPF 1 Consultant. Delays were encountered due to failure to provide approval by the beneficiary. The ToRs are now complete and have been sent for final review to the beneficiary (February 2014). |
| TA implementation | IPF 3 Consultant will manage the TA once ToRs have been drafted and approved for implementation. |
| Post WBIF TA services | None envisaged at this stage |
| Financing | To be agreed. Dependent on outcome of the study. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|--|------|
| Problem | Recommendation | Cost |
| Beneficiary approval of ToR | Greater buy-in by beneficiary at project approval stage and commitment to ToR review and approval. | N/A |

VIII. Regional (REG)

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REG – Energy

| WB4bis-REG-ENE-01 | | Albania – FYR Macedonia 400 kV Interconnection | | | | |
|-------------------|--------------------------|--|-----------------------|---|-----------------------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; ESIA | EBRD in FYROM; KfW in AL | €650,000 (later approved by CA to €803,000) | N/A | €21,500,000 in ALB and €43,500,000 in FYROM | Not signed in Albania or in FYROM | Completed |

The project concerns construction of a new 400 kV single circuit line between Elbasan in Albania and Bitola in Macedonia including new Sub Station (SS) Elbasan 3 400 kV Commutation point and connection to a new SS 400/110 kV in Ohrid. The new 400 kV interconnection will enable direct connection of the power systems of FYR of Macedonia and Albania and will improve the connection of Albanian power system with the region. The budget of grant was increased when the Ohrid SS was accepted to be included in the project.

The purpose of the TA is to prepare a Feasibility Study (FS) and an Environmental and Social Impact Assessment based on the Conceptual Design that was also prepared.

| Project programme | 2010 | 2011 | 2012 | 2013 |
|----------------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA (IPF1) mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | IPF 1 |
| TA execution | Execution started in January 2012. The FS and ESIA was submitted in January 2013 and subsequently approved by the beneficiary OST (AL) and MEPSO (FYROM) and KfW and EBRD in May 2013. Good collaboration and frequent coordination meetings between the stakeholders in two countries instrumental to timely completion. |
| Post WBIF TA services | A new PGAF was submitted to Round 9 for the part of the project in FYROM and was approved. |
| Financing | KfW is interested in providing loan but the previous government did not conclude the negotiations due to limited fiscal space of Albania. The newly elected Government may be more positive. EBRD is interested in providing loan for the part of the line in FYROM, from Bitola to the Albania border. A second PGAF for the detailed design and a comprehensive ESIA for the part of the project with former Yugoslav Republic of Macedonia was approved |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| Limited fiscal space in Albania | Project can still be justified in FYROM | |

| WB5-REG-ENE-02 | | 400 kV Interconnection Serbia – Montenegro – BiH - Regional Project | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA;FS | EBRD | €850,000 | € | €95,000,000 | Not signed | Under Execution |

This FS to examine the feasibility of constructing a 400 kV connection between the power systems of BiH, Montenegro and Serbia. The FS includes an analysis of the existing 220kV connections, which are largely ready for replacement, and especially along the route Visegrad – Vardiste – Bajina Basta – Bistrica - Pozega, together with a preliminary assessment of the potential to strengthen the network towards Nis to the East and Gacko in the West. The FS will determine if each proposed connection is feasible and if it is, if it is economically viable for each country to construct it.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| Feasibility Study | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | FS is under execution |
| ToR/TA mobilisation | The ToR development took a great deal of time, following original draft in Aug 11. This was because of the complexity of the project in the 3 countries, recent changes in the way projects are assessed with respect to ENTSO-e guidelines, and the PEI development process. In addition, up to 6 development options have had to be included in the analysis and assessment. Dispute resolution procedures between the 3 countries and commercial data confidentiality were also difficult issues to resolve in agreeing the ToR. |
| Feasibility Study | The FS work is progressing to plan, with a high level of communication and support in the 3 beneficiary organisations. |
| Post WBIF TA services | |
| Financing | It is expected that EBRD will be requested to provide a loan for the selected development option, once the FS concludes. This will be requested by each country, but the situation in BiH is not clear with respect to their loan intentions as they have significant financial reserves, if these can be accessed. |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Length of time to get agreement on ToR | The main lesson learnt is to take enough time to get the ToR properly scoped and agreed, such that the execution proceeds smoothly. The use of Local Project Teams, Core Project Teams and a Project Steering Committee has helped a great deal in this respect. | |

| WB5-REG-ENE-03 | | Regional Project Ionian Adriatic Pipeline | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; ESIA; | EBRD | €3,500,000 | N/A | €650,000,000 | Not signed | Under Execution |

