

20th MEETING OF THE WBIF STEERING COMMITTEE

25 – 26 June 2019, Berlin

Minutes of Meeting (draft)

Day 1: Policy & Strategy Session

Note to the reader: references made in [square brackets] are of editorial and explanatory nature.

Welcoming remarks and introduction

Mr. Thomas Westphal, Director General for European Affairs, **Federal Ministry of Finance, Germany**, opened the 20th WBIF Steering Committee (SC) meeting, welcomed participants to the premises of the German Ministry of Finance, and highlighted the impressive track record of WBIF in the past 10 years in blending EU funds with contributions of Bilateral Donors, IFI loans and national budgets for development projects. The WBIF SC meetings add value to this process and a main challenge for the future is to preserve WBIF's efficiencies and to structure WBIF to be fit for purpose under IPA III.

Celebrating 10 Years of WBIF: A Joint Success Story

The **WBIF SC Co-chair DG NEAR** (Mrs. Katarína Mathernová, Deputy Director General, DG NEAR) welcomed participants and presented the new "WBIF 10 years anniversary clip" (available [here](#)), highlighted the most recent achievements and presented the first results of WBIF's evolution, welcomed the World Bank Group (WBG) as full WBIF member (Partner Organisation) and informed participants about the developments and planning for the upcoming Western Balkan (WB) summit in Poznan. The WBIF SC is being reformed with an emphasis on efficiency gains and streamlining in view of the scaling up of EU resources under IPA III. It will be a forum for strategic discussion and provide a policy steer on the areas and types of projects eligible for financing and will ensure alignment and complementarity with other relevant regional initiatives. In this light the Enterprise Development & Innovation Facility (EDIF) Platform Advisory Group (PAG) formed part of the WBIF SC for the first time.

The **WBIF SC Co-chair Germany** (Mrs. Sabrina Brabetz) presented the German vision of WBIF's future evolution, summarized under "*do good and make it known*". Under "do good" all WBIF activities should be structured efficiently and tailored for the benefit of people in the Western Balkans and under "make it known" WBIF's activities should be visible to the people concerned; to this end, visibility of WBIF should be increased and other relevant initiatives and platforms should be utilised for this purpose.

The **Federal Foreign Office, Germany** (Mrs. Christiane Hullman) reaffirmed participants of the German government's commitment to the EU perspective for the Western Balkan countries and the appreciation of the WBIF. She elaborated on the excellent co-existence of EU funds, Bilateral Donor contributions and efforts of the other stakeholders. WBIF's projects under the so-called Berlin Process [connectivity agenda] generated positive regional dynamics and bring tangible results to the people in the Western Balkans. The Berlin Process gave the impulse for two successful Digital Summits in the region and it was a good decision that the WBIF now covers digitisation as well.

Looking forward to the future

DG NEAR (Mrs. Genoveva Ruiz Calavera) presented the Commission's outlook for the future of the region and WBIF, by focusing on 5 key aspects:

(1) Political Context: All Western Balkan partners have expressed their wish to become EU members; to this end the European Council recently issued an opinion on their membership prospects. Specifically, Albania and North Macedonia were mentioned as examples of how progress on reforms can enhance the membership prospects. Accordingly, the EU Commission has recommended to the Council to start negotiations. The annual progress reports identify the issues still to be addressed by the Western Balkans including better implementation of rule of law, the need for enhanced institutional reforms, reconciliation, good neighbourly relations and regional cooperation.

(2) Western Balkan strategy update: the WB Strategy of February 2018, reinforced by the Sofia Declaration was welcomed by the recent EU Council conclusions. One year following adoption of the strategy, the WBG and AFD have become members of the WBIF. Plans are also underway to re-activate some of the contributors who made the transition from the EBRD's Western Balkans Fund as well as to encourage the membership of new donors. The call for proposals for the new Guarantee Instrument with an initial funding of €150 million will be launched this year. The "Clean Energy Transition Statement" was signed in Podgorica in February 2019. Progress in the implementation of MAP-REA include an increase in inter-regional trade by 20%, a regional roaming agreement was signed and the Western Balkan Digital Agenda with an initial funding of €30 million has been launched. The Poznan summit will adopt the "green Agenda" and the EU aims to become "Climate Change Champions".

(3) IPA III: The EU Commission is in the process of negotiating the new Multiannual Financial Framework for 2021-2027 and has made a proposal to increase the budget for the new IPA III instrument from currently €12 billion to €14.5 billion. All EU member states were supportive of funding an instrument supporting the Western Balkans in their pre-accession reforms. Additional funds will be made available for the ENV and SOC sectors and a fair redistribution of these funds is planned, however, respect for EU's core values of democracy, the rule of law and human rights will be given special attention by the European Commission.

(4) WBIF in the future: WBIF 2.0 will follow the direction of IPA III and more prominently integrate the various policy reform aspects, in particular the ERPs, MAP-REA and the Connectivity Reform Measures. For the WBIF, this concretely means that investments to be financed should underpin reform efforts. Participation of the Western Balkan partners will be strengthened, potentially by closer engagement with the Ministries of Finance and/or other (relevant) ministries. WBIF by large needs to become more efficient to absorb the increased funds, in particular funds for SOC, ENV and DII investment grants, expected to be channelled via the WBIF for infrastructure investments.

(5) Western Balkan partners: the main challenges for the Western Balkans include enhanced ownership and improvement of the National Investment Committee (NIC) and the Single Project Pipeline (SPP) processes; the SPP is supposed to include national investment priorities, regardless of targeted funding source and demonstrate debt sustainability, fiscal space and enhanced inter regional cooperation.

