



**NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS**



EUROPEAN COMMISSION
Enlargement Directorate-General

The Steering Committee (SC) of the Western Balkans Investment Framework (WBIF) held its fourth meeting hosted by the Norwegian Government in Hamar (Norway) on the 23 and 24 June 2011. The meeting gathered more than 80 participants including representatives of donors to the European Western Balkans Joint Fund (EWBJF), the beneficiaries, represented by the National IPA Coordinators (NIPACs), the International Financial Institutions (IFIs), the European Commission and several regional organisations.

The European External Action Service and the EIB provided an overview of the current political and economic situation in the region. They emphasised that the enlargement process is a key priority for the EU and that substantial progress has been made, particularly in recent months. Facilities such as the WBIF are seen as extremely useful for promoting the necessary socio-economic development required by the accession process. The economic situation in the region is still fragile with low growth rates predicted and particular attention must be paid to developing the tradable sector to stimulate further economic progress. Completion of important infrastructure investments in sectors such as transport and energy are deemed vital.

The IFI coordination office supporting the strategy and policy element of the WBIF, outlined their recent findings on the impact of the austerity measures on the investment programmes of the Western Balkans and highlighted the consensus among key stakeholders regarding the need to reinforce efforts to complete the reform agenda so as to stimulate the necessary economic growth. Capital expenditure as a share of GDP fell by about 20% while current spending has been maintained or even grown. While public debt has increased substantially it is considered to be sustainable at present albeit that the fiscal space has narrowed. The EBRD noted the importance of finding solutions to the sovereign financing constraints and the importance of WBIF in this respect. They also emphasised the need to focus on projects with a regional impact. The EC reiterated that IPA programming would now be done on a sectoral basis and that the EC would be seeking to clearly expedite the reform agenda with its assistance programme including within the WBIF.

The SC approved grant support in excess of EUR 21 million for 19 projects in the region. These include for example a pre-feasibility study for the Regional Project of Ionian Adriatic gas Pipeline (520 km total length) contributing to the construction of a regional gas ring, a feasibility study on an electrical 400 kV Interconnection between Serbia, Montenegro and Bosnia & Herzegovina and the all preparation for the construction and further development of the Regional Centre for Entrepreneurial Learning and Strengthening Competitiveness Economy (Entrepreneurial Learning - SEECCEL) in Croatia.

The Steering Committee agreed in principle to establish a facility aimed at promoting competitiveness and innovation among SMEs, , using €30M committed for this purpose from Multi Beneficiary IPA funds, based on a proposal submitted by Serbia on behalf of the beneficiaries. The project will be further elaborated with a view to having a final decision on its scale, scope and structure at the next meeting of the SC in December

Presentations by the CEB and World Bank highlighted the importance of addressing social sector issues within the WBIF. They emphasised that social issues are part of socio-economic development and should not be treated separately. The potential of the EU 2020 strategy to provide a framework to anchor economic reforms including those in the social sector was highlighted. A number of examples of where the WBIF could support reforms and investments in the social sector were provided including facilitating more analysis and project preparation.

During the meeting, the resources, the work programme for 2011, the status of implementation of the current projects as well as the next call for project submissions were presented to the SC members. The closer association of the World Bank to the WBIF as outlined in the background paper was welcomed. Its capacity for sector and policy analysis was deemed by many as particularly relevant for the WBIF. Proposals for enhancing the operation of the Framework in line with the ongoing Review were discussed and a deadline of July 20 was set for receipt of final comments on these issues. .

The next SC meeting will take place on 7 December 2011 in Luxembourg hosted by EIB. As requested by several participations, the potential role and key success factors of PPPs could be a particular topic of focus at this meeting.

More information on www.wbif.eu or elarg-wbif@ec.europa.eu