The project concerns construction of a gas pipeline (the Ionian-Adriatic Pipeline, IAP) to interconnect the existing and planned gas transmission system of Croatia through BiH, Montenegro and Albania with the Trans Adriatic Pipeline (TAP) which was recently approved also to cross Albania. The project aims to establish a new supply route for natural gas from the Middle East and Caspian region, northwards along the Adriatic coast. The IAP project is planned as bi-directional pipeline, so the possible supply direction could also be north – south, from the strategically planned LNG terminal in Croatia, or other sources.

The purpose of the TA is to prepare a Feasibility Study (FS), Environmental and Social Impact Assessments for Montenegro and Albania, a Social Impact Assessment study (SIA) for Croatia, a Business Development model and an Institutional report concerning Gas Transmission System Operators in Montenegro and Albania.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|---------------------|------|------|------|------|
| Grant award | ↓ | | | |
| ToR/TA mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR initiated in August 2011 and has been approved in March 2012. |
| TA execution | Execution started in May 2012. The Market Survey together with a Preliminary Technical Study Report (PTSR) were submitted in October 2011. An Annex to the PTSR with detailed assessment of the pipeline corridor in Montenegro and Albania was submitted in June 2013, i.e. approval of the final IAP corridor. The FS was submitted in November 2013. The Institutional Report and ESIA for Montenegro and Albania were submitted in November 2013. The project is ongoing. The SIA for Croatia is planned for submission in January 2014. Planned completion in February 2014. Due to the involvement of several stakeholders, the subproject faced several challenges. |
| Post WBIF TA services | NA |
| Financing | As a commercial project, it remains still to be clarified if the project will need EU financing or be project financed by companies with specific interest in the gas sector. Additionally it remains to be clarified if the project will be financed as a “complete” pipeline or as pipeline sections within each country. Since Croatia became EU Member State in July 2013 it has access to EU structural funds not available to the 3 other countries. |

| Proposed solutions/lessons learnt | | |
|---|---|----------|
| Problem | Recommendation | Cost |
| Delay in execution due to different positions of ministries in Montenegro and Albania. An Annex to the PTSR was requested | Positions between different stakeholders should be better coordinated before project implementation | €183,800 |
| Delay in execution due to involvement of JASPERS for the Croatian part of the IAP | All project stakeholders should be known before initiation or in early stages of execution | |

| WB6-REG-ENE-07 | | Gas Interconnection Brod (BiH) - Slavonski (Croatia) | | | | |
|-------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| EIA; FAA; FS; SIA | EBRD | €1,000,000 | €129,750,000 | €130,750,000 | Not signed | Cancelled |

The project's implementation would provide new route of supply B&H with gas, with a possibility of diversification of supply sources and increase in security of supply of the existing transportation system of B&H, and especially in the circumstances of the natural gas supply of the refineries Brod and Modrica and planned power plant (PP) Zenica and CCGT Kakanj, as well as expansion of the market and increase in the competitiveness of natural gas. The grant aimed to develop a feasibility & EIA / SIA study, which once approved by the IFI(s), will be used to develop financing.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|
| Grant award | | | | |
| ToR/TA (IPF1) mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | |
| TA execution | RS entity in BiH has changed its viewpoint on the project and is no longer supporting it (South Stream has become the priority) |
| Post WBIF TA services | |
| Financing | |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Gas interconnection priorities in RS (BiH) | Project cancelled as solution could not be found for Brod to Zenica (north/south element of project) | |

| | | | | | | |
|-----------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------|
| WB6-REG-ENE-08 | | South Gas Interconnection of BiH and Croatia (Option 1: Zagvozd-Posusje-Travnik; Option 2 Ploce-Mostar) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| PFS; ESIA scoping | EBRD | €400,000 | N/A | €114,000,000 | Not signed | Completed |

The project concerns construction of a gas pipeline interconnector between the Ionian-Adriatic Pipeline (IAP) at the part within the Croatian gas transmission system and the gas transmission system in BiH. The project aims to establish a new supply route for natural gas to BiH from the Middle East and Caspian region or other sources (the Croatian transmission system and/or the LNG terminal on Krk island, Croatia).

