

TWELFTH MEETING OF THE WBIF STEERING COMMITTEE

MINISTRY OF ECONOMY AND FINANCE, ROME, 16TH – 17TH JUNE, 2015

Minutes of Meeting¹

DAY 1 (16th June 2015)

Welcoming and Introduction

Mr. Giuseppe Maresca, Director General, Financial Crime Prevention, Ministry for Economy and Finance, the **WBIF SC co-chairs** (Dr. Adolfo Di Carluccio, Director, Ministry for Economy and Finance, and Mr. Jean Eric Paquet, Director, DG NEAR) welcomed the participants to the 12th WBIF SC meeting. The importance of the WBIF was emphasised, especially at times of economic recovery when pooling of resources and coordinated initiatives (such as the WBIF) will lead to efficiencies and increase impact of targeted investments. 2015 has been and still is an exceptional year, as the first (EU sponsored) co-financing tranches are now being set into motion, targeting projects under the connectivity agenda. Various actors work hard with the joint aim of allocating the first co-financing packages by the end of this year; the IFIs and the COM are working on the co-delegation methodology; the beneficiaries are transposing the NIC framework and the new MIS is about to be launched. The effects and benefits of this work will appear in 2016.

Economic Outlook in the Region

EBRD (Mr. H Muent) presented the latest economic outlook in the region and highlighted that the WB6 countries currently perform somewhat worse than other comparable economies. However, the economic outlook for these countries is still slightly better. Current regional growth is driven by low oil prices, improved exports and monetary policies in some countries. Infrastructure financing is subject to the (limited) fiscal space available, but analysis shows that the impacts would be medium to high in all countries. The biggest challenges are the structural reforms that have yet to be addressed, and the legacy issues such as the high non-performing loan ratios.

DG NEAR (Mr. JE Paquet) mentioned that the beneficiary countries have signed into effect their specific economic reform agendas, where the fiscal space related issues and the banking sector reform are addressed together with the IMF, the WB and the EU. Economic Reform Programmes

¹ The presentations of the 12th WBIF SC meeting can be downloaded from the WBIF website; the pictures are available in a drop box. The MoM follows the actual meeting, which – at times – deviated slightly from the agenda.

(ERPs) have been prepared by the countries and specific country recommendations given by the Commission.

Discussion: The **WB** (Mr. A Rowland) informed the participants about the upcoming publication of the World Bank Economic Report, identifying private investment and export growth as key drivers for economic growth and identifying fiscal issues, such as non-performing loans and high unemployment as key constraints.

Update on Connectivity Agenda and the WB6 process

DG NEAR (Mr. JE Paquet) informed the participants about the upcoming meetings related to connectivity, in particular the planned meeting in Vienna on 27th of August 2015. The so-called Berlin process (28th August 2014) has identified Connectivity as a political objective, and Commissioner. J Hahn fully supports the various initiatives under the Connectivity Agenda. At the Western Balkans 6 meeting in Brussels on 21 April 2015, hosted by the Commissioners Hahn and Bulc, the participants finally agreed on the transport core-network, to be implemented by 2030 and on a set of regulatory and capacity upgrade measures. The meeting in Riga (22 June 2015) will discuss further relevant TRA projects, including soft measures, for the coming years. The ECS in Vienna is in charge of identifying relevant ENE projects and a ministerial meeting is foreseen on 2 July on relevant ENE initiatives and projects, where last and final steps for project on the PECE list and their implementation will be discussed. The IPA 2 regional funds will, in 2015 and 2016, exclusively be made available to co-finance projects covered by the Connectivity Agenda (TRA and ENE).

