

WESTERN BALKANS INVESTMENT FRAMEWORK

RULES OF PROCEDURE

[Updated version May 2018]

1. General

1.1.1 The Western Balkans Investment Framework (the “**WBIF**”) is a joint initiative of the European Commission (the “**Commission**”), the European Investment Bank (the “**EIB**”), the European Bank for Reconstruction and Development (the “**EBRD**”), the Council of Europe Development Bank (the “**CEB**”) and the Kreditanstalt für Wiederaufbau (the “**KfW**”) (each a “**Partner Organisation**”, collectively the “**Partner Organisations**”), and the World Bank Group (the “**WBG**”) (each a “**Participating Organisation**”, collectively the “**Participating Organisations**”), the Western Balkans beneficiaries listed in Section 3.1.1 below (the “**Beneficiaries**”) and bilateral donors, endorsed by the European Council and aimed to enhance harmonisation and cooperation in investments for the socio-economic development of the Western Balkans.

1.1.2 These Rules of Procedure apply in relation to the WBIF and set out:

- (a) the objectives and general principles of the WBIF;
- (b) the provisions relating to eligibility of projects under the WBIF;
- (c) the governance structure of the WBIF;
- (d) the provisions relating to the processing of project requests for financing under the Joint Grant Facility under the WBIF; and
- (e) the provisions relating to reporting under the WBIF.

1.1.3 These Rules of Procedure and any amendment thereto shall become effective upon their approval by the Steering Committee (as described in Section 4 below) by consensus. If approval by a member of the Steering Committee is given, it shall be deemed as given in compliance with the applicable policies and procedures of that member. The Rules of Procedure and any amendment thereto may also be approved by written resolution. If a Steering Committee member does not submit its response with respect to the written resolution within the timeframe provided for that purpose, it shall be deemed as having approved the written resolution. These Rules of Procedure replace the previous document last amended on 14 June 2012 titled “Terms of Reference for the Joint Grant Facility”.

1.1.4 These Rules of Procedure may be modified at the request of any member of the Steering Committee. Such request, including rationale and justification, shall be submitted to the Steering Committee, via the WBIF Secretariat (as described in Section 4 below).

1.1.5 Any Partner Organisation, Participating Organisation, Beneficiary or bilateral donor may withdraw from the WBIF by providing 6 months' prior notice to the other members of the Steering Committee.

2. Objectives and general principles of the WBIF

2.1.1 From its inception in 2009, the WBIF has primarily aimed at addressing the Western Balkans region's extensive infrastructure investment needs and at supporting the EU accession process of the Beneficiaries.

2.1.2 The WBIF is a blending platform for pooling of grants, loans, other forms of financing, contributions and expertise from the Partner Organisations, the Participating Organisations and bilateral donors to prepare and/or finance priority investment projects contributing to socio-economic development in Beneficiary countries. The WBIF may also support general sector studies and capacity building operations that will assist investment in the Western Balkans region.

2.1.3 The WBIF seeks to increase coherence and synergies among donors and lenders in order to increase the impact and visibility of infrastructure investment in the Western Balkans region. The WBIF also encourages upstream and downstream cooperation and coordination among all project supporters concerned.

2.1.4 Beneficiary ownership, long-term sustainability and a clear financing perspective for the implementation of projects are guiding principles for the WBIF.

2.1.5 The projects to be selected under the WBIF should be consistent with the EU Pre-Accession Strategy and relevant national sector strategies. In the case of sectors for which regional coordination mechanisms exist or may be established in the future, projects should also be consistent with the priorities identified by such mechanisms.

2.1.6 Project proposals may be identified by different stakeholders, including national and local authorities of the Beneficiaries, the Partner Organisations, the Participating Organisations, the bilateral donors, other participating multilateral or bilateral financing institutions, and regional and local institutions and bodies. Project proposals should as a general principle be prioritised and identified in the "Single (National) Project Pipeline" compiled within the remit of a National Investment Committee (NIC)¹ or equivalent national structure,

¹ Set up in 2015, the purpose of the NIC is: a) to increase transparency in the selection process of the investment projects, b) ensure the highest level political commitment for priority investments; and c) improve the coordination of the various actors involved in financing and implementing priority projects.

and submitted to the Steering Committee by the Beneficiaries via their National IPA Coordinators (NIPACs)².