The purpose of the TA is to prepare a Pre-Feasibility Study (PFS) and Environmental and Social Impact comparative analysis for 2 possible interconnectors between BiH and CRO.

| Project programme | 2011 | 2012 | 2013 | 2014 |
|----------------------------|------|------|------|------|
| Grant award | | ↓ | | |
| ToR/TA (IPF1) mobilisation | | | | |
| TA execution | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | IPF 1 |
| TA execution | Execution started in April 2013. The PFS and ESIA comparative analysis were submitted in October 2013 and subsequently approved by the beneficiaries and IFI in November 2013. Good collaboration with local stakeholders instrumental to the timely completion of this regional subproject |
| Post WBIF TA services | Plan to submit a new PGAF in next WBIF Round, for a comprehensive FS and detailed ESIA. |
| Financing | EBRD is interested in providing loan for the gas interconnector between Croatia and BiH. |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |

| | |
|-----------|--|
| | <p><u>Window 2:</u></p> <p>WeBSEFF II has been launched in October 2013 and since then 6 local PFIs have been extended credit lines in Croatia, Bosnia and Herzegovina, Serbia and FYR Macedonia for a total of €61m. Five additional Banks are expected to join in Q1 2014 increasing the allocated finance to €92.</p> <p>By the end of January 2014 the Project Consultant (PC) has assessed and confirmed the eligibility for a total of 17 projects worth loans of more than EUR 12 million, out of which five sub-loans have been signed by PFIs. Two projects have already been completed and are currently being verified by the Verification Consultant.</p> <p>Currently 40% of the portfolio is accounted under the public sector window (all private sector companies delivering district heating services).</p> <p>Additional projects with municipalities (mainly street lighting projects and district heating services) are currently under discussion. Additional support from Window 1 ESCO project preparation support is currently discussed to be provided in Serbia to support municipalities in technical aspects and tendering of ESCO projects which will provide further comfort to the banks to finance these projects.</p> <p><u>Window 3:</u></p> <p>WeBSEDF has invested a total of EUR 13.6 million in three projects under its second phase (the one funded by the REEP) – one SHPP project in FYR Macedonia, another one in Albania and a biomass cogeneration project in BiH (of these 1 is already completed, the other two are in the implementation stage).</p> <p>The immediate (advanced) pipeline consists of 5 SHPP projects for a total of about EUR 17 million - the projects are located in Albania (1), BiH (3) and Serbia (1) and are likely to be signed in H1 2014.</p> <p>At least EUR 15 million are dedicated to financing municipal EE and ESCO projects – no such projects have been identified to date, but the team is actively looking and are being supported by the Window 1 ESCO support.</p> <p>Further business development efforts target regional diversification into Montenegro, Serbia and Kosovo, as well as diversification across technologies other than SHPP.</p> |
| Financing | <p>Serbia</p> <p>Work to establish a pipeline of projects has started as well with first ESCO projects expected to be identified with interested municipalities and implementing parties (ESCOs) by Q1/2014. Potential financing options will be discussed with WeBSEFF II partner banks and WeBSEDF team as appropriate.</p> <p>Consultant support to participating WEBSEFF II banks is in place. Banka Intesa has signed a €10 m loan in December 2013 and Komercijalna Banka is expected to sign an additional €10 m in Q1/2014, completing the allocation for Serbia.</p> <p>Under the WeBSEDF there is currently one SHPP project worth € 6m under preparation.</p> <p>Bosnia & Herzegovina</p> <p>Consultant support to participating WEBSEFF II banks has started shortly after the official WeBSEFF II launch in Zagreb in October. Two local banks have signed WeBSEFF II loan agreements: UniCredit (€10 m) and Raiffeisen (€10 m). To date, five projects have been signed (out of which 2 have been completed) worth €1.6 million of loans.</p> <p>Both banks have a strong pipeline of projects which currently amounts to € 9.4 m (€ 2 m envisaged to the public sector).</p> <p>Under the WeBSEDF there are currently three projects under preparation.</p> <p>Croatia</p> <p>Croatia is a new beneficiary country for WeBSEFF II financing. The Facility has been officially launched in Zagreb on October 23rd, 2013. Two loan agreement have been signed (Zagrebacka banka for €20 m and ERSTE for €10 million). Both banks have a strong pipeline of projects amounting to €13.4 million. One additional local bank is expected to join by Q1 2014 increasing the amount allocated to Croatia to €45 m.</p> <p>FYR Macedonia</p> <p>Consultant support to participating WEBSEFF II banks is in place. Ohridska Banka signed a loan agreement for € 6 m, a second institution is expected to join by early 2014.</p> |