Discussion: the **ECS** (Ms. V Kogalniceanu) mentioned that the regulatory framework for permitting is required and that a new PECE list needs to be adopted (from 2018 onwards). In the ENE sector, private investments are rather unlikely, public financing is the main source of financing for ENE projects. **CEB** (Mr. S Sellen) stressed that IFIs have a wider geographical and functional mandate than the EC and that all IFIs would require equal treatment of the four WBIF sectors. **ITA** (Ms. C Mordini) delivered a bilateral joint statement (attached as Annex 1), where the bilateral donors propose, inter alia, that the four WBIF Sectors should be treated equally. **GRE, NOR, AUT** and **GER** seconded ITA. **AUT** (Mr. L Treppel) informed the participants about the upcoming summit in Vienna, where the main topics will be infrastructure/connectivity, regional cooperation, youth and civil society; Connectivity is an important means for the WB countries, to prepare for the challenges of the single market, where the flow of goods and people has to be facilitated. **BiH** stated that as of April 2015 the new state government has EU integration on top of its agenda. Concerning the significance of the Connectivity Agenda, it is understandable that priorities for co-financing are TRA and ENE sector, in particular in 2015 and 2016; but the beneficiary countries would like to see the ENV and SOC sectors also benefitting from co-financing as of 2016. **The former Yugoslav Republic of Macedonia** and **KOS*** also seconded CEB and ITA.

DG NEAR (Mr. JE Paquet) replied by highlighting that WBIF will continue covering all four sectors and that the priority investments in the region have been identified by the beneficiary countries; ENV and SOC are eligible WBIF sectors and should as such also be covered by the Single Project Pipelines approved by the NICs.

He clarified that IPA 2 funding – regional and national – remains eligible for all sectors when it comes to project preparation. IPA national budget is eligible to all sectors. However, in 2015 and 2016 at least, TRA and ENE, as the key connectivity sectors, will be co-financed by available IPA 2 regional funding. If and to the extent sufficient funds are available in the EWBJF from bi-lateral donors, these can indeed be used to co-finance mature ENV and SOC sector projects. Again, this will require requests based on the NICs and the prioritised Single Project Pipeline (SPP).

European Union Strategy for the Adriatic and Ionian Region (EUSAIR)

ITA (Mr. Sergio Garribba) introduced the EUSAIR to the participants, by mentioning the strategic relevance and orientation of the EUSAIR and identified the EUSAIR member states (4 EU and 4 non-EU countries). The European Council endorsed four macro regional strategies, one of which is the EUSAIR. Mr. Garribba stressed the regional dimension as a key requirement for project selection under the EUSAIR. The EUSAIR Action Plan vests on 4 pillars and concerns common maritime transport, environmental, safety and security and tourism related aspects. Under pillar 2, the Thematic Working Group (TWG) has set out their main efforts in “improving connectivity in terms of transport and energy”, including reliable transport networks and energy connections. EUSAIR will mobilize and align existing EU and national funding instruments for each topic identified under the 4 pillars. TWG on connectivity has already started its project scouting efforts and three areas of possible intervention have been preliminarily identified as regards energy: the establishment of a well-interconnected electricity market in the region, including cross-border interconnection projects between Albania and Montenegro, ii) the development of an interconnected gas transmission networks in the region, and iii) the switch from diesel to Liquid Natural Gas for the maritime transports in the Adriatic and Ionian seas, to facilitate compliance with the EU Directive 2012/33. WBIF could play a crucial and synergic role in the implementation of the EUSAIR strategies.

Discussion: The former Yugoslav Republic of Macedonia and **KOS** requested to be included in the EUSAIR strategy. **BiH** inquired if funding for EUSAIR would be similar to the Danube strategy and requested more clarification on the eventual financial contribution of beneficiaries. **ITA** replied by expressing its support to the former Yugoslav Republic of Macedonia’s and KOS’s requests and its confidence that they will be benignly considered and by emphasising that the TWGs are technical level discussions, coordinated between the EUSAIR member states. The Co-chair concluded the session by stressing the possible synergies between the EUSAIR and the WBIF and pointing in particular at the project on innovative fuels for vessels as a point in case of possible cross-sector projects regarding environment, energy and connectivity.