2.1.7 Project proposals shall be consistent with the specific policies, rules and procedures of each source of funding.

2.1.8 Projects selected for support through the WBIF should generally benefit from both financing provided by the financial institutions participating in the Joint Lending Facility (the “**JLF**”) (see Section 2.1.9 below) and financing provided through the Joint Grant Facility (the “**JGF**”) (see Section 2.1.10 below). On an exceptional basis, technical assistance grants may be provided under the JGF for standalone assignments not directly linked to the existence of financing under the JLF.

2.1.9 The JLF is an informal understanding with the purpose of deepening the coordination between the financial institutions participating in the WBIF, complementing the JGF as the second pillar of the joint financing package under the framework of the WBIF.

2.1.10 The JGF is used to provide grant resources to projects supported by loans from participating financial institutions in order to offer to the Beneficiaries an integrated financial package for investments projects. The JGF resources originate from: (i) the European Western Balkans Joint Fund (the “**EWBJF**”); (ii) funds allocated by the Commission under IPA I and II and any forthcoming IPA programs; and (iii) funds allocated by the other Partner Organisations.

2.1.11 The Partner Organisations and the Participating Organisations may also cooperate in setting up other forms of financing, such as financial instruments, in particular for private sector development operations.

3. Eligibility provisions

The following provisions shall apply in relation to selection of projects for financing under the WBIF:

3.1 Geographical coverage

3.1.1 Projects may be eligible for selection for financing under the WBIF if they will be implemented on the territory of one or more of the following Beneficiaries: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo*³.

² NIPAC is responsible for the coordination of programming and monitoring the implementation of IPA in the Beneficiaries of the Western Balkans and Turkey. As IPA represents the biggest source of external aid to the Beneficiaries and is linked to the progress and development needed in the EU accession process, and in line with the local ownership over donor funds and donor coordination as foreseen in the Paris Declaration, the involvement of the NIPAC is of utmost importance for the effectiveness of the WBIF support.

³ *This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the IJC Opinion on the Kosovo declaration of Independence.

3.1.2 For trans-national or regional projects involving one or more of the Beneficiaries but also non-eligible countries, the support provided through the JGF and the JLF will cover only the investment part pertaining to the Beneficiary.

3.1.3 The legal entity benefiting from the grant shall be registered within the Beneficiary country. For trans-national or regional projects involving also non-eligible countries, the institution or body in charge of the investment may be based in a non-eligible country, but the support provided through the JGF will only cover the part of the investment implemented on the territory of the participating Beneficiaries.

3.1.4 Any Beneficiary becoming a member of the European Union will cease to be eligible to present new projects to the WBIF upon its accession. Projects already selected by the Steering Committee for financing under the JGF at the time when a country acceded as a member of the European Union, if any, will continue to be implemented pursuant to the agreed applicable terms and conditions in respect of those projects.

3.2 Eligible sectors

3.2.1 Eligible projects are envisaged to support any sector that contributes to the economic, social and environmental development of the Western Balkans, including:

- (a) Environment including inter alia water supply, waste water treatment, sewage systems, solid waste and hazardous waste management, emission control, flood mitigation measures;
- (b) Energy including inter alia renewable energy, interconnection systems, transmission, co-generation, hydro, gas pipelines;
- (c) Energy efficiency and savings;
- (d) Transport including inter alia railways and inland waterways and further including river ports, roads, seaports, airports, border facilities, inter modal terminals and urban transport;
- (e) Social projects including inter alia schools and education centres, hospitals and health centres, social housing, employment centres and other facilities promoting employability, reclusion centres and other public buildings;
- (f) Digital Infrastructure related projects, covered by the Digital Agenda, adopted at the WB6 summit in Trieste (July 2017) and as further detailed by the WBIF SC;
- (g) Small and medium sized enterprises and private and financial sector support; and

- (h) Other sectors supporting socio-economic development as agreed by the Steering Committee by consensus.

