



# Western Balkans Investment Framework A Guide



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# Foreword

The Western Balkans Investment Framework (WBIF) is a multifaceted and elaborate cooperation structure supporting infrastructure investment, private sector development and energy efficiency in the Western Balkans accession countries where numerous stakeholders play different roles. Information on its set-up, governance, functioning and implementation can be found in many different documents and in the practical know-how and experience of those who have worked to make the WBIF the successful undertaking it is today. The purpose of this Guide is therefore to put on paper, in one central place, an overview and explanation of all that information, needed to understand the WBIF and its working arrangements.

The Guide does not establish any new rules, procedures or processes but merely describes and explains those currently in force.

The Guide will be updated regularly with improvements and clarifications where necessary. Those updates will be presented at the Project Financiers' Group (PFG) for comments and notified to the WBIF Steering Committee.

The Guide consists of three chapters:

- **Chapter 1** provides an overview of the WBIF by explaining in brief its objective, stakeholders, governance, eligibility rules, and its working arrangements.
- **Chapter 2** provides a description of the grant and project selection and assessment processes.
- **Chapter 3** provides a description of grant and project implementation processes, including reporting on WBIF operations, amendments to the grant application forms, and the cancellation of grants. An overview of communication and visibility activities and examples, and information on the WBIF Management Information System (MIS) is also offered in this chapter.

# Abbreviations and acronyms

AFD	Agence Française de Développement
CEB	Council of Europe Development Bank
CIF	Chamber Investment Forum
CONNECTA	Connectivity Technical Assistance Facility
DG ENER	Directorate-General for Energy
DG MOVE	Directorate-General for Mobility and Transport
DG NEAR	Directorate-General for European Neighbourhood Policy and Enlargement Negotiations
DNP	Defect Notification Period
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECS	Energy Community Secretariat
EE	Energy Efficiency
EFSE	European Fund for Southeast Europe
EIB	European Investment Bank
EIF	European Investment Fund
ENE	WBIF Energy Sector
ENV	WBIF Environment Sector
EU	European Union
EUBEC	EU Platform for Blending in External Cooperation
EUD(s)	European Union Delegation(s)
EWBJF	European Western Balkans Joint Fund
FAC	Final Acceptance Certificate
FIDIC	Fédération Internationale des Ingénieurs-Conseils
FMO	Netherlands Development Finance Company
GAF(s)	Grant Application Form(s)
GC	General Conditions
GGF	Green for Growth Fund
IFC	International Finance Corporation
IFI(s)	International Financial Institution(s)
IFICO	IFI Coordination Office

INV	Investment grant, co-financing support
IPA	EU Instrument for Pre-Accession Assistance
IPF(s)	Infrastructure Project Facility(ies)
JASPERS	Joint Assistance to Support Projects in European Regions
JF	Joint Fund
JGF	Joint Grant Facility
JLF	Joint Lending Facility
KFW	Kreditanstalt für Wiederaufbau
Lead IFI	Lead Financial Institution
MIS	Management Information System
NIPAC(s)	National IPA Coordinator(s)
NIC(s)	National Investment Committee(s)
OECD	Organisation for Economic Co-operation and Development
OeEB	Development Bank of Austria
PAC	Provisional Acceptance Certificate
PECI(s)	Projects of the Energy Community Interest
PFG	Project Financiers' Group
PG	Paris Group
PIU	Project Implementation Units
PMI(s)	Projects of Mutual Interest
PMU	Programme Management Unit
PPP	Public Private Partnership
PSD	WBIF Private Sector Development Sector
R&D	Research and Development
RCC	Regional Cooperation Council
REEP	Regional Energy Efficiency Programme
RoP	Rules of Procedure
SC	Steering Committee
SEE	South East Europe
SEETO	South East Europe Transport Observatory
(M)SME	(Micro,) Small and Medium-sized Enterprise
SOC	WBIF Social Sector
SPP	Single Project Pipeline
SSPP	Single Sector Project Pipeline
TA	Technical Assistance
TEN-T	Trans-European Transport Network

TOC	Take Over Certificate
ToR	Terms of Reference
TRA	WBIF Transport Sector
VAT	Value Added Tax
WB6	Western Balkans Six
WBG	World Bank Group
WBIF	Western Balkans Investment Framework
WB EDIF	Western Balkans Enterprise Development and Innovation Facility

# Glossary

**Assembly of Contributors:** the governing body of the EWBJF (the Joint Fund). It consists of representatives of the contributors to the Joint Fund. The members of the Assembly of Contributors are members of the Steering Committee of the WBIF. The Chair of the Assembly of Contributors is the Co-chair of the Steering Committee.

**Beneficiaries:** Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia and Serbia.

**Berlin Process:** EU initiative aimed at revitalising the ties between the Western Balkans and the EU Member States as well as those amongst the Western Balkan countries.

**Connectivity Agenda:** The 'Connectivity Agenda', is a concept developed under the umbrella of the Berlin Process with the aim of better connecting the Western Balkans both internally and with the EU, through infrastructure projects along vital transport and energy corridors based on the EU trans-European network approach. Since the summer of 2015, the annual Western Balkan 6 Summits endorse an annual package of investment projects and review the progress of earlier adopted projects and associated reform measures.

**General Conditions (GC):** regulate the administration of the resources in the Joint Fund and the implementation requirements for grants funded by the Joint Fund. The General Conditions were approved and went into force at the 14th WBIF SC meeting in Oslo (16 – 17 June 2016).

**Grant Application Form (GAF):** is a standardised template the beneficiaries use to apply for WBIF funding, i.e. TA and INV grants. Upon approval by the SC, the GAF becomes part of the contractual framework.

**GAF Guidelines:** instructions to the applicants outlining generic and specific conditions applicable to all calls for applications. It also details further the GAFs. The Guidelines are updated as needed, following the WBIF SC meetings.

**GGF (Green for Growth Fund):** The Green for Growth Fund is a structured fund which provides financing for energy efficiency and renewable energy in Southeast Europe, including Turkey as well as the Eastern Neighbourhood.

**IFI Coordination Office (IFICO):** is a service provider procured and financed by the EC supporting the WBIF Secretariat with its tasks. The IFICO team is based in Brussels with a secondary office in the Western Balkans.

**Infrastructure Project Facility (IPF):** is a technical assistance facility implementing grants allocated by the WBIF Steering Committee. The IPFs are funded by the European Commission. IPF 1, 2 and 3 were managed by the EC directly; subsequent IPFs are managed by the EIB.

**Instrument for Pre-accession Assistance (IPA):** the Instrument for Pre-accession Assistance (IPA) is the means by which the EU supports reforms in the 'enlargement countries' with financial and technical help.

**Joint Fund:** The European Western Balkans Joint Fund (EWBJF) is a bank account held by the EBRD where donor funds are pooled together.

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\*This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

**Lead Financial Institution (Lead IFI):** is a multilateral or bilateral financial institution which supports a given project and provides a loan once the project is mature. The following financial institutions are Lead IFIs: CEB, EBRD, EIB and KfW. The World Bank is currently Lead IFI for only one specific project.

**MIS or the WBIF Management Information System:** is a software platform accessible for key WBIF stakeholders, including those from participating platforms like WB EDIF, through [www.wbif.eu](http://www.wbif.eu), based on individual usernames and passwords. The MIS is used for carrying out specific project and grant-management tasks as well as for the storing WBIF data and information.

**National Investment Committee (NIC):** is the national decision-making body, usually chaired by the Deputy Prime Minister or the Minister of Finance, where the Single Project Pipeline is formally endorsed. The NIC has a technical secretariat preparing the SPP for the NIC.

**National IPA Coordinator (NIPAC):** is the national body responsible for the overall coordination and monitoring of EU assistance under all IPA Components. Contact details for the NIPACs can be found on the WBIF website.

**Partner Organisations:** are the EC, EBRD, EIB, and CEB which agreed to establish the WBIF in February 2008. KfW was approved a Partner Organisation by the SC meeting in June 2017.

**Participating Organisation:** is any organisation other than the Partner Organisations approved by the Steering Committee of the WBIF to participate in the WBIF. Currently the AFD and the World Bank are Participating Organisations.

**Paris Group (PG):** comprises representatives of the European Commission, Lead IFIs and the Bilateral Donor Co-Chair. The term is used in association with regular technical meetings which take place after the screening and preliminary assessment of WBIF grant applications and before the Project Financiers' Group meetings.

**Projects of Energy Community interest (PECI) and Projects of mutual interest (PMIs):** These are concepts introduced by the Regulation (EU) 347/2013. 'Project of Energy Community interest' means a project necessary to implement the energy infrastructure and which is part of the list of projects of Energy Community interest referred to in Article 3 of the REGULATION (EU) 347/2013 on guidelines for trans-European energy infrastructure and repealing Decision 1364/2006/EC and amending Regulations (EC) 713/2009, (EC) 714/2009 and (EC) 715/2009. When the project directly crosses the border of one or more Contracting Parties and one or more Member States, in order to be considered a project of Energy Community interest, it will be first granted a status of project of the common interest within the European Union. A project that directly crosses the border of one or more Contracting Parties and one or more Member States, which is not granted a status of project of the common interest within the European Union, may be developed on voluntary basis as a project of Mutual Interest.

**Project Financiers' Group (PFG):** comprises representatives of the European Commission, Partner Organisation, Participating Organisation, Bilateral Donors, Beneficiaries, and other key WBIF stakeholders. The term is used in relation to the PFG meetings which are held twice per year, (normally May and November) ahead of the WBIF Steering Committee meetings. These meetings include: a) a closed session with representatives of the European Commission, Partner and Participating Organisations, and Bilateral Donors. This session is dedicated to discussing grant applications submitted under a given call with the purpose of agreeing on a selection of grant requests that would be submitted to the WBIF SC for approval, and b) an open session (with all PFG members and invitees) where horizontal policy and strategy issues are discussed.

**REEP (Regional Energy Efficiency Programme):** this programme combines crucial medium- to long-term financing

with tailor-made technical assistance and support for key policies to boost energy efficiency and renewable energy investments in both the private and public sectors in the Western Balkans. The main partners in the REEP are the Commission, EBRD and KfW.

**Rules of Procedure (RoP):** Formal agreement approved by all members of the WBIF Steering Committee, laying down the WBIF's structures and procedures. The latest approved version dates back to the 14th WBIF SC meeting in Oslo, on 16 - 17 June 2016.

**Single Sector Project Pipeline (SSPP) and Single Project Pipeline (SPP):** The SSPP is a list of strategically relevant and prioritised projects, submitted by each Line Ministry to the NIC technical secretariat for further financial programming. Mature, top priority projects are selected by the NIC technical secretariat, as appropriate, to form the Single Project Pipeline (SPP), which is submitted to the NIC for approval.