Germany (Mrs. Sabrina Brabetz) appreciated the adoption of the green agenda and commitment of the COM for investment grants in the ENV and SOC sectors. **EIB** (Mr. Matteo Rivellini) stated that whilst growth rates in the WBs look encouraging, they are still insufficient to reach average EU standards in less than 2 generations. WBIF results are indeed so far impressive, however it is to be noted that Chinese funding in the region has already reached €9.7 billion along approximately the same period, suggesting that WBIF and its stakeholders should contemplate to further engage with China as an opportunity to address the funding gap to finance sound

and vital infrastructure projects in the WBs. Integration of the digital and, particularly, green agenda under WBIF is welcomed. In this respect the EIB is about to adopt a new ambitious energy lending policy that will establish further synergies with the upcoming European green agenda for the WBs. **EBRD** (Mrs. Charlotte Ruhe) recommended to tie the project cycle closer to the political cycle and mentioned Serbia's solid circular economy approach. Project approval could be made more efficient, for example projects could be approved at the PFG and the SC meeting could concentrate on policy including capital market development. At the local level, implementation capacity needs to be strengthened as does awareness of the impact of WBIF activities, including communication to the general public in local language. **Norway** (Mr. Olav Reinertsen) enquired about concrete investment decision criteria under WBIF 2.0 / IPA III.

CEB (Mr. Stephan Sellen) confirmed CEB's support of the green agenda, requested clarification of the COM's concrete stance on the SOC and ENV sectors [regarding INV grant co-financing] and deplored the significant brain drain in the WBs due to lack of opportunities; concretely, constructions companies cannot meet deadlines because they cannot find enough qualified workers. **KfW** (Mr. Christoph Tiskens) confirmed KfW's support for WBIF's evolution and welcomed the COM's decision to co-finance projects in the ENV sector. The additional work load will require operational efficiency gains and additional capacities and recommended to consider the PFG as project application and approval platform and the SC meeting as strategic / policy platform. **WBG** (Mrs. Linda Van Gelder) proposed that the WBG expertise be utilised, for example in analyses of public management issues and in social inclusion and sustainability aspects.

Bosnian and Herzegovina (Mrs. Nermina Saracevic) confirmed the importance of the clean energy transition and mentioned that a phased approach is needed for countries relying heavily on fossil fuels; in the coming 15 – 20 years, efforts in Bosnia and Herzegovina should also address increased use of clean and renewable energy sources. Further, clarification was requested on the relative priority of the Connectivity Reform Measures (CRM), local visibility efforts should be increased. Local project preparation and implementation capacities are an important issue. **Italy** (Mrs. Raffaella di Emidio) recommended the SPP also identify the link to private investments. **Serbia** (Mrs. Aleksandra Radinovic) reported on huge investment needs in the ENV sector and therefore the ENV sector should be eligible for INV grant co-financing as soon as possible. **Montenegro** (Mrs. Zeljka Nedovic) seconded Serbia and reported on huge INV needs on the MNE ENV sector, and further requested that IPA III and its principles should be presented to the Western Balkans in local or regional seminars. **Kosovo*** (Mr. Agron Hoti) recommended that IPF activities should be shortened and huge infrastructure needs should be addressed with priority, e.g. connection of all capital cities with motorways.

DG NEAR (Mrs. Genoveva Ruiz Calavera) confirmed that efficiencies need to be realised in all aspects of WBIF. Investment decisions will be tied more to progress in sector reform, progress in implementing aspects of the green agenda and the other reform agendas. The SPP is meant for the public sector investments, the private sector is not included. The investments in the ENV sector are a challenge for all, as is the implications of legal approximation in the ENV sector. An IPA III introductory tour of the Balkans can be organised.

Reinforcing EU Instruments to face the future

DG NEAR (Mrs. Barbara Banki) reaffirmed participants about the EU COM's strong commitment to the socio-economic development in the WBs. Additional funds and instruments will be made available through IPA III. Social economic development requires structural reforms and these reform processes need to be owned by administrations in the Western Balkans. The Economic Reform Programs outline with main challenges for the Western Balkans and include weak business environments, unpredictability, insufficient local lending market

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

and weak contract enforcement. These are risks for the private sector and for revenue generating projects. The Guarantee Instrument will address some of these risks. The pilot Guarantee Instrument with a funding volume of € 150 million, will be launched this year and is currently in its concept phase. IFIs submitted their ideas, in total 10 concept notes worth around €380 million were received. A variety of concepts, topics and sectors were covered, yet some noticeable gaps include: trade and regional integration, including exports; digitalisation of businesses; the social sector; and financial institutions beyond banks e.g. insurance. The COM will enter into a dialogue with the IFIs, develop eligibility criteria and launch the call before the end of 2019. While the progress of IPA III is at an advanced stage, the European Fund for Sustainable Development (EFSD+) is still under discussion. It is expected that EFSD+ will have global coverage including the enlargement countries and funding will be allocated from the IPA III envelope from 2021. EFSD+ will be in the form of unconditional guarantees and it will work via sector windows. Governance of EFSD+ is planned to be assigned to WBIF.

The Role of International Financial Institutions and the Private Sector

EIF (Mr. Hubert Cottogni) introduced EDIF to participants. EDIF was launched over 6 years ago to support mobilisation of private investments. EDIF successfully developed targeted products for SMEs. The integration of EDIF under WBIF must not be to the detriment of EDIF's efficiencies and success in bringing private equity into the regional market. EDIF takes a regional view, rather than WBIF's country approach. Part of EDIF's discipline is consistency throughout the processes, eco-systems are being built, which fosters the trust in markets and therefore private investment. At present 33 banks benefitted from EDIF's guarantee schemes and over €1 billion in loans have been generated. The Guarantee Instrument should also address needs in the agricultural market. Overall, streamlining of WBIF and an overall policy steer by WBIF are fully supported.

EBRD (Ms. Charlotte Ruhe) noted that EDIF has exclusively focussed on SMEs to date. There are other important policy areas which could be addressed by introducing an investment climate tool aimed at improving the business environment. These include: development of land cadastre and competition policy, lifting of capital controls, public/private dialogue, business registry and inspections etc. The work of the Chambers of Commerce should be reinforced and more should be done in the areas of skills, innovation, technical and climate resilience, digitisation of SMEs, and development of value chains.

EBRD (Mr. Claudio Viezzoli) stressed that EDIF's integration should not be to the detriment of their effective and efficient work. More than 90% of the economic output in the Western Balkans is generated by SMEs. Joint challenges should be found and addressed, for example the lack of local capacities and improvement of access to finance. SMEs should be advised on growing their business the right way, the majority of SMEs operate only locally. The aim should be to create local and regional champions. If orchestrated the right way, EDIF will be an excellent complement to WBIF.