3.2.2 Within the sectors outlined in Section 3.2.1 above, any funds made available under the Instrument for Pre-Accession Assistance (“IPA”)⁴ through the JGF will be used only for the purpose defined in the relevant financing decision adopted by the Commission (following EU member states approval in the IPA Committee) as detailed in the calls for proposals. One of the key priorities for the Commission particularly for investment grants is the connectivity agenda, which recognises that well-developed and interconnected infrastructure for transport and energy between countries in the Western Balkans region and between the Western Balkans region and the European Union is a key driver for economic growth and jobs as well as for attracting new investments.

3.3 Eligible beneficiary entities

Projects selected for financing under the JGF may benefit:

- (a) public entities;
- (b) private entities such as for example, without limitation, entities established within the context of public private partnerships (PPPs), joint ventures or mutual joint ventures;
or
- (c) other entities with mixed public-private capital,

in each case responsible for the management, construction and provision of public utilities and services.

4. Governance structure

The governance bodies of the WBIF are the Steering Committee and the Project Financiers’ Group, each as described below in this Section 4.

4.1 The Steering Committee Functions

4.1.1 The Steering Committee provides strategic orientation on the WBIF and takes decisions related to the selection of projects eligible for JGF grant support. The Steering Committee does not (i) decide on allocation of grants under each source of funding under the JGF or (ii)

⁴ See Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) (OJ L 210, 31.7.2006, p.82), and Regulation (EU) No.231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-Accession Assistance (IPA II) (OJ L 77, 15.3.2014, p.11).

participate in any allocation decisions under the JLF. An approval by the Steering Committee is a precondition for any financial support under the JGF.

4.1.2 The Steering Committee has the following strategic, operational and supervision tasks:

- (a) **Strategic tasks:** The Steering Committee provides strategic guidance and advice by consensus on the strategy and policies of the WBIF and of the JGF through:
 - i. Advice and guidance on the achievement of the WBIF objectives;
 - ii. Advice on long-term strategic objectives of the JGF in line with the EU Pre-Accession Strategy;
 - iii. Review of eligibility criteria as set out in Section 3 above, these Rules of Procedure and other policy issues of the JGF.
- (b) **Operational tasks:** The Steering Committee approves the selection of projects eligible for JGF grant support. The Steering Committee may decide to reject grant requests for financing under the JGF, or to refer them back to the Project Financiers' Group for further screening and re-submission.
- (c) **Supervision tasks:** The Steering Committee will supervise and review the operations of the JGF.

4.2 The Steering Committee Structure and Composition

4.2.1 **Members:** The Steering Committee is composed of representatives of the Partner Organisations, the Participating Organisations and the contributors to the EWBJF each of which appoints up to two representatives. Experts and/or advisers from the lead financial institutions responsible for project implementation can attend, as appropriate, for the projects of their competence.

4.2.2 **Chairmanship:** The Steering Committee is co-chaired by the Commission (permanent) and one of the contributors to the EWBJF (on a rotating basis every 12 months) holding the Chair of the Assembly of Contributors of the EWBJF.

4.2.3 **Observers:** The Beneficiaries and EU member states not contributing to the EWBJF as well as the Regional Cooperation Council and other expert bodies associated with the regional networks will be invited to the Steering Committee meetings for discussions on strategy and policy orientations of the WBIF. Other donors actively engaged in the Western Balkans as well as other stakeholders in the region may be invited by the Chairs as observers to the discussions.

4.3 The Steering Committee Methods of Work

4.3.1 **Meetings:** The Steering Committee meets at least twice a year, in principle in the headquarters of one of the Partner Organisations or in the country of the Co-chair of the Assembly of Contributors of the EWBJF upon its request. Meetings may also be organised in the Beneficiary countries. The WBIF Secretariat proposes an agenda for these meetings which is approved by the Co-chairs and issued at least 3 weeks before the meeting.

