



INDIRECT MANAGEMENT

FR as of 01/01/2014

**IMPLEMENTATION STRUCTURE FOR EU
FUNDS IN THE WBIF**



The new Financial Regulation brought upon the following changes:

1. A Financing Decision needs to identify certain essential elements:

- ❖ objectives, expected results, methods of implementation, total amount
- ❖ description of the actions to be financed, indication of the amount allocated to each action, indicative timetable
- ❖ Indirect management: entrusted entity, the criteria used to select the entity, tasks entrusted to that entity



The new Financial Regulation brought upon the following changes:

IMPACT:

- ❖ Certain of these essential elements are only known after the WBIF SC has approved a list of projects (amounts, entrusted entities and entrusted tasks)
- ❖ They cannot be identified at the initial stage of the Financing Decision



The new Financial Regulation brought upon the following changes:

RESULT:

- ❖ The Commission needs to adopt a Global Financing Decision in order to allocate the total amount of EC Funds to the blending facility
- ❖ The Commission needs to adopt a complementary decision in which the missing information is identified



The new Financial Regulation brought upon the following changes:

2. Increase of accountability of those managing EU Funds

❖ Conditions:

- ✓ body/organisation to be entrusted must be foreseen in FR
- ✓ adequate systems and procedures in place

❖ Obligations:

- ✓ ensure that actions financed from EU budget are effectively carried out and implemented correctly
- ✓ Provide adequate and timely reporting



The new Financial Regulation brought upon the following changes:

IMPACT:

- ❖ The Managers of the Joint Fund do not provide the adequate responsibilities for the implementation of the EU funds;
- ❖ The Lead IFIs provide adequate responsibilities for the implementation of the EU funds



The new Financial Regulation brought upon the following changes:

RESULT:

- ❖ The Commission needs to enter into a contractual relationship with those entities who are responsible for the implementation of the budget, in order to establish clear lines of responsibility, liability and reporting