**Sources of financing:** this term comprises all funds which are channelled through the WBIF and which originate from the European Commission's Instrument for Pre-Accession (IPA), 20 Bilateral Donors, loans from the Lead IFIs, and national financing.

**Steering Committee:** consists of representatives of the European Commission, Participating Organisations, Partner Organisations, Bilateral Donors, beneficiaries, and other key WBIF stakeholders. The SC meets twice per year (June and December), when the Assembly of Contributors decides on the grant applications recommended by the PFG. In addition, the SC monitors the WBIF project portfolio and discusses policy and strategy issues as well as any changes needed to the WBIF governance structure.

**Western Balkan 6 (WB6):** Six heads of state of the Western Balkan beneficiary countries, usually mentioned in connection with the Connectivity Agenda and the annual WB6 summits in the summer period.

**WBIF Bilateral Donors<sup>1</sup>:** refers to those Bilateral Donors which have already contributed grant funds to the Joint Fund. Currently these are: Austria, the Czech Republic, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, Norway, Poland, Slovenia, Sweden and the United Kingdom. Moreover, the contributors to the preceding EBRD WBF (Western Balkans Fund) are also WBIF Bilateral Donors. These were: Austria, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

**Disclaimer:** The update of the Guide follows the respective decisions of the 21st WBIF SC meeting, London 16 and 17 December 2019. The WBIF governance documents will also be updated in due course. The Guide might, at instances, thus be ahead of this update process.

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<sup>1</sup>Please see the WBIF Bilateral Donor factsheet for details such as contributions, examples of projects co-financed by the bilateral donors, etc., available on the WBIF website, under [Bilateral Donors](#).

# Chapter 1

## Overview of the WBIF

### 1.1 WBIF in a nutshell

The Western Balkans Investment Framework was established in 2009 as a joint initiative of the European Commission (EC), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). The KfW Development Bank (KfW) and the World Bank Group (WBG) subsequently joined the platform. In December 2018, the Agence Française de Développement (AFD) became a participating organisation in the WBIF.

The WBIF is a regional blending facility supporting EU enlargement and socio-economic development in the Western Balkans beneficiary countries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia (hereinafter the Beneficiaries). It provides financing and technical assistance to strategic investments in the following sectors: energy, environment, social, transport, private sector development and following a decision taken at the 17th WBIF SC meeting in Frankfurt (13 Dec 2017), also digital infrastructure.

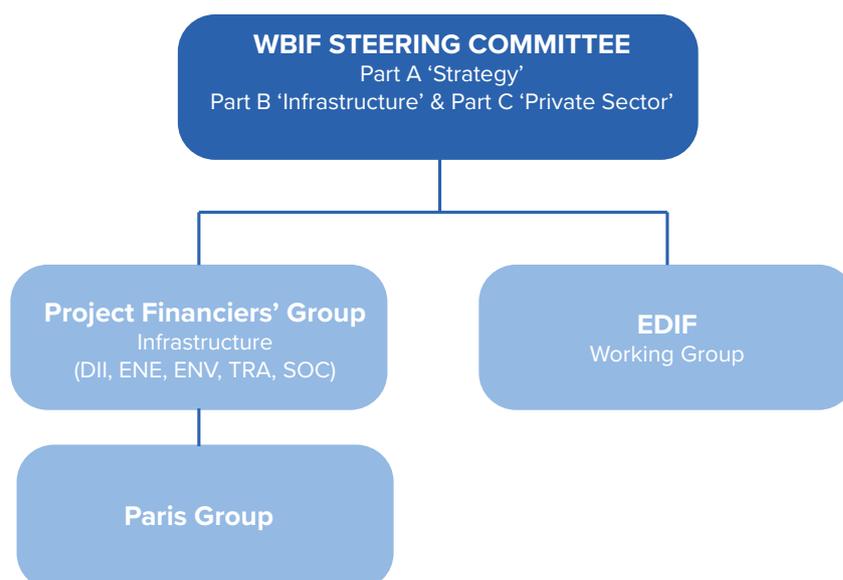
These investments will contribute to the achievement of strategic priorities defined in national, regional and EU accession policies. Aside from infrastructure projects, the WBIF also finances general sector studies and capacity building operations thus contributing to an overall development of investments in the Western Balkans.

Whilst the efficient implementation of infrastructure projects is the DNA of WBIF, a holistic perspective on all areas improving the 'business enabling environment' has grown in importance.

Originally, WB EDIF was established by a WBIF decision as dedicated platform for private sector development, with separate structure and coordination. In December 2019, at the 21st WBIF SC meeting it was decided to reintegrate WB EDIF under the WBIF. Following the decision of the 21st WBIF SC meeting, the WBIF Steering Committee Meeting consists of three half day sessions; these will be as 'interactive' as possible and allow for discussions.

The three sessions are: (A) Policy and Strategy Session, (B) Sector Session: Infrastructure and (C) Sector Session: Private Sector. Decision making procedures and voting will remain intact as per current governance documents for WBIF and WB EDIF respectively. Specific project related decisions will normally be taken in Sector Sessions (B) and (C). If there are matters for approval in a Policy and Strategy Session, both the 'current' WBIF and WB EDIF will vote separately. Projects or applications will be deliberated in the PFG and EDIF Working Groups.

Without prejudice to the governance structures of other initiatives that will remain intact, such as EFSE, REEP and GGF will be associated with WBIF in the future. In practice, this will be achieved by updating the WBIF members about achievements and planning of these financial instruments. Also, EFSE, REEP and GGF representatives may be invited to join WBIF meetings for specific agenda items pertaining to policy and coordination in their respective areas of intervention.



The WBIF impacts through a coordinated effort invested in the preparation and selection of priority projects for financing by blending:

- grants from the European Commission's Instrument for Pre-Accession (IPA) and 20 Bilateral Donors; with
- loans from the participating financial institutions; and
- national finance.

Since 2015, the WBIF has been at the core of the Connectivity Agenda - an EU initiative aimed at revitalising the ties between the Western Balkans and the EU Member States as well as those amongst the Western Balkan beneficiaries. Until 2020, the EC plans to make available up to €1 billion in grants for priority connectivity (energy and transport) infrastructure investments.

## 1.2 What are the objectives

The WBIF has a twofold objective:

- to address the Western Balkan region's extensive **infrastructure investment needs**, and
- to support the **EU accession process** of the Beneficiaries.

### 1.2.1 Investment needs

Upgrading the infrastructure of the Western Balkans to EU standards will require considerable financial efforts, a challenging task for individual donors' efforts. Consequently, the need for coordination led to the creation of the WBIF which mobilises national budgets, EU grants, Bilateral Donors' funding, and loans provided by financial institutions more effectively and at lower transaction costs. The WBIF thus seeks to increase funding opportunities, coherence and synergies among donors and lenders to enhance the impact and visibility of infrastructure investments in the Western Balkans. The WBIF also encourages upstream and downstream cooperation and coordination among project supporters.

## 1.2.2 EU accession process

The Western Balkan countries have a clear EU perspective thoroughly supported both politically and financially by the EU and its partners. The EU enlargement strategy bears a dual focus: democracy and governance, on the one hand, and competitiveness and growth, on the other. As such, the WBIF offers practical answers to some of the significant challenges the Western Balkans face in achieving economic growth, competitiveness and employment thus contributing to implementing EU's enlargement strategy. Under the WBIF, the implementation of strategic infrastructure investments is largely linked to policy and institutional reform.

## 1.3 Who is involved - stakeholders

Key WBIF stakeholders include:

- Beneficiaries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia;
- Donors - the European Commission and Bilateral Donor governments;
- International and national financial institutions;
- Regional Organisations.

### 1.3.1 Beneficiaries

WBIF Beneficiaries comprise EU candidates or potential candidates from the Western Balkans as identified above. Before its accession in July 2013, Croatia also benefitted from WBIF support as a beneficiary country. The Beneficiaries are represented by the National IPA Coordinators (NIPACs) and National Investment Committees (NICs) as described below.

**The National IPA Coordinators (NIPACs)** are the main points of contact on the Beneficiaries' side and as such play a key role in coordinating the preparation and submission of applications for WBIF financing. Besides the NIPACs, project preparation and implementation are carried out by several other actors within each Beneficiary: National Investment Committees (NICs), technical (line) ministries, finance ministries, public companies and utilities, local authorities, Programme Management Units (PMUs) and Project Implementation Units (PIUs), private sector entities, etc. The NIPACs are central to the coordination efforts amongst all the aforementioned stakeholders and act as the entry point to the WBIF structure.

**The National Investment Committees (NICs)** are domestic bodies, usually headed by the Deputy Prime Minister or the Minister of Finance, who endorse and confirm (at least once a year) the prioritisation of strategic investment projects identified in the Single Project Pipelines (SPPs) of the respective country. Each NIC has the General Secretariat, which is responsible for leading and coordination all the institutions within the country in the process of identification and prioritisation of national investment projects, and according to its rules and procedures prepares and endorses the National Single Project Pipeline for approval to the NIC. WBIF technical assistance grants primarily, but not exclusively, assist the development of projects from the SPP. Only projects from the SPP can be proposed for investment grant co-financing.

As of 2015, the Beneficiaries have sought, with assistance from the European Commission, to improve the process leading to the identification and prioritisation of national investment projects, with an overall threefold purpose:

- improve the beneficiary country's ownership over the outcomes;

- increase transparency of the prioritisation process;
- enhance efficiency and effectiveness of the public funds used to advance investments.

### 1.3.2 WBIF donors

The WBIF grants are entirely funded from contributions received from donors:

- European Commission;
- Bilateral Donor Governments;
- Financial institutions.

The largest donor is the European Union through the European Commission, contributing regularly through the multi-country envelope of IPA funding, administered by the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), and its Western Balkans Regional Cooperation and Programmes Unit (also hosting the WBIF Secretariat).

In addition, the governments of the following countries contribute to the WBIF: Austria, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. These donors are referred to as the Bilateral Donors.

At inception, the CEB, EBRD and EIB also contributed to the WBIF's grant activities.

### 1.3.3 International and national financial institutions

The WBIF is a platform through which donor-funded grants are blended with loans provided by both national and international financial institutions. Such financial institutions become Lead Financial Institutions (Lead IFIs). The role of the Lead IFI is to endorse all related grant applications, manage the grant funds, provide loans and thereby implement the investment project financed by the grant(s).