4.3.2 **Decision making system:** The Steering Committee will seek decisions by consensus for the selection of projects eligible for JGF grant support. The responsibility for deciding on the allocation of the funds follows the management responsibilities of each funding source (i.e. the Commission for its bilateral contributions, the Partner Organisations for their respective contributions, and the EWBJF contributors for the resources of the EWBJF in accordance with the General Conditions of the EWBJF).

4.3.3 **Administrative support:** The WBIF Secretariat provides the necessary administrative support for the organisation, running and follow-up of the meetings of the Steering Committee. The Co-chair of the Assembly of Contributors of the EWBJF or the Partner Organisations will take care of the logistics support and administrative support needed at the meeting, in case it hosts the meetings. The WBIF Secretariat will draft conclusions of the meetings and seek adequate input from participants so that the Co-chairs of the Steering Committee can finalise them. The final conclusions will be issued at the latest 3 weeks after the meeting.

4.3.4 **Costs:** Members of the Steering Committee and any other participant shall not receive from the JGF any form of remuneration for their participation in the Steering Committee, nor any other compensation associated with their status including any costs incurred by them in relation to travelling to and attending the Steering Committee meetings.

4.4 The Project Financiers' Group

4.4.1 The Project Financiers' Group (the “**PFG**”) provides a single entry point for requests for grant support through the JGF. The PFG is responsible for screening and assessing requests for financial support through the JGF. The main objective of the screening and assessment is to prioritise projects eligible for JGF grant support to be submitted for selection by the Steering Committee.

4.4.2 The member institutions of the PFG shall make available technical expertise within their organisations to facilitate this task. It submits grant requests to the Steering Committee and monitors the implementation of grant operations or other measures once approved pursuant to the policies, rules and procedures of each source of funding. This process is structured in the phases described in Section 5 below.

4.5 The PFG Structure and Composition

4.5.1 **Members:** The PFG is composed of representatives of the Partner Organisations, Participating Organisations and bilateral financial institutions or development agencies of EWBJF contributors participating on equal terms as the Partner Organisations to the JGF, and abiding to the principles of the JGF. All donors to the JGF, EU member states, and the

Beneficiaries will be kept regularly informed about the work of the PFG and all grant requests sent to the PFG will be made available for information following their submission. Each PFG Member appoints representatives as regular members of the PFG. For the technical work of the PFG, each PFG member will draw from technical and/or sector expertise available within its organisation.

4.5.2 **Chairmanship:** The PFG is co-chaired by the Commission (permanent) and by another Partner Organisation (on a rotating basis every 12 months), each leading for the matters of its competence.

4.5.3 **Liaison with other actors:** The PFG will ensure timely and effective liaison:

(i) between its members; and

(ii) via the WBIF Secretariat with the Beneficiaries (NIPACs, NICs and other relevant Beneficiary institutions), the Regional Cooperation Council and other regional bodies set up by the Beneficiaries, as well as with the contributors to the EWBJF and with other donors and international financial institutions operating in the Western Balkans.

4.6 The PFG Methods of Work

4.6.1 **Work Programme:** The PFG adopts an annual calendar of meetings, which takes into account the meetings of the Steering Committee.

4.6.2 **Reporting:** The PFG receives semi-annual monitoring reports in line with Section 6.3.1 below.

4.6.3 **Technical expert inputs:** The PFG will be assisted, when needed, by the technical expertise within the PFG members. To this aim and where appropriate, technical experts from each PFG member can be invited to attend meetings of the PFG to provide an opinion on projects requiring their technical expertise.

4.6.4 **Frequency of meetings:** The PFG meets at least twice a year, in accordance with the agreed annual calendar. In addition to these regular meetings, the PFG may decide to hold additional *ad hoc* meetings or video/teleconferences to discuss projects and issues that require immediate action.

4.6.5 **Location of meetings:** The regular meetings of the PFG shall normally be held at the premises of the Commission in Brussels. Alternatively, the PFG can decide to hold meetings in a different location, to be agreed.

4.6.6 **Administrative support:** The Co-chairs of the PFG will each ensure that adequate administrative support is provided in terms of administrative, logistical and organisation functions for the tasks directly under their responsibility. To this aim, a contact point for administrative support will be appointed in each PFG member referred to in Section 4.5.

