

## WBIF PROJECT FINANCIERS' GROUP 9

Wednesday, 11 May 2011

Hotel Silken Berlaymont, BRUSSELS

### Minutes

#### Attendees:

GOFAS Christos	DG ENLARG	co Chair
HERRERA Léon	CEB	co Chair
DE BETHUNE Thomas	DG ENLARG	
DI SEBASTIANO Valentina	DG ENLARG	
GIANFRANCHI Rachele	DG ENLARG	
PAPANASTASSIOU Panayotis	DG ENLARG	
CAPERMAN Bo	DG ENLARG	
STEFANOWICZ Inga	DG ENLARG	
HAAPALA Elina	DG ENLARG	
BACIU Denisa	DG ECFIN	
CINGOLANI Massimo	EIB	
ARNOUX Jean-Marc	EIB	
QUADRINI Luca	EIB	
TSAKIRIS Ionnis	EIF	
VIEZZOLI Claudio	EBRD	
GÖKSU Engin	EBRD	
CLARKSON Caroline	EBRD	
BROWN Ian	EBRD	
RAGUZ Miles	CEB	
STRAUSS Reinhold	KfW	
ROWLAND Alexander	World Bank	
REINERTSEN Olav	Ministry of Foreign Affairs, Norway	
PAPADOUPOULOU Marianna	Ministry of Foreign Affairs, Greece	
DI EMIDIO Raffaella	Rep Italy	
FROMWOLD Raffaella	OECEB	
O'MAHONY Mary	PM Group	
LAZENBY Jeremy	WYG	
SINCLAIR Nicolas	WYG	

***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 Brussels in the presence of representatives of some contributor States including Austria, Greece, Italy and Norway and in a climate of good will and cooperation. It was co-chaired by the EU Commission and by the CEB. 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 and the assessment of the 22 project grant applications received for the 5<sup>th</sup> round which had been screened positively at PFG8. The project grant applications were assessed with 19 being recommended for submission to SC 4 to be held in Norway on 23 & 24 June 2011.

*Christos Gofas (Head of Section, ELARG D3)* opened the meeting by welcoming participants and co-chaired the meeting with *Léon Herrera (Director of European Affairs, CEB)*.

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

The minutes of the PFG7 were approved.

A calendar of the recent past and future events was reviewed. The concept for a pilot WBIF awareness raising event to be held in Sarajevo on 26 May (date to be confirmed) was outlined. It was confirmed that it is proposed to hold the 2<sup>nd</sup> NIPACs Regional workshop in Skopje on 5 October 2011 and the IPF consultant outlined the objectives, organisational plan, proposed participants and critical success factors. This is the day before PFG 10, which will be held on 6 October, and it was confirmed that a workshop on logical framework/performance based monitoring applied to WBIF will take place on 4 October.

The draft agenda for SC4, which is to be held in Hamar, Norway on 23 & 24 June 2011, was circulated prior to the meeting and is in three parts namely: strategic dimension; the WBIF review; and the operational dimension. The deadline for registration is 22 May. Norway confirmed that they had been networking with potential new donors, as they had stated that they would do at the previous PFG. Feedback from these first contacts was that the perceived complexity of WBIF was tending to deter donors and that the addition of SMEs as a new sector was viewed positively.

The PFG work programme was reviewed and it was highlighted that multiple activities linked to the review are starting. However, one item that will not be completed prior to SC4 is the formalisation of a WBIF Secretariat which restricts the overall capability for implementation.

### **WBIF resources**

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

- **EC IPA 2011**
  - €15 M for IPF (with a further €15 M in 2012)
  - €10 M contribution into EWBIF
  - €30 M for the private sector
- **European Western Balkans Joint Fund**
  - Contributors funds (November 2010) €13.1 M
- **IFIs**

EIB	€5.13 M
EBRD	€6.40 M
CEB	€7.05 M

The total amount available in 2011 is €56.7 M (excluding the private sector funds). Since the SC 3 a further € 6.75 M has been transferred by donors in the EWBIF further increasing the funds available (Sweden € 2 M, Greece €0.5 M, Hungary €0.25 M, Austria €3M, and Czech Rep €1 M)

### **WBIF review**

The recommendations endorsed by SC 3 are under implementation with the exception of those requiring a WBIF Secretariat to assist with their implementation. Points to be further developed

have been prepared by the partner IFIs and the EC and include: ways of pooling resources; streamlining by integration of screening and assessment and conditions for creation of a Secretariat; and extension to sectors which are also to be included. Italy stressed the importance that they attach to the pooling of resources and the EC confirmed that this is the way that they are working (€10 M contributed into EWBJF is planned in 2011 from IPA). EIB is proposing that future resources should all go into EWBJF and recommend guidelines for cost recovery (fee for lead IFI) based on those agreed for NIF. It was suggested that the NIF Framework agreement is circulated. EBRD announced that their General Counsel advised that they have difficulty to put funds directly into the EWBJF and proposed that their contribution should be under a system of parallel financing. KfW underlined that remuneration is becoming increasingly important as they have to implement projects financed via EWBJF. At present they have no access to this money and are forced to do the financing via the later loan financing. It was agreed that that a paper will be submitted three weeks prior to SC4.

As far as the extension to new sectors is concerned, it was pointed out that private sector development project is planned to be approved in December 2011 and that energy efficiency project would be introduced in 2012. EBRD asked if there was any progress with discussions on the participation of the World Bank. It was confirmed that discussions have taken place and that the World Bank are proposing to submit a paper to SC4.

