

## 24th MEETING OF THE WBIF PROJECT FINANCERS' GROUP

09 November 2017, Sarajevo, Bosnia and Herzegovina

### Minutes of Meeting

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#### Morning: Project Oriented Session

##### *Welcoming*

The **Head of the EU Delegation Bosnia and Herzegovina** Ambassador Wigemark welcomed the participants to the 24<sup>th</sup> PFG meeting hosted in the EU Delegation building in Sarajevo. Ambassador Wigemark mentioned the importance and impact of the EU financing from national and regional IPA programmes in terms of the growth prospects for the Western Balkans (WBs) and for Bosnia and Herzegovina in particular. The EUD and the IFIs work closely on a reform agenda and financial assistance program with a direct link to the local market which brings tangible and visible impact for the local population. This ensures the advantages of EU accession process together with the financial assistance is understood and actually felt by the population; he further noted that about 30 WBIF participants paid a site visit to the newly constructed state prison in Istocno Sarajevo, which received substantial funding via WBIF and bilaterally from the EUD and Sweden. The **PFG Co-chairs DG NEAR** (Wolfgang Schläger) and **KfW** (Simone Wunsch) reiterated the increasing importance of the WBIF and noted some highlights of 2017, such as the adoption of the first ENV project co-financed by the Bilateral Donors (BD), the adoption of the Vademecum and the upgrading of KfW as the fourth partner IFI to the WBIF.

##### *Screening and Assessment of TA Round 18 Projects*

**DG NEAR** (Wolfgang Schläger) reminded participants about the eligibility criteria for TA Round 18, which was “open for all eligible sectors provided that the national strategy was adopted, ENE projects must have had a clear regional dimension, TRA projects must have had a clear regional dimension and be on or clearly linked to the Core Network”.

The following grant requests were received by the submission deadline:

- Total number of GAFs received: 23;
- Total grant amount requested: € 46.3 (€ 35.1 million revised);

- Applications per country: ALB 8, BiH 5, KOS 3, MKD 1, MNE 2, SRB 4;
- Applications per sector: ENE 2, ENV 7, SOC 4, TRA 10.

**DG NEAR** (Elodie Loppé) reported on the availability of funds and confirmed the amounts of €19 million under the IPF instrument and €8 million under the European Western Balkans Joint Fund (EWBJF).

The following grant applications totalling €24.9 million were screened and assessed positively:

ID	Grant Code	Title	Sector	Lead IFI	Grant € (submission)	Grant [€] (revised)	TA Agent
1	WB18-ALB-ENV-01	Albania, Water Sector Performance and Investment Programme / Municipal Infrastructure V: Feasibility Studies, Cost-Benefit Analyses, Environmental Impact Assessments, Preliminary Designs	ENV	KFW	1,400,000	1,400,000	JF
2	WB18-BIH-ENV-01	Bosnia and Herzegovina, WATSAN Programme in Republika Srpska: Project Appraisals, Feasibility Studies, Tender Dossiers	ENV	EIB	1,500,000	1,500,000	IPF
3	WB18-BIH-ENV-02	Bosnia and Herzegovina, Regional Sanitary Landfill for Živinice, Banovići and Kladanj: Supervision of Works	ENV	EBRD	360,000	360,000	JF
4	WB18-KOS-ENV-01	Kosovo, River Basins Drini i Bardhe, Lepenc and Sitnica: Preliminary Flood Risk Assessment	ENV	EIB	2,500,000	600,000	IPF
5	WB18-SRB-ENV-01	Serbia, Water Supply and Wastewater Treatment in Medium-sized Municipalities VI: Feasibility Studies, Environmental Impact Assessments, Detailed Designs, Tender Dossiers	ENV	KFW	2,400,000	2,400,000	JF
6	WB18-SRB-ENV-02	Serbia, West Morava and Tamiš Sub-river Basins, Infrastructure Programme for Integrated Water Management: Pre-feasibility Studies, Conceptual Designs	ENV	EIB	1,200,000	1,200,000	IPF
(7)	WB18-ALB-ENV-02	Albania, Water Supply and Sewerage Systems in Himara Municipality and Its Coastal Villages: Detailed Design, Tender Dossier	ENV	KFW	4,000,000	1,800,000	
8	WB18-BIH-TRA-01	Mediterranean Corridor (Road CVC), Construction of Konjic	TRA	EIB	3,036,000	3,036,000	IPF