4.6.7 *Costs*: The representatives of the PFG, as well as the experts attending the meetings, shall not receive any form of remuneration, notably from the JGF, for their participation in the PFG nor any other compensation associated with their status including any costs incurred by them in relation to the travelling to, and attending of, the PFG meetings.

4.7 The WBIF Secretariat

4.7.1 The WBIF Secretariat is hosted by the Commission. Its main role is to prepare, support and implement decisions of the PFG and the Steering Committee.

4.7.2 The WBIF Secretariat shall maintain the working relationship with the Beneficiaries, via the NIPACs who are the direct link between the WBIF stakeholders and the NICs or equivalent national structures for project prioritisation. The WBIF Secretariat fulfils the work programme with the help of consultants who conduct horizontal tasks of an advisory and logistical nature within the remit of the IFI Coordination Office.

4.7.3 The WBIF Secretariat, supported by technical assistance, which can be financed by any donor, where relevant, conducts the following main tasks in conjunction with the IFI Coordination Office and can in addition be mandated to other relevant tasks following a Steering Committee decision:

Coordination

- i. Maintain strong communication channels between the NICs, charged with prioritising national investments, and the WBIF stakeholders, on the financing of regional projects through the JGF and the JLF, to ensure strong coordination throughout the implementation of the WBIF work programme;
- ii. Plan, prepare and coordinate the work programme of the WBIF, setting the meeting agendas, preparing documents for the PFG and the Steering Committee and arranging meeting logistics;
- iii. Monitor grant resources, so as to ensure, as much as possible, their effective allocation ensuring alignment with the national investment priorities confirmed by the NICs and EU's pre-accession strategies for the Western Balkans region;
- iv. Coordinate the screening and assessment of projects eligible for JGF grant support;

Administrative support

- v. Manage the selection process of the grant requests submitted to the PFG;
- vi. Launch and organise the consultation process, including screening and assessment, on the submissions of project proposals, in coordination with the regional networks, the participating financial institutions, the EU Delegations responsible for implementing

the IPA national programmes and the relevant line Directorates-General (DGs) of the Commission;

- vii. Prepare and organise the PFG and Steering Committee meetings, report on the results and next steps, keep a record of the relevant decisions and achievements and provide such administrative support set out in Sections 4.3.3 and 4.6.6 above;

Implementation

- viii. Keep track of the activities of the EWBJF, noting that the co-managers (EBRD and EIB) are entrusted to administer the EWBJF pursuant to the General Conditions of the EWBJF;
- ix. Administer and adapt, as necessary, the Management Information System (“MIS”) to track the progress of the grant activities and related investment projects including loan activities as a basis for consolidated reporting activities;
- x. Implement, as required, specific tasks of the PFG or the Steering Committee, including tasks linked to future evolution of the WBIF;
- xi. Keep track of the implementation of the IPF contracts;

Communication and Reporting

- xii. Compile and/or produce the reports as set out in Section 6.3.below;
- xiii. Ensure visibility of all grant resources available under the WBIF through relevant media including WBIF Annual Report, press releases, local conferences/meetings, dedicated official website: www.wbif.eu etc.; This does not replace but is complementary to the visibility actions at project level ensured by the relevant lead financial institutions responsible for project implementation; and
- xiv. Keep the dedicated official website www.wbif.eu updated.

5. Specific provisions relating to selection of projects for financing under the JGF

5.1 Processing of project requests and implementation of grant operations

5.1.1 As noted at Section 2.1.10 above, the JGF resources are intended to be used principally to support operations for which loans are jointly provided by participating financial institutions cooperating in the framework of the JLF.