The six WBIF financial institutions contribute both funding and expertise as described below:

**The Council of Europe Development Bank (CEB)** is a multilateral development bank with an exclusively social mandate; through the provision of financing and technical expertise for projects with a high social impact in its member states, it actively promotes social cohesion and strengthens social integration in Europe. More information can be found here: [coebank.org/en/about](https://coebank.org/en/about)

**The European Bank for Reconstruction and Development (EBRD)**, mandated to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative. EBRD invests in projects, most of them in the private sector, works on policy reform and provides business advice, all of which powers sustainable growth. More information can be found here: [www.ebrd.com/home](https://www.ebrd.com/home)

**The European Investment Bank (EIB)** is the lending arm of the European Union and is the biggest multilateral financial institution in the world and one of the largest providers of climate finance. EIB helps the economy, creates jobs, promotes equality and improves lives for EU citizens and for people in developing countries. More information can be found here: [www.eib.org](https://www.eib.org)

**The Kreditanstalt fuer Wiederaufbau (KfW)** supports change and encourages forward-looking ideas in Germany, Europe and throughout the world and has a long-standing history addressing the needs of development in transition countries. More information can be found here: [www.kfw.de](https://www.kfw.de)

**The World Bank Group (WBG)** offers support to developing countries through lending, policy advice, research and analysis, and TA. As such, its WBIF portfolio includes sector development programs (entire region) as well as project preparation and implementation. More information can be found here: [www.worldbank.org](http://www.worldbank.org)

**The Agence Française de Développement (AFD)** is an inclusive public financial institution and the main actor in France's development policy. It makes commitments to projects that genuinely improve the everyday lives of people, in developing and emerging countries and in the French overseas territories. More information can be found here: [www.afd.fr](http://www.afd.fr)

More details on the operations of the partner financial institutions as part of the WBIF can also be found at the WBIF website: [www.wbif.eu](http://www.wbif.eu).

### 1.3.4 Regional organisations

The regional organisations detailed below play a significant role in WBIF's operations, either at policy (e.g. the Energy Community) or project selection and / or implementation level (South East Europe Transport Observatory and Energy Community).

#### **The Energy Community**

The Energy Community is an international organisation, established by an international treaty in October 2005, dealing with energy policy in the EU respectively in the South East Europe and Black Sea region countries. The key aim of the organisation is to extend the EU internal energy market to South East Europe and beyond through a legally binding framework. All WBIF Beneficiaries are parties to the Energy Community Treaty.

#### **The Transport Community Secretariat**

The Transport Community is an International Organisation that replaced SEETO (South-East Europe Transport). It was established by a Treaty signed in October 2017 and comprises the following Parties: the European Union, the Republic of Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Kosovo, Montenegro and the Republic of Serbia, with the aim to create a Transport Community in the field of road, rail, inland waterway and maritime transport as well as the development of the transport network between the European Union and the South East European Parties.

#### **The Regional Cooperation Council**

The Regional Cooperation Council (RCC) was officially launched in 2008, as the successor of the Stability Pact for South Eastern Europe. Through a regionally owned and led framework, the RCC focuses on the promotion and enhancement of regional cooperation in South East Europe (SEE) and supports the European and Euro-Atlantic integration of the aspiring countries. The RCC sees to the implementation of the SEE 2020 Strategy, adopted at the South East European Ministerial meeting in Sarajevo, November 2013.

## 1.4 Who takes the decisions - governance of the WBIF

The **grant operations** of the WBIF are approved and supervised by the Steering Committee and prepared and monitored by the Project Financiers' Group. Administrative, technical and logistical support is ensured by the WBIF Secretariat.



### 1.4.1 The WBIF Steering Committee (SC)

**Members:** The European Commission, all contributors to the European Western Balkans Joint Fund (=Assembly of Contributors), CEB, EBRD, EIB, KfW, WBG and AFD.

**Observers:** Beneficiaries, EU member states not contributing to the Joint Fund, EDIF members not already included as WBIF SC members and other expert bodies.

#### Tasks:

- provides strategic orientation and decisions for the WBIF;
- approves eligible applications and funding under the WBIF;
- supervises and reviews the implementation of grants funded by the WBIF;
- members are represented at management level;
- members meet twice a year (June/December).

### 1.4.2 The WBIF Project Financiers' Group (PFG)

**Members:** The European Commission, CEB, EBRD, EIB, KfW, and WBG. Donors, EU Member States and the Beneficiaries are kept informed.

#### Tasks:

- responsible for technical screening and assessment of all requests for financial support submitted to the WBIF;
- recommends for approval by the Steering Committee applications eligible for grant support;
- monitors the implementation of grant operations;
- members are represented at operational level;
- members meet twice a year (May/November) ahead of the WBIF SC.

### 1.4.3 The WBIF Secretariat

The WBIF Secretariat is hosted by the European Commission. The Secretariat's main role is to prepare, support and implement decisions of the Project Financiers' Group and the Steering Committee and to maintain an efficient working relationship with the NIPACs and the other WBIF Stakeholders.

**Tasks:**

- coordination of stakeholders, preparation of the annual work programme and overall arrangements for carrying out the screening and assessment of active Rounds for proposals (rounds) (both TA and INV);
- administrative support to the WBIF with planning and executing the selection process, including the inherent WBIF meetings (Paris Group, PFG and SC meetings) and recording the relevant activities via the Management Information System;
- implementation tasks related to the operation and maintenance of the MIS and specific tasks assigned to the Secretariat by the PFG or SC (for example the transposition of the NIC framework);
- provides support with communication and reporting (e.g. Monitoring Report, WBIF Annual Report, WBIF website management).

The WBIF Secretariat is supported by the IFI Coordination Office (IFICO) which is a service provider procured and financed by the EC. The IFICO team is based in Brussels with a secondary office in the Western Balkans.

**The WBIF Management Information System – MIS**

The WBIF Management Information System is a web application recording information on all WBIF supported grants and projects and a key tool in the overall WBIF functioning. In particular, it facilitates grant management - from pre-submission to closure - and preserves a complete history of data changes. The MIS is the underlying database for the many reports provided to the WBIF stakeholders. The data in the MIS is accessible for consultations to all stakeholders whereas data encoding is limited to the Beneficiaries, Lead IFIs, Infrastructure Project Facilities (IPFs) and IFICO. As with any similar management information systems output quality is strictly dependent on input accuracy as carried out by the parties responsible with updating data items (e.g. Beneficiary, Lead IFI). The MIS is entirely financed from EU funds and is maintained by IFICO. The MIS is being extended to accommodate also WB EDIF and the Western Balkans Guarantee.

**1.4.4 WB EDIF**

Partners: European Commission, EIF, EIB, EBRD, EIF, World Bank Group, OECD, KfW, , German Investment and Development Company (DEG), The Development Bank of Austria (OeEB), Italian Government, Regional Cooperation Council, Western Balkans 6 Chamber Investment Forum and the beneficiaries: Albania, Bosnia and Herzegovina, Kosovo, Croatia, North Macedonia, Montenegro and Serbia. More information on EDIF can be found here: [wbedif.eu](http://wbedif.eu)

**Tasks:**

- to create a small and medium sized enterprise financing platform with the aim of improving access to finance for small and medium sized enterprises in the Western Balkans region;
- to foster economic development in the Region through the creation of preconditions for the establishment and growth of innovative and high-potential companies;
- to provide a catalyst to the build-up of the venture capital ecosystem so that this particular market can develop more for the benefit of innovative and high-growth small and medium sized enterprises.

### 1.4.5 WB EDIF Platform Advisory Group (PAG)

The general governance of the WB EDIF is entrusted to the WB EDIF Platform Advisory Group, consisting of the four Initial Members, being the European Commission acting also as Chairman of the PAG, the EBRD, the EIB and the European Investment Fund (EIF), the participating international financial institutions, bilateral donors and public institutions of the Western Balkan economies, in capacities of both voting members as well as observers. The PAG convenes at least twice per calendar year, as Session C 'Private Sector' of the WBIF SC meeting, in order to discuss relevant key matters of the WBEDIF, to give strategic direction and to decide on certain matters in relation to the management of the WBEDIF. The European Investment Fund acts as the WB EDIF Platform Coordinator and Secretary to the PAG.

#### Tasks:

- Approval of future pillars of the Platform and material changes to the Pillars (see here for more information on the pillars: [wbedif.eu/about-wbedif](http://wbedif.eu/about-wbedif));
- Approval of additional investors or participants to the WB EDIF;
- Approval of the WB EDIF Terms of Reference as developed by the Platform Coordinator, and any updates or amendments thereto;
- Approval of Additional PAG Members; and
- Any other matters described in the present ToRs.

### 1.4.6 System of chairmanship in WBIF

**Steering Committee:** The SC is chaired by the European Commission as a permanent Co-Chair together with a Bilateral Donor which acts as a Co-Chair for 12 months/one calendar year on a rotating basis. The incoming Co-chair takes over upon closure of the December WBIF SC meeting.

**Project Financiers' Group:** the PFG is chaired by the European Commission as a permanent Co-chair together with one of the following partner financial institutions (CEB, EBRD, EIB and KfW) which acts as a Co-Chair for one year on a rotating basis<sup>3</sup>.

The summer WBIF Steering Committee meetings (June) are held in the country of the acting Bilateral Donor Co-chair. The WBIF winter Steering Committee meetings (December) are held in the country of the residing PFG Co-chair, usually at the headquarters of the relevant financial institution.

The WBIF PFG meetings alternate between the Western Balkans and Brussels<sup>4</sup>. The spring PFG meeting rotates amongst the Beneficiaries. Recent meetings were held in Belgrade (2014), Podgorica (2015), Pristina (2016), Sarajevo (2017), Skopje (2018), Tirana (2019). This cycle restarts in 2020 with the PFG in Belgrade. The table below provides a historic snapshot and an outlook of the rotation of the WBIF Co-chairs.

<sup>3</sup>The PFG Co-chair period used to be from 01/01 to 30/06 and from 01/07 to 31/12 of each calendar year. Following a decision taken at the 24th PFG (9 Nov 2017) and a subsequent notification from the PFG to the 17th WBIF SC meeting in Frankfurt (13 December 2017), the PFG co-chair rotation was extended to one calendar year.

<sup>4</sup>Originally the spring PFG was in Brussels and the autumn PFG in the Western Balkans, this was changed at 24th PFG meeting in Sarajevo (9 Nov 2017) and notified to the 17th WBIF SC meeting.