Update on WBIF New Methodology: Part 1

► **Co-financing 2015 and beyond**

DG NEAR (Mr. JE Paquet) reiterated the principles of co-financing. The most important are the maximum thresholds for co-financing. These thresholds are generally a strict benchmark but can be

applied on a case-by-case basis with some flexibility. Grants should not be used for crowding out IFI loan funding. Also, projects must be mature (given the tight implementation deadlines) and submitted via a SPP through the NICs. Priority will, in 2015 and 2016 be given to connectivity related projects in the TRA and ENE sectors, to the extent IPA 2 regional funds are used. The eligibility criteria for TA will be recommended to be lifted at the next (13th) WBIF SC meeting in Paris, and all four sectors are equally eligible for co-financing.

► **Methodology for co-financing / co-financing framework**

DG NEAR (Mr. W Schläger) informed the participants about the various parallel processes and milestones leading up to the co-financing framework to be operational by the end of this year 2015. 2015 has been and will continue to be “a transition year”, with a more clear and systematic process set into place for 2016 and onwards. The available IPA 2 funding is about € 100-150 M per annum for both, TA and grant co-financing. The programming for 2015 and the identification of potential projects for co-financing requires that the beneficiaries submit to the COM, via the NIC, a list of prioritised projects for co-financing by the end of July (the respective list of projects for co-financing “green”, “yellow” and “red” indicates the projects relative maturity for co-financing in 2015). A principal agreement between all three partners needs to be found before end of June on technical and financial parameters, this is due to the EC internal processing. Consequently, only if the NICs and a first draft SPP confirm the projects by the end of July, can these projects be considered for IPA co-financing in 2015;

DG NEAR (Ms. E Vossou) further informed the participants about a suggested project identification and selection process via the WBIF for co-financing of infrastructure investments (procedures for TA would for the time being stay as they are). To this end, a draft form, developed by EUBEC and adaptable for the WBIF purposes has been disseminated with a concept note to the WBIF SC participants. This template (in its final form) will need to be filled in by the beneficiaries (at least partly) and submitted to WBIF; followed by an assessment and approval phase. The COM would need a “long list of potential projects” by Oct/Nov, which would be part of the Financing Decision on the IPA 2016 envelope to be submitted to the IPA committee in the following Jun/July 2016. A formal WBIF call for proposals would be launched in March 2016, for projects to be approved from this long list at the WBIF SC meeting in December 2016 and another one for the WBIF SC meeting in June 2017.

► **Maturity of projects**

DG NEAR (Mr. JE Paquet) reiterated the importance of projects maturity, and in particular against the aim to tighten implementation deadlines. The Restricted Task Force (RTF) has developed a maturity check list, with 13 relevant project stages, with each project stage indicating the project maturity (not mature or mature) with a grey area. Because of the importance of maturity, this topic has been included in the Road Map and the proposal, commented by the IFIs, will need further discussion. The views of the IFIs do not always match the requirements of the COM (and vice-versa) and this will be addressed by the dedicated discussions under the Road Map.

Discussion: KfW pointed out that strengthening of management capacity, in particular fiscal management capacity is part of the development agenda. To this end, a strategy of minimal invasiveness in the connectivity sectors energy and transport should be pursued; the final list of

“green” projects should be clarified as soon as possible; project preparation and financial preparation need to be harmonised and run in parallel. KfW also pointed out that the Environment Sector is key for the German government in the Western Balkans. **EBRD** seconded KfW (timeline) and emphasised that close upstream coordination between stakeholders is required going forward as the level of grant co-financing in the context of an investment project will have to be determined by the EBRD on a project by project basis in line with the EBRD institutional mandate. **EIB** mentioned that the grants should enable the beneficiaries to implement more projects and that national IPA funds could be used for the ENV and SOC sectors. **CEB** mentioned that for IFI board approval a CBA analysis, identifying the most suitable co-financing rates, is required. **GER** requested the criteria for project selection and project maturity be made available by the COM. **The former Yugoslav Republic of Macedonia** and **BiH** seconded GER. **MNE and SER** requested that the beneficiaries be involved earlier in the selection process and that the national administrations should be the drivers of this process.