5.1.2 The process for selection of projects by the Steering Committee eligible for JGF grant support is coordinated by the PFG and consists of the following key phases:

5.2 Phase I: Planning and prioritisation of projects

5.2.1 In this phase, projects are identified and discussed jointly by the Beneficiaries, bilateral and other potential donors and participating financial institutions, and agreed via the NICs or equivalent national structures for project prioritisation (for projects proposed for an investment grant). This process includes the following elements that may run partially or fully in parallel, depending on the degree of maturity of the projects under consideration:

- (a) Upstream discussions on potential investment projects are initiated by NIPACs in coordination with EU Delegations, financial institutions and interested donor representatives on the ground. Potential implementing institutions and/or investors in the Beneficiaries should also be involved in these discussions. This coordination work aims at ensuring that requests for support from the JGF are consistent with relevant National (Sector) Strategies, investment plans, national budgets and relevant IPA programmes. In this context, it should also enable identification, together with other concerned stakeholders, of the questions that need to be addressed by the PFG during the screening and assessment of proposed projects. In the case of investment grant proposals, these discussions will normally take place within the framework of the NICs or equivalent national structure for project prioritisation, responsible for compiling and managing Single (National) Project Pipelines;
- (b) The Commission and Lead Financial Institution may organise joint missions to help coordinate the priority investments between the Beneficiaries and potential project donors and financiers and to support the Beneficiaries to make the best possible use of the joint grants and loans resources available under the WBIF and from other financing sources, including from other donors and financial institutions operating in the Western Balkans region.

5.3 Phase II: Call for proposals

5.3.1 The Steering Committee will decide on a regular basis to call for proposals. Particular eligibility criteria or other specifications may apply to individual calls for proposals, subject to the Steering Committee's decision.

5.3.2 The WBIF Secretariat will manage the implementation of any decisions taken pursuant to paragraph 5.3.1 above.

5.4 Phase III: Submission of grant requests to the JGF governing bodies

5.4.1 As a result of Phase I, the requests for grant support shall be submitted to the PFG by the Beneficiaries by way of a WBIF specific grant application form together with an accompanying letter signed by the NIPAC which confirms the Beneficiary's commitment to the projects submitted, that the Lead Financial Institution has been consulted and, in the case of an investment grant, acknowledges that there is adequate fiscal space for its implementation. Grant requests shall be submitted according to the deadlines confirmed by the Steering

Committee. For the purposes of the application process, the MIS platform developed by the WBIF Secretariat shall be used.

5.4.2 Project proposals submitted to the Steering Committee shall explicitly mention any complementarities or coherence with projects supported or planned for support under the IPA National Programmes (for implementation by the EU Delegations or by the Beneficiaries' authorities) and/or other donors activities, by providing at least a preliminary indication of the type and amount of donor support that the investment project may receive from various sources.

5.4.3 To facilitate the effective screening and assessment of the grant requests, the Beneficiaries shall submit a duly completed grant application form, in the form as approved by the Steering Committee and published in the call for proposals. Different formats are used for technical assistance and investment grants respectively.

5.5 Phase IV: Project Screening

5.5.1 In this phase, the grant requests presented by the Beneficiaries are analysed under the lead of the Commission with the possible participation of concerned bilateral donors. The screening work aims at drawing a list of eligible projects ready for the assessment phase. It focuses on the following activities, in particular checking the eligibility of grant requests and related investment projects as defined under Section 3 above:

- Activity 1: Ensuring Beneficiary ownership.
- Activity 2: Assessing project consistency with national (sector) strategies, national and regional investment plans, IPA priorities, and the project potential for IPA support (outside the WBIF) or other donor funding.
- Activity 3: Assessing project consistency with EU policies (pre-accession agenda, sector priorities, competition rules etc.) drawing from and involving the EU Delegations, line Directorates General (DGs) and Neighbourhood and Enlargement Negotiations (NEAR) geographical teams.
- Activity 4: Assessing eligibility of projects for support from the JGF and the appropriate mix of funding sources against the general eligibility rules set out in Section 3. Specific eligibility rules may be set out in the calls for proposal from time to time.

5.6 Phase V: Project Assessment

5.6.1 Grant requests considered eligible under the JGF are assessed, under the lead of the participating financial institution, against technical quality, compliance with environmental and social standards including the promotion of gender equality, procurement requirements, financial and economic sustainability, credit risks and legal aspects.