ID	Grant Code	Title	Sector	Lead IFI	Grant € (submission)	Grant [€] (revised)	TA Agent
		(Ovčari) - Mostar North Motorway Section, Subsection Konjic (Ovčari) - Entrance to Tunnel Prenj: Detailed Design, Tender Documentation					
9	WB18-BIH-TRA-02	Mediterranean Corridor (Road Cvc), Construction of Tarčin - Konjic Motorway Section, Subsection Ivan - Ovčari: Feasibility Study, ESIA, Detailed Design	TRA	EBRD	3,536,000	2,500,000	IPF
10	WB18-KOS-TRA-01	Comprehensive Network (Road R6b), Construction of N9 Pristinë - Pejë Highway, Section Kijevë/Klina - Zahaq/Zahac: Detailed Design	TRA	EIB	500,000	500,000	IPF
11	WB18-MKD-TRA-01	Orient/East-Med Corridor (Road R6a), Construction of A4 Skopje - Blace Motorway, Section Interchange Stenkovec - Blace: Detailed Design, ESIA, Tender Documentation	TRA	EBRD	1,010,000	1,010,000	IPF
12	WB18-MNE-TRA-01	Mediterranean Corridor (Road R1), Adriatic-Ionian Highway, Construction of Budva Bypass: Preliminary Design	TRA	KfW	4,000,000	2,500,000	IPF
13	WB18-MNE-TRA-02	Orient/East-Med Corridor, Road R4, Construction of Bar - Boljare Highway: Feasibility Study with Cost-Benefit Analysis	TRA	EBRD	7,687,335	1,300,000	IPF
14	WB18-SRB-TRA-01	Orient/East-Med Corridor (Road R7), Construction of Niš - Merdare Highway, Section Niš (Merošina) - Pločnik (Beloljin): Detailed Design	TRA	EIB	3,000,000	4,800,000	IPF
<b>Total</b>						<b>24,906,000</b>	

The following applications were screened and assessed negatively:

ID	Grant Code	Title	Sector	Lead IFI	Grant [€]
1	WB18-BIH-ENE-01	Revitalization and Modernization of FBiH Oil Storage Capacities (Bihać, Blažuj, Živinice and Mostar Terminals)	ENE	EBRD	1,000,000
2	WB18-KOS-ENE-01	Rehabilitation and Construction of District Heating Systems	ENE	EBRD	1,400,000
3	WB18-ALB-SOC-01	Regional Broadband Infrastructure Development	SOC	EIB	520,000
4	WB18-ALB-SOC-02	Institution for Mentally Ill Detainees	SOC	CEB	260,000

ID	Grant Code	Title	Sector	Lead IFI	Grant [€]
5	WB18-ALB-SOC-03	Study on Socio-Economic Impact of Strategic Infrastructure Investment (NSPP) on National and Regional Development and Scale Up Financing and Impact Investment Model	SOC	EIB	1,100,000
6	WB18-ALB-SOC-05	Municipal Infrastructure Works on the Gate of Alps in Shkodra and Malësi e Madhe	SOC	EIB	1,500,000
7	WB18-ALB-TRA-03	Comprehensive Network (Rail CVIII): Construction of Pogradec – Korca – Greece Border Railway Line	TRA	EIB	2,000,000
8	WB18-ALB-TRA-04	Construction of Two Logistics Centres in Albania	TRA	EIB	1,240,000
9	WB18-SRB-TRA-02	Belgrade Public Transport and Traffic	TRA	EBRD	1,200,000

The **WBIF SC Co-chair Sweden** (Johan Willert) reconfirmed the Bilateral Donors' (BDs) interest in reserving funds for INV co-financing of ENV and SOC projects, thus encouraging the development of a more *balanced pipeline* of projects. With limited funds available, the BD community would like to co-finance one project from INV Round 02, while the remaining funds in the EWBIF can be used for TA grants. **Austria** (Leander Treppel) seconded this and confirmed that both TA and INV grants should be financed from the BD funds.

