

## WBIF PROJECT FINANCIERS' GROUP 5

Wednesday & Thursday, 26 – 27 May 2010  
Multiburo, Square de Meuûs 38/40, BRUSSELS

### Minutes

#### Attendees:

ENGSTRÖM Yngve	DG ENLARG	Joint chair (Wed)	Wed 26;
CINGOLANI Massimo	EIB	Joint chair	Wed 26; Thur 27
ARNOUX Jean-Marc	EIB		Wed 26; Thur 27
BEGEOT Francois	DG MOVE		Wed 26; Thur 27
CLARKSON Caroline	EBRD		Wed 26; Thur 27
CVEK Nadja	SID Bank Slovenia		Wed 26; Thur 27
DE BETHUNE Thomas	DG ENLARG		Wed 26; Thur 27
DI SEBASTIANO Valentina	DG ENLARG		Wed 26; Thur 27
GIANFRANCHI Rachele	DG ENLARG		Wed 26; Thur 27
GOFAS Christos	DG ENLARG	Joint chair (Thur)	Wed 26; Thur 27
GOKSU Engin	EBRD		Wed 26; Thur 27
HERRERA Leon	CEB		Wed 26; Thur 27
LAZENBY Jeremy	WYG		Wed 26; Thur
OCKA Igor	Czech Export Bank		Wed 26; Thur 27
PENNY Brian	UK DFID		Wed 26; Thur 27
REINERMANN, Dirk	World Bank		Wed 26;
ROWLAND Alexander	World Bank		Wed 26;
SINCLAIR Nicolas	WYG		Wed26; Thur 27
STRAUSS Reinhold	KfW		Wed 26; Thur 27
TABACARU Cristian	CEB		Wed 26; Thur 27
VIEZZOLI Claudio	EBRD		Wed 26;
PAPANASTASSIOU Panayoti	Greece, Permanent Rep		Wed 26;
EVMOLPIDIS Vassilis	COWI		Wed 26; Thur 27
PALICSKO Csaba	Hungarian Development Bank		Wed 26; Thur 27
LEVENA Marika	EC		Wed 26; Thur 27
CARANO Alessandro	EIB		Wed 26;
GOLDSMITH Hugh	EIB		Wed 26;
LOHR Johann Willem	EIB		Wed 26; Thur 27
O'MAHONY Mary	PM Group		Wed 26;
PURVIS Gordon	PM Group		Wed 26;
BARTOK Gille	DG Eneg		Thur 27

*These minutes are mainly focussed on the key results and actions to undertake by the PFG. More elaborate content can be found in the attached presentations and documents of the meeting.*

The meeting took place in Brussels in the presence of representatives of some contributor Member States, including United Kingdom, Slovenia, Greece, Czech Republic, and Hungary in a climate of good will and cooperation. It was chaired by the EU Commission and co-chaired by EIB. On the first day the meeting discussed strategic issues and matters of general interest, including the PFG Work Programme for 2010, the proposed Management Information System and monitoring of the projects. The second day was devoted to assessment of the 32 projects selected for possible grant support from the WBIF following the screening of the 55 projects submitted for the 4<sup>th</sup> round. A shortlist of projects was selected for submission to the Steering Committee (SC), confirmed for 24-25 June in Prague.

### **Day 1: Wednesday 26 May 2010**

*Yngve Engström (Head of Unit, ELARG D3)* opened the meeting with a welcome to colleagues from the World Bank. The meeting confirmed and approved the minutes of the PFG 4 meeting.

#### ***Annual report***

The EC outlined their proposal for the preparation of the Annual Report to be submitted by the PFG to the Steering Committee in December 2010. The suggestion was for the report to cover the whole period from Inception to Dec 2010 and for it to be based on a format similar to the NIF report, copy of which was circulated for information. It was proposed that WYG Consulting prepare the report and that it should be in English and not exceed 30 pages; they will prepare a draft for consideration at the September PFG.

#### ***Review***

It was always foreseen that a review would be carried out to identify possible improvements. It was proposed that the partner IFIs and the EC would collaborate to write the review. It would provide an assessment of WBIF to date together with suggestions for the future with key points including: effectiveness of pooling of grants and loans, and levels of contributions. The inclusion of the World Bank in WBIF would be addressed as part of the review. The beneficiaries will be consulted. It was agreed to set up a working group that will report to the PFG.

#### ***Cooperation with the World Bank***

The World Bank was invited to the PFG meeting for the first time. The Bank is one of the key IFI in the region and four projects submitted in the 4<sup>th</sup> round nominated the World Bank as the lead IFI. Discussions between the WBIF IFIs, the EC and the World Bank have started and will continue. *The World Bank head of unit Brussels office, MrDirk Reiner mann*, thanked the PFG for their invitation and provided an overview of the World Bank's strategy for the region where it has a portfolio of \$2.9bn and the current pipeline of projects. He explained that the Bank had recently aligned its programme towards the EU accession process and that they were in favour of working in unison and complementarily with other IFIs. He underlined that the current economic crisis highlighted even further the importance of collaboration between IFIs.

#### ***Steering Committee Agenda***

A draft Agenda for the December Steering Committee (SC3) was proposed by the EC. Comments included a suggestion from DFID for the NIPACs to be allocated time to present their views, to which the EC responded that they would form part of the review, and a proposal from EBRD for a session to be used to discuss regional integration. The consultant assisting the IFI Advisory Group provided an overview on plans to highlight policy and strategy with a focus on regional development.

The EC promised to take on board all comments and a revised Agenda was issued for the following day. Speakers' names must be communicated before the 1<sup>st</sup> of June.