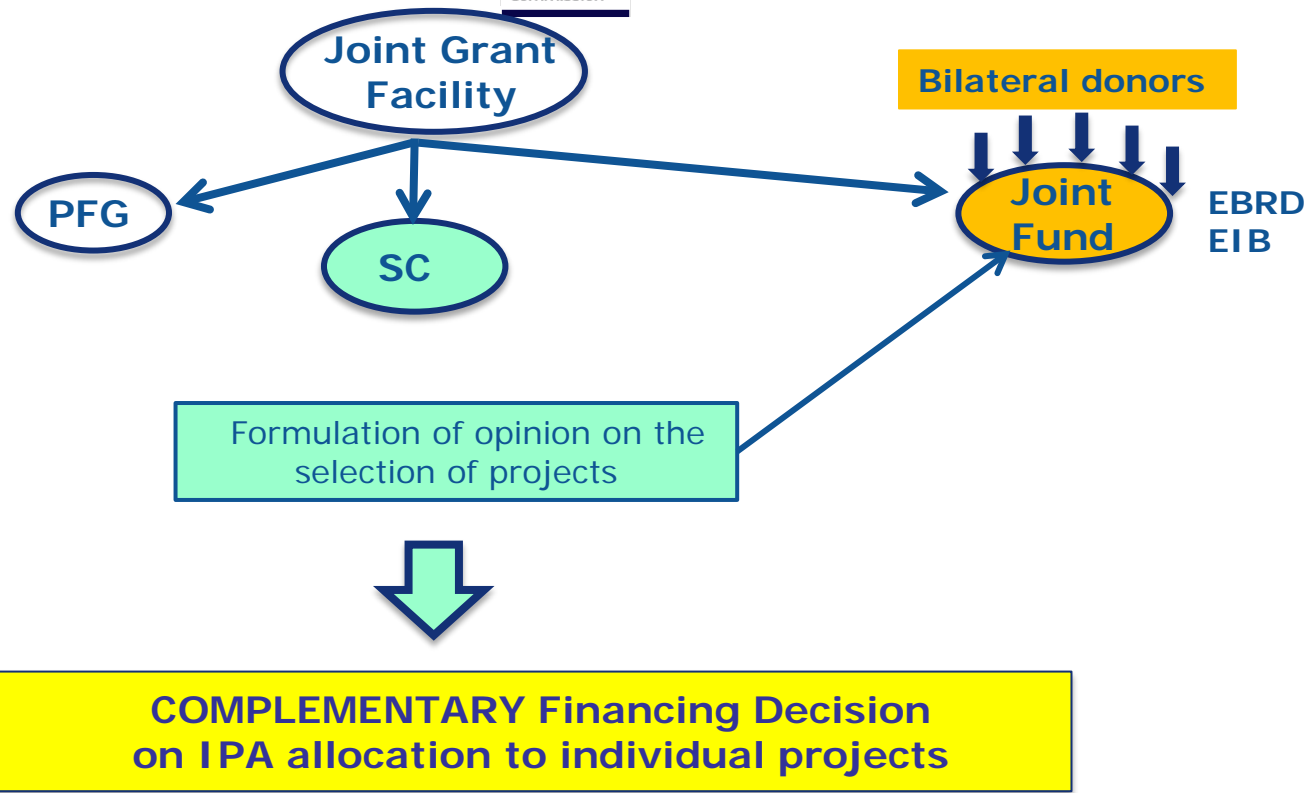


PROPOSED NEW STRUCTURE FOR CHANNELLING EU FUNDS THROUGH THE WBIF FOR IPA 2015

GLOBAL Financing Decision on allocation of IPA funds to the facility

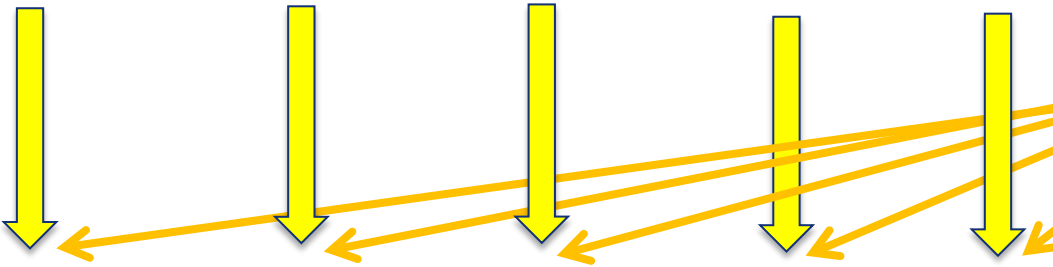


Political commitment



(COMPLEMENTARY) Financing Decision on IPA allocation to Infrastructure Projects

Bilateral donors



EBRD EIB KfW CEB WB



Implementation Agreement with Fund Managers

Liability Responsibility Reporting for implementation



country country country country country

Grant Agreement

Implementation: Service and Works contracts under Lead IFI's rules and procedures

Delegation Agreement with Commission

POOLING

BLENDING

FINANCING DECISION 2015 for IPA funds

**Group I
TA**

**Group II
mature
projects**

PFG

SC

**Delegation
Agreement EIB**

**Complementary
Decision**

**Own
EIB
TA**

IPF

**Other
IFI**

**Delegation
Agreements with
Lead IFIs**

**Implementation by
beneficiary country**

**Implementation by
beneficiary country**



| | Type of project criteria and implementation | GROUP I Preparation TA -> Procurement of services | GROUP II Mature Infrastructure Projects -> Procurement of services, supplies and works |
|------------------------|---|--|--|
| NEW METHODOLOGY | EU co-financing | 100% EU funds proposed by EC | threshold applicable as proposed in new methodology table; exact % to be decided project by project by WBIF SC |
| | national vs regional | national and regional projects | only regional projects |
| | source of funding | EU and in parallel EWBIF funds for other IFIs | EU, IFI, EWBIF, beneficiary country |
| NEW STRUCTURE | Financing Decision | Single | Global* |
| | Complementary Financing Decision | NO | YES* |
| | Delegation Agreement Entrusted Entity | EIB for EU funds** | all Lead IFIs** |
| | Sub-delegation | possible to other IFIs | not foreseen |
| | Grant to beneficiary country | possible by delegated and sub-delegated IFI | possible and foreseen by delegated IFI |
| | Applicable as of | 2014 | 2015 |