DG NEAR replied in reiterating the piloting approach of 2015 and that 2016 already will see a more formalised approach in the selection of projects, which will have to be started at beneficiary (NIC) level. The end of July decision is an internal EC requirement for allocation of the available 2015 funds. The level of co-financing will be determined on an (a) objective basis, (b) in accordance with the financing gap / CBA, the ceilings as adopted at the 11th WBIF SC meeting, (c) the ceilings are maximum levels, with small margins of flexibility on a case by case basis and (d) this is not a programming against the envelop approach.

► **Progress on NIC framework transposition and the Single Project Pipeline**

The **WBIF Secretariat** (Mr. O Reinertsen) informed about the progress made on the NIC transposition process. Methodologies and criteria (with technical assistance from IFICO) have been developed and disseminated to the beneficiaries. The NIC frameworks are now in the final stages of implementation with concrete progress to be shown in almost all beneficiary countries. However, more efforts are needed as these vary greatly from country to country. IFICO has been reporting back to the COM on the progress and will continue doing so. In order to determine the concrete needs of the beneficiary countries, IFICO will, in the near future visit the beneficiary countries and carry out an *Trainings Need Analysis* (TNA), with a view of developing and implementing the first trainings (on technical levels, sector prioritisation and Technical Apparatus methodologies).

IFICO (Mr. H Blankert) reported on the progress made by the beneficiary countries in the transposition of the mandatory elements of the NIC framework. The state of play assessment shows that all beneficiary countries are more or less on track and all show a realistic chance of complying with the NIC framework mandatory requirements by the end of this year; to this end, some countries are ahead of the other countries, to the extent implementation speed and compliance are concerned. There are various open issues and these will be addressed in the coming months.

Discussion: BiH stated that their national TRA policy is scheduled for adoption in June by the Council of Ministers and by the parliament in July. The first NIC meeting is planned on 24th June 2015. The transposition of the NIC methodology is work in progress and many activities in this respect are unfolding in parallel. **The former Yugoslav Republic of Macedonia** stated that all the formal requirements are fulfilled and that the NIC has been adopted by governmental decision. The NIC methodology will be adopted in the next governmental session and the procedures will be harmonised by the end of this year. **KOS** reported that their NIC will be operational by the end of

July. **MNE** informed that training is required for their staff in prioritising projects. **ALB** informed that the SWGs (sector working groups) are now being set up and that it will meet the NIC requirements by the end of this year. **GER** announced that bi-lateral donors are interested in attending NIC meetings and will share the burden of participating at the NIC meetings – to this extent an overview of the scheduled NIC meetings should be made available.

DG NEAR replied that the efforts made by the beneficiaries are appreciated and again underlined that the NICs need to be established by the end of July 2015; further, by the end of the year, a solid SPP is required, while the entire NIC framework transposition will be requirement for all projects in 2016.

Visibility and Communication

DG NEAR (Mr. JE Paquet) informed the participants about the enhanced efforts regarding communication and visibility. This is becoming increasingly important given the context of co-financing where national governments, the IFIs and the EU align their respective efforts to make project impact more visible to the public. Communication needs to be understandable for the wider public and the project carrier will be responsible to implement these communication and visibility measures. To this end, the COM foresees to sign an “Enhanced Cooperation Agreement” with the IFIs, under which initiatives to improve visibility are foreseen. This Enhanced Cooperation Agreement will also impact the work undertaken under WBIF.

Update on WBIF New Methodology: Part 2

► **New WBIF MIS**

DG NEAR (Ms. E Vossou) reported on the progress made in operationalising the new MIS. Phase 1 entailed the migration and verification of data from the old to the new MIS and making the system more user friendly and functional. This phase is now completed and the old MIS will be deactivated soon and the new MIS will be replacing the old one. Phase 2 is concerned about the financial and operational reporting. MIS should be used as much as possible for reporting requirements under the new financial regulations and as will be required in the negotiated agreements between the COM and the IFIs for co-financing. To this end, the new MIS is flexible and will follow the requirements of the co-delegation agreements, allowing the MIS to produce relevant reports. The entire MIS should be fully functional by the end of the year.

Discussion: SER mentioned the difficulties in getting local institutions to supply accurate and correct data; obligations arising out of the new MIS need to be communicated to the beneficiaries at the earliest convenience, in order to prepare their relevant institutions which will later provide data. **EIB** seconded SER.

