



## ***EWBJF Summary Implementation Report 2016 by the EIB***

---

**Massimo CINGOLANI**  
**Managerial Adviser and Head of Unit - EIB**

**Stockholm – 14-15 June 2017**  
**16<sup>th</sup> Steering Committee Meeting of the WBIF**

## The scope of the Summary Implementation Report

The three main objectives of the Summary Implementation Report are:

1. To provide a complete overview of the EWBJF supported activities.
2. To give a comprehensive overview of the EWBJF financed grants based on annual implementation reports by all IFIs:
  - Grant operations **completed** during 2016
  - Grant operations **ongoing** as at December 2016
  - Grants **cancelled** during 2016
3. To highlight the added value provided by those grants:
  - To assess performance of EWBJF projects
  - To identify the typical problems encountered at grant operation implementation

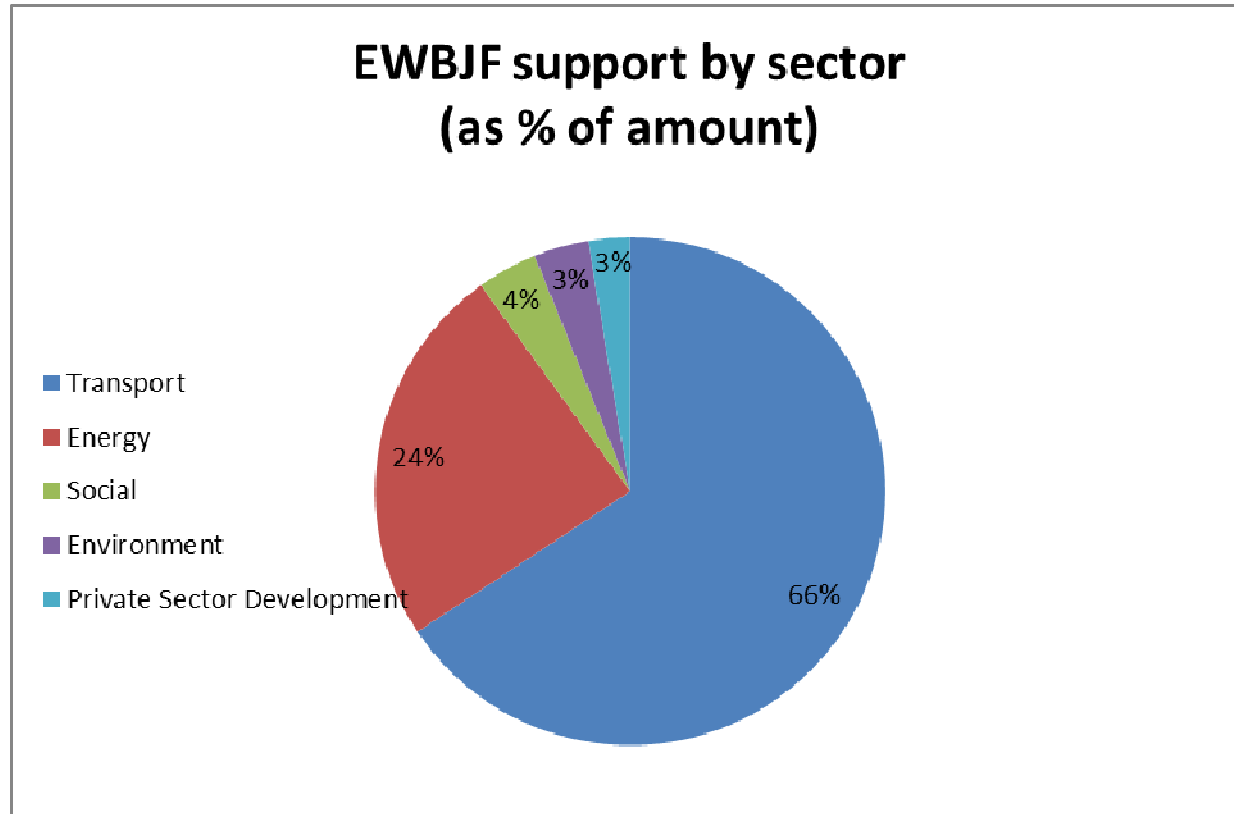
## EWBJF compared to WBIF

Overall blending results of the EWBJF and WBIF (EUR m)