5.6.2 In this phase at the latest, a “**Lead Financial Institution**” will be identified among the EBRD, EIB, CEB, KfW, WBG or other financial institutions approved by the Steering Committee to participate in the WBIF, which intends to co-finance the project via a loan. The Lead Financial Institution will lead the project assessment phase and coordinate the lending

process among co-financiers and the implementation of the JGF grant support once approved pursuant to the policies, rules and procedures of each source of funding.

5.6.3 The project assessment phase can be run in parallel with the project screening phase depending on the nature and quality of the request, and needs to duly take into account the due diligence and approval processes of the relevant co-financiers of the project, including in respect of the timeframe required to perform them.

5.6.4 The PFG may seek the support of external resources, particularly regarding the assessment of grant co-financing requests for large infrastructure projects. These external resources may include staff of the Commission, relevant financial institutions, bilateral donors and outside experts.

5.6.5 Key activities for the project assessment phase are:

- Activity 1: Technical aspects, environmental and social standards, procurement, financial and economic sustainability, credit risk, legal aspects;
- Activity 2: Consistency with the policies and procedures of the relevant Lead Financial Institution;
- Activity 3: Analysis and estimation of needs, including in terms of technical assistance;
- Activity 4: Financial structuring and/or identification of lending under the JLF (only the Lead Financial Institution), dependent on available information;
- Activity 5: Identification of the Lead Financial Institution and possible mutual reliance;
- Activity 6: Link with project borrowers and promoters on technical and financial aspects;
- Activity 7: Exchange of information among financial institutions involved in financing the project, dependent upon the respective disclosure rules (e.g. pricing, conditionality);
- Activity 8: Fiscal space available for the accompanying loan in the case of investment grants requests.

5.6.6 The following criteria (not in order of priority) will be used to assess and prioritise the eligible projects:

- (a) ***Rationale for use of grant funds***: Based on the justification for the use of grant funds provided in the grant application form, the PFG will further analyse the economic justification for the request and the intended use of grants for the project. The PFG will examine the leverage of the grant and the loan(s); the value-added to final beneficiaries in terms of social impact, acceleration, targeting or quality enhancement of project preparation, delivery and operation; and the financial, social and environmental sustainability of the project to which the grant contributes;

- (b) **Financing Perspective:** Proposals should be accompanied by a clear perspective of financing from the JLF and an indication of possible additional grant funding from IPA National Programmes and/or other donors and from the Beneficiary's own (national) budget. In particular, for investments where the affordability necessitates substantial donor grant support in addition to loans, it should be verified whether the project has received earlier support from an EU Programme or if there is planned or potential further support from IPA outside the WBIF (National Programmes implemented locally), and/or from other donors, for the implementation of the project. Also the fiscal space regarding the loan component has to be checked with due consideration to the implementation timetable. This does not preclude approval of projects that require upstream work, e.g. feasibility studies, and thus need not necessarily already have a financing perspective at that time. At the same time an indication of the maturity and readiness for implementation of the project should be provided. If a project is not ready for a reasonable timely start for any reason, the PFG will include it in the reserve list of grant requests ready to be presented again when the conditions are favourable;
- (c) **Regional/Cross-Border Impact:** Projects with a strong regional and/or cross-border impact will have a higher priority than those restricted to local impacts;
- (d) **Conformity with socio-environmental standards:** Proposed investment projects should meet the policies and standards of the EU and the relevant financial institutions on social issues, the environment, and threats against all categories of human rights and against ensuring equal opportunities;
- (e) **Economic and Financial soundness:** It is recognised that proper assessment can only be done after the availability of a Feasibility Study/Report. The assessment of economic and financial soundness will be done by the Lead Financial Institution, in coordination with the co-financing financial institutions, using their normal internal processes with respect to JLF financing for the project. Proposals to the JGF should only be made if the underlying JLF investments have a perspective of economic viability;
- (f) **Capacity of Beneficiary institutions:** The Beneficiary institutions must have a reasonable capacity to define their investment plans, to procure and implement the project, possibly supported with some specific technical assistance;
- (g) **Maturity assessment** (compulsory for investment grants): Project planning and prioritisation (Section 5.2) is based on the principle that projects are at an advanced stage of preparation and the implementation of the works shall commence within a reasonable timely period after the selection of the project for financing under the JGF by the Steering Committee. Projects will be individually assessed on their level of maturity and, as a general rule, more mature projects will be given priority over less mature ones;

- (h) ***Grant application form completeness:*** The grant application form should at the time of submission provide sufficient information on indicative budget (project costs and financing plan), expected results measured by appropriate indicators, an indicative project calendar and the monitoring, reporting and evaluation set up.