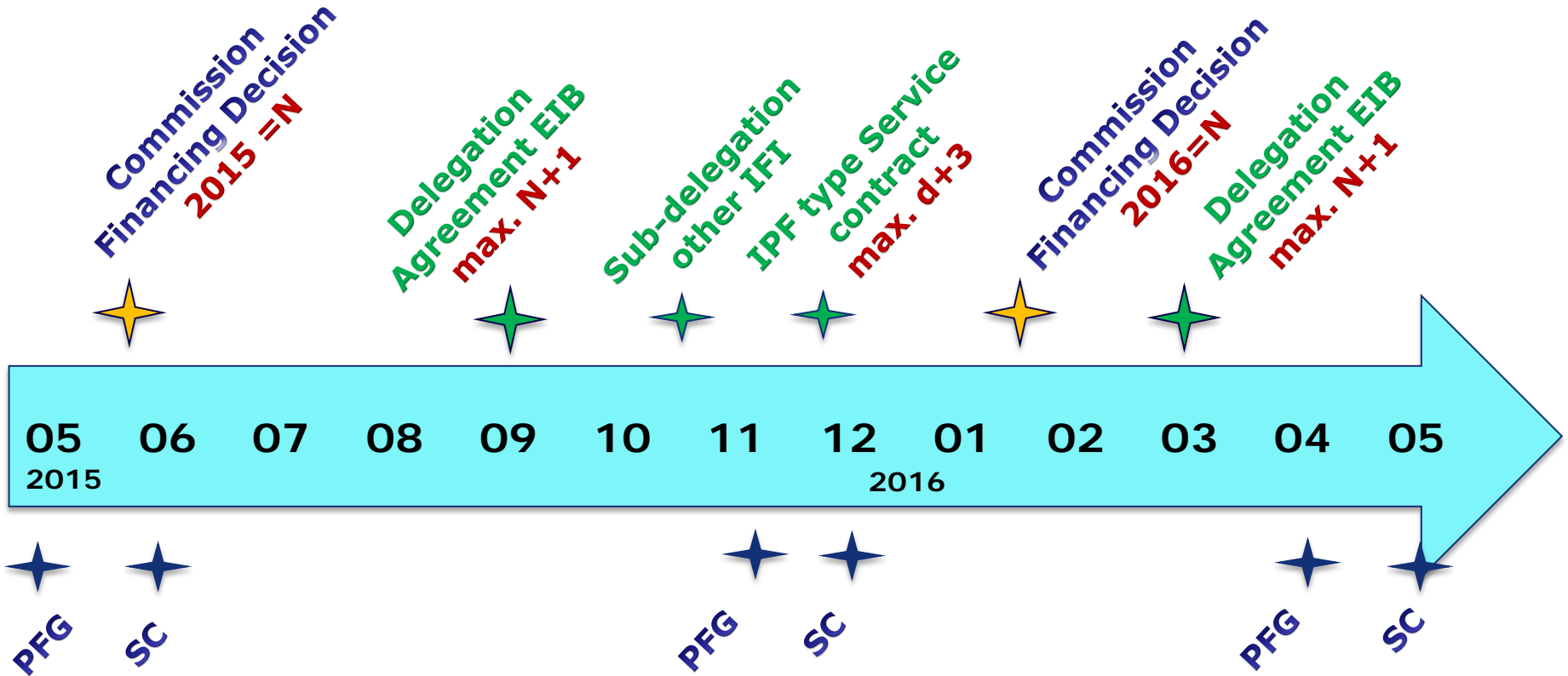
*to be confirmed

**or co-delegation if possible



Flow of IPA Funds 2015/2016 - Timeline

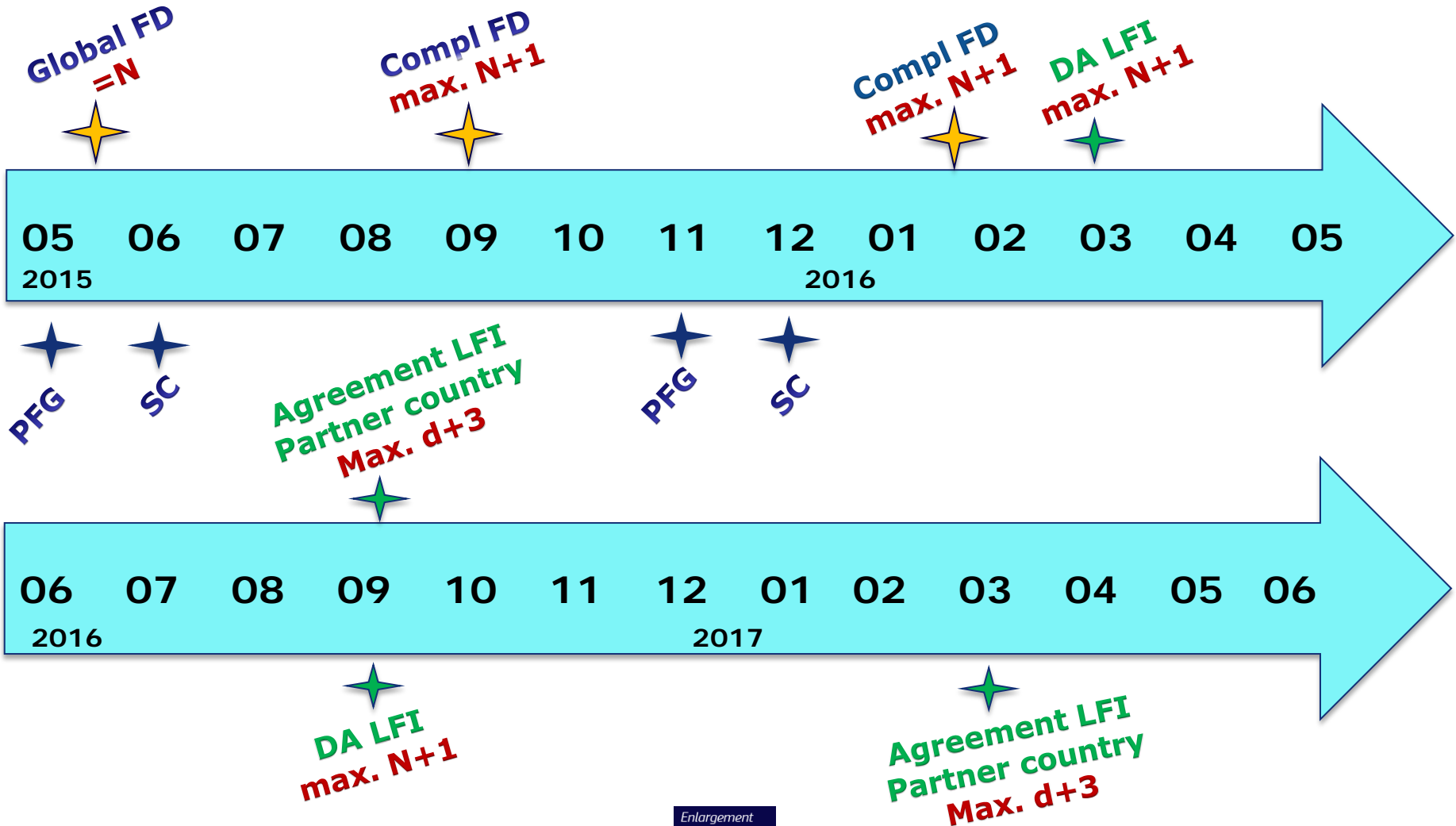
Group I - TA





Flow of IPA Funds 2015 - Timeline

Group II – Infrastructure Projects





IPA Funds 2015 TIMELINE: CHALLENGES

N+1 = 31/12/2016

❖ Identification of sufficient mature infrastructure projects in order to absorb 2015 IPA Funds

- TRANSITION**
- use already existing mature infrastructure projects which were developed by group I projects in the past
 - Support NICs in preparation of project pipeline

❖ Signature of all delegation agreements with Lead IFIs

- Early preparation and negotiation of contractual and operational aspects (immediately after SC meeting)



Recommendation to the Steering Committee

Take note of internal EC decision making procedures:

- ❖ Global Financing Decision -> Complementary Financing Decision on allocation of IPA Funds**
- ❖ Signature of delegation agreements by the Commission directly with Lead IFIs for IPA funds**
 - > any change to be signalled to the RTF within three months of the SC meeting**