	EWBJF	Total WBIF	EWBJF%
N. of projects	76	252	30%
WBIF Grant approved (EUR m.)	418	655	64%
EWBJF Grant (EUR m.)	323		
Investment Cost m.	6,534	16,446	40%
Loans identified m.	4,359	10,751	41%
Loans signed m.	1,935	4,516	43%

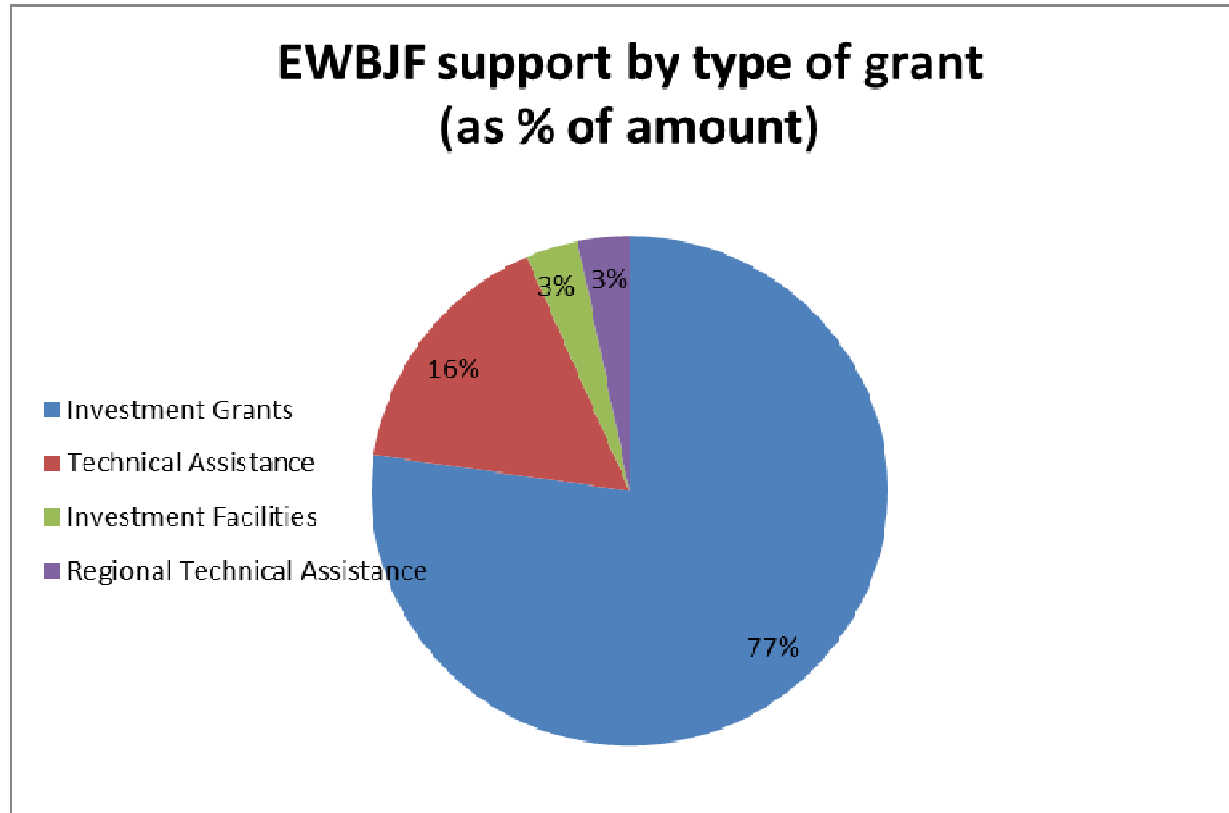
The EWBJF has become a vehicle to channel a substantial part of WBIF financial support.