Given the BD's desire to reserve parts of the BD's resources for INV co-financing, and the limitation of the available funds in the EWBIF (approximately € 8million), the allocation of the following four TA grants totalling €5.96 million to be potentially funded by the Joint Fund was deemed too much:

ID	Grant Code	Title	Sector	Lead IFI	Grant [€] (revised)
1	WB18-ALB-ENV-01	Albania, Water Sector Performance and Investment Programme / Municipal Infrastructure V: Feasibility Studies, Cost-Benefit Analyses, Environmental Impact Assessments, Preliminary Designs	ENV	KFW	1,400,000
2	WB18-BIH-ENV-02	Bosnia and Herzegovina, Regional Sanitary Landfill for Živinice, Banovići and Kladanj: Supervision of Works	ENV	EBRD	360,000
3	WB18-SRB-ENV-01	Serbia, Water Supply and Wastewater Treatment in Medium-sized Municipalities VI: Feasibility Studies, Environmental Impact Assessments, Detailed Designs, Tender Dossiers	ENV	KFW	2,400,000
4	WB18-ALB-ENV-02	Albania, Water Supply and Sewerage Systems in Himara Municipality and Its Coastal Villages: Detailed Design, Tender Dossier	ENV	KFW	1,800,000

Following discussion, **KfW** (Simone Wunsch) agreed to withdraw WB18-ALB-ENV-02 from the current TA Round 18 and to present this GAF to the WBIF SC in summer 2018 for approval.

**In summary**, 14 of the grant applications under TA Round 18 (including WB18-ALB-ENV-02 Water Supply and Sewerage Systems in Himara) were screened and assessed positively. Out of these, 13 will be submitted to the 17<sup>th</sup> WBIF SC meeting for approval with a grant request of €18.946 million against the IPF budget line and €4.16 million from the EWBIF, a total of €23.106 million for TA Round 18.

**EBRD** (Caroline Clarkson) requested the next TA Round 19 to be unrestricted, allowing sub-sectors such as district heating, urban transport and oil storage to be eligible for funding and not to be crowded out by the huge needs in the connectivity sectors. **ECS** (Violeta Kogalniceanu) seconded EBRD's request of an unrestricted TA Round in the ENE sector, otherwise the ENE sector pipeline would dry up.

**DG NEAR** (Wolfgang Schläger) noted the requests for an unrestricted round, but reminded the participants of the limitation of funding making a restrictive approach necessary to concentrate on successfully maturing priority projects. This will need to be addressed with all stakeholders as soon as possible. Any suggestions in the meantime are welcome.

### Status update INV Rounds

**DG NEAR** (Wolfgang Schläger) updated participants on the progress in the implementation of the current INV Rounds. The recent introduction of IPA connectivity investment grants in the WBIF financing structure has required adjustments to the existing WBIF rules, as well as additional specifications. Some GAFs from INV Round 00 and INV Round 01 required revision, because some costs within the WBIF grant were either not reflected (e.g. implementation fees or communication and visibility activities) or were miscalculated (e.g. fees for communication and visibility activities). The revised GAFs from INV Rounds 00 and 01 and the GAFs for this Round 02 will be approved during the 17<sup>th</sup> WBIF SC meeting in Frankfurt.