Period	SC Co-Chair	PFG Co-chair
01-06-2010	Czech Republic	EIB
07-12-2010	Czech Republic	EBRD
01-06-2011	Norway	CEB
07-12-2011	Norway	EIB
01-06-2012	Austria	ERBD
07-12-2012	Austria	CEB
01-06-2013	Greece	EIB
07-12-2013	Greece	EBRD
01-06-2014	Germany	CEB
07-12-2014	Germany	EIB
01-06-2015	Italy	EBRD
07-12-2015	Italy	CEB
01-06-2016	Norway	EIB
07-12-2016	Norway	EBRD
01-06-2017	Sweden	CEB
07-12-2017	Sweden	KfW
2018	France	EIB
2019	Germany	EBRD
2020	Austria	CEB

### 1.4.7 Informal meetings, albeit not part of the governance

**The Paris Group** started as an informal coordination mechanism of the partner financial institutions necessary at the inception of the WBIF to agree harmonised working procedures amongst themselves. It took place in Paris, hence the informal title. In recent years, it has taken a more formal structure, where the technical and financial aspects of the grant applications are discussed between the EC and the Lead IFIs. Starting 2017 the Bilateral Donor co-chair participates in these meetings on behalf of the Bilateral Donors.

**Bilateral Donors** meetings were set up at the 20th SC in Berlin (June 2019) to coordinate ahead of the PFG and SC meetings (expectation management).

**NIPAC/NIC** meetings were set up at the 27th PFG meeting in Tirana (May 2019), the NIPAC and NIC representatives meet ahead of PFG meetings and discuss issues of joint interest.

**Brussels Group** meetings were also set up following the 27th PFG in Tirana, as a format of exchange between BD's and the Commission and for the sake of coherent expectation management.

**WBIF Secretariat Coordination meetings** have been held since the early days of WBIF. The WBIF Secretariat meets with the EIB, IPFs and IFICO and discussed technical issues such as project / ToR progress, communication and visibility matters and improvements.

## 1.5 What can be financed - eligibility requirements

The WBIF supports strategic investment projects which will contribute to economic competitiveness, growth and job-creation in the priority sectors defined in the Rules of Procedure.

### 1.5.1 Eligibility provisions as defined in the Rules of Procedure

Eligible projects need to be implemented on the territory of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

#### Eligible sectors:

- Energy;
- Environment;
- Social;
- Transport;
- Private Sector Development;
- Digital Infrastructure.

Sub-sectors of the above eligible sectors are described in the Rules of Procedure. WBIF support could be extended to other sectors provided that the Steering Committee decides accordingly

**Eligible beneficiary entities** are entities which are responsible for the management, construction and provision of public utilities and services. They can be public entities, private entities (e.g. PPPs, joint ventures, mutual ventures) or other entities with mixed public-private capital.

### 1.5.2 Specific eligibility requirements

The WBIF SC meeting may lay down specific eligibility requirements for each call. Non- exhaustive, past examples for specific criteria for TA Grants published for each call are below:

- all eligible sectors where the national sector strategy is adopted;
- ENE and TRA projects must have a clear regional dimension – PECEI and / or PMI list, in addition TRA projects are on or clearly linked to the Core Network;
- ENV and SOC sectors are unrestricted and open for new projects / grant requests;
- ENE and TRA projects must have a clear regional dimension or unblock an existing project.

Non-exhaustive, past examples for specific criteria for Investment Grants published for each call:

- Commission funds only to support connectivity projects which need to relate to PECEI (energy) or Core Network (transport) projects.

### 1.5.3 Principles of additionality and leverage

**Additionality:** The added value - the additionality - of grant support in blending operations is defined as the positive results the EU grant achieves above and beyond what could have been achieved without the grant. The use of scarce grant funding is justified only when significant additionality is shown. EU support can make the project happen, or make it happen faster or at a greater scale.

**In the context of the WBIF, the additionality of the WBIF grant for the project is described in field no 32 of the GAF. The description of additionality should, inter alia, address inter alia the following questions:**

- Are the expected impact and the results sufficiently reflecting the expected outputs and the intended outcomes of the project?
- Is the positive impact relevant and well justified?
- Is the impact on gender equality clearly demonstrated? If the Action does not contribute to gender equality, is the justification reasonable and convincing?
- Why is the proposed grant funding necessary for the operation?

**Leverage:** Each grant should aim at mobilising additional funding for an overall investment exceeding the size of the initial grant support.

**In the context of the WBIF leverage is calculated as signed loans in relation to the total volume of approved grants.**

### 1.5.4 Agreed types of support

The type of support varies with the type of project, as such WBIF resources can be used for:

- technical assistance;
- investment grants;
- incentive schemes; and
- any other form of support as approved by the Assembly of Contributors (e.g. interest rate subsidies, etc.)

#### Technical assistance

Technical assistance is usually used to provide tailored support to improve project design, management and/or quality. It can be allocated in particular for:

- preparation of eligible investment projects (e.g. impact assessments, feasibility studies, detailed design, etc.);
- project supervision and targeted capacity building and implementation support;
- sector development studies; and
- general capacity building.

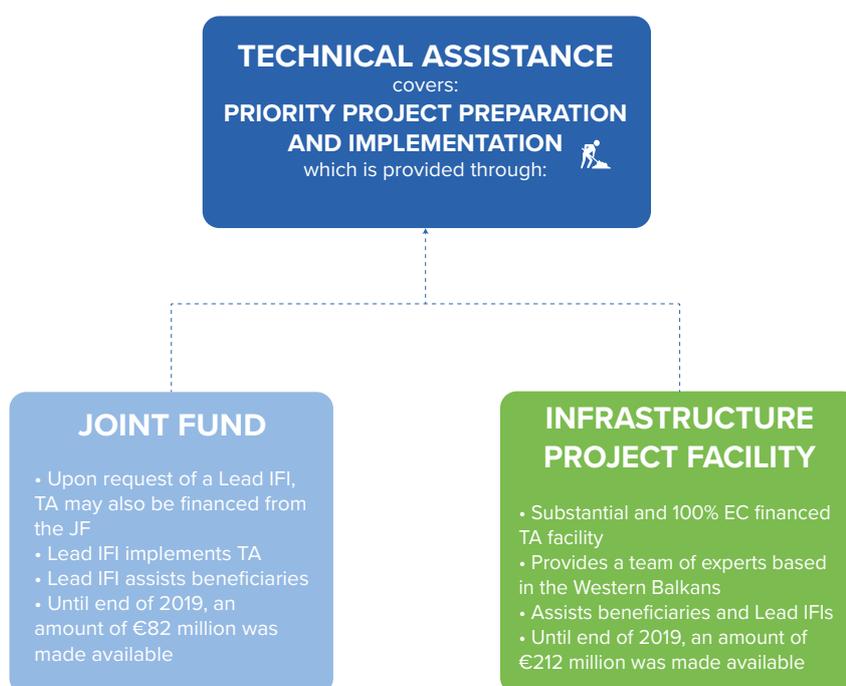
The TA grants can be used to support projects in all eligible sectors, through funding from both the European Western Balkans Joint (Joint Fund) and the Infrastructure Project Facility (IPF).

IPF is a third-party framework consultancy contract which is financed by the EU and administered by the Commission for IPF 1, 2, 3 and the EIB as of IPF 4. It can be mobilised for all TA but is particularly beneficial for very early stage project preparation, pre-feasibility or feasibility studies, assisting the Lead IFIs to assess eligibility of projects for

loan financing.

Financing from the Joint Fund may also be used for all TA. However, it is particularly useful during the implementation phase of a project, where loan financing is secure, and where a Lead IFI needs to follow its policies and procedures for the whole investment including the loan and grant financing.

Both sources of TA financing are complementary to each other and are aimed at covering the entire spectrum of TA needs under the WBIF.



In addition to TA financed under the WBIF, the Beneficiaries can also apply for other TA operations financed by the EC, which indirectly benefit WBIF funded activities<sup>5</sup>.

### Investment grants

Investment grants are contributions which can finance a predefined maximum percentage out of the total investment project cost and, consequently, reduce the amount of debt for the beneficiary country. Investment grants which are funded from EU contributions (IPA) channelled through the Joint Fund currently support connectivity projects under IPA II (2014 - 2021), i.e. regional projects in the energy and transport sectors. Investment grants which are funded from the Bilateral Donors' contributions channelled through the Joint Fund can be allocated to investment

#### <sup>5</sup>JASPERS (The Joint Assistance to Support Projects in European Regions)

JASPERS is a joint advisory facility managed by the EIB and co-sponsored by the European Commission. JASPERS provides technical expertise to support EU member states and accession countries to prepare sound infrastructure projects and access EU funds. It can provide assistance e.g. for strategies development, the scoping of TA needs and quality review of project documentation. The involvement of JASPERS in WBIF grants and/or projects is not compulsory and will be decided according to the Beneficiary's specific needs.

#### CONNECTA (The Technical Assistance to Connectivity in the Western Balkans Facility)

CONNECTA is a € 7 million Commission facility created to support the preparation of connectivity energy and transport infrastructure projects as well as to assist with the implementation of connectivity reform measures in the transport sector.

projects across all WBIF sectors. The Bilateral Donors expressed their commitment to co-finance the environment and social sector to complement the European Commission's strong focus on connectivity. Under IPA III (2021 – 2027), EU contributions to the Joint Fund can be used for all sectors.

### Investment incentives

Investment incentives are used in certain financing mechanisms to reward the achievement of specific targets. For example, in the Regional Energy Efficiency Programme for the Western Balkans (REEP), investment incentives are payable to end borrowers based on the quantity of CO<sub>2</sub> emissions avoided. These payments are made at the end of the project upon verification that the intended objectives/savings have been achieved.

### Interest rate subsidies

Interest rate subsidies take the form of a contribution used to reach a specific interest rate for a loan beneficiary. They can be used to reduce the cost of the project for a beneficiary country with a limited capacity to absorb additional public or publicly guaranteed debt, particularly non-concessional debt. Similar to investment grants, they can also be used for projects with high economic rates of return but low financial profitability.

In principle, WBIF grants could also be used for other forms of support, such as private-public partnerships (PPPs), although these have not been tested so far. Further guidance on these forms of support will only be provided once the SC has decided to explore that possibility.

## 1.6 How it works – flow of funds

The following section aims to explain the flow of funds, in particular where the financing comes from and how it is allocated to the projects, how the project and grant funds are contracted and finally channelled through to the Beneficiaries.

### 1.6.1 Sources of financing and allocation of resources under the WBIF

The WBIF blends resources originating from two facilities: **The Joint Grant Facility**, and **the Joint Lending Facility**.

#### Joint Grant Facility (JGF)

The JGF provides grant resources for eligible WBIF applications, and in the case of investment projects, complements other sources of financing including national co-financing and loans from the Lead IFIs. Grants are a non-repayable form of financing which facilitate the realisation of the project and make the loan more affordable.

Grant support resources originate from:

#### 1. Partner Financial Institutions:

At inception of the WBIF some partner financial institutions (EIB, EBRD, CEB) provided grant financing to the Joint Grant Facility, EIB's contribution to the JGF was paid into the Joint Fund. These funds have since been fully utilised.