## Sectorial distribution of funds



The transport and energy sector dominates the landscape mainly due to the Connectivity Agenda.

## Distribution of funds by product type



The impact of the large amount investment grants is clearly visible despite the smaller number of such grants.

## Distribution of funds by progress (1/2)

Distribution of funds by **grant current stage**:

- 53 **On going** or 70% in terms of number, 95% in terms of value
- 16 **Completed** or 21% in terms of number, 4% in terms of value

Distribution of funds by **project status**:

- **In preparation** or **Under tendering**, 27 activities representing 36% of the number of projects and 53% of the value.
- **Under implementation**, 38 activities representing 51% of the number and 43% of the value.
- **Completed**, 5 activities representing 7% of the number projects and 2% of the value.

The EWBJF portfolio is progressing well, albeit with a limited number of projects, actions and activities that have been completed.

## Distribution of funds by progress (2/2)

EUR '000 Project status	Grant stage	Cancelled	On Hold	Ongoing	Completed	Total
<b>Total EWBIF</b>	N. of activities	4	2	53	16	75
	Grant value	4,395	1,600	305,708	11,287	322,990
<b>Cancelled</b>	N. of activities	4	-	-	1	5
	Grant value	4,395	-	-	500	4,895
<b>Preparation</b>	N. of activities	-	2	17	3	22
	Grant value	-	1,600	129,209	2,175	132,984
<b>Tender</b>	N. of activities	-	-	3	-	3
<b>Preparation</b>	Grant value	-	-	15,600	-	15,600
<b>Tendering</b>	N. of activities	-	-	2	-	2
	Grant value	-	-	22,500	-	22,500
<b>Implementation</b>	N. of activities	-	-	29	9	38
	Grant value	-	-	132,899	6,662	139,561
<b>Completed</b>	N. of activities	-	-	2	3	5
	Grant value	-	-	5,500	1,950	7,450

## Progress details split by IFI (1/2)

The EWBJF is performing well thanks to the coordinated contribution of the five IFIs.

The past and future success is largely based on pooling the capacity and strength of the different IFIs.

### Progress details split by IFI, in Grant amount value

EUR '000	Cancelled	Preparation	Tender Preparation	Tendering	Implementation	Completed	Total
<b><i>EWBJF Total</i></b>	<b><i>4,895</i></b>	<b><i>132,984</i></b>	<b><i>15,600</i></b>	<b><i>22,500</i></b>	<b><i>139,561</i></b>	<b><i>7,450</i></b>	<b><i>322,990</i></b>
<b>CEB</b>		2,630			5,700		8,330
<b>EBRD</b>	1,000	64,374			68,134		133,508
<b>EIB</b>	3,895	55,634		20,000	29,190	6,500	115,219
<b>KFW</b>		9,846	15,600	2,500	29,062		57,008
<b>WB</b>		500			7,475	950	8,925



## Progress details split by IFI (2/2)

Four IFIs provide their lending capacity to leverage the grants available.

The difference in the lending practices have an impact on the IFIs' lending results.

### Progress details split by IFI and loans signed

EUR m	Preparation	Tendering	Implementation	Completed	Total
EWBJF	168	23	1,675	70	1,935
CEB	-		13		13
EBRD			262		262
EIB	103	20	1,305	70	1,498
KFW	15	53	96	0	163

## Progress details split by country

There appear to be no systematic positive or negative pattern.

One can note that almost all grants that are “completed” are for regional projects.