| | |
|--------------|---|
| | <p>Albania</p> <p>On the finance side, no loan agreements have been signed with local banks under WeBSEFF II. Under the WeBSEDF there is one SHPP project worth € 3m under preparation.</p> <p>EBRD is providing policy dialogues for Montenegro and Kosovo.</p> |
| Construction | |

| Proposed solutions/lessons learnt | | |
|---|---|--------------------------|
| Problem | Recommendation | Cost |
| Slow progress on Window 1 for BiH due to lack of ownership of the respective Ministries | The team continues to work with the authorities to identify the competent ministry. | <i>Quantify solution</i> |

| | | | | | | |
|--------------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB7-REG-ENE-SD-14 | | Gas to Power Initiative and the Energy Community (EnC) Gas Ring in South East Europe | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SD | WB | €1,000,000 | N/A | N/A | N/A | Under Execution |

The aim of this project is the production of a regional study to examine development options and to develop financing arrangements for the implementation of the Energy Community (EnC) Gas Ring, and the associated gas-to-power initiative, through public private partnership (PPP) consortia. The study will result in a roadmap to implement the Gas-to-Power and EnC Gas Ring initiative, providing better clarity in terms of capital investment requirements, funding arrangements and risk assessment/risk mitigation strategies, together with developing readiness in the private sector to participate in the initiative.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁹² | | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR completed and consultants have been selected (Economic Consulting Associates). The transfer of the funds from EWBIF took more than one year due to delay in signing Implementation Agreement |
| TA implementation | TA launched end October 2013. Inception Report in March 2014 after country visits and regional consultations. |
| Post WBIF TA services | |
| Financing | Not applicable to sector development studies |
| Construction | N/A |

| Proposed solutions/lessons learnt | | |
|---|--|------|
| Problem | Recommendation | Cost |
| Length of time to sign Implementation Agreement | As the umbrella agreement between EBRD and WB is now in place, future sector studies should not experience similar delays. | N/A |

⁹² IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds (August 2013)

| WB9-REG-ENE-SDP-01 | | Biomass heating in Western Balkans sector study | | | | |
|--------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SD | WB | €875,000 | N/A | N/A | N/A | ToR preparation |

The grant is requested to undertake a regional Sector Study on Biomass-based Heating in the Western Balkans. The study will: (i) conduct a market assessment for biomass supply and demand potential in the region; (ii) identify and evaluate cost-effective and sustainable biomass-based heating solutions; (iii) analyse barriers and options to improve the use and supply of biomass; and (iv) make recommendations on specific investments (including costs and financing options) as well as on measures to improve the framework for efficient, sustainable and secure use and supply of biomass energy in the region.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁹³ | ↓ | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Concept Note approved. Implementation Agreement has been drafted and is being finalized for internal Bank clearances; expected to be submitted to EBRD comments by end of March 2014. Request for expressions of interests to consultant firms has been issued. TORs being prepared. |
| TA implementation | |
| Post WBIF TA services | N/A |
| Financing | Not applicable for sector development studies |
| Construction | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|--------------------------|
| Problem | Recommendation | Cost |
| Problem 1 | | <i>Quantify solution</i> |
| Problem 2 | | |

⁹³ IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds ↓ (DATE)

