

## WBIF PROJECT FINANCIERS' GROUP 10

Thursday, 06 Oct 2011  
Hotel Holiday Inn, Skopje

### Minutes

#### Attendees:

GOFAS Christos	DG ENLARG	co Chair
CINGOLANI Massimo	EIB	co Chair
DE BETHUNE Thomas	DG ENLARG	
DI SEBASTIANO Valentina	DG ENLARG	
PAPANASTASSIOU Panayotis	DG ENLARG	
STEFANOWICZ Inga	DG ENLARG	
FITTIPALDI Mariangela	DG ENLARG	
ARNOUX Jean-Marc	EIB	
JENSENMax	EIB	
BULLOCK Anna	EIB	
TSAKIRIS Ionnis	EIF	
VIEZZOLI Claudio	EBRD	
CLARKSON Caroline	EBRD	
BROWN Ian	EBRD	
HERRERA Léon	CEB	
RAGUZ Miles	CEB	
STRAUSS Reinhold	KfW	
BURUNCIUC Lilia	World Bank	
PAPADOUPOULOU Marianna	Ministry of Foreign Affairs, Greece	
DI EMIDIO Raffaella	Ministry of Economy and Finance, Italy	
CVEK Nadja	SID Bank, Slovenia	
O'MAHONY Mary	IFI CO (PM Group)	
LAZENBY Jeremy	IPF 1 (WYG)	
SINCLAIR Nicolas	IPF 1 (WYG)	
EVMOLPIDIS	IPF 2 (COWI)	

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

The meeting took place in Skopje in the presence of representatives of some contributor States including Greece, Italy and Slovenia and in a climate of good will and cooperation. It was co- chaired by the EU Commission and by the EIB. The meeting discussed strategic issues and matters of general interest, including the PFG Work Programme for 2011, WBIF Resources, the implementation of the Review of the WBIF, the activities of the IFI AG, the monitoring of the WBIF projects, the 2011 Annual Report and the eligibility of the 48 project grant applications received for the 6<sup>th</sup> round. The project grant applications were screened with 30 being recommended for assessment to be reviewed at PFG 11 to be held in Brussels on 15 & 16 November 2011. The meeting was timed to coincide with other WBIF meetings held in Skopje during the same week namely the WBIF Logframe workshop (4 Oct), the 2<sup>nd</sup> NIPACs Regional Workshop (5 Oct) and the WBIF Visibility event (7 Oct).

*Christos Gofas (Head of Section, ELARG D3) opened the meeting by welcoming participants and co-chaired the meeting with Massimo Cingolani ((Managerial Advisor and Deputy Head of Division, EIB).*

### **General session on the PFG Work Programme**

The minutes of the PFG9 were approved. A calendar of the recent past and future events was reviewed and the results from SC4 held in Hamar in June were summarised. It was confirmed that PFG 11 would be held in Brussels on the afternoon of 15 Nov and all day 16 Nov and that SC5 would take place in Luxembourg on 7 Dec preceded by a social event on the evening of the 6 Dec. It was announced that SC5 will include a presentation of the SME platform and also a presentation of the Energy Efficiency priority for 2012.

A first layout of the Annual Report was presented by the IPF 1 consultant who explained that a first draft would be produced for the PFG 11 in November and a final draft for SC5 in December. Some initial comments were received with people encouraged to provide feedback and ideas within two weeks. The IPF 1 consultant also laid out the plans for producing the next Monitoring Report due for PFG 11. The monitoring module of the MIS now contains the database of project pipeline information and this will be updated via E Mails generated from the MIS. The requests will be sent mid October with the objective of updating the database by end October and allowing a week for preparation of the report.

The WBIF Secretariat has been installed and it was proposed that the Thomas de Béthune from DG Enlargement be nominated as Head of the Secretariat. This proposal was unanimously approved.