EUR '000	Cancelled	Preparation	Tender Preparation	Tendering	Implementation	Completed	Total
<b>Total</b>	4,895	132,984	15,600	22,500	139,561	7,450	322,990
<b>Albania</b>	475		14,600		41,494		56,569
<b>BIH</b>	1,000	9,625			25,540		36,165
<b>Croatia</b>	2,800						2,800
<b>Kosovo</b>		60,824		2,500	1,650		64,974
<b>Macedonia</b>		500			25,300		25,800
<b>Montenegro</b>	500	1,646		20,000	26,000		48,146
<b>Regional</b>		6,100	1,000		9,175	7,100	23,375
<b>Serbia</b>	120	54,289			10,402	350	65,161

## Expected grant disbursements

An attempt was made to project the disbursements on the grants already approved, which in the database of this report amount to EUR 323 m, in the following years, and to complete this with the similar calculation for non-EWBJF projects.

Based on the pipeline, EUR 50m per year of grants should be disbursed for the following 5 years on EWBJF projects, to which another EUR 30m per year should be added for non-EWBJF projects

## Facilities – Western Balkans Enterprise Development and Innovation Facility (WBEDIF)

*Approved in 2011; WBEDIF platform for the development of SMEs in the Western Balkans coordinated by the European Investment Fund (EIF) and co-financed by EBRD and EC*

### **Four pillars:**

#### **1. Enterprise Innovation Fund-ENIF**

To provide early to development and expansion stage equity financing in innovative SMEs. Operational as of Sep' 2015, Fund size: EUR 39.9m.

#### **2. Enterprise Expansion Fund-ENEF**

To develop and expand capital of established SMEs with high growth potential in their respective markets. Operational as of Feb' 2014, Fund size: EUR 48.5m (to be co-funded pari passu by EBRD's LEF instrument).

#### **3. Guarantee Facility-GF**

To improve the possibility for small, innovative and recently established SMEs with clear growth potential and added value to access bank lending and potentially lowering the cost of borrowing for expansion stage. Funded so far by 2 contributions of EUR 39.4m (1<sup>st</sup> contracted with local banks during 2013 and 2014, and 2<sup>nd</sup> contracted during 2016).

#### **4. Enterprise Expansion Fund-ENEF**

To enhance the regulatory framework for innovative and high-potential SMEs and stimulate the build-up of the venture capital ecosystem. It houses projects run by EIB, EBRD, WB and OECD which support policy measures, the WBEDIF financial instruments and the SMEs directly themselves.

## Facilities – WBEDIF is a key channel for funds supporting SME development in the region

With 2 EWBJF grants of EUR 5.5m => WBEDIF total resources represent EUR 224m

### *Concrete results benefitting SMEs throughout the region:*

With the first investments under ENIF taken place in Feb' 2016, the entire WBEDIF became fully operational as of 2016 and functions via a virtual platform coordinated by EIF.

At end-2016, **1,491 SMEs financed under the WBEDIF** financial instruments:

#### ➤ *ENIF*

ENIF has built up a portfolio of 5 companies for a total amount to be invested of approximately EUR 2.1m

#### ➤ *ENEF*

ENEF has built up a portfolio of 6 companies for a total amount to be invested of approximately EUR 12.3m (therefore of EUR 24.6m, including the LEF co-investment)

#### ➤ *Guarantee Facility*

*Guarantee Facility* has financed 1,448 SMEs under the first 6 agreements signed. Absorption under the second round of financing just started as of end 2016 and whereby another 32 SMEs were financed by the end of the year.

## Facilities – Regional Energy Efficiency Programme for the Western Balkans (REEP)

*REEP was launched in 2012 in order to support the sustainable energy transformation of the whole region in a comprehensive manner.*

**Implemented jointly with the Energy Community Secretariat, REEP is an integrated package of finance, technical assistance and policy dialogue to the region:**

➤ Window 1:

Policy dialogue window to facilitate intensive policy dialogue with all the authorities in the region.

➤ Window 2:

Direct financing facility (WeBSEDF) with additional EUR 50m.

➤ Window 3:

Credit line facility (WeBSEFF II) EUR 92m.

⇒ EWBIF grants EUR 3.35m to support Windows 1 and 3.

⇒ REEP is a successful model of regional cooperation between the EU, the EBRD, the Energy Community Secretariat (“ECS”) and Beneficiaries.