REG – Environment

| WB8-REG-ENV-03 | | Support to water resources management in Drina River Basin | | | | |
|----------------|----------|--|-----------------------|-------------------------|-----------------------|---------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| RBMP; SD | WB | €1,200,000 | N/A | N/A | N/A | ToR completed |

The €1.2 m WBIF grant will provide support to the water management authorities in BiH, Montenegro and Serbia in preparation of the Drina River Basin Management Plan and the Investment Prioritization Framework in accordance with i. their Water Laws (using the Drina river basin as a pilot for other basins), and ii. EU water policy in general and EU Water Framework Directive (WFD) and Floods Directive in particular. Overall, the objective is to strive for a "balanced" development concept that incorporates environmental sustainability, green growth and carbon footprint minimization (also within a larger scale of regional development), as well as job creation.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁹⁴ | ↓ | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToR completed and expressions of interest received. Progress on hold pending signature of the Implementation Agreement |
| TA implementation | |
| Post WBIF TA services | N/A |
| Financing | Not applicable for sector development studies |
| Construction | |

| Proposed solutions/lessons learnt | | |
|---|----------------|--------------------------|
| Problem | Recommendation | Cost |
| Length of time to sign Implementation Agreement | | <i>Quantify solution</i> |

⁹⁴ IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds  (DATE)

| WB9-REG-ENV-SDP-01 | | Klokot water source (Bihac) protection zone study | | | | |
|--------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SD | WB | €750,000 | | | N/A | ToR preparation |

The grant approved to undertake the Study for development of the protection zones and to provide “System of protection of karst groundwater body and aquifers in bordering area between BiH and R. Croatia”, as a first step. The objective of the Study is to recommend adequate priority protection measures of the Klokot source. For realisation of the Study, Republic of Croatia and BiH will form the joint experts’ team to coordinate and support the preparation activities (preparation of ToR etc.), make the follow up during the implementation project phase, as well as endorse its completion.

| Project programme | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Grant/IA ⁹⁵ | ↓ | | |
| ToR/TA mobilisation | | | |
| TA implementation | | | |
| Loan signature | | | |
| Construction | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Concept note and ToR have been prepared. Implementation Agreement initiated with EBRD. |
| TA implementation | |
| Post WBIF TA services | |
| Financing | |
| Construction | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|-------------------|
| Problem | Recommendation | Cost |
| Problem 1 | | Quantify solution |

⁹⁵ IA = Implementation Agreement which is signed with the WB to transfer EWBIF funds ↓ (DATE)

REG – Social

| | | | | | | |
|-----------------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| WB5-REG-SOC-01 | | Construction and Development of the Centre for Entrepreneurial Learning and Strengthening Competitiveness Economy (Entrepreneurial Learning) | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| ATP;DD;FS;I;PD;TMA | EIB | €1,584,000 | €4,500,000 | €30,000,000 | Not signed | Under Execution |

SEECEL (South East European Centre for Entrepreneurial Learning) is an initiative providing for structured co-operation among its member countries (Albania, Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia and Turkey) on lifelong entrepreneurial learning. IPF TA comprised two main Components:

1. Feasibility Study (FS) and Project definition for the creation of the SEECEL Centre in Zagreb;
2. Preliminary, Main Design (PD/MD) as well as Tender documents (TD) for construction and supervision of the centre.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------|------|------|------|------|------|
| Grant award | ↓ | | | | |
| ToR/TA mobilisation | | | | | |
| TA service 1 | | | | | |
| Post WBIF TA project prep. | | | | | |
| Loan signature | | | | | |
| Construction | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | ToRs Phase 1 were initiated on 23/11/11, approved on 10/02/12, mobilisation started on 06/03/12 ToRs Phase 2 were initiated on 02/04/13, approved on 07/05/13, mobilisation started on 16/07/13 |
| TA service 1 | The first Phase was longer by 6 months due to delayed final decision from Ministry of Entrepreneurship and Crafts (MoEC) on land plot location in Zagreb. After completion of FS and Project definition, the MoEC had to run an Architectural competition, which interrupted the TA for another 3 months |
| Post WBIF TA services | New PGAF is being prepared for WBIF Round 11, concerning works supervision |
| Financing | Funds for construction shall be secured from structural funds, as now Croatia is a EU Member State. Construction is expected to start early 2015. SEECEL plans to seek funds for Supervision from WBIF. |

| Proposed solutions/lessons learnt | | |
|--|--|------|
| Problem | Recommendation | Cost |
| Land Plot not defined or available when TA started | Availability of land plot should be a prerequisite before such a project starts. | N/A |

| WB7-REG-SOC-03 | | Pilot Project for Higher and Professional Education Finance in Southeast Europe | | | | |
|----------------|----------|---|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; O; TMA | KfW | €600,000 | €100,000,000 | €101,000,000 | Not signed | Under Execution |