### **WBIF resources**

The resources available to WBIF in 2011 were summarised as follows:

- **EC Resources**
  - €30 M for IPF (€15 M already allocated, €15 M planned for new IPF in early 2012)
  - €10 M contribution into EWBIF 2011
  - €30 M contribution into EWBIF for private sector in 2011

and further

€10 M for IPF in 2012  
€20 M contribution into EWBIF 2012

- **European Western Balkans Joint Fund**
  - Contributors funds (September 2011) €11.3 M
- **IFIs**
  - EIB €4.65 M
  - EBRD €4.33 M
  - CEB €7.05 M

A total amount of €80 M is still available in 2011 (including the €30 M private sector funds).

## **Support to WBIF strategy and policy**

The IFI CO consultant presented their report under the headings of the four principal areas of activity. They had continued to provide support to the WBIF structures, in particular the Steering Committee meetings, and noted that they will be responsible for minutes of future SC meetings. In terms of sectoral activities, they had focussed on energy efficiency and reported on existing funds in this sub sector while on environment they had prepared a workshop to discuss the implementation of EIAs in the Western Balkans. In transport they were providing a TA to SEETO while in the socio-economic field they had prepared a report on the financing of social sector projects and were helping LSE to prepare a regional research network of reporters. They continue to work on the database of investment flows verifying information held on projects and refining the database. With respect to WBIF communications, the Office launched the new visual identity for the WBIF website at the NIPAC workshop on 5 October and will contact stakeholders to obtain feedback as well as making incremental improvements on an ongoing basis. The EC and the IFIs noted the useful work carried out by IFI CO in supporting the WBIF and the PFG endorsed the EC's decision to extend their contract for another two years as foreseen in the original ToR.

### ***WBIF Logframe***

A workshop to develop a logframe for WBIF was held in the Holiday Inn in Skopje on 4 October which was attended by representatives from all NIPACs, the partner IFIs, DG Enlargement and consultants. This was facilitated by Erik Kijne, a specialist consultant in Logical Framework Analysis, who had held a preliminary session with DG Enlargement and the IFIs in Brussels on 14 September. He presented the conclusions of the workshop which had resulted in the production of two logframes ("What should happen?" and "How should it happen?"). He summarised the Programme Purpose, the Overall Objectives, and the Results and Activities derived as a result of the work undertaken and the meeting was provided with the opportunity to comment. There was a discussion around 'Clarity of ownership vs decision making' and on how to respond to the NIPAC request to attend PFG meetings. It was clarified that the PFG meetings are used by the EC and the IFIs to screen and assess the project grant applications and that it was not appropriate for the NIPACs to be present at these meetings. Finally, the Chairman invited written comments to be submitted and suggested that the Logframes be presented to SC5.

### ***Screening of the grant applications and the SME platform project***

48 project grant applications were received in response to the Round 6 call request. Each of these was discussed after first reviewing comments that had been input into the MIS selection module by the EU Delegations, the line DGs and the IPF team. In summary the outcome was as follows:

- 30 projects were considered to be eligible and for each one a lead IFI was allocated to undertake the assessment.
- The SME platform has been screened positively (see here below)
- 18 projects were considered not to be suitable for assessment.

The attached table summarises the conclusion on screening for each grant request together with the IFI allocated for assessment. It was also agreed during the reviews that: there was a need to identify clear criteria for eligibility for sector development type projects for which it had been agreed at SC4 that the World Bank would also be eligible like other IFIs to be a lead IFI; the EBRD would

produce a paper to clarify the position of WBIF with respect to the eligibility of (commercial) energy projects susceptible to create potential competition issue the EIB would undertake a comprehensive overview as part of the assessment of the request for water and wastewater project in Cetinje - Montenegro ; and the EBRD will undertake a comparative analysis of the gas transmission projects that have been submitted by Croatia in particular.