In the current INV Round 02, the following INV grants were politically endorsed at the Western Balkan 6 summit in Trieste:

ID	Grant code	Description / Title	Lead IFI	Grant [M€]	Loan(s) [M€]	Total project cost [M€]
1	WB-IG01-BIH-TRA-01a	Mediterranean Corridor (Road CVC): Construction of Motorway Section Zenica sjever (north) - Zepce jug (south),	EIB	15.9	66.8	83.9

ID	Grant code	Description / Title	Lead IFI	Grant [M€]	Loan(s) [M€]	Total project cost [M€]
		Subsection Ponirak – Donja Gracanica, PART I Ponirak – Vraca (Exit Tunnel Zenica)				
2	WB-IG01-BIH-TRA-01b	Mediterranean Corridor (Road CVC): Construction of Motorway Section Zenica sjever (north) - Zepce jug (south), Subsection Ponirak – Donja Gracanica, PART II Exit Tunnel Zenica – Donja Gracanica (Entrance Tunnel Pecuj)	EBRD	11.8	50.0	66.9
3	WB-IG01-BIH-TRA-03	Mediterranean Corridor (Road CVC): Construction of Motorway Section Interchange Johovac - Interchange Rudanka	EBRD	15.3	59.6	80.7
4	WB-IG01-BIH-TRA-04	Rhine/Danube Corridor: Reconstruction and Modernisation of the River Port of Brcko (Phase 1)	EBRD	3.1	7.0	10.1
5	WB-IG02-MKD-TRA-01	Core Network, Rail CVIII: Construction of Railway Line Kumanovo - Beljakovce - Kriva Palanka - Deve Bair (Bulgaria Border), Section Beljakovce – Kriva Palanka	EBRD	70.0	75.0	152.3
6	WB-IG02-SRB-TRA-01	Orient/East Med Corridor (Rail CXc): Modernization of Railway Line Nis - Dimitrovgrad - Bulgaria Border	EIB	28.4	24.0	56.4
<b>Total</b>				<b>144.5</b>	<b>282.4</b>	<b>450.3</b>

There are additional INV GAFs from Round 02, which were screened and assessed positive, but need to attract funding to proceed. These are:

Grant Code	Description / Title	Sector	Lead IFI	Grant amount [€]
WB-IG02-BIH-ENV-01	Water and Sanitation in Republika Srpska (WATSAN RS)	ENV	EIB	9,000,684
WB-IG02-SRB-ENV-01	Upgrade of Makis Water and Wastewater Treatment Facilities	ENV	EBRD	3,000,000
WB-IG02-BIH-SOC-01	Construction of the Cultural and Sports Centre Mostar	SOC	CEB	2,550,000
<b>Total ENV &amp; SOC</b>				<b>14,550,684</b>
WB-IG02-BIH-TRA-06	Mediterranean Corridor (Road CVC): Construction of Tarcin - Konjic Motorway Section, Subsection 1: Tarcin - Ivan, PART I: Tarcin - Entrance to Tunnel Ivan (4.9 km)	TRA	EIB	12,049,600
WB-IG02-BIH-TRA-07	Mediterranean Corridor (Road CVC): Construction of Tarcin - Konjic Motorway Section, Subsection 1: Tarcin - Ivan, PART II: Tunnel Ivan (2 km)	TRA	EBRD	11,755,600

WB-IG02-MKD-TRA-02	Core Network (Road CVIII): Rehabilitation and Widening of Kriva Palanka - Deve Bair Border Crossing (Bulgaria) National Road (13 km)	TRA	EBRD	6,672,000
WB-IG02-MKD-TRA-03	Core Network (Road CVIII): Construction of Gostivar - Kicevo Motorway, Section Bukojcani - Kicevo (13 km)	TRA	EBRD	27,312,000
<b>Total Connectivity</b>				<b>57,789,200</b>

The positively screened and assessed INV GAFs in the TRA Sector in Bosnia and Herzegovina are still in the WBIF pipeline. However, the COM will only give an approval once the conditions linked to Bosnia and Herzegovina ensuring enough fiscal space are met.

Regarding WB-IG02-BiH-SOC-01, the Mostar Cultural and Sports Centre, **CEB** (Vitimir Miles Raguz) informed the participants that Bosnia and Herzegovina intends to submit a loan application to CEB after a debt on-take agreement with the Herzegovina-Neretva Cantonal Assembly, which is the last condition precedent for CEB with the Project “Construction of the Cultural and Sports Centre Mostar” to proceed. The authorities plan to list this facility as local contribution in Mostar’s application for European Cultural Capital 2024 status.