#### 2. The European Commission:

- Through bilateral agreements with financial institutions: Over the period 2007 – 2013 the EC allocated funds to the WBIF (IPA I) in particular for investment projects through different bilateral contracts with financial institutions. Even though these projects were financed through bilateral agreements rather than through the Joint Fund, they pursued the objectives and respected the eligibility criteria of the WBIF. For the years 2014 –

2020, after the revision of the structure of the WBIF, the Commission has committed to allocate funds to the WBIF (IPA II) in particular for investment projects through the Joint Fund in order to pool them with those of the Bilateral Donors. Under IPA III, there will be no restriction in the allocation of Commission funds (as the case for connectivity under IPA II); funding decisions will take reform progress and priorities into account.

- **Infrastructure Project Facility (IPF):** So as to ensure a coherent and timely preparation of a solid project pipeline, the EC has committed from the beginning to finance in full the needs of preparing infrastructure projects in all eligible sectors of the WBIF. This TA is financed through the Infrastructure Project Facility. This was initially managed by the Commission and since IPF 4 onwards is managed by the EIB.

### 3. The European Western Balkans Joint Fund (Joint Fund):

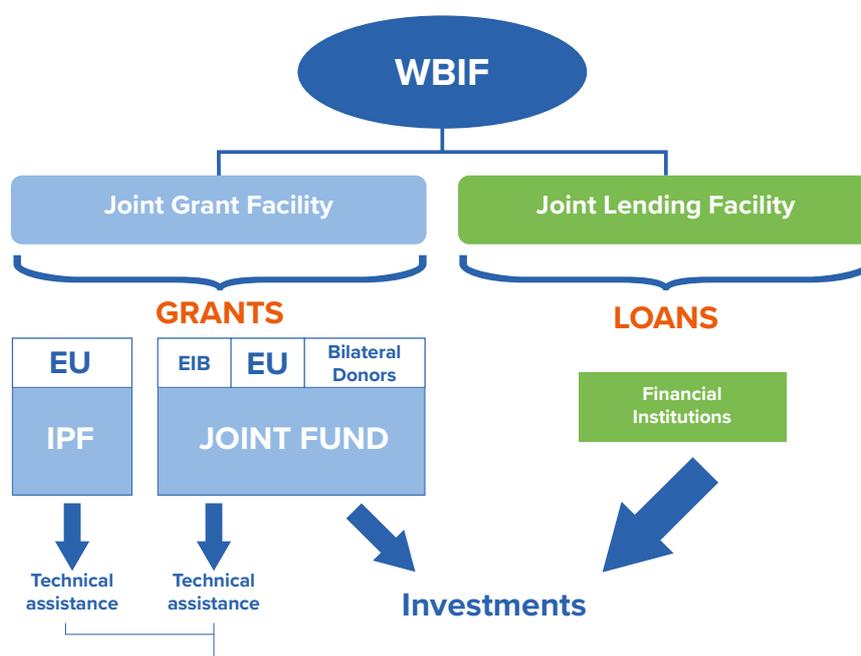
The Joint Fund is the largest source of financing under the JGF. It is a multi-donor fund which pools the resources of the Contributors to finance regional infrastructure projects in the energy, environment, transport and social sectors, as well as private sector development and digital infrastructure projects, all of which support the Beneficiaries' EU accession process. Financing decisions are made by the Assembly of Contributors which consists of the representatives of the Contributors. These Contributors are also members of the WBIF Steering Committee. The EBRD is the holder of the Fund Account although the administration of the Joint Fund is managed by the EBRD and the EIB.

### Joint Lending Facility (JLF)

The JLF is an informal understanding amongst the financial institutions participating in the WBIF. It is a source of loans which are blended with grants provided under the JGF and made available to eligible Beneficiaries under the WBIF. It is important to note that the eligibility criteria for loan financing is determined according to the mandate and lending conditions of each of the financial institutions. The Steering Committee and the Project Financiers' Group of the WBIF are not involved in the decision making of the JLF.

Nevertheless, in most cases, the financial institution will finance the project selected by the WBIF Steering Committee through a loan. There is thus a correlation between project selection under the JGF and loan financing by the Lead IFIs.

The following graph illustrates the source of funding under the WBIF as applicable today:



## 1.6.2 How the funds are contracted - contractual arrangements

There are two key documents which establish the rules and procedures within the WBIF and lay down the responsibilities for the management of the funds and project implementation. They are referred to as the governance documents of the WBIF. These are the Rules of Procedure and the General Conditions of the European Western Balkans Joint Fund, as illustrated below:

### Rules of Procedure (RoP)

The Rules of Procedure represent a formal agreement between all members of the Steering Committee and reflect the WBIF structures and procedures. They contain the following information:

- objectives and general principles of the WBIF;
- eligibility criteria for financing under the WBIF;
- WBIF governance structure;
- selection of projects for financing under the Joint Grant Facility;
- reporting requirements under the WBIF.

### General Conditions of the European Western Balkans Joint Fund (General Conditions)

The General Conditions regulate both the administration of the resources in the Joint Fund and the implementation requirements for grants funded by the Joint Fund. They constitute the core of the contractual arrangement between (i) Bilateral Donors and the EC as contributors; (ii) Fund Managers EBRD and EIB; and (iii) Lead IFIs implementing the projects.

The General Conditions are a legally binding document and were approved/adopted by each institution through the relevant internal approval processes. They are complemented by the Contribution Arrangements, the Adherence Agreements, Side Letters and the Grant Application Forms.

### Grant Application Form and respective Guidelines

The Grant Application Form (GAF) is a standardized template developed to enable WBIF's calls for proposals. The GAF is accompanied by detailed guidelines for due diligence purposes. The GAFs are filled in and submitted to the WBIF by the Beneficiary. Once approved for financing by the Steering Committee and the Assembly of Contributors it will become an integral part of the contractual arrangement also providing a description of the action.

## 1.6.3 How the funds are channelled to the Beneficiary

Following approval of the investment grants and TA grants by the WBIF Steering Committee, the GAFs are finalised and include any conditions associated with the Steering Committee approval (such conditions could be of general nature such as the obligation of the beneficiary to make information available free of charge, or of specific nature, e.g. a confirmation by the beneficiary of the final list of participating municipalities). Responsibility for the implementation is then transferred to the relevant Lead IFI.

The Beneficiary will identify an implementing entity within its administration which will act as the Contracting Authority for the project. In most cases, and in particular in the case of investment projects, the Contracting Authority will launch tenders for the procurement of works, supplies and TA contracts using the total amount available for the project – grant(s), loan(s), and national funds.

The Contracting Authority operates under the supervision and monitoring of the Lead IFI. As such, the procurement procedure abides by either EU requirements, the Lead IFI's procedures and regulations, or by any other procedure, as approved by the Lead IFI. The Contracting Authority is responsible for signing and implementing the contracts and, in some instances, even for the payment of the contracts against the deliverables.

The Lead IFI monitors the implementation and will regularly report to the Joint Fund Managers and the WBIF SC on the basis of the information received from the Contracting Authority. Upon project completion, the Lead IFI will provide a final report and any potential balance / saving is credited back to the Joint Fund.

# Chapter 2

## Project selection process

A Beneficiary applying for grant financing from the WBIF has to submit a grant application detailing essential information on the project they seek to have financed. The present chapter describes the inherent processes: submission, assessment and approval of TA and INV grant applications and summarises the role of all parties involved in each step.

### 2.1 Single Project Pipeline and National Investment Committee

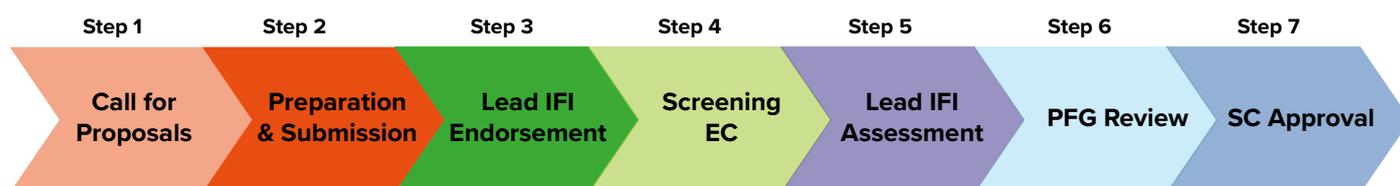
Within the NIC framework each Beneficiary develops a Single Project Pipeline (SPP) where their country's national investment projects are being prepared and prioritised on the basis of sectoral priorities. The SPP is the result of a process, starting with project identification at line ministry level, followed by a strategic relevance assessment, involvement of key stakeholders (such as the EUD, IFIs, etc.) and a prioritisation process, resulting in Single Sector Project Pipelines (SSPP). The SSPPs are subsequently merged into the SPP which is then endorsed by the National Investment Committee (NIC) in each Beneficiary. The National Investment Committee brings together national high-level political and financial decision makers as well as the NIPACs and line Ministries of the respective sectors.

The EUDs, the financial institutions and other donors are involved at various stages of the SPP development process. At least once per year, these SPPs are formally adopted by the NIC, generally chaired by the Deputy Prime Minister or the Minister of Finance. The SPP serves as a basis for all high priority national financing needs irrespective of the source of financing, be it national budget, WBIF, other EC funded programmes or funding by any other donor.

**This section relates to Section 5.2. Phase 1 Planning and prioritisation of the Rules of Procedure.**

### 2.2 Overview of the WBIF application process – from call for proposals to grant approval

Once the SPP is adopted and the best funding source for a project is identified as the WBIF, the Beneficiary can proceed to submitting an application whenever a suitable WBIF call for application is open. The WBIF application process can be broken down into 7 steps. While these steps are identical for both TA and Investment grants, the application cycles vary regarding eligibility requirements, frequency, and timing.



## STEP 1 – Call for proposals

Calls for proposals are launched by the WBIF Steering Committee (SC). Generally, there are two calls for TA and only one call for INV grants per year. Guidelines are published for each call for proposals setting out eligibility criteria, including any specific requirements, as well as the pre-notification and submission deadlines. This information is published on the WBIF website here [www.wbif.eu](http://www.wbif.eu).

### Call for TA Grant Applications

TA for project preparation, implementation support and supervision may be financed across all eligible sectors including digital infrastructure, energy, environment, social and transport. However, for the transport sector applications linked to the transport core network will be treated as a priority. Additionally, there is a sector development window dedicated to financing studies that help the WBIF stakeholders to prioritize investment decisions across the region (e.g. Gas to Power Study). This type of activity may be financed in the amount of up to €5 million per year. Up to 100% of the eligible cost of the TA may be covered by the WBIF grant. Funding approval by the Steering Committee is also dependent on the availability of grant resources.