Bilateral Donor Community: Priorities for 2019 and beyond

The **WBIF Co-chair Germany** (Mrs. Sabrina Brabetz) reaffirmed participants of the BD's commitment to the WBIF and its evolution. The BDs appreciate that their concerns were heard and the pace and development of WBIF's evolution was adjusted and a working group to discuss the WBIF reform issues has been established. The coordination of ideas has improved as have many other aspects in and under WBIF. In order to further improve coordination with the EU COM, the BDs request bilateral meetings with DG NEAR, back to back with the regular meetings, ideally between the 2nd Paris Group and the PFG meeting. This with a view of coordinating and adjusting expectations at the PFG meetings, when the BDs are asked to commit to TA and / or INV grants. In addition, the BDs see room for improvement in the engagement of the Western Balkans partners, closer and more efficient engagement will increase WBIF's performance on the ground. The BDs further fully support WBIFs

evolution and request 2 aspects to be addressed, previously discussed in Tirana [see 27th PFG, Minutes of Meeting], these are (1) a more inclusive and transparent process and (2) addressing of the recommendations of the IPF evaluation. The IPF evaluation and the WBIF self-assessment should guide WBIF's evolution, the offer from EIB to provide an opinion on the IPF Evaluation report is appreciated and the BDs look forward to EIB's take on the IPF evaluation. The BDs also requested regular updates on the progress of IPA III and recommend that WBIF's evolution is in line with IPA III principles. Visibility of WBIF in the region should increase, "visibility kits" should be made available for the local embassies and representations. The BDs look particularly forward to an increased SOC sector WBIF portfolio (also for INV grant co-financing).

Beneficiary Perspective on how to prepare for the future – Making the SPP fit for the future

The **EUD Serbia** (Mr. Yngve Engström) introduced the origins of the SPP to participants. The SPP was first mentioned in a Memorandum of Understanding between the EU Commission and the Financial Institutions, as a requirement for project financing. The methodology for and around the SPP was then developed in Serbia, supported by a dedicated TA programme. IPA funds were and are conditioned by sector reform, IPA indicators look at the entire sector and not just at a single project. SPPs became a tool for expressing investment plans, and IPA funds were (and are) allocated as dedicated budget support. Challenges associated with IPA/SPP funding include: (i) maturity – all aspects of maturity are to be taken into account (permits, capacities, etc.), not just technical maturity; (ii) inclusiveness – all aspects of investment decisions are to be taken into account; (iii) coordination of investment decisions; (iv) – strategic vision pertains to the prioritisation of grants and loans; (v) planning aspects – good investment planning is required; (vi) setting of priorities; (vii) socio-economic values; (viii) financing solutions, these should include all options and not only grants; (ix) potential use of PPP, and (x) available capacities and good governance.

Fiscal space and debt sustainability

The **World Bank Group** (Mrs. Gallina Vincelette) addressed two key points for the WBs. (1) WBs investment needs and (2) the agenda for boosting investments. She noted that meeting the Sustainable Development Goals in infrastructure sectors in the Europe and Central Asia region (of which WBs are a part of) would require 9 percent of GDP per year on average. While some recovery of investment was noticeable in 2018, private investment and Foreign Direct Investment remain low and with weak structures in WBs. At the same time, fiscal space remains constrained by prevalent structural deficits and still high public and publicly guaranteed debt in most WB economies. As a result, public investment has remained at low levels, characterized by low efficiency. Means to create additional fiscal space relate to a serious medium-term agenda for strengthening public finances in WBs, and include: (i) Strengthen tax revenue collection and rationalize tax exemptions; (ii) Continue further targeting of social assistance and improve efficiency of health spending; (iii) Rationalize subsidies, and focus on horizontal aid; (iv) Improve public finance management to increase transparency and accountability, and prevent arrears ; and (v) Improve public investment management to focus on quality and sustainability. Private sector competitiveness should be strengthened by aligning with the acquis procurement processes, concessions and PPPs across the WBs, promotion of market competition, strengthen access to finance and improvement of governance and rule of law (contract enforcement). The main messages for the WBs are to put focused efforts in strengthening public finances and private sector competitiveness. Both will lead to the creation of additional fiscal space for productive investment and spur private investment.

Discussion [both above topics]

Slovenia (Mr. Andrej Kavcic) enquired if PPPs were a potential option to address the investment gaps. **KfW** (Mr. Christoph Tiskens) recommended an increase in transparency for the debt levels and enquired if "programmes"

could be deemed mature. **Austria** (Mrs. Elisabeth Gruber) mentioned that the wiiw study (presented at the 27th PFG) also presented similar huge investment gaps. **EIB** (Mr. Massimo Congolani) confirmed that a recent EIB study found similar investment gaps in the WBs, thus common objectives should be defined to address these needs and recommended to look into the reasons why these investment gaps have not been sufficiently addressed.

The **WBG** (Mrs. Gallina Vincelette) confirmed that PPPs are not suitable if the institutional frameworks are not enacted. Before debt levels are made transparent, the debt recording should be improved. The **EUD Serbia** (Mr. Yngve Engström) confirmed huge investment needs and mentioned that the biggest problem in the WBs is poor planning and preparation.

Interventions by NIPAC/NIC representatives

Serbia (Mrs. Aleksandra Radinovic) reported on Serbia's progress. The first SPP was introduced in Serbia in 2014, several upgrade exercises have since been conducted. Another update to the methodology is currently under way, Serbia will include also the SOC & DII sectors and involve the Ministry of Finance at the Strategic Relevance Assessment (SRA) stage. The current revision is expected to be finalised by the end of 2019 and all sources of finance are included.

North Macedonia (Mrs. Evgenija Serafimovska) reported that 134 projects are currently on the SPP, covering all WBIF sectors and others. By the end of 2019, another 56 projects will have been added and all sources of finance are shown. North Macedonia has a 3 layered decision making process, engaging the Prime Minister, the Minister of Finance, the results are published. Fiscal space issues are addressed in the decision making process and only prioritised projects will be realised.

Montenegro (Mrs. Natasa Batricevic) reported that all WBIF sectors and others (e.g. science, sports, etc) are included in their SPP and all sources of finance are shown. The Ministry of Finance is involved closely at all stages of SPP development and update. The SRA determines the prioritised projects, since MNE has limited fiscal space and some prioritised projects might be delayed for this reason.