► **Future IPA funds disbursement and co-delegation methodology**

DG NEAR (Ms. B Banki) reported on the latest developments and efforts in setting up the co-delegation agreement with the IFIs at the end of the year. The new co-delegation agreement will be

designed to better reflect the spirit and structure of the WBIF, since it allows for real pooling of funds and does not create parallel structures. The Co-delegation concept consists of signing an agreement in two phases, with the first phase being the co-delegation agreement, signed between the COM and all IFIs once for a long term duration. This co-delegation agreement contains and regulates the common provisions applicable to the non-project specific issues, such as reporting, remuneration and payment terms, etc. The second phase is the “contribution arrangement” where project specifics are regulated. These contribution arrangements would be signed following the WBIF SC meetings. The ultimate goal is to present the finalised version of the co-delegation agreement and the template contribution arrangements to the Steering Committee in December 2015 with a view to signing the agreement beginning of 2016. To this end, issues still for deliberation and agreement were presented in the form of a “Road Map” for WBIF SC endorsement. These issues are amongst others:

1. Legal design of the agreement;
2. Roles and responsibilities of the Managers (submission of payment requests, disbursement of funds, reporting);
3. Description of action: project fiche development / improvement (development of a template along the EUBEC recommendations/ template);
4. Payment procedures;
5. Reporting procedure;
6. Remuneration for the Managers and the Lead IFIs;
7. Visibility requirements;
8. Review of the WBIF ToR and GC;
9. Architecture of the MIS to incorporate the reporting requirements;
10. Issues related to the selection of projects to be financed.

Discussion: **EBRD** confirmed that projects financed by bilateral donors should follow the same procedure for the flow of funds and reporting as Commission funds in order to guarantee a harmonised approach among all donors. This would be achieved through the amendment of the GC of the EWBJF. It was further clarified that contribution arrangements for allocating IPA funds into the EWBJF would be signed twice a year. **EIB** mentioned that the EWBJF ToR will need adjustment and the new ToRs will need WBIF SC approval as well as approval of the governing bodies of WBIF stakeholders, where appropriate. **Spain** enquired if new IFIs would be permitted to join the EWBJF/WBIF. **NOR** expressed its desire to analyse the co-delegation agreement in detail. **ITA** announced a bilateral donor meeting in October, where the new methodology will be discussed as well as the next co-chairmanship. **SER** reiterated the importance of involving the beneficiary countries into these processes and that ownership should be with the beneficiary countries.

DG NEAR replied that the accession of new IFIs to the WBIF would be subject to the WBIF SC approval and meeting the requirements of the founding documents. With respect to the involvement of the bilateral donors in drafting the co-delegation agreement, it was clarified that it is a bilateral agreement between the COM and the IFIs needed to establish a direct contractual link between the two entities in relation to the use of EU funds pooled into the EWBJF and was therefore not subject to consultation with the bilateral donors. However, some of the common provisions such as reporting will be discussed with the bilateral donors as foreseen in the roadmap as well as the WBIF ToR and the proposed amendments to the General Conditions of the EWBJF. An additional PFG is

planned for early October, where the PFG will take stock of the progress achieved in implementing the Road Map.

The WBIF SC endorsed the co-delegation concept and endorsed the Road Map for implementation.

DAY 2 (17th June 2015)

1st Project oriented session - WBIF Project Approval Session (Round 13)*

*(due to early departure of some beneficiary representatives, this session was moved up in the agenda)

► Availability of funds for Round 13

The **WBIF Secretariat** (Mr. O Reinertsen) reported on the Availability of funds for Round 13:

Source of	Amount [€M]
EWBJF	
Current available	4.4
WB12-SER-SOC-01 component for Pančevo's prison to be implemented by the CEB	0.77
Return from proposed cancellation or finalised projects (WB4-SER-SOC-05)	0.2
Total available	3.83
Round 13: 3 projects recommended for approval	3.65
Remaining after approval of recommended projects	0.18
IPF (3+4)	
Current available (IPF 4: 3.4 and IPF 3: 163k)	3.5
Return from proposed cancellation or finalised projects (800k from HPP Krusevo)	0.8
Total available	4.3
Round 13: 4 projects recommended for approval	5.12
Remaining after approval of recommended projects	- 0.82 *
* Negative balance to be covered by IPF5	

► Presentation of proposals by representatives of the Beneficiaries and the IFIs

The **WBIF Co-chairs of the PFG** (Mr. W Schläger DG NEAR and Mr. H Muent, EBRD) presented the eligibility criteria for this 13th call, which were (a) Unblock and/or build on (and/or) enhance an existing project, and (b) regional impact for a new project. All together:

- 9 projects² were received for a total grant amount of €12.27 M;
- 7 projects were positively screened and assessed for a total grant amount of €8.77 M

² No projects from BIH and KOS. No Social projects.

During the 18th PFG meeting in May in Brussels, the projects were endorsed for financing from either the Joint Fund or IPF and were presented to the members of the WBIF Steering Committee for full approval as follows:

Project Code	IFI/Project Title (short)	IPF [€M]	EWBJF [€M]
WB13 ALB TRA 01	EIB / FS Railway line Durres -> MKD	0.72	
WB13 MKD TRA 01	EBRD / Railway border station	0.2	
WB13 MNE TRA 01	EIB / Railway tunnels inspection and DD	2.5	
WB13 REG ENE 01	EBRD KfW / 400 kV interconnector SER MNE BiH		0.8
WB13 REG PSD SDP 01	EIB / PPP in WBs		2
WB13 SER ENV 01	EBRD / Belgrade Batajnica sewer and WWTP		0.85
WB13 SER TRA 01	EIB / FS highway E80 SEETO route 7	1.7	
	TOTAL	5.12	3.65

The WBIF SC co-chair (Mr. M Jung) mentioned that following this 13th round, the EWBJF is fully depleted and that the bilateral donors are encouraged to pledge at the upcoming WBIF SC meeting in Paris, since this would also foster the co-financing potential of SOC and ENV projects.

The WBIF SC approved the above mentioned projects, for an overall grant allocation of € 8.77 M.

2nd Project oriented session - Monitoring Report

► Monitoring Report

The **WBIF Secretariat** (Mr. O Reinertsen) and **IFICO** (Mr. S v d Touw) reported on the latest data of the WBIF Monitoring Report has been updated until May 2015, where through the MIS data migration certain data were updated and verified. Key figures of the WBIF portfolio include:

- 12 rounds have been conducted;
- 174 grants have been approved and allocated;
- € 308 million in total grants have and are being disbursed;
- € 2.8 billion of signed loans;
- € 8 billion of total estimated loans;
- Total investment potential is about € 13 billion.

Currently, 54 projects have signed loans. The total number of signed loans is steadily increasing, with the environment sector having signed the highest amount of loans.

► Projects for discussions based on their progress

The **WBIF Secretariat** (Mr. O Reinertsen) reported on a project proposed for cancellation as implementation had been put on hold:

Project Code	Project Title	Lead IFI	Grant amount to be returned [€]	Status	Progress
WB6-BiH-ENE-07 (IPF Project)	Hydro-electric power plants - Krusevo & Zeleni Vir	EIB	Ca 800.000	Execution started but held Up	Project no longer considered viable, Grant amount approved 1 M€

Following discussions between IPF 3 experts, the EIB and the final beneficiary, JP Elektroprivreda BiH (EP BiH), it was agreed that the projects, as foreseen, are not viable due to major technical (cost and difficulty in carrying out geotechnical investigation, explosive remnants of war), environmental (presence of lead mining operations) and financial issues and should not continue. A proposal for relocation constitutes a “new project” and a new application will be required.

Discussion: BiH requested the relocation to be approved with project extension for another six months under the initial project approval. **EIB** confirmed the cancellation. The **WBIF Secretariat** confirmed that such significant changes in scope would require a new application.