The project aims at supporting a regional programme that will enable better access to higher and professional education for academically qualified but needy students in disciplines relevant for the regional labour market. The concept is to provide loans to local banks to on-lend as loans for higher education. The WBIF grant was provided for a feasibility study for the development of a regional student loan facility for Southeast Europe. The Study started in January 2013 for 3 Beneficiaries: Bosnia & Herzegovina, Croatia and Kosovo* and includes country-specific in-depth demand surveys and the preparation of pilot projects together with interested commercial banks.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|------------------------|------|------|------|------|
| Grant/IA ⁹⁶ | ↓ | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |
| Loan signature | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Implementation agreement and agreement with beneficiary signed promptly mobilising funds. Consultancy tender arranged in parallel. |
| TA implementation | First phase for the three countries approved under this grant has gone very smoothly with good results. Public funds for higher education are scarce so leveraging private finance is seen as important. |
| Post WBIF TA services | Subsequent WBIF grant approved in Round 9 for a second study phase to include Albania and Serbia |
| Financing | Results from the first year of study are positive. The final situation will be known once the second WBIF grant is implemented. KfW may approach WBIF for an investment grant |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|--------------------------|
| Problem | Recommendation | Cost |
| | | <i>Quantify solution</i> |

⁹⁶ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (Dec 2012)

| | | | | | | |
|---------------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| WB9-REG-SOC-SDP-01 | | Higher and Professional Education Finance in Southeast Europe - pilot project | | | | |
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| FS; TMA | KfW | €400,000 | €100,000,000 | €101,000,000 | Not signed | ToR preparation |

The grant approved for the second phase of the project supporting a regional programme that will enable better access to higher and professional education for academically qualified but needy students in disciplines relevant for the regional labour market. The concept is to provide loans to local banks to on-lend as loans for higher education. The WBIF grant was provided for a feasibility study for the development of a regional student loan facility for Southeast Europe extended to include Albania and Serbia, and provides country-specific in-depth demand surveys and the preparation of pilot projects together with interested commercial banks, building upon the experiences of the first phase.

| Project programme | 2013 | 2014 | 2015 |
|--|------|-----------|------|
| Grant/IA ⁹⁷ /FA ⁹⁸ | ↓ | ↓ | |
| ToR/TA mobilisation | | █ | |
| TA implementation | | █ █ █ █ █ | |
| Loan signature | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | The implementation agreement is ready for signature but is held up due to changes in EC financial regulations and subsequent changes which needed to be applied to the implementation agreement. Negotiations between EC and EBRD and also between EBRD and KfW were lengthy and postponed the signing of the implementation agreement substantially |
| TA implementation | The implementation of the pilot projects in the 3 additional Beneficiary Countries would be prepared after signing of the IA from 03/2014 onwards and start in Q3 of 2014, with the regional project planned to be fully implemented in Q3 of 2015. |
| Financing | Results from the first year of study financed by first WBIF TA are positive. The final situation will be known once this second WBIF grant is implemented. KfW may approach WBIF for an investment grant |

| Proposed solutions/lessons learnt | | |
|---|---|--------------------------|
| Problem | Recommendation | Cost |
| Delay in signature of Implementation agreement holding up project | EC/EBRD to resolve. Negotiations ongoing during assessment mission and closed only immediately before consultancy mission for phase 2 had to start (February 16 th , 2014) | <i>Quantify solution</i> |

⁹⁷ IA = Implementation Agreement which is signed with KfW to transfer EWBIF funds ↓ (DATE)