Kosovo (Mr. Florim Canolli) reported on the development of the Kosovo SPP, first established in 2015 and updated in 2017. Another revision is underway and a new SPP will be published at the end of 2019. The Kosovo SPP includes all WBIF sectors and was originally used for WBIF financing. This will now be extended to other sources of finance. The EUD, Bilateral Donors and IFIs are invited to the NIC meetings and the SPP is published online. Fiscal space is taken into account through the Ministry of Finance. Recent implementation delays are due to a lack of capacities.

Bosnia and Herzegovina (Mrs. Nermina Saracevic) reported on recent revision of the Bosnian-Herzegovinian SPP, the ENV sector was added and TRA sector updated. Currently, the SPP shows 88 projects, 25 for the TRA sector, totalling at €8 billion and 63 ENV sector projects, worth €0.8 billion. The ENE sector is planned to be integrated into the SPP later this year and the SOC sector is in an earlier stage, due to its complexity. Transparency levels are high, all local level representatives are invited to the NIC meetings and donors consulted. All government units approved the SPP. All projects on the SPP are linked to fiscal space, the Ministries of Finance approved the SPP.

Albania (Mrs. Elona Ajazi) reported on the Albanian SPP, approved by the NIC in 2017. Currently there are 143 projects on the SPP, worth around €13 billion. All WBIF sectors are covered, as well as Tourism and other sectors. The SPP is approved by the NIC, consisting of 4 permanent members, including the Prime Minister, Deputy Prime

Minister, Minister of Economy and Finance. Fiscal space is addressed following the SRA, when funds are to be secured for prioritised projects. Any prioritised project is reflected in the medium term budgeting plan.

DG NEAR (Mrs. Genoveva Ruiz Calavera) concluded that additional support should be provided for the Western Balkans to revise SPPs and making them more inclusive, transparent and complete. The EUDs need to be closely involved in these exercises. This needs to be seen in the context of the IPA III preparations, where proper project preparation and prioritisation is key. Future WBIF SC meetings will review the progress to this end.

[Following this session, the EDIF PAG took place, the MoM are in Annex 1]

Day 2: Project Oriented Session

WBIF Updates

WBIF Monitoring Report

The **WBIF Secretariat** (Mrs. Stine Andresen) presented the results of the WBIF 6 monthly monitoring report. Highlights include:

- Projects supported 172
- Total estimated project value €18.3 billion
- Signed loans €5.5 billion
- Grants approved 291
- Total grant amount €1 billion

The leverage “signed loans to grants” is 5.4:1. The newly introduced result indicators are split into achieved results and expected results. These are based on MIS data and entries. IFIs are encouraged to review these indicators and to adjust these values directly in the MIS (if required). The beneficiaries are also invited to review their specific indicator values and to contact the lead IFI and IFICO should there be any inconsistencies. The WBIF website shows these indicators via live-feed from the MIS.

Status update on EWBIF

EBRD (Mrs. Caroline Clarkson) presented the financial status of the Joint Fund. The available balance of the Joint Fund takes into account signed contributions to the Joint Fund from bilateral donors and the EU, WBIF SC approvals, management fees and unutilised funds returned to the Fund, negative interest and bank charges.

With regard to the contributions, 3 replenishments were signed since the beginning of the year, namely: €3 million from Italy, SEK13 million from Sweden and EUR 207 million from the EU

Since the last SC, the Gradacac INV grant was approved by written procedure, resulting in an overall available balance of € 14.22 million. The Brcko INV grant, covered by the contribution of EUR 207 million, remains on hold and is expected to be approved in due course. Therefore, the unallocated balance, available for new grant approvals, is €10.99 million.

WBIF Project Approval Session (TA Round 21)

DG NEAR (Mr. Wolfgang Schläger) reminded participants of the eligibility criteria for TA Round 21: “New projects are invited in the DII, ENE, ENV and SOC sectors; TRA sector applications must have a clear regional dimension or unblock an existing project, in addition, TRA sector projects must be on the Core Network; projects on Rail Corridor VIII Comprehensive Network will exceptionally be eligible.”

Summary of all Round 21 GAFs received:

- 34 applications received, total grant amount €43 million;
- ALB 8, BiH 4, KOS 6, MNE 2, MKD 5, SRB 6, REG 3;
- TRA 8, ENE 10, ENV 9, SOC 2, DII 5;

The **PFG Co-chairs DG NEAR** (Mr. Wolfgang Schläger) and **EBRD** (Mrs. Zsuzsanna Hargitai) together with the beneficiaries presented (*en-bloc*) their positively screened and assessed GAFs.

#	Grant code	Sector	Beneficiary	Lead IFI	Title	Grant submitted (€)	Grant revised (€)	Grant approved [†] (€)	Source of funds
1	WB21-MNE-DII-01	DII	Montenegro	EBRD	Montenegro, Broadband Infrastructure Development: National Broadband Development Plan, PIU Support	550,000	550,000	552,750	IPF
2	WB21-MKD-DII-01	DII	North Macedonia	WBG	North Macedonia Digital Economy Project: Feasibility Study, ESIA, Preliminary Design	700,000	600,000	624,000	JF
3	WB21-KOS-ENE-01	ENE	Kosovo	EIB	Kosovo, District Heating Systems: Feasibility Study, ESIA	2,000,000	2,000,000	2,010,000	IPF
4	WB21-KOS-ENE-02	ENE	Kosovo	EBRD	Kosovo, Gas Development Plan and Regulatory Framework Review and Assistance	1,500,000	1,500,000	1,507,500	IPF
5	WB21-MKD-ENE-02	ENE	North Macedonia	EBRD	North Macedonia, North Macedonia – Kosovo Gas Interconnection: Feasibility Study, ESIA	650,000	650,000	653,250	IPF
6	WB21-MKD-ENE-03	ENE	North Macedonia	EBRD	North Macedonia, Strengthening the Transmission Network in the Southeast Region of North Macedonia: Feasibility Study, ESIA, Detailed Design, Tender Dossier	780,000	780,000	783,900	IPF
7	WB21-SRB-ENE-01	ENE	Serbia	KfW	Serbia, North CSE Corridor, New 400/110 kV 2x300 MVA Belgrade West Substation and OHL 400 kV Serbia – Romania: Pre-feasibility Study, ESIA	1,200,000	600,000	603,000	IPF

[†] Including IFI implementation fee.