The **WBIF SC Co-chair Sweden** (Johan Willert) informed participants of the Bilateral Donors’ wish to allocate the remaining funds (after deduction of the TA Round 18 Joint Fund projects) of approximately €3.8 million to co-finance an ENV or SOC project from INV Round 02. The only and preferred option is the Makis Water and Wastewater Treatment Facilities in Serbia. **EBRD** (Caroline Clarkson) confirmed that, following consultation with donors in 1H 2017, the WBIF grant size had been reduced from €4 million to €3 million and that a client contribution of €1 million was being considered as part of the beneficiary’s 2018 budget planning. **EIB** (Massimo Cingolani) requested that the WATSAN / Water and Sanitation in Republika Srpska be considered for BD contribution, since the project can be conveniently staged in line with the municipalities included. Smaller contributions are therefore possible, and a revised GAF could be submitted.

**DG NEAR** (Wolfgang Schläger) confirmed that the Makis Water and Wastewater Treatment Facilities INV GAF will be submitted to the 17<sup>th</sup> WBIF SC meeting for approval, subject to some clarifications with EBRD. The WATSAN GAF will stay in the WBIF pipeline and will be discussed in the next PFG in spring 2018, subject to available funding and a respective recommendation by the BD community to the WBIF SC.

The *NIPAC* representative of *Bosnia and Herzegovina* (Sabina Dizdarevic) welcomed the participants to Sarajevo.

## WBIF Updates

*DG NEAR* (Wolfgang Schläger) confirmed that positively screened and assessed GAFs, which could not be funded in the current round, do not need resubmission. If, however, a grant's value or scope is revised significantly, for example in the case of the INV GAF WATSAN RS, and the budget is reduced from €9 million to €2-3 million, then a new GAF will be required.

## Presentation draft Monitoring Report

*The WBIF Secretariat* (Stine Andresen) presented cumulative figures including Round 17, by Round, Sector and Beneficiary as well as the INV Co-financing Rounds, exclusive of all cancelled grants. Main facts and figures include:

- 17 Rounds TA Grants & 2 Rounds Investment Grants
- Number of Grants: 240
- Investment Projects supported: 149
- Signed Loans: €5 bn
- Total estimated Loans: €10 bn
- Estimated Investments: €15.5 bn
- Grants value: €645.2

In total 260 grants were approved to support 175 projects; in addition, 4 regional sector studies (advisory services) were assigned to be implemented by IPF. To date, 24 grants were cancelled, out of which one grant was resubmitted in a subsequent round. All cancelled grants were from Rounds 1-10 and led to the withdrawal of financing of 23 projects. Seven more projects were cancelled following the finalisation of WBIF studies; these were either not feasible, or did not materialise due to changes in the Beneficiaries' priorities, or their implementation continued outside the WBIF (National IPA, others). As a result, the current portfolio consists of 240 grants with a total value of €645.2 million, including 4 IPF assignments for advisory services that support 149 projects with investments estimated at €15.5 billion.

*IFICO* (Steven van der Touw) presented the new analytical part of the draft Monitoring Report which shows the SOC sector has the highest leverage, followed by TRA, ENV and ENE. A new section in the report attempts to estimate annual investment requirements of the projects in the MIS based on assumptions such as the average length of implementation. Finally, an estimate of the additional TA and investments required for the WBIF railway sector projects was shown.

**Montenegro** (Maja Vukovic) requested a similar analysis (like the railway sector) broken down into beneficiaries and sectors and asked for guidance from the BD community on their priorities. The **WBIF SC Co-chair Sweden** (Johan Willert) noted that WBIF would appear short of funding if the railway sector assumptions are correct. **EBRD** (Caroline Clarkson) raised concerns about the legitimacy of the analysis, mainly due to the different interpretation of terminology amongst IFIs, and therefore the comparability of data entered in the MIS by the IFIs. **Germany** (Sabrina Brabetz) welcomed the additional analysis and stressed the importance of uniform data application, having a direct impact on the quality of the analysis. **EIB** (Massimo Cingolani) mentioned that the provided analysis might not be entirely legitimate, but does raise the right questions (i.e. are there enough funds to cover the TA of the existing pipeline, etc.).