### Call for INV Grant Applications

Applications for investment grants may, in principle, be submitted across all eligible sectors. However, certain requirements must be fulfilled for those applications to qualify as eligible for screening and assessment. A national sector strategy must be in place for each specific sector and the submitted grant applications must support projects included in the Beneficiary's Single Project Pipeline (SPP) and endorsed by the National Investment Committee (NIC). For applications in the energy and/or transport sector, projects on PECL and PMI list/ the Core Network will be prioritized in line with the Commission's current priorities under the so called 'Connectivity Agenda' as such, high priority regional energy and transport linkages within and towards the Western Balkans have precedence. Additionally, projects must qualify as mature for financing which means that project preparation should be sufficiently advanced by the time of the expected Steering Committee approval (ideally to the level of detailed design).

Maximum co-financing thresholds per sector and sub-sectors have been defined for all investment grant calls for proposals. The final decision on the grant percentage is also determined by the available funding.

Until 2014, Joint Fund resources were used to cover projects from all eligible sectors. However, since 2014, funding for investment grants from the EC through the Joint Fund is available only for projects in the energy and transport sector. Funding for projects in the environmental and social sectors as well as for private sector development can be available from contributions from the Bilateral Donors to the Joint Fund and will depend on the level of their new contributions to the Joint Fund. It is not excluded that this will change in the future as the region develops in the different sectors and/or additional challenges emerge.

**This section relates to Section 5.2. Phase 2 Call for proposals in the Rules of Procedure.**

## STEP 2 – Preparation and submission of project applications

The authorities in the Beneficiary select projects for submission to the WBIF. The investment grants have to be included as a principle in the SPP and approved by the NIC. The project promoters prepare the applications together with or under the supervision of the NIPAC and in close cooperation with the Lead IFI. The Grant Application Form

(GAF) is the only document to be submitted by the Beneficiary to the WBIF with the purpose of applying for financial assistance.

The WBIF has two different dedicated GAFs – one for TA and one for INV grants. Both templates are similar and include relevant fields, in which the specific information on the project has to be provided. This information ranges, for example, from the overall project context to the key data on the technical and financial architecture. The templates are similar to the GAFs used in other blending facilities supported by the Commission and are in line with the EU Platform for Blending in External Cooperation (EUBEC) templates and recommendations. The GAF should be carefully and accurately filled in by Beneficiaries as it is the key reference document of reviewing entities during the screening and assessment phases leading up to the PFG and is importantly the basis of a later financing decision of the WBIF SC. Any low quality and/or missing information risks a rejection and delays in the project preparation. Technical support to entities completing the GAF is available through IFICO.

The questions/criteria used by the Commission and the partner financial institutions for the upcoming screening and assessment is annexed in form of a grid to the GAF template and is explained in the applicable Guidelines for TA or INV GAFs. This should also enable the Beneficiaries to ensure that the necessary information and quality is provided in the applications. Beneficiaries are encouraged to seek additional advice from the IFICO, if required.

As a general principle, applications for WBIF TA and investment grants have to be accurate and detailed and should also demonstrate why grant funds are crucial to the realisation of the project.

Once the GAF has been adequately completed, the NIPAC as the key interlocutor of the WBIF, performs a quality check, approves, and submits the project application(s) to the WBIF Secretariat.

The GAF application form must be completed electronically in the WBIF MIS. Access to the MIS for this purpose has been provided to the National IPA Coordinators.

While ownership of a GAF at the time of submission to WBIF remains with the Beneficiary, the involvement of the Lead IFIs is necessary for filling in certain fields of the GAF. Early coordination greatly facilitates the required endorsement by the partner financial institutions.

### **STEP 3 – Endorsement by the Lead IFI**

Following the submission of project applications via the WBIF MIS, the WBIF Secretariat will document the projects submitted, close the MIS for applications and initiate the next step, which is the Lead IFI endorsement. The Lead IFIs review the project applications and either endorse or reject them. Once an application is endorsed it will be included in the project / grant pipeline for further processing. Endorsement for TA means that the Lead IFI agrees to be the Lead IFI, that the project is within the Lead IFI's mandate and that it can provide either an oversight role where the TA grant is funded from an IPF or can manage the implementation of the TA following its own policies and procedures where the TA grant is financed from the Joint Fund. Additionally, the Lead IFI may be able to consider a possible loan once early studies are completed. In the case of investment grants, the Lead IFI endorses when it plans to support the project with a possible later loan arrangement. If an application is not endorsed, the NIPAC concerned will be automatically notified by the MIS and a revised/improved submission is then only possible for the next call. Practically, once satisfied, the Lead IFI endorses GAFs through the MIS.

Finally, the WBIF Secretariat and IFICO coordinate the screening process and provide a first overview of grant

requests received, including information on total sums, sectors, etc. for consideration by the partner financial institutions, the EC, and the Bilateral Donors.

#### **STEP 4 – Project screening by the European Commission**

As a first step in the screening and assessment process, the European Commission starts analysing the projects. The screening is therefore a first reading and aims to prepare a list of eligible projects ready for the assessment phase. The Commission includes the country units, EU Delegations, specialised Commission Directorate Generals (in particular the ones for transport - DG MOVE- and the one for energy - DG ENER). Further, the specialised regional entities, namely Energy Community Secretariat (ECS) and the Transport Community permanent Secretariat (TCS) are also consulted. The screening focuses, inter alia, on checking the eligibility of grant requests and related investment projects in relation to:

- Project consistency with EU policies (pre-accession agenda, sector priorities, competition rules, grant co-financing principles etc.);
- Beneficiary ownership (NIC, SPP);
- Project consistency with national (sector) strategies, national and regional investment plans, IPA priorities, and whether it would not be better supported by other funds (e.g. national IPA, other donors, etc.);
- Project maturity and adequate scope
- General and specific eligibility rules set out for the call concerned.

The screening conclusions are shared with the Lead IFIs and the Bilateral Donors co-chair at the first Paris Group meeting. During this meeting, the Commission presents the summary of the individual above mentioned screening contributions and gives an initial Commission position. The Lead IFIs can provide first reactions, but usually take note and proceed after this meeting to the assessment phase, in which they can in cooperation with the Beneficiary upgrade and improve information provided in the GAF.

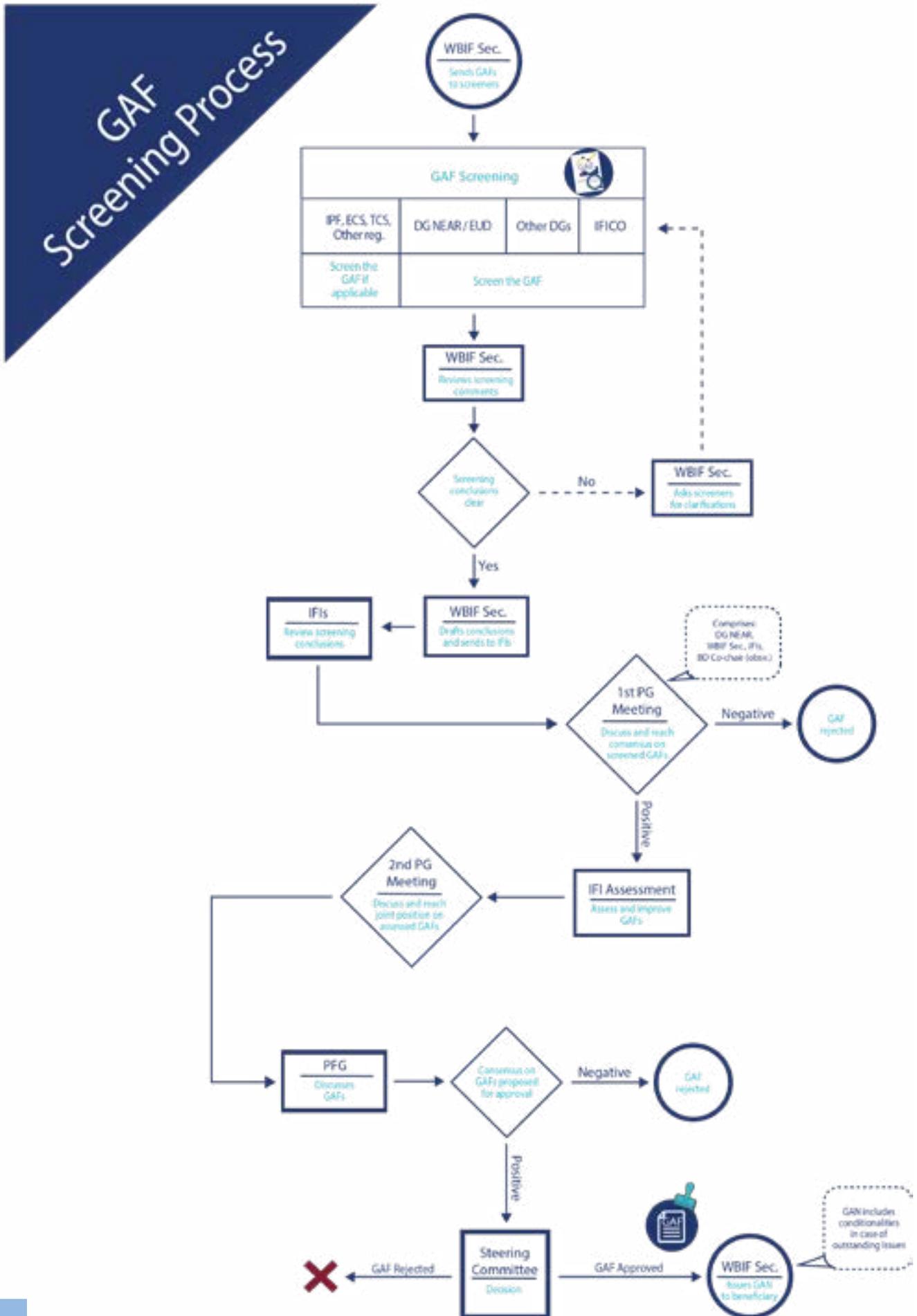
#### **STEP 5 – Project assessment by the partner financial institutions**

The Lead IFI assesses the viability of the project as well as compliance with their internal eligibility criteria, in particular regarding the loan component and the bankability of the project. They also consider the environmental standards and economic viability, etc. The EC and partner financial institutions may enter into discussions with the Beneficiaries should there be any further questions or open issues during the assessment.

Further discussions on the applications take place between the European Commission, the Bilateral Donors co-chair and the partner financial institutions during the second Paris Group meeting with the aim of reaching a joint position on a list of positively screened and assessed projects to be presented to the PFG. Ideally, this is also the moment where a joint decision is taken on those projects which will be rejected and which would need to be re-submitted by the Beneficiary in a future round. Reasons for rejection usually concern the technical and financial maturity of the project as well as timeline for implementation, etc.