8	WB21-SRB-ENE-02	ENE	Serbia	CEB	Serbia, Energy Efficiency Renovation Programme of Central Government Buildings: PIU Support	2,300,000	300,000	312,000	JF
9	WB21-REG-ENE-04	ENE	All	KfW	REEP Plus, Window 4 - Public Buildings: Structural and Energy Audits, Nearly Zero-Energy Buildings Designs	800,000	600,000	624,000	JF
10	WB21-ALB-ENV-01	ENV	Albania	KfW	Albania, Elbasan Functional Waste Area: Feasibility Study, ESIA, PIU Support	1,000,000	500,000	502,500	IPF
11	WB21-ALB-ENV-02	ENV	Albania	KfW	Albania, Fier Functional Waste Area: Feasibility Study, ESIA, PIU Support	1,000,000	500,000	502,500	IPF
12	WB21-ALB-ENV-03	ENV	Albania	KfW	Albania, Water Supply and Sewerage Systems in Himara Municipality and Its Coastal Villages: Supervision of Works	2,220,000	2,220,000	2,308,800	JF
	Grant code	Sector	Beneficiary	Lead IFI	Title	Grant submitted (€)	Grant revised (€)	Grant approved [‡] (€)	Source of funds
13	WB21-KOS-ENV-02	ENV	Kosovo	WBG	Kosovo, Construction of the Kremenate Dam: Detailed Design Update, Tender Dossier	1,000,000	1,000,000	1,040,000	JF
14	WB21-SRB-ENV-02	ENV	Serbia	EBRD	Serbia, Construction of the Struganik Dam: Feasibility Study, ESIA, Preliminary Design	800,000	800,000	804,000	IPF
15	WB21-SRB-ENV-03	ENV	Serbia	EBRD	Serbia, Flood Risk Management Programme for Central Serbia: Flood Risk Management Plan, Strategic Environmental Assessment	1,300,000	1,300,000	1,306,500	IPF
16	WB21-ALB-SOC-01	SOC	Albania	EIB	Albania, Academic and Recreational Infrastructure for the Student City of the University of Tirana: Feasibility Study, Preliminary Design	500,000	500,000	502,500	IPF
17	WB21-KOS-SOC-01	SOC	Kosovo	EIB	Kosovo, Construction and Rehabilitation of Healthcare Infrastructure: Feasibility Study, Conceptual Design, Other	1,000,000	1,000,000	1,005,000	IPF
18	WB21-ALB-TRA-01	TRA	Albania	EIB	Comprehensive Network, Corridor VIII, Durres – Rrogzohine Railway Section: Detailed Design, Tender Dossier	1,900,000	1,700,000	1,708,500	IPF
19	WB21-MNE-TRA-01	TRA	Montenegro	KfW	Orient/East-Med Corridor, Route 4, Golubovci – Bar Section of the Bar – Vrbnica Railway Line: ESIA,	3,000,000	3,000,000	3,015,000	IPF

[‡] Including implementation fee.

				Preliminary Design, Detailed Design, PIU Support, Other					
20	WB21-SRB-TRA-01	TRA	Serbia	EIB	Mediterranean Corridor, Corridor X, Belgrade Marshalling Yard Rail Bypass (Ostruznica – Batajnica): Feasibility Study, ESIA, Preliminary Design	520,000	800,000	804,000	IPF
Total						24,720,000	20,900,000	21,169,700	

Split of funding overview:

Instrument	Amount	Total €
IPF	15	16,260,900
JF	5	4,908,800
Total	20	21,169,700

Two GAFs were screened and assessed positively, but could not be financed due to limited funds seen in comparison to the number of positively screened and assessed TA and INV projects. These are:

- WB21-KOS-ENV-01, EBRD “Construction and Demolition Waste Management Plan” for a grant amount of €312,000; and
- WB21-KOS-ENV-03, KfW “Pristina Sewage and Stormwater Network” for a grant amount of € 520,000.

Germany (Mrs. Sabrina Brabetz) enquired about the status of the two GAFs that were screened and assessed positively but could not be financed; the BDs prefer normal procedures to written procedures. **EBRD** (Mrs. Zsuzsanna Hargitai) requested clarification if the WB21-KOS-ENV-01 GAF could be approved with a Written Procedure if and when funds are available, since this project is highly mature and can ill afford a delay until December.

DG NEAR (Mr. Wolfgang Schläger) suggested to defer the decision of these two projects until the December SC meeting. In any case a suspensive clause needs to be added to all TA Round 21 projects, for insufficient funds in the IPF instrument (overall there is a negative balance of around €3 million).

The **WBIF SC Co-chair DG NEAR** (Mr. Colin Wolfe) concluded the session, by taking note of the concerns of the BDs of perhaps excessive use of Written Procedures and their wish to take decisions in line with available funding.

The 20th WBIF SC took note of the overall availability of funds in the EWBJF of around €10.99 Million (before approvals of Round 21) and an available balance of around € 13 Million under the IPF instrument. The 20th WBIF Steering Committee took note of the 27th PFG recommendations regarding the projects and approves the above mentioned 20 projects of TA Round 21, for an overall grant allocation of €21,169,700 of which 5 projects for a total grant consideration of €4,908,800 will be financed through the Joint Fund and 15 projects for a total grant consideration of € 16,260,900 will be financed by the IPF instrument; to the extent free resources of the IPF instrument are insufficient to cover all approved projects, this decision is subject to the adoption of the IPA Multi-country Programme 2020 by the European Commission in November 2019. The respective Grand Award Notifications will be sent out in the coming weeks.

State of play Investment Round 04

DG NEAR (Mr. Wolfgang Schläger) updated participants on the state of play of the INV Round 04 projects. INV Round 04 was launched (following) the 18th WBIF SC meeting in Paris, the submission deadline was 30 November 2018 and in total 20 INV GAFs were received for a total of €374.8 million grant request. Of these 13 GAFs are screened positive: 2 ENE (€25.82 million), 4 ENV (€9.15 million) and 7 TRA (€ 175.29 million) a total grant consideration of over €210 million. However, the approval of some of these projects may be delayed to 2020 due to shortage of funding.