The WBIF SC concluded that this project “WB6-BiH-ENE-07” is cancelled and the relevant funds be returned to IPF3.

► **Projects finalised under the WBIF approve budget**

Project Code	Project Title	Lead IFI	Grant amount to be returned [€]	Status	Progress
WB4-SER-SOC-05 (EWBJF Project)	TA for School modernization Programme	EIB	201,061.07	Finalised	SC approved budget €800K. Project finalised and funds were returned to EWBJF on 02 June 2015.

The EWBJF managers confirmed receipt of € 201,061 and 70 cents.

3rd Project oriented session

► **Eligibility criteria for next round (14th call for proposals)**

The WBIF Secretariat (Mr. O Reinertsen) **and DG NEAR** (Mr. W Schläger) mentioned that past reviews of both the project pipeline and the monitoring report have identified that grant funds (approved by previous SC meetings) remain unused. Furthermore, one needs to strengthen the regional projects in the WBIF. Thus, the eligibility criteria for the next call for proposals (14th round) should be the same as the previous 3 calls:

1. projects must have a clear regional component and / or
2. projects must strengthen/unblock an existing project;

For future rounds (starting with round 15), it should be considered to lift these two eligibility criteria. Hence, TA would then be open for both NEW national and NEW regional projects.

The WBIF SC adopted the eligibility criteria (a) clear regional component and / or (b) strengthening / unblocking of an existing project for the next round of project call No. 14.

► **Methodology for Management of WBIF Project Pipeline**

The WBIF Secretariat (Mr. O Reinertsen) set out the objective of the future management of the WBIF Project Pipeline, as “Monitoring the WBIF pipeline of projects in close cooperation with lead Financial Institutions.” This should be achieved by meetings once a year between the IFIs, the WBIF Secretariat, DG NEAR, IPFs and IFICO at the IFI’s head quarters. This exercise should then verify if the encoded information in the MIS is correct and up to date as well as highlighting projects with slow progress, subject to potential cancellation. The relevant EUDs will also be consulted with a view of identifying any problems. A list of pre-identified (slow moving) projects will be sent to the IFIs one month ahead of the planned meeting. This list will be based on the following criteria:

- (a) when the preparation of the ToR has not started one year after the approval of the grant by the WBIF SC;
- (b) when the implementation of the project has not started two years after the approval of the grant by the WBIF SC;
- (c) when the project has not reached completion by the end date announced in the PGAF or four years after the approval of the grant by the WBIF SC.

Discussion: BiH requested that the beneficiaries should also be involved in this exercise and the respective consultations. **KfW** enquired if these new criteria are part of the (to be amended) guidelines and requested a discussion of the criteria and their definition, ensuring uniform understanding. **IPF 4** enquired if this new methodology would be for both JF and IPF projects.

The WBIF Secretariat replied that the IFIs and the beneficiaries should indeed be involved in this exercise. Details, such as definition of terms and methodology will follow and be discussed with the IFIs.

The WBIF SC adopted the new Methodology for the Management of the WBIF Project Pipeline.

Technical Assistance (TA) through the WBIF, State of Play

DG NEAR (Mr. W Schläger) reported on the TA as follows:

- IPF 3: 930,000 euros available, (including the cancellation of WB6-BIH-ENE-07);
- IPF 4: 3.4 million euros available (prior to round 13);
- Signature of the Grant Agreement committing the Multi-country Programme 2014 funds is expected to be signed soon with EIB. In total € 8,549,800 are for the IPF 4 extension and € 25,568,600 are foreseen for IPF 5.
- EIB and the COM are also preparing IPF 5 with the following indicative schedule:
 - Launch of procurement procedure: September 2015
 - Signature of the contract: February 2016
 - IPF 5 kick-off and inception phase: March 2016

- IPF 5 start of activities: April 2016

AOB

► **Taiwan: GER** enquired if the respective discussions in the COM have concluded with regards to the potential **Taiwanese membership** to the WBIF. This is also relevant in the context of the depleted state of the EWBIF and the potential contributions of Taiwan to the JF. GER requested clarification of the COM position on Taiwan by December.