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

The IFI AG consultant has been assisting with the preparation of two SC4 agenda items namely the Impact of Austerity Measures and also the Spotlight Presentation on the Social Sector. The first presentation will be based upon two reports currently being finalised which are focussed on the budgetary impact of the crisis and the need for a new growth model in the Western Balkans. The consultant provided an overview of the preliminary findings. The ongoing horizontal cross cutting activities and the sector based activities being undertaken by the consultant were also summarised. These include a review of financial facilities to support energy efficiency in the Western Balkans; identification of the key issues arising in EC and IFI cooperation in the environment sector; and analysis of government expenditure in the social sector. The consultant also requested IFIs to finalise the verification of their project related data on the database of investment flows to allow this analytical tool to be made available in advance of the SC meeting. The WBIF website will also be reviewed and updated by the consultant in time for the SC meeting.

### **Monitoring report**

A draft of the monitoring report was distributed electronically prior to the meeting with hard copies available at the meeting. The report presents an executive overview of the WBIF project pipeline and summarises progress with respect to project preparation (Joint Grant Facility) and the status of proposed loans (Joint Lending Facility). The report will be finalised for presentation to the Steering Committee in June. The IPF consultant briefly presented the report and stated that the information will from now on be stored in the Management Information System (Monitoring Module) and that this tool will be used in the future as the means to update the data.

### **Assessment of the grant applications**

22 grant applications were screened positively at PFG 8 and the assessments undertaken by the lead IFIs were presented. In summary the outcome was as follows:

- 19 projects are recommended for presenting to SC 4 for approval.

- 3 projects were not endorsed due to issues that were identified during the assessment. However, in all three cases there remains the possibility for these projects to be presented again.

The attached table summarises the conclusion for each grant request and the funding proposed for submission to SC 4.

With respect to the application received from Serbia in the Private Sector Development area, screening had not been completed at PFG 8 but actions had been identified to further develop the proposal. The EIB/EIF reported on the progress achieved stating that discussions had been held with the EC and with EBRD. As a result EIB and EBRD had combined to design an SME platform consisting of: an innovation fund to focus on seed financing; an expansion fund to provide expansion capital; a guarantee facility to support access to bank lending; and a TA component to support targeted policy interventions in the regulatory environment. EBRD confirmed that they would be able to offer the service of fund manager for the expansion fund. It was clarified that Turkey is not included in the proposals. The EU underlined again that provision of new financing mechanisms should go hand in hand with creation of an appropriate regulatory environment to attract capital and boost innovation. To this end, consultations have taken place with OECD and IFC, based on their earlier policy work with the region, with a view to launching broader discussions with stakeholders of policy implications. Discussions with Serbia, who submitted the application, have highlighted the importance to them of the innovation component and there is a need to find convergence in the next few weeks. It was agreed in conclusion that a concept note would be presented at SC 4 in June and that this is an opportunity to interest donors. The aim will be to develop this application such that it could be approved at SC 5 in December 2011.

#### **Any other business**

Greece tabled a “Non Paper” concerning the use of the names “the former Yugoslav Republic of Macedonia” and Kosovo\*. Greece asked the European Commission and all stakeholders involved to ensure that the provisional name of the former Yugoslav Republic of Macedonia, as agreed in the EU, or its abbreviation FYROM, as well Kosovo (UNSCR 1244) is used in all documents of the WBIF. This paper is reproduced in Annexe.

<b>Conclusions of the meeting</b>
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- **Minutes of the PFG 8 are approved**
- **Of the 22 project grant applications from the 5<sup>th</sup> round which had been assessed, 19 were recommended for submission to SC 4**
- **The PFG approved the regional workshop and awareness event concept**
- **The PFG approves/took note of the strategic issues and the status of the implementation of the review**
- **The next meeting, PFG 10, will be held in Skopje on 6 Oct**
- **New call for projects (Round 6) with a deadline of 8 September**
- **Contact and communication address:  
elarg-wbif@ec.europa.eu**

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\* Kosovo under UNSCR 1244/1999

NON PAPER

1. The former Yugoslav Republic of Macedonia

- Pursuant to the United Nations Security Council Resolution 817/1993, this country has been admitted to membership in the United Nations being provisionally referred to as “the former Yugoslav Republic of Macedonia” pending settlement of the difference over its name.
- Furthermore, the Security Council, by its Resolution 845(1993), urged “the parties (Greece and the former Yugoslav Republic of Macedonia) to continue their efforts under the auspices of the Secretary-General to arrive at a speedy settlement of the remaining issues”.
- Following the above, Greece and the former Yugoslav Republic of Macedonia have signed, on 13 September 1995, an Interim Accord agreeing, among others, to continue these negotiations with a view to reaching agreement on the difference over the name. These negotiations are still in progress, with the facilitation of the Secretary-General’s Personal Envoy Mr. Matthew Nimetz, and have recently reached a very delicate and crucial phase.
- Moreover, according to the EU Presidency conclusions on 15-16 December 2005, “the Council agreed to add to the minutes of the Council that until a mutually acceptable solution to the name issue has been reached with Greece, the EU will continue to use the temporary designation the former Yugoslav Republic of Macedonia (FYROM) in all EU documents and fora”.
- Therefore, let me underline that the use of the contested constitutional name in any international forum barely contributes to the afore-mentioned UN brokered negotiation process, aiming at the settlement of the dispute.
- For all these reasons, please do ensure that the above principle is respected and that the provisional name “the former Yugoslav Republic of Macedonia” or when needed, its abbreviation “FYROM”, is used in all material and for all purposes in the WBIF.

2. Kosovo (UNSCR 1244)

- As five M-S have not recognised Kosovo, please ensure that the use of Kosovo (UNSCR 1244) is respected in all documents in the WBIF.