5.6.7 Following the project screening and project assessment phases, the PFG will establish and update the JGF project pipeline with priority and reserve lists of projects which are eligible under the JGF.

5.7 Phase VI: Approval

5.7.1 The members of the PFG will endeavour to agree by consensus on the grant requests for submission to the Steering Committee, and issue them at least 3 weeks before the Steering Committee meetings.

5.8 Phase VII: Implementation

5.8.1 Implementation of grant support from the JGF will follow the policies, rules and procedures of the relevant funding source. In particular:

- (a) In the case of financial allocations made by the Commission to the JGF under the IPA I and II and which are not contributed to the EWBJF, the funds are managed either directly by the Commission, in accordance with the relevant provisions of the Financial Regulation, or indirectly by delegating the implementation to a Lead Financial Institution or the Beneficiary under such terms and conditions as agreed with the Commission;
- (b) In the case of financial allocations made by the other Partner Organisations to JGF and which are not contributed to the EWBJF, the funds are managed by the relevant Partner Organisation in accordance with its rules and procedures;
- (c) In the case of financial allocations made available from the EWBJF, the funds are managed by the Lead Financial Institution under the terms of the General Conditions of the EWBJF.

5.8.2 Once projects are approved and ready for implementation, for each project, relevant contacts will be identified from the Lead Financial Institution, the Commission or the relevant EU Delegation, and the Beneficiary institution, with the purpose to follow-up in a coordinated manner on the project implementation progress and project completion. The Lead Financial Institution, the Commission and the Beneficiary will jointly ensure adequate coordination and organisation of visibility activities before, during and at the end of the project implementation, in particular for the co-financing of large investment projects.

6. Reporting

A number of reports that focus on various aspects of the WBIF implementation are produced by different entities under the WBIF as follows:

6.1 Reports under the Joint Grant Facility

6.1.1 Reports provided pursuant to the General Conditions of the EWBJF

(i) Each Lead Financial Institution will prepare the annual implementation report in accordance with paragraph 5.06 of the General Conditions of the EWBJF. The EIB, in its capacity as a manager of the EWBJF, will provide to the Assembly of Contributors of the EWBJF a summary implementation report in accordance with paragraph 3.03 (d) of the General Conditions of the EWBJF based on the annual implementation report prepared by each Lead Financial Institution.

(ii) The EBRD, in its capacity as a manager of the EWBJF, will provide to the Assembly of Contributors of the EWBJF the annual financial statements of the EWBJF and a financial summary relating to the EWBJF in accordance with paragraph 3.03 (c) of the General Conditions of the EWBJF.

6.1.2 Infrastructure Preparation Facility (IPF)

A semi-annual monitoring report based on information provided by the IPF contractor shall be submitted to the WBIF Secretariat by 30 April and 31 October. The data should be made available through MIS, whereby the data input is to be ensured by the relevant Contracting Authority of the relevant IPF.

6.2 Reports at WBIF level

6.2.1 Semi-annual monitoring reports

A high-level report extracting key data from the annual implementation report, the IPF reports and information provided on the joint lending activities will be compiled by the WBIF Secretariat based on data extracted from MIS.

This report shall be submitted to the PFG four weeks before the semi-annual PFG meetings, in order for the PFG to make informed recommendations to the WBIF Steering Committee.

6.2.2 Annual WBIF Report

A report highlighting the main achievements of operations under the WBIF, presenting a financial overview of funds used and any other information considered relevant and of interest to the wider public shall be produced by the WBIF Secretariat.

6.3 Other reports

Additional reports may be produced under the relevant policies, rules and procedures applicable to each source of funding under the WBIF.