DG NEAR (Mr. M Jung) replied that, while the COM internal legal services see in principle no legal issue on the country designation, they have not concluded this matter and discussions are still ongoing.

► **Departure of Head of WBIF Secretariat:** The Co-chairs thanked Mr. O Reinertsen for his four years of enthusiastic and firm leadership of the WBIF Secretariat.

► **Preliminary Dates for the 14th Round: The WBIF Secretariat** (Mr. O Reinertsen) announced the preliminary dates for the 14th round:

- Deadline applications: 02 September 2015;
- *Paris Group: 30 September (tbc);*
- *Extraordinary PFG: 30 September / 01 October (tbc);*
- Launch assessment: 02 October 2015;
- Deadline assessment: 30 October 2015;
- Paris Group in Podgorica: 09 November 2015;
- 19th PFG in Podgorica: 10 November 2015;
- 13th WBIF SC meeting in Paris: 16 December 2015.

The WBIF Co-Chairs (Dr. Adolfo Di Carluccio and Mr. Morten Jung) thanked the participants for the successful conclusion of yet another WBIF SC meeting.

Download link presentations WBIF SC Rome: wbif.eu/WBIF+Steering+Committee

Annex 1: Joint Position of bilateral donors

Common donor position

We would like to thank the Commission for the work done during the past months.

The approval of the New methodology has posed new challenges but at the same time has given us the chance to fix a new vision of the framework to be reflected in the WBIF's structure in order to: i) deeply rationalize the scarce resources available; ii) encourage cooperation and exchange of information among all actors through the alignment of the modus operandi and the capillary network of actors involved in the NICs with a view to consciously planning investments in the Region.

We really appreciate the Concept Note and Roadmap presented as they well summarize the work ahead of us in this "transition year". It is the right time to pass from theory to practice; in our view only limited progress has been achieved so far, including within the RTF. Most of all problematic points concern the procedures and processes between the Commission, the IFIs and the Beneficiaries. For this reason, we propose not to continue having RTF meetings since the Roadmap places all of us in the same boat.

Connectivity has become an important parameter in the process of focusing and streamlining the WBIF activities in the Balkans. It is also an approach that we understand beneficiaries support as it is reflected by the WB6 commitments.

However the original idea that the WBIF should build on four sector priorities, which also include social and environment as eligible sectors, should still be embedded in the WBIF just as much as transport and energy. The four sector approach has been a most important feature of the WBIF, one that has secured its diversity and wide support from donors. This approach has translated into TA support that has been almost equally divided between the sectors.

In order both to keep focus on connectivity and still reflect the agreed purpose of the WBIF we propose that we look into possible connections between the sectors and adopt

approaches that strengthen the environmental and social dimensions in energy and transport projects. Building roads and railways, ports and airports has consequences both for nature, employment and social standards and not the least the living conditions of the people in the recipient countries. Likewise, regional cooperation in education and natural habitat projects connect people all over the Balkans. To this end, we would encourage IFIs, as well as beneficiaries to elaborate concrete proposals and the Commission, in particular, to devise possible ways for bilateral donors to support specific projects in the social and environmental sectors.

WBIF has proved to be an effective tool as regards implementation of projects, in particular as regard to regional undertakings.

We welcome the establishment of National investment Committees as a new instrument at the disposal of the beneficiary countries to strengthen their ownership in the decision making processes of projects.

Bilateral donors are looking at ways to ensure representation at the NIC's decision making meetings, on a rotating basis if needed in order to be informed on the discussions and on the criteria for choice of projects.

In this regard, it is not yet very clear to us how it will work the flow of the information between the NICs and the WBIF.

It is our understanding that the Single Project Pipeline (SPP) will be the unique way through which projects will be brought to our attention. Pending the final setting up of the SPPs, we encourage the Commission to ensure the coherence among all the ongoing prioritizations of project screening (Connectivity Agenda/WBIF/NIC).

Last but not least, on the Joint Fund, we would like to reiterate that we really appreciate all the efforts deployed by the Commission to ensure the effective pooling of the resources in the Fund.



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