The proposed SME platform, which had been presented and discussed during the previous day NIPACs workshop (PSD session), was discussed. EIB/EIF will be the lead IFI for this initiative, with EBRD co-Lead. Funds will be drawn from various sources, including the EC (already endorsed at the June SC), IFIs, the EWBIF, from beneficiaries and bilateral donors. The EIB asked if KfW might be interested in joining the initiative. EIF informed the meeting that the design of the platform had been well advanced and that a financing plan for all components including the TA had been put together. The meeting was told that a process of consultation had been ongoing with a view to submitting the project to the PFG11 and, subsequently, the SC5 for final endorsement. The intention is to secure financing for the first two years of operation and to acknowledge financing for the subsequent years. In answer to questions, it was clarified that the EIF will play the role of coordinator of the platform and that the guarantee facility will be operated on commercial terms by commercial banks. It was noted that the private sector was represented at the previous day's workshop expressing support and interest in the platform. Finally, it was stated that the main task faced by Beneficiaries was to raise their required contributions, as well as to commit to relevant reform actions complementing the enhanced provision of financing through the platform.

#### **WBIF review**

SC4 accepted a number of recommendations advanced in the WBIF review which had added to the number of original recommendations now under implementation. Overall it was now observed that this has resulted in: a selection process which was smoother and faster; a decision making process on projects which was well justified and communicated to beneficiaries; and the first tangible results in terms of completed project preparation and signed loans.

Three issues remained outstanding namely: the pooling of grant resources; the formalisation of a secretariat within the Commission; cost coverage and levels of remuneration by IFIs. The first two of these were approved unanimously by the SC4 but it was recorded that the responses received by 20 July 2011 on cost coverage have been less unanimous (4 out of 19 had not agreed with the proposal). In replying to questions from Member States, EIB stated that they were checking and replying to all countries, that they hoped to avoid a discussion at SC5 in December as the issue is now on the table since a long time, and that if there was no agreement, the Terms of Reference seemed to allow for a two thirds majority decision, although they fully agreed with the EU Commission that wished to achieve a consensus.

#### **Conclusions of the meeting**

- **Minutes of the PFG9 were approved**
- **Further comments on the layout draft of the Annual Report should be received by 20 Oct**
- **The updating of information for the Monitoring Report would be launched by IPF Consultants through the MIS in mid Oct for completion by end Oct**
- **The WBIF Secretariat has been installed and the proposal to nominate Thomas de Béthune (Dg Elarg) Head of the Secretariat approved (to be confirmed by the Steering Committee)**
- **The ongoing work of the IFI CO in providing assistance with policy and strategy was noted and PFG endorsed the EC's decision to extend their contract for another two years as foreseen in the original IFI CO ToR.**

- EBRD will prepare a paper on the eligibility and competition issue of energy projects
- IFI CO will prepare a paper on the best use of funds for sector development projects
- The Logframes developed for WBIF were discussed and it was recommended that they are presented to SC5
- 30 projects were screened positively and recommended for assessment
- Screening of the SME Platform proposal has been completed (as per conclusions of the 9/9/11 Consultative Group meeting in Brussels), although certain technical issues remain to be resolved with DG ECFIN, allowing the final proposal to be submitted to the next, November PFG, the final endorsement by the December SC and the preparations for launching during the first half of 2012;
- The design will take into account the conclusions of the Private Sector Development session of the NIPAC workshop, and in particular the feedback from the beneficiaries and the private sector;
- The financing plan of the SME platform needs commitments for at least the first two years allowing for the sound planning; the EC has already earmarked EUR 30 million, as endorsed by the WBIF SC in June 2011 and is programming additional EUR 2 million to contribute towards the TA component from IPA 2012; the lead IFIs seek approval of EUR 2.2 million to be allocated to the Platform from the EWBJF; lead IFIs own contributions need final commitments (through own internal procedures) and fundraising from other IFIs and beneficiaries (commitments for EUR 5 million pending) needs to be advanced allowing for a minimum financing plan to be closed by the December SC;
- PFG11 was allocated an extra half day and will take place on the afternoon of 15 Nov and all day 16 Nov
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