#### **STEP 6 – PFG review and recommendation**

The PFG members discuss the technical details of the GAFs and conclude a list of eligible grant requests to be recommended to the WBIF SC for approval. This is also the moment when the Bilateral Donors are fully informed about the assessment and screening outcome of all the submissions including the rejected applications.



## STEP 7 – Steering Committee approval

Following the selection and assessment process detailed above, the positively screened and assessed TA and INV GAFs are approved by the Steering Committee based on the recommendation of the PFG and subject to funding being available. The Steering Committee may also question or challenge any aspect of the proposals to inform their decision to award grant funding. Approvals of the SC are made by consensus and documented in the minutes of meeting.

The table below gives an overview of roles and responsibilities of the stakeholders in the WBIF project application and selection process.

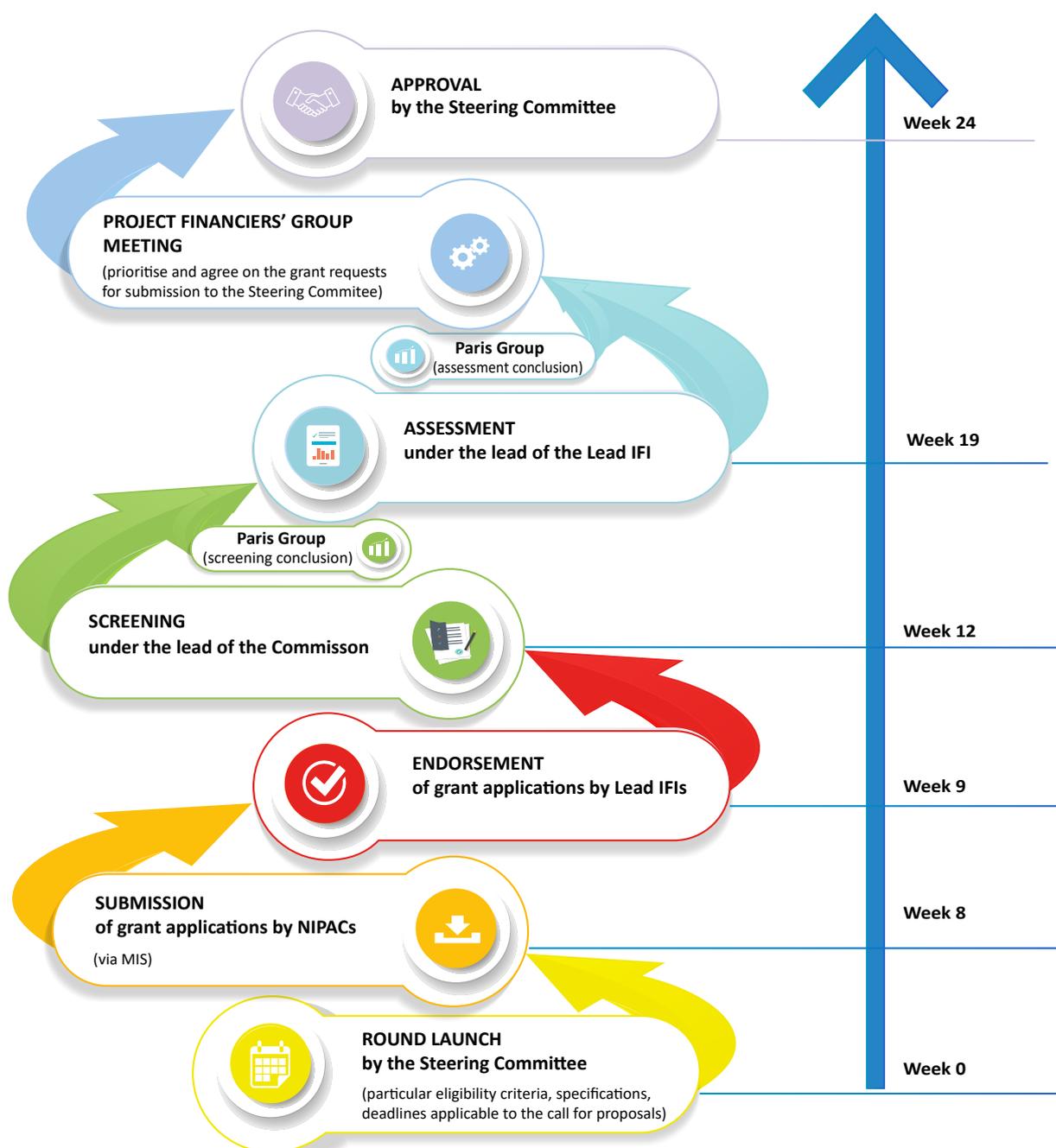
Stakeholder	Drafting	Submission	Screening & Assessment	Approval
LineMinistry Final Beneficiary	Drafts the GAF in consultation with the Lead IFI and NIPAC	Provides inputs to NIPAC ahead of submission deadline	Responds to queries	Receives information about the approval / rejection of the GAF via the NIPAC
NIPAC	Coordinates the application within the Government and quality controls the GAF	Submits GAF via MIS	Responds to queries	Receives information about approval/ rejection of the GAF
Lead-IFI	Co-drafts/ Consults the GAF with line-Ministry and/or NIPAC	Endorses the GAF submission	Addresses EU screening comments with beneficiary and assesses the GAF	
EC (DG NEAR, other relevant DGs)	Provides guidance to the NIPAC/ Beneficiary if required		Screens the GAF and provides input to WBIF Secretariat	Approves the GAF as a member of the WBIF SC
EUD	Contributes to the preparation of the GAF		Screens the GAF	Receives information about approval/ rejection of the GAF
Bilateral Donor	Is Informed by NIPAC if relevant		Receives and may comment on the screening conclusions	Approves the GAF as a member of the WBIF SC
WBIF Secretariat	Provides assistance to NIPAC / Beneficiary if required	Ensures submission via the MIS and requests screening comments from EU entities and regional organisations	Facilitates the screening and assessment via the partner financial institutions ahead of the PFG	Receives and disseminates information about the approval/ rejection of the GAF
IPF, ECS, TCS, other regional organisations	Contributes to the preparation of the GAF if required		Screens the GAF if applicable	Receives information about the approval/ rejection of the GAF

## 2.3 Timelines for the TA and INV applications process

### 2.3.1 Technical assistance grants

Calls for TA grants are normally launched during the SC meetings in June and December. The submission deadline follows three months after the launch of the call. Thereafter, the Lead IFI has seven days to endorse the applications. A three-month screening and assessment period follows ahead of the PFG and SC. For example, for the spring call, the PFG will be in May and the SC will follow in June.

The graph below highlights the different steps in the TA application process and its underlying timeline:



### 2.3.2 Investments grants

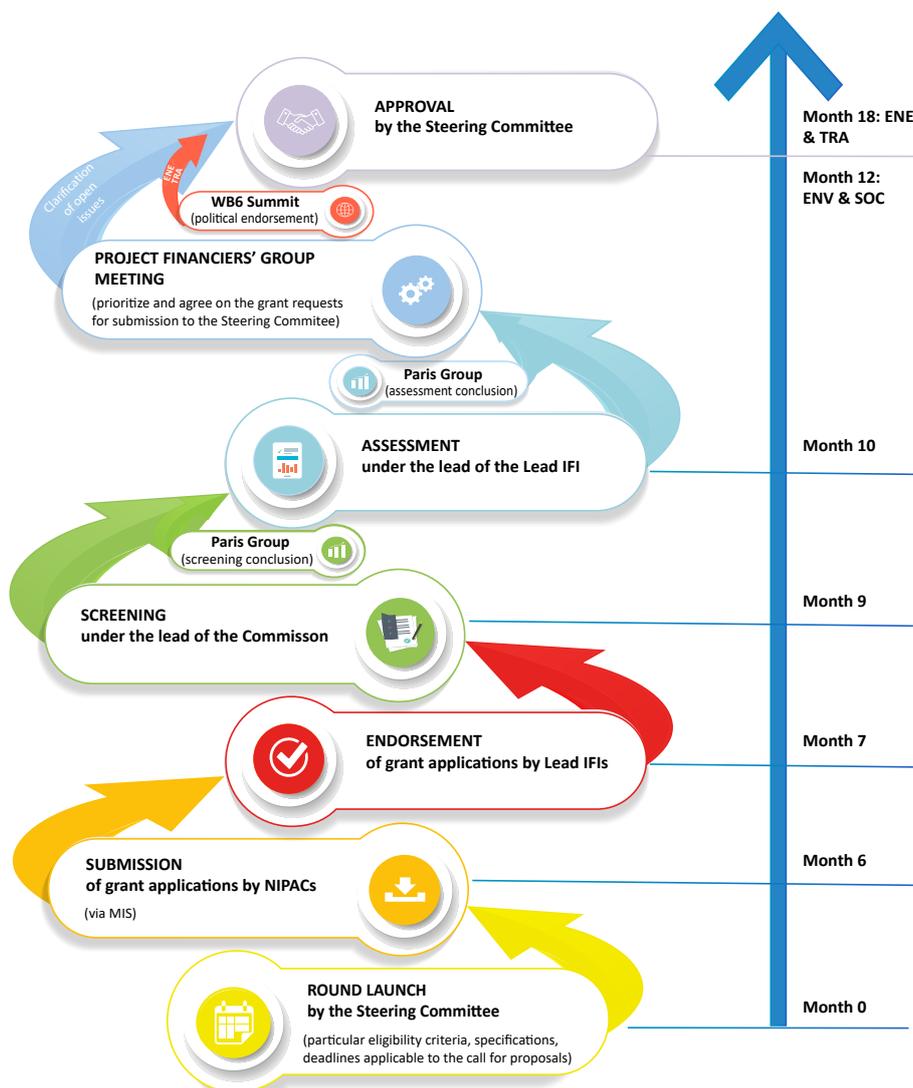
The calls for investment grants will normally be launched during the SC meeting in June (year N). The application submission deadline is the 31 December of each calendar year, followed by the endorsement deadline for the partner financial institutions: 31 January the following year (N+1).

Once INV GAFs are endorsed, screening and assessment commences, with a first stock taking opportunity at the end March / beginning of April between the EC, the partner financial institutions and the Bilateral Donor Co-chair (the Paris Group meeting). The Screening and assessment will run until the PFG meeting in May with a second Paris Group meeting just before the PFG meeting in November.

A preliminary list of Connectivity INV projects is submitted to the SC meeting in June N+1 for an informed opinion and then presented to the WB6 Summit for political endorsement. During the months following the WB6 Summit, the GAF can be technically fine-tuned, and the EC approval procedures can be finalized. On the basis of the PFG in November, the final list of projects for connectivity INV grants will be submitted to the SC meeting in December N+1 for approval.