The following GAFs constitute the current INV Round 04. The respective TRA and ENE projects will be the basis for the Commission's proposed 2019 package and political endorsement during the Western Balkan Summit in Poznan.

#	Grant code	Sector	Beneficiary	Lead IFI	Short title	Grant submitted† (€)	Grant revised† (€)	Conclusion
1	WB-IG04-MKD-ENE-01	ENE	North Macedonia	EIB	North Macedonia – Greece Gas Interconnection Pipeline	12,932,000	12,724,000	Positive
2	WB-IG04-SRB-ENE-01	ENE	Serbia	KfW	Trans-Balkan Electricity Corridor: Obrenovac – Bajina Basta Double Circuit 400 kV Overhead Line	13,154,000	13,101,800	Positive
3	WB-IG04-BIH-ENV-01	ENV	Bosnia and Herzegovina	EIB	WATSAN RS: Rehabilitation, Reconstruction and Construction of Water Supply System and Expansion of Sewerage System in the Municipality of Laktasi	1,020,000	0	Negative
4	WB-IG04-BIH-ENV-02	ENV	Bosnia and Herzegovina	EIB	WATSAN RS: Construction of Lokanj-Pilica WSS Phase 1 and Construction of Small WWTP for Tabanci in the Municipality of Zvornik	606,900	606,900	Positive
5	WB-IG04-BIH-ENV-03	ENV	Bosnia and Herzegovina	EIB	WATSAN RS: Construction of Tertiary Water Network with Household Connections – Crno vrelo Water Supply System – in the Municipality of Prijedor	1,928,371	0	Negative
6	WB-IG04-BIH-ENV-04	ENV	Bosnia and Herzegovina	EIB	WATSAN FBiH: Construction of Water Supply Investments on the Right Side of the River Vrbas and Reduction of Water Losses in the Existing System from the Resnik Water Source in the Municipality of Jajce	1,530,000	1,530,000	Positive
7	WB-IG04-BIH-ENV-05	ENV	Bosnia and Herzegovina	EIB	WATSAN FBiH: Construction of Secondary Sewerage Network in the Southeastern Part of the City of Mostar – Opine Settlement	1,020,000	0	Negative

#	Grant code	Sector	Beneficiary	Lead IFI	Short title	Grant submitted+ (€)	Grant revised+ (€)	Conclusion
8	WB-IG04-KOS-ENV-01	ENV	Kosovo	EBRD	Gjilan WWTP and Sewerage Network Extension and Rehabilitation	10,255,180	2,550,000	Positive
9	WB-IG04-MNE-ENV-01	ENV	Montenegro	KfW	Boka Bay Water Supply and Wastewater Collection Phase 2	4,467,231	4,467,231	Positive
10	WB-IG04-ALB-TRA-01	TRA	Albania	EBRD	Mediterranean Corridor (CVIII): Tirana Bypass (Kashar – Vaqarr – Mullet)	31,364,516	0	Negative
11	WB-IG04-BIH-TRA-01	TRA	Bosnia and Herzegovina	EBRD	Mediterranean Corridor (CVC): Putnikovo brdo 2 Tunnel (Entity Border Line RS/FBiH) – Medakovo Interchange Motorway Subsection	13,261,000	15,932,000	Positive
12	WB-IG04-BIH-TRA-02	TRA	Bosnia and Herzegovina	EBRD	Mediterranean Corridor (CVC): Poprikuse – Nemila Motorway Subsection	34,140,400	42,099,480	Positive
13	WB-IG04-BIH-TRA-03	TRA	Bosnia and Herzegovina	EBRD	Mediterranean Corridor (CVC): Mostar South – Kvanj Tunnel Motorway Subsection	12,205,835	0	Negative
14	WB-IG04-BIH-TRA-05	TRA	Bosnia and Herzegovina	EIB	Mediterranean Corridor (CVC): Kvanj Tunnel – Buna Motorway Subsection	21,106,084	21,106,084	Positive
15	WB-IG04-BIH-TRA-06	TRA	Bosnia and Herzegovina	EBRD	Mediterranean Corridor (CVC): Rudanka Interchange (Kostajnica) – Putnikovo Brdo 2 Tunnel (Entity Border Line RS/FBiH) Motorway Section	38,768,800	38,768,800	Positive
16	WB-IG04-KOS-TRA-02	TRA	Kosovo	EBRD	Orient/East-Med Corridor: General Rehabilitation of Railway Route 10 - Signalling and Telecom for Phase 1 & Phase 2 (Border North Macedonia – Mitrovica)	53,805,000	27,394,758	Positive
17	WB-IG04-MNE-TRA-01	TRA	Montenegro	EBRD	Orient/East-Med Corridor (R4): Matesevo – Andrijevic Section on the Bar – Boljare Highway	55,692,000	0	On hold
18	WB-IG04-MKD-TRA-01	TRA	North Macedonia	EBRD	Orient/East-Med Corridor (CX): Tabanovce Railway Joint Border Station and Access Road	5,244,420	2,765,227	Positive
19	WB-IG04-MKD-TRA-02	TRA	North Macedonia	EBRD	Orient/East-Med Corridor (R6a): Blace – Skopje (Stenkovec Interchange) Motorway Section	27,214,728	27,225,128	Positive

#	Grant code	Sector	Beneficiary	Lead IFI	Short title	Grant submitted† (€)	Grant revised† (€)	Conclusion
20	WB-IG04-SRB-TRA-01	TRA	Serbia	EIB	Orient/East-Med Corridor (CXc): Nis Bypass on the Nis – Dimitrovgrad – Border with Bulgaria Railway Line	35,098,465	0	Negative
Total Energy & Transport							201,117,277	(tbc)
Total Environment							9,154,131	
Total Environment excl. BiH positive applications							7,017,231	
GRAND TOTAL EXCL. BiH environment positive applications							208,134,508	(tbc)
GRAND TOTAL							210,271,408	(tbc)

The two ENV projects in Bosnia and Herzegovina, WB-IG04-BIH-ENV-02 and WB-IG04-BIH-ENV-04 were screened and assessed positively, but could not be financed due to limited funds seen in comparison to the number of positively screened and assessed TA and INV projects.