⇒ As at 31/12/2016, approximately 70% of the allocated financing under REEP has been invested in eligible sub-projects, with a strong pipeline of sub-projects lined up for financing.

## Facilities – REEP Plus

- **EWBJF grant of EUR 1.8m** approved in June 2016 *to support the activities of the credit line facility (Window 2a) of the REEP Plus.*
- At 13th WBIF SC on 16 Dec' 2015 the **European Commission** confirmed **EUR 30m support for REEP Plus** via the EWBJF for EBRD and KfW implemented activities. Two investment grant GAFs to be approved on 16 Jun' 2017.

### **REEP Plus areas of intervention, with a focus on promoting and facilitating residential energy efficiency :**

**Window 1a:** Technical support for preparing public tenders for energy efficiency ESCO projects. (WBIF grant EUR 1m)

**Window 1b:** Policy dialogue support activities. (WBIF grant EUR 2.5m)

**Window 2a:** Credit Line facility to local partner banks for the corporate, SME and municipal sectors. Delivered by KfW complemented by TA support and investment incentives. (WBIF grant EUR 5.1m)

**Window 2 b:** Credit Line facility to local partner banks for the residential sector, delivered by EBRD and complemented by technical assistance support and investment incentives. (WBIF grant EUR 17.45m)

**Window 3:** Direct Finance facility for sustainable energy projects implemented by the private sector and ESCOs and delivered by EBRD. (WBIF allocation EUR 0.5m)

**Window 4:** Direct financing to the State, cities or municipal companies to improve energy efficiency in public buildings. (WBIF grant EUR 2m) to be delivered by EBRD

- ⇒ EUR 158m expected to be channeled through REEP Plus.
- ⇒ REEP Plus expected to contribute about 4% towards regional cumulative annual NEEAP targets.
- ⇒ 2023-implementation end date of the overall REEP Plus programme (all windows).

## Regional Sector Development Studies (1/3)

- 10 grants for Sectoral Development (SD) studies, out of which 8 grants EUR 8.425m for regional SD studies

10 EWBJF grants to support SD studies	EUR 9.325m
<b>Out of which, 8 grants to support regional SD studies, representing:</b>	<b>EUR 8.425m</b>
5 grants WB-implemented	EUR 4.425m
2 grants EIB-implemented	EUR 3m
1 grant KfW-implemented	EUR 1m

### *1 grant; EUR 1m implemented by KfW*

Code	Title	Project Sector	Approval Date	Total Amount (EUR m)	Implementation Status
WB14-REG-ENE-01	Technical assistance for South East European Regional Security Coordination Initiative (SEE RSCI)	ENE	16 Dec 2015	1	Active

- under the KfW responsibility since Aug'2016, SD grant for setting up the main functions of the regional initiative for security in energy transmission (South East European Regional Security Coordination Initiative (SEE RSCI))



### 5 grants; EUR 4.425m implemented by the World Bank (WB) Group

Code	Title	Project Sector	Approval Date	Grant Amount (EUR m)	Implementation Status
WB7-REG-ENE-SD-14	1) Gas to Power Initiative and the Energy Community (EnC) Gas Ring in South East Europe	ENE	14 Jun2012	1	Active
WB7-REG-TRA-SD-02	2) Updating the Regional Transport Study (REBIS)	TRA	14 Jun2012	0.6	Completed
WB8-REG-ENV-03	3) Support to water resources management in Drina River Basin	ENV	06 Dec2012	1.2	Active
WB9-REG-ENE-SPD-01	4) Biomass heating in Western Balkans sector study	ENE	13 Jun2013	0.875	Active
WB9-REG-ENV-SPD-01	5) Klokot water source (Bihac) protection zone study	ENV	13 Jun2013	0.75	Active
<i>5 grants to support regional SD studies, WB-implemented</i>				4.425	