Non-Connectivity INV projects that do not need to be endorsed by the WB6 Summit (environmental and social sector projects) may be approved at the SC meeting in June or December.

The graph below highlights the different steps in the investment grants application process and its underlying timeline:



## Chapter 3

# Implementation of WBIF technical assistance and investment grants

After a grant has been approved in form of the GAF and the financing has been decided by the Steering Committee and the Assembly of Contributors, the implementation of the action may start. The aim of this chapter is therefore to give an overview of the implementation processes, the reporting provided under the WBIF, the main donor visibility requirements and the Management Information System used to record all data relating to the WBIF grants.

There are processes which are linked to the operational implementation of the TA and INV projects and processes which are linked to the financial management of the WBIF grant. These processes run to a large extent in parallel. However, for the sake of clarity they are described in separate sections as outlined below.

### 3.1 Operational implementation of the projects

For the complete understanding of this section it has to be considered that the WBIF has a longer history when it comes to TA grant implementation. Therefore, the section on the implementation of investment grants will be updated from time to time to reflect lessons learnt and experience gained in the future.

#### 3.1.1 Implementation of technical assistance grants

During the WBIF Steering Committee meeting, the TA grant applications recommended by the PFG members are formally approved. Should conditionality be associated with the approval of an application, the decision becomes effective when the requirements are met, and the Grant Award Notification will reference these.

When approving TA, the implementation arrangements are also specified, the grants are either to be implemented (i) by the Lead IFI (and financed via the Joint Fund) or (ii) by one of the IPFs (financed via Commission grants). The number of applications to be approved and the preferred option for implementation (via Joint Fund or IPF) depends respectively on the availability of funds in the Joint Fund and the availability of EU funds formally committed by Commission Financing Decisions to the IPFs. On some rare occasions, where the original arrangements prove impossible or significantly delay the implementation of the TA activities, the implementation arrangements can change at a later stage (usually a reassignment from Joint Fund to IPF implementation).

#### Initiation and implementation of the technical assistance grants

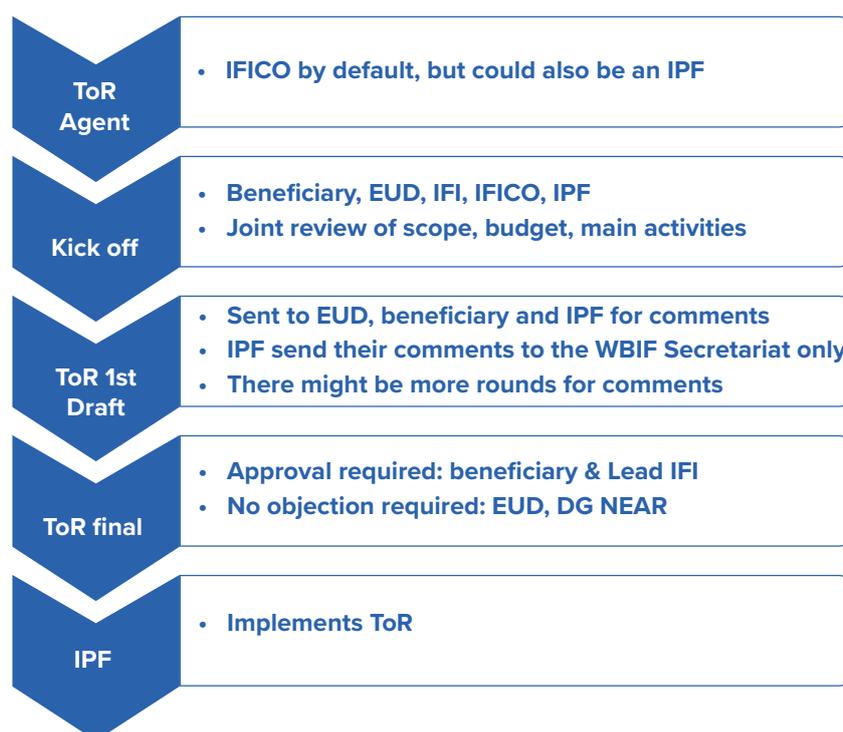
When TA is implemented by the Lead IFI, it drafts the terms of reference, proceeds with procurement and contracting and implements the services under its own procedures. This implementation mode allows, for example, the partner financial institutions to blend the WBIF grant with other funding sources and implement under single-contract activities other than those approved by the WBIF Steering Committee while related to the same project. The Lead IFI reports on the progress of the implementation of the WBIF TA grants.

When TA is implemented by an IPF, an agent is appointed for the development of the terms of reference (ToR agent).

As a principle, the ToR agent is IFICO, but it may be decided, on a case by case basis, to assign the development of terms of reference to an IPF. This may happen, for example, when a high number of grants is approved during one round of applications, requiring the mobilisation of significant human resources. The former 'Conflict of Interest' which addressed situations where the ToR drafting agent and implementing IPF had one or more identical companies in the consortia was addressed by implementing the principles outlined (to this end) by the Court of Auditors.

The ToR agent liaises with the beneficiary, the Lead IFI and the EU Delegation and the implementing IPF (if active, on the ground) and organises a kick-off meeting. At this kick off meeting, the projects scope, budget and main activities will be reviewed and agreed upon. In the event the Joint Kick off meeting results in a dispute on scope, budget and / or main activities, then the project can either be subjected to a written procedure, or returned to the PFG.

The ToR agent then produces the first draft ToR, which will be sent to the beneficiary and to the EUD for review and to the implementing IPF, if active, for information. The beneficiary and the EUD may comment to this first draft, the IPF may communicate any valid concerns to the WBIF Secretariat only. The ToR agent submits a final version to the beneficiary and the Lead IFI for mandatory approval, the EUD and DG NEAR issue their mandatory 'no-objection'; this final version is also shared with the IPF (if active). Once the mandatory approvals and no-objections are in place, the ToR are issued to the implementing IPF.



The implementing IPF develops, on the basis of the ToR, a methodology. Once the methodology is approved by both the beneficiary and the Lead IFI, the implementation of the TA activities is initiated.

In practice, consultants are carrying out the assignment, either directly contracted by the Lead IFIs or through one of the IPF. The assignments can basically cover all stages of the project preparation, e.g. from the pre-feasibility study (study looking in the best options for a given project idea) to the detailed design preparation (next step will be usually the tender for starting the works).

The owner of the final output (study, etc.) is the Beneficiary. The Lead IFI and DG NEAR have access and may use

the final outputs, while the IPF Manager has only access to them.

It should be noted that, as for any IPA-funded projects, in principle, TA grants implemented by one of the IPF are exempted from VAT.

## **WBIF written procedures - changes in scope or budget**

A project may be subject to changes during its implementation. In practice a certain amount of flexibility has been applied when it comes to changing the scope of the activities or the budget approved by the Steering Committee: beneficiaries may send official requests to the WBIF Secretariat, specifying and justifying the necessary changes. It should be noted that neither the Lead IFI nor the consultants appointed to implement TA grants should submit requests for changes in scope or budget on behalf of a Beneficiary. Such requests are the responsibility of the Beneficiary.

If the changes requested consist of additional activities (change of scope) or an additional budget directly related to and necessary for the successful completion of the activities originally approved by the Steering Committee, a written procedure is launched.

The WBIF Secretariat will then initiate a first screening, where the (a) Lead IFI and (b) the relevant EUD are consulted. In parallel, a technical opinion from IFICO and a confirmation (if applicable) from the implementing IPF will be retrieved. Several rounds of consultation may take place, to agree, among these key stakeholders (including the beneficiary) on the revised scope and/or budget. Once agreed, the WBIF Secretariat launches a restricted Written Procedure (WP) addressed to the main IFI representatives, the EUD and the European Commission; the BD Co-chair representative is also included. Following the restricted Written Procedure, a full WP is launched to the members of the WBIF SC. If there are no objections to a Written Procedure, it is approved by the Members of the WBIF Steering Committee, and the next following WBIF SC meeting takes note.

The whole process is documented in the MIS.

## **End of the implementation of the TA activities**

The activities of a TA grant are considered complete when the Contracting Authority of the implementing IPF has acknowledged the Beneficiary's approval and the lead IFI's non-objection of the grant deliverables.

It may happen that the beneficiary refuses to approve the deliverables, in disagreement with their results. If the quality of the deliverables is not questioned but only its results, the TA activities are deemed complete.

It may also happen that a Lead IFI decides to withdraw their involvement in a project, for example, when the preparation of the project documentation reveals that the project does not meet their internal requirements to provide financing or when there are indications that a project is non-viable on technical, environmental, economic or financial grounds. Before withdrawing from the project, the Lead IFI should review and give their non-objection to the deliverables, allowing other financiers to continue the project if the withdrawal is due to internal requirements of the Lead IFI.

Finally, it may exceptionally happen that the quality of the deliverables is in question. The Beneficiary, the Lead IFI, the Commission and the Contracting Authority of the implementing IPF then jointly agree on a satisfying solution.

Should the TA activities implemented by the Lead IFI be completed for an amount smaller than the budget approved

by the WBIF Steering Committee, the unspent funds will be returned to the Joint Fund. When implemented by an IPF, the unspent funds will be returned and increase the remaining budget of the service contract, enabling the allocation of new assignments of TA grants to the IPF.

### **Cancellation or termination of the TA activities**

It may happen that a project fails to materialise, for technical, financial or political reasons.

The cancellation of a technical assistance grant will thus be considered when the ToR fail to be initiated or approved after a reasonable period of time. A TA grant may also be cancelled if, once the ToR have been approved, activities fail to start in a defined period of time.

When the implementation of the activities has started but the completion of the activity is not possible or desirable (for example, if surveys reveal a project to be impossible for technical or environmental reasons), the technical assistance grants may be terminated.

The cancellation or termination of a grant is discussed and agreed with the Lead IFI, either during the annual pipeline review meeting or through bilateral discussions with the WBIF Secretariat. The decision is presented during the next PFG meeting and subsequently officialised by the WBIF Steering Committee.

### **3.1.2 Implementation of investment grants**

During the WBIF Steering Committee meeting in December, the INV applications recommended by the PFG members and endorsed by the WB6 Summit if related to connectivity, are formally approved. Should conditionality be associated with the approval of an application, the decision becomes effective when the requirements are met. SOC and ENV INV can be approved twice yearly subject to the availability of bilateral donor funds.

INV grants are always implemented by the Beneficiary under the supervision of the Lead IFI, which co-finances the project with a loan. To this end the Lead IFI signs a loan agreement as well as a grant/financing agreement for the WBIF grant with the Beneficiary. The