### **Review of PFG Work Programme**

The review of the work programme confirmed that nearly all the activities planned at the beginning of the year were currently in hand. The next PFG meeting will be held on 29/30 September and as a result the deadline for any submissions for the next round would be 7<sup>th</sup> September. The importance of IFI involvement with any submissions was highlighted by the EC as well as the fact that, in a similar way, the NIPACs should be informed of the projects proposed by an IFI prior to their submission.

### **Management Information System**

The purpose and plans for the management information system proposed as a management tool for WBIF were presented by WYG Consulting. It was explained that this would assist with managing the process for submissions of projects into the pipeline and also the process for the implementation of projects. It was explained that a first workshop has been held with the EC, that two further workshops are planned and that a final release is targeted for 1 September. The EIB recommended that a review of similar tools would be useful and that as a user they were keen to be consulted. It was confirmed that consultation with stakeholders would form part of the process.

### **Monitoring the pipeline**

WYG Consulting summarised the outcome of the consultations with the IFIs concerning their draft proposals for the monitoring tool and presented their updated recommendations. These comprised the preparation of a succinct monitoring report prior to each PFG meeting which would present an overview of the whole WBIF pipeline including key summary tables and performance indicators. In addition the current monthly report would be modified once the MIS is introduced such that the project fiches are held on the system and accessible to all users via the internet. The written report will be condensed into an overview report summarising activity by sector and with a summary table. EBRD recommended that the grant money used for project preparation and project implementation (from design onwards) should be differentiated in any performance indicator tabulations. CEB saw an important factor in WBIF to be the fact that co-financing would reduce the number of sovereign loans required. DFID stressed that, in accordance with the log frame they had submitted, they had an obligation to report on measurement of the impacts of the WBIF pipeline and it was agreed that a meeting with the consultant would be organised to discuss this.

## **Day 2: Thursday 27 May 2010**

### **Review and selection of the grants requests submitted before the PFG.**

*Christos Gofas (Head of section -ELARG D3)* presented a summary of the resources available for project grant support:

- EC IPA  
IPF 2010 < 4 million euros
- European Western Balkans Joint Fund – EWBIF  
Contributors' funds 4 million euros  
(5.5 pledged)
- IFIs  
EIB 6.38 million euros  
EBRD 6.98 million euros  
CEB 10.00 million euros

The current total sum available for project support is less than 40 million euros.

*Christos Gofas (Head of section -ELARG D3) and Massimo Cingolani (Deputy Head of Division, EIB)* introduced the projects for PFG consideration. 32 projects were presented following an assessment by IFIs following screening and eligibility checking completed in the previous PFG meeting. The projects were presented by country and beneficiary priority ranking. The PFG considers the rationale for use of grant funds, the financial plan, regional/cross-border impact, conformity with socio-environmental standards and capacity of the beneficiary institution.

Out of the xx projects (see excel table attached):

- 13 projects are recommended for presenting to the SC for approval.
- 10 projects require clarification(s) or further elaborating that cannot be completed in time for the June SC but may be presented to a subsequent SC meeting (co-lending, additional assessment).
- 9 projects were classed as not presentable to the SC in their current form (by lack of grants' resources or by negative assessment).

The attached table summarized the projects and the funding proposed for submission to the June. The question of Lead IFI needs to be clarified concerning in particular the project WB4-ALB-ENV-05. Following the ToR of the JGF, the project can be submitted to the SC if Germany signs the Adherence and Contribution Agreements, transfers the funds before the SC and KfW communicates his pipeline of projects.

During the meeting the following general points were discussed:

**Liaison with Beneficiaries** - it was confirmed that the results of the screening and assessment will be communicated to the NIPACs in the form of completed fiches. It was also clarified that in the case where a fiche had been changed by an IFI, the new fiche should be formally acknowledged by the NIPAC.

**Logframe** – DFID confirmed having forwarded a logframe for WBIF to the EC which they planned to use as the mechanism whereby they would review the use of their contribution.

**Sources of grant funds and the criteria attached to the categories** - to bring clarity to this issue the PFG confirmed three categories of funds as follows:

- IPF with contributions from the European Union which are used to provide Technical Assistance grants and the Municipal Windows investment grants;
- the European Western Balkans Joint Fund, made up of contributions from member states. ;
- IFI sourced grant funding under which benefiting projects are administered by the relevant IFI.

It was agreed the criteria for co-lending can be interpreted in differing ways and this matter should be an issue for discussion in a subsequent PGF.

**Meeting with World Bank** - the IFIs announced that they met with the World Bank at the end of the first day and that they had discussed collaboration on individual projects. These discussions would be on-going.

**Projects in Kosovo** - EBRD announced that they were in discussion with the Netherlands and Sweden concerning support for projects but that any developments would have to await a later SC.

## Conclusions of the meeting

- The next Steering Committee meeting was confirmed for 24-25 June and will be held in Prague. A revised proposed agenda was circulated.
- The next PFG meeting is scheduled for 29 – 30 September and will be held in Brussels.
- Due to a number of projects from the current fourth round assessment requiring further clarifications, and because of limited resources, there will not be a fifth round formal call for project grant applications in 2010. However, it was clarified that those projects classified as needing clarifications or further elaboration could be re-submitted by IFI by 7 September provided that, for example, if co-lending was clarified. It was emphasised that projects can be submitted at any time but that in the present situation there are limited grants to be allocated for 2010 compare to the number of already submitted projects.
- EBRD volunteered to be the PFG co-chair for a six month period following the June SC. This was agreed on.
- A logical framework (“log frame”) to assist with assessing WBIF performance and effectiveness will be included in the WBIF review
- Comments were invited from PFG members by Friday 11 June on the proposed format of the annual report. A draft proposal will be presented to the September PGF.