- 1) **Gas Ring**, to develop the concept and prepare a road map including financing arrangements for a ppp consortium approach to developing gas-fired power generation for the implementation of the Energy Community Gas Ring.
- 2) **REBIS**, developed a Priority Action Plan for enhancing the efficiency of the South East Europe Transport Observatory (SEETO) Comprehensive Network.
- 3) **Drina River**, to determine the most important operational and investment interventions in the Drina River Basin shared between BiH, Serbia and Montenegro.
- 4) **Biomass Heating**, to identify viable investment options and policy measures to increase the use of biomass for heating in the seven target countries: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia.
- 5) **Protection Zones of “Klokot” Water Source**, to prepare a list of adequate priority protection measures for improved protection of the cross-border karstic aquifer of the Klokot water source.

### 2 grants; EUR 3m implemented by the EIB

=> to support the participation by the private sector in the region, e.g. through preparing for PPPs

Grant Code	Title of Operation	Sector	EWBJF grant amount (EUR million)
WB7-REG-PSD-SD-02	PPP Institutional Strengthening in the Western Balkans	PSD	1
WB13-REG-PSD-SDP-01	PPP in Western Balkans (EPEC)	PSD	2
Total amount of EWBJF grant			3

- EUR 1m for “**PPP institutional Strengthening in the Western Balkans**”
  - Operation approved on 14 Jun’2012 with the EIB as a lead IFI to bring available expertise on PPPs to the Western Balkans countries.
  - 1st assignment completed by EPEC in 2014.
  
- EUR 2m for “**Strengthening the Capacity of the Public Sector to Undertake PPPs in the Western Balkans**”
  - Approved on 17 Jun’2015, the 2nd assignment for EPEC.
  - To further enhance the capacities of Key PPP Public Sector Bodies (PPP Units, key public procuring authorities such as, for instance ministries of transport, ministries of economy, or major local authorities) in the Region to identify, prepare and implement sound PPP projects.

## 1. Coordination between IFIs

- Differences in the project assessment by the various IFIs affect project prioritization.

## 2. Coordination within final beneficiaries

- Local policy and project environment vs. EU legislation/standards
- Grant and Project execution level
  - Financial e.g. credit and currency risk of the beneficiaries
  - Social and gender equality
  - Implementation e.g. delays, site unavailability
  - Inexperience in IFI public tendering
  - Political changes, changes of the legal framework

### 3. Problems of regional facilities and technical assistance

- Delays in capital raising and starting investments due to either not meeting commitments at government level (ENIF) or to the structuring challenges of the innovative fund (ENEF).
- Insufficient resources at the beneficiaries or lack of skills and experience of the established Technical Working Groups.
- Cross-support among IPF Teams has been needed to accelerate drafting ToRs.

## Looking ahead – possible improvements

It would be advisable to consider including the annual implementation reports in the MIS.

One could once again emphasize the need to keep the MIS data up-to-date by the IFIs to provide a good basis for aggregated analysis.

The MIS developments will have to be defined in due course. The following indicators shall be added systematically to the MIS data set to allow to produce a comprehensive report in an efficient way:

### At grant level:

- Source of the grant: EWBJF-channelled grant amount out of WBIF grant amount
- Grant amount (between Lead IFI & Beneficiary): signed and disbursed
- Contracts' amount under the grant (between beneficiary & final contractors): signed and disbursed
- Grant disbursements
- Actual grant completion date
- Grant Amount to be returned to the EWBJF
- Grant cancellation date

### At project level:

- MIS data for loan identified & loan signed is not complete
- MIS data for loan signature date is not complete
- Loan disbursements
- Actual project completion date

# Thank you for your attention!

## **Massimo Cingolani**

Managerial Adviser and Head of Unit - EIB

### **Trust Funds & Blending Division**

e-mail: [m.cingolani@eib.org](mailto:m.cingolani@eib.org)

phone:(+352) 43 79 – 87226

### **European Investment Bank**

98-100, boulevard Konrad Adenauer,

L-2950 Luxembourg

<http://www.eib.org/>