⁹⁸ FA= Funding Agreement which is signed with Beneficiary to transfer EWBIF funds onwards ↓ (DATE)

REG – PSD

| WB7-REG-PSD-SD-02 | | PPP Institutional Strengthening in the Western Balkans | | | | |
|-------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | TA status |
| SD | EIB | EWBJF €1,000,000 | N/A | N/A | N/A | Under execution |

Public Private Partnerships (PPPs) represent a relatively new opportunity for securing scarce funds for investment and operation of large infrastructure projects. The WBIF grant is being implemented by the European PPP Expertise Centre which will allow it to share knowledge and experience from the EU mutually among countries in the region. It will extend the current EPEC network and database to all countries under WBIF, undertake the assessment of current PPP projects and the improvement of related institutional structures in Croatia and Montenegro, and assist with the development of a methodological tool to assess PPP readiness.

| Project programme | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|
| Grant/IA ¹⁰⁰ /FA ¹⁰¹ | ↓ | ↓ | | |
| ToR/TA mobilisation | | | | |
| TA implementation | | | | |

| Discussion of project problems and successes | |
|--|---|
| Stage | Summary |
| ToR/TA mobilisation | Funding agreement not necessary as TA implemented by EIB EPEC. Implementation agreement signed after six months and TA started immediately. |
| TA implementation | Proceeding according to plan. Will continue into 2014. |
| Post WBIF TA services | N/A |
| Financing | N/A |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|---|------|
| Problem | Recommendation | Cost |
| None | This TA can be used to advise WBIF on how to facilitate PPPs. | |

¹⁰⁰ IA = Implementation Agreement which is signed with EBRD to transfer EWBJF funds ↓ (/01/2013)

| WB5-REG-PSD-01 | | Establishment of Western Balkan Venture Capital Fund (WBVCF) and Guarantee Facility (WBGF) | | | | |
|--------------------|----------|--|-----------------------|-------------------------|-----------------------|-----------------|
| TA services | Lead IFI | Grant approved | Updated loan estimate | Updated investment cost | Loan signature status | Status |
| Guarantee; Capital | EIB | EWBJF €34,200,000 | €120,000,000 | €185,200,000 | N/A | Under execution |

The overall objective of the project is to contribute to improve access to finance for SMEs in the Western Balkans and to foster economic development in the region through the creation of preconditions for the establishment and growth of innovative and high-potential companies. The specific objective of the project is to establish two complementary financial engineering instruments for the region:

- Western Balkans Venture Capital Fund (WBVCF) - a venture capital fund that will act as a catalyst for developing the venture capital industry in the region by leveraging private equity funds through co-investment schemes.
- Western Balkans Guarantee Facility (WBGF) - which will significantly improve the possibility for small SMEs in the targeted sectors to access bank lending and potentially lowering the cost of borrowing for expansion stage.

| Project programme | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|------|------|------|------|------|
| Grant | | | | | |
| ToR/TA mobilisation | | | | | |
| Implementation | | | | | |
| Loan signature | | | | | |

| Discussion of project problems and successes | |
|--|--|
| Stage | Summary |
| ToR/TA mobilisation | Implementation and funding agreements are signed with the EIF as the Implementing Agency |
| Implementation | EDIF was launched in December 2012 when the first Platform Advisory Group meeting took place. Under the first financing plan it mobilised a matching amount from other sources, including beneficiaries' own contributions. On the ground, the Facility is expected to leverage in excess of EUR 300 million of direct financing to SMEs. To this end, it pioneers three regional financial instruments: two equity funds and a guarantee facility. The European Investment Fund (EIF), as part of the EIB Group and the EU dedicated risk finance institution, manages the guarantee facility, represents the EU in the two equity funds and ensures overall coordination. All underlying contractual arrangements have been put in place in 2012-2013. The financial instruments are to be coupled with the beneficiary countries' reform agenda supported by a TA facility, under construction as at end 2013. First agreements between the Commission and OECD, World Bank and EIB (in this sequencing order) will be signed to launch TA operations as of 2014. |
| Post WBIF TA services | N/A |
| Financing | |

| Proposed solutions/lessons learnt | | |
|-----------------------------------|----------------|------|
| Problem | Recommendation | Cost |
| | | |