### ***DG NEAR Update on Connecta***

**DG NEAR** (Davor Kunc) presented an update on the Connecta project, which is a four-year project with an initial budget of € 7 million; Connecta is a rapid reaction force for smaller parts of missing TA intended for the maturing of INV projects in the TRA and ENE sectors, also providing support for the implementation of the Connectivity Reform Measures. Connecta, to date, has received 38 applications for TA, out of which 16 can potentially be supported and 2 are currently implemented (Preliminary design for Budva Bypass in Montenegro and the CBA for the new gas interconnector in Bosnia and Herzegovina). Support in the implementation of the CRMs is provided for the following: (i) Strategic framework for implementation of ITS on TEN-T core network in Western Balkans (ii) Preparation of 5 year maintenance plan for the indicative extension of TEN-T core networks and (iii) Preparation of road safety Inspection and Audit plans for the core/comprehensive networks in Western Balkans. A study for border crossing facilitation and improvement of the cross-border road transport on the indicative extension of TEN-T Road Core/Comprehensive Network in Western Balkans is starting in November 2017 and a Network Resilience assignment might start in 2018.

All Connecta projects are closely coordinated with other initiatives on the ground, for example with the WBG.

### ***Joint Fund Presentation (update)***

**EBRD** (Caroline Clarkson) presented the state of play of the EWBIF, highlighting the contributions to the EWBIF throughout the years and confirmed the currently available balance of € 8 million.

### **Hydropower Strategy update**

**DG NEAR** (Elodie Loppé) gave an update on the progress of the Hydropower Strategy which aiming to identify a more integrated and regional approach for Hydropower in the WBs thus assisting the WB beneficiaries in meeting their 2020 Energy Efficiency targets. The findings were presented at 2 workshops in Podgorica and in Tirana. Stakeholder comments were taken into account and the reports were updated. A final workshop is planned for the 12<sup>th</sup> December in Skopje. The study will further be presented and discussed at a ministerial meeting scheduled early in 2018. At the 25<sup>th</sup> PFG, a final update on the Hydropower Strategy will be presented.

### **PFG Discussion Point: Eligibility of Digital Infrastructure under WBIF**

**DG NEAR** (Wolfgang Schläger) introduced the topic of “Digital Infrastructure” and whether it should be included under the WBIF as an eligible sector. At the Trieste summit in July 2017, the Prime Ministers endorsed a multi-annual action plan for digital development as part of the "Regional Economic Area". The digital action plan focusses on four key policy areas: (i) broadband connectivity, (ii) cyber security, (iii) eSkills and (iv) digitisation of industry. Some initiatives are already being implemented, for example the WBG launched a feasibility study for the "Balkans Digital Highway Initiative"; in addition there is the proposed North Balkans Next Generation Access Network (NOBAL NGA Network)" project, linking Sofia, Bucharest and Belgrade. Moreover, Directive 2014/61/EU requires measures to be realised reducing the cost of deploying high-speed electronic communications networks and synergies should be sought between energy, transport, telecom and other sectors, by reusing existing infrastructure.

PFG Members were asked to comment on whether TA for digital infrastructure should be endorsed as a new additional eligible sector for approval at the 17<sup>th</sup> WBIF SC meeting in Frankfurt on 13 December 2017.

**EBRD** (Ian Brown) listed key EBRD initiatives in the WBs and confirmed EBRD’s support for the adoption of Digital Infrastructure as an eligible sector under WBIF. **EIB** (Liu Po Wen) mentioned the importance of public support to cover the so-called white spots and confirmed EIB’s support of this request. The **WBG** (Alexander Rowland) confirmed the WBGs’ support and mentioned that the first results of the WBG’s “Balkans Digital Highway Initiative” will be available in the first or second quarter of 2018. **ECS** (Violeta Kogalniceanu) also supported this request and offered ECS’s assistance with cyber security. **Albania** (Evis Qaja) confirmed Albania’s priorities to this end and supported the adoption of digital infrastructure. **Montenegro** (Maja Vukovic) confirmed Montenegro’s support. **KfW** (Simone Wunsch) confirmed KfW’s support, but raised concerns about available funding for this new sector, as it should not reduce funding for the traditional WBIF sectors. **Italy** (Raffaella Di Emidio) confirmed Italy’s support for this request. **France** (Gregoire Fauquier) confirmed France’s support, but also seconded KfW’s concern about available funding for this sector.