Bosnia and Herzegovina (Mrs. Sabina Dizdarevic > first intervention and Mrs. Nermina Saracevic > second intervention) enquired about the precise status of the two Watsan projects and if these can be implemented through Written Procedure, once funds are available. Both projects are highly mature and will be finished before IPA III starts in 2021 / Nr2: details were requested on criteria applied by the BDs decision on whether or not projects will be co-financed. **Montenegro** (Mrs. Zeljka Nedovic) enquired why WB-IG04-MNE-TRA-01 is on hold. **North Macedonia** (Mrs. Suzana Peneva) enquired about the reduction in grant request for WB-IG04-MKD-TRA-01. **EIB** (Mr. Giorgio Watschinger) strongly seconded Bosnia's intervention for these two WATSAN projects and confirmed that these are mature and require financing. **Germany** (Mrs. Sabrina Brabetz) confirmed that insufficient funds are available in the Joint Fund. **CEB** (Stephan Sellen) requested clarity on when exactly ENV and SOC projects can be co-financed through COM contributions to the Joint Fund. **Sweden** (Mr. Johann Willert) confirmed that ENV is a priority sector for Sweden and appreciates the progress made in the ENV sector pipeline. **Norway** (Mr. Olav Reinertsen) reiterated the need for coordination meetings between the BDs and DG NEAR, to discuss available funds and to manage expectations.

The **WBIF Co-chair DG NEAR** (Mr. Colin Wolfe) and **DG NEAR** (Mr. Wolfgang Schläger) clarified that the grant amount for the project in North Macedonia was reduced in line with the reduction in scope (border crossing only). Clarification to the project "on hold" in Montenegro will be in writing, it seems not mature and still in the feasibility stage. The two Watsan projects will remain in the pipeline, subject to available funding. The BDs are striving for a management of expectations by introducing closer cooperation and coordination of the BDs and DG NEAR. Once IPA III is active, ENV, SOC and DII projects will also be eligible for INV grant co-financing from COM funds.

WBIF next Rounds (TA Round 22 & INV Round 05)

Eligibility criteria TA Round 22

DG NEAR (Mr. Wolfgang Schläger) proposed to participants that due to insufficient funds, the next TA Round 22 is restricted to DII only.

No objections were raised.

The 20th WBIF SC adopted the eligibility criteria for TA Round 22: new projects are invited in the DII sector only.

Eligibility criteria INV Round 05

DG NEAR (Mr. Wolfgang Schläger) proposed to participants that the INV Round 04 eligibility criteria apply to INV Round 05. These were set at the 18th WBIF SC meeting in Paris (18-19 June 2018): *“TRA projects must be part of the Core Network as defined under the Indicative Extension of the TEN-T Network to the Western Balkans. ENE, ENV and SOC projects are not restricted and new project applications are invited; ENE projects must demonstrate a regional impact, with the exception of smart grids in transmission and distribution lines as well as smart meters.”*

Bosnia and Herzegovina (Mrs. Nermina Saracevic recommended that Renewable Energy and Energy Efficiency should be added to the ENE eligibility criteria and requested clarification if de-mining is considered eligible under INV Round [and] (Mrs. Sabina Dizdarevic) enquired on the criteria for the comprehensive network to be eligible. **Serbia** (Mrs. Aleksandra Radinovic) requested clarification if projects must be on the SPP. **EBRD** (Mrs. Zsuzsanna Hargitai) mentioned EBRDs strength in the DII sector and requested that not only IPFs deliver DII projects.

DG NEAR (Mr. Wolfgang Schläger) DG MOVE has informed DG NEAR that the TEN-T revision will take place in 2020 with a decision expected in 2021; this means the usual WBIF eligibility criteria for transport apply and that grants for co-financing can only be for projects on the TEN-T. Investment projects must be on the SPP.

The 20th WBIF SC adopted the eligibility criteria for INV Round 05: TRA projects must be part of the Core Network as defined under the Indicative Extension of the TEN-T Network to the Western Balkans. ENV and SOC projects are not restricted and new project applications are invited; ENE projects must demonstrate a regional impact, with the exception of smart grids in transmission and distribution lines as well as smart meters.

Dates and venues

DG NEAR (Mr. Wolfgang Schläger) presented the dates for TA Round 22 and INV Round 05.

- TA Round 22
 - Launch now
 - Pre-notification 16 August
 - Submission d/l 06 September
 - IFI endorsement 11 September
 - Screening 02 October
 - 1st PG 15 October (Brussels)
 - Assessment 01 November
 - 2nd PG & PFG 13 - 14 November (Brussels)
 - 21st WBIF SC 16 - 17 December (London)
- INV Round 05
 - Launch in writing
 - Pre-notification 01 November
 - Submission d/l 29 November
 - IFI endorsement 31 December 2019 (discussion at Paris Group)
 - Screening & Assessment until 29th PFG in Belgrade

Update on the Transport Policy for the Western Balkans

[Due to a technical problem, the connection for the video link could not be established with DG MOVE. The presentation is available on the WBIF website.]

DG NEAR (Mr. Wolfgang Schläger) informed participants that the new Transport Community Secretariat is now operational in Belgrade. The EU Commission provides extra funding to the activities of the TCS over €15 million, for road safety and border crossing projects (this allocation is outside the €1 billion pledge).

WBIF Secretariat Informative Session

WBIF 2.0

The WBIF Secretariat (Mr. Wolfgang Schläger) informed participants about the establishment of the Working Group (WG) for WBIF 2.0 and mentioned the reasons behind these efforts. These can be found in the need for additional efficiencies, increase in work load and additional funds that are expected to be allocated under IPA III. The recent IAS audit, the IPF evaluation and the WBIF self-assessment provide additional ideas for deliberation. The WBIF 2.0 WG will consist of all WBIF stakeholders and a telephone conference / first kick-off meeting took place. The agenda included policy and strategy aspects, operational, legal and governance aspects. The first results of the kick off meeting includes that the involvement of the so-called “Sherpas” is no longer an aim, instead other relevant ministries could be more closely involved, to strengthen the role of the beneficiaries’ and to ensure adequate representation. For the WBIF 2.0 WG, the future work modus will consist of written exchanges and conference calls and meetings *in persona*. There will only be one WG. However if needed, sub WGs, for example for legal matters and updates. The WG will aim to submit a set of proposals to the 28th PFG for deliberation and subsequently to the 21st WBIF SC for adoption.