**DG NEAR** (Wolfgang Schläger) concluded, given this overwhelmingly positive response, that the 24<sup>th</sup> PFG would propose for approval by the SC the inclusion of digital infrastructure as a new and additional eligible sector under the WBIF. Submission would initially be restricted to TA, and approval would be subject to additional funding being made available.

### PPP Institutional Strengthening in the Western Balkans

**EIB/EPEC** (Luigi de Pierris and Knut Gummert) presented the progress of the second WBIF financed study “PPP Institutional Strengthening in the Western Balkans”. The first assignment on PPP (also financed by WBIF) found that PPPs in the WBs experience a relatively high mortality rate (around 50%) and their main weakness lies within the inexperience of the public sector. This second assignment therefore aims to strengthen the public sector capacity in planning, procuring and implementing PPPs and consists of four components: (i) identification of good practices and common challenges, (ii) capacity building for the preparation of PPPs, (iii) development of PPP guidance documents and (iv) preparation of standardised PPP tender documents.

The first two components of this assignment are largely finalised; following the review and analysis of a number of cross sector PPP projects. Interim results show that affordability testing should be carried out, professional advisors should be retained / employed by the authorities and unsolicited proposals should be scaled back. A series of workshops have taken place, where the interim results of the first two components were disseminated and discussed.

Work in progress concerns mainly Components 3 and 4, where “value for money” assessments will be carried out and a “Guide on PPP preparation and procurement” will be disseminated early in 2018 under the former and template PPP tender documentation will be produced under the latter.

**DG NEAR** (Wolfgang Schläger) asked if, out of the reviewed portfolio of projects, there would be any candidates for a PPP under WBIF. **EIB/EPEC** (Luigi de Pierris) informed that there are many candidates for PPP, but none has been reviewed for WBIF suitability. **EBRD** (Donald Mishaxhiu) mentioned that the EBRD is reviewing certain sections of Corridor Vc for *PPP suitability*.

### WBIF Secretariat Updates

#### *WBIF Reporting*

The **WBIF Secretariat** (Stine Andresen) informed participants that WBIF reporting is

now done almost exclusively via the MIS. The MIS is the data base for a number of periodic reports, such as the bi-monthly reports, 6 monthly Monitoring Reports, the Annual Report, etc. Also the MIS is used to extract data for COM briefings; the accuracy of the MIS data is thus essential. The MIS is also used to show (live) statistic overviews on the WBIF website and will also allow for automated reporting as of the next WBIF SC meeting on 13 December in Frankfurt. The website also includes interactive modules, taking data from MIS and has a “page to pdf” function, which can be used for reporting.

### ***Communication & Visibility***

The **WBIF Secretariat** (Stine Andresen) emphasised the ever increasing importance of communication and visibility. A draft communication and visibility plan (C&V Plan) is under finalisation and will be disseminated very soon. It shows the actions to be taken by the various WBIF stakeholders in the run up to and planning of major visibility events in the next calendar year. Once the C&V Plan has been agreed, Guidelines will be circulated on how best to undertake communication and visibility activities for WBIF projects. With the exception of a few visual identity rules, the guidelines will not be prescriptive but will aim to ensure that communication and visibility outputs could then be used by all WBIF stakeholders.

**DG NEAR** (Wolfgang Schläger) mentioned that these C&V guidelines will also complete the Vademecum (last missing Annex). **Austria** (Leander Treppel) was not satisfied by the press release / visibility following the 16<sup>th</sup> WBIF SC, where the BDs decided to co-finance the Podgorica Waste Water Treatment Plant. In addition, there should be a visible distinction between BDs who actively contribute, and those who (e.g. Canada) have been inactive for a number of years or since the EBRD WB Fund was transferred to WBIF. The **WBIF SC Co-chair Sweden** seconded Austria’s concern and asked the WBIF Secretariat to come up with suggestions on how to better reflect and make visible the contributions from the active and main bilateral contributors.

### ***Youth Education Sector Study & NIC Final Report (draft)***

**IFICO** (Falko Josef Sellner) presented the initial findings of both the Youth Education Sector Study (YESS), as a follow-up to the former PFG Co-Chair (CEB) proposal in May 2017, for additional research on SOC and ENV infrastructure gaps in the WBs, and the final NIC report. Both assignments are “work in progress”, the final reports will be disseminated in the near future.

- **YESS**: in general and across the board in the WBs, youth education may be seen as an important and under developed sector, yet, strategies and planning capacities are inadequate; low fiscal space and low interest by IFIs and a mismatch of programs on offer and demands of the labour market, further determine the sector. There is a

potential of around 20 projects for co-financing, for most of those, additional TA will be needed to mature these projects.

- **NIC:** because the current IFICO assignment comes to an end (31 Jan 2018), a final NIC assessment and action plan is being prepared. While the NIC frameworks are largely transposed in all beneficiaries, there are three main areas for further intervention. The first area concerns the deeper integration of the NIC framework into the national budgeting and programming systems; the second one concerns additional TA to be provided to most of the beneficiaries in the operationalisation of the NIC framework (targeted assistance); and the last area concerns the regional cooperation of the various NICs.

### ***VAT exemption***

**DG NEAR** (Elodie Loppé) informed participants that in principle IPA funds are, *per se*, VAT exempt. This principle applies to the national and regional IPA program alike and extends to the EWBJF and in particular to the IPFs, as those are 100% IPA funded, even when managed and implemented by and through the EIB. There are VAT related issues in Bosnia and Herzegovina and in Montenegro. The COM will contact the beneficiaries bilaterally in an attempt to finally resolve these issues and has launched a consultation process to this end with the IFIs.

**Montenegro** (Bojan Vujovic) confirmed that Montenegro has used a “loophole” to exempt first invoices from VAT but encouraged that a global solution to this VAT issue be identified.

### **PFG discussion point: Rotation of PFG Co-Chair & PFG locations**

The **WBIF Secretariat** (Stine Andresen) informed participants that, due to the increased number of partner IFIs, the traditional rotation of the PFG Co-chair (every 6 months) would mean that the winter WBIF SC meetings would only be in Frankfurt and London. Therefore, the 24<sup>th</sup> PFG proposed to extend the PFG Co-chairmanship from 6 to 12 months, starting from January 2018 (and the next PFG co-chair will be EIB). In addition the 24<sup>th</sup> PFG is asked to confirm a change in location, the spring (May) PFG should be held in the region (next time in Skopje) and the autumn PFG (November) should be in Brussels.

All PFG members agreed to the 12 months extension of the PFG Co-chairmanship as of 01 January 2018 and the swap of PFG locations May in the WBs and November in Brussels. The 17<sup>th</sup> WBIF SC will be notified of these changes, and the Rules of Procedure and the Vademecum will be updated accordingly.

### **Bilateral Donors update**

**The WBIF SC Co-Chair Sweden** (Johan Willert) informed participants of the outcome of the BDs' meeting and their nomination of France becoming the WBIF SC Co-chair in 2018.

**France** (Gregoire Fauquier) confirmed the interest and willingness of France to succeed Sweden as the WBIF Co-chair in 2018.

#### **AOB &**

**KfW** (Simone Wunsch) informed participants about the upcoming 17<sup>th</sup> WBIF SC meeting in Frankfurt am Main, Germany. On the 12<sup>th</sup> December, there will be an informal evening event and a formal one on the 13<sup>th</sup> December. Registration to this event is encouraged via the WBIF website under "News and Events" / "Events" / then click "register" in the box on the middle right of your screen. The registration code is "17WBIFSC".

*End of MoM.*