The already existing WBIF Secretariat Coordination Meeting Working Group, (short “TAWG”), consisting of the IPF and IFICO TLs/DTLs, EIB and recently also Connecta TL, has been charged with certain technical aspects of the WBIF 2.0 WG. This TAWG has been operational under the WBIF Secretariat for some time, and a position paper & recommendations on operational efficiencies is in preparation; these recommendations will be submitted to the WBIF 2.0 WG and presented at the next PFG.

CEB (Mr. Stephan Sellen) requested that the winter WBIF SC meetings remain in the countries of the IFIs, this with a view of IFIs being “in touch” with the partners. **EBRD** (Mrs. Zsuzsanna Hargitai) seconded CEB’s view and confirmed that EBRD would wish to host the next WBIF SC meeting. In addition, a “chapter” approach should be employed by the WG and once an issue has been resolved, these “chapters” are closed. **Germany** (Mrs. Sabrina Brabetz) requested that WG meetings take place also “in persona”. **WBG** (Mrs. Lada Strelkova) seconded CEB’s and EBRD’s views and confirmed that the WBG would happily host a WBIF SC meeting in Vienna.

The **WBIF SC Co-chair DG NEAR** (Mr. Colin Wolfe) noted the request for face to face meetings for the WG and suggested a first plenary meeting will be scheduled after the summer period. The chapter approach for the WG will be implemented, with maybe another telephone conference and written exchange over the summer. EBRD’s offer to host the next WBIF SC meeting in London is welcomed, the 21st SC meeting will be over 1 ½ days (due to the workload). Further developments with IPA III might, however, also justify Brussels as one of the destinations for WBIF SCs in the future.

Updated Funding Needs Analysis (FNA)

The WBIF Secretariat (Mrs. Stine Andresen) presented new data to the recently updated FNA, submitted to 27th PFG. At the 27th PFG, another update was requested, showing a split and timeline over the sectors. The data

was extracted from the MIS, delays not factored in and costs for supervision are still allocated to the first year only (for reasons explained in the report). Such updates, upon request by the WBIF stakeholders could be conducted annually.

The estimated TA grant needs in the next 5 years are shown below:

	2019	2020	2021	2022	2023
SOC	1.262.250	5.287.370	980.604		
ENV	2.306.295	8.553.625	1.563.708		
ENE	1.829.220	20.679.750	15.087.500		121.500
TRA	52.698.925	35.588.717		51.214.197	38.769.595
Total	58.096.690	70.109.462	17.631.812	51.214.197	38.891.095

The estimated INV grant needs over the next 6 years are shown below.

	2019	2020	2021	2022	2023	2024
SOC		61.900.677	32.686.807			
ENV	24.189.600	74.850.000	35.500.000		4.050.000	
ENE	71.626.500	123.387.500	82.172.733			
TRA	575.849.458	345.099.967		117.378.000	89.696.400	463.000.000
TOTAL	671.665.558	605.238.144	150.359.539	117.378.000	93.746.400	463.000.000

The **WBIF SC Co-chair DG NEAR** (Mr. Colin Wolfe) confirmed that regular updates will be considered further, as this will support the planning processes. Prioritisation of the SPPs will become important, given that the funding needs exceed available funding.

Communication and Visibility

The WBIF Secretariat (Mrs. Stine Andresen) presented to participants the latest developments and production of communication and visibility products. These include the Annual Report 2018, the 10 years anniversary clip, feature stories, a better, faster and more secure website, new visual identity for the 10 years anniversary, including new roll-ups and two sub-sector videos. Besides these 10 years anniversary products, traditional C&V activities were conducted (as shown in the C&V plan 2019, disseminated at the 27th PFG). Upcoming events include the WB summit in Poznan, a main visibility event, for an INV Round 01 project, Corridor VC, section Johovac - Rudanka official opening of works. In autumn, another main event will take place, the Svilaj bridge official opening of first lane crossing the bridge. A dedicated 10 years show down, presenting WBIF's comprehensive achievements, is planned towards the end of the year.

In terms of improvement of C&V actions, the concerns of the BDs and other stakeholders were heard. Efforts to improve visibility are being implemented, information is exchanged with the EUDs, the IPFs will submit the bi-monthly reports and these will be uploaded in the MIS and / or sent to the EUDs and NIPACs directly. The remainder of the year will be used to better show results and impacts in the Western Balkans.

All WBIF stakeholders, in particular the IFIs are encouraged to keep the MIS updated, so that relevant information can be extracted and visibility material produced.

Written procedures

The 20th WBIF SC meeting takes note of the following written procedures issued since the last WBIF SC meeting:

No.	Title	Topic
1	WBIFWP: 021_22/11/18	Increase of grant amount for Judiciary Facilities – Component 2, Supervision of Works for the upgrading of the Palace of Justice, Belgrade
2	WBIFWP: 022_23/01/19	Increase of grant amount for Detailed Design and Tender Document for the Reconstruction of the Road Šćepan Polje-Plužine
3	WBIFWP: 023_25/02/19	Change of scope for Montenegro Wastewater and Water Supply Projects
4	WBIFWP: 024_04/04/19	Full WBIF Membership for the World Bank Group
5	WBIFWP: 025_16/04/19	Change of scope for High Education Infrastructure, Serbia
6	WBIFWP: 026_10/05/19	Approval for Gradacac Water Supply Project BiH
7	WBIFWP:028_07/06/19	Increase of grant amount for Technical documentation Preparation and TSO support for 400 kV Interconnection SRB – MNE – BiH

AOB

EBRD (Mrs. Zsuzsanna Hargitai) announced that EBRD collected comments to the IPF evaluation and will share these with WBIF colleagues in the near future.

End of MoM.

Annex 1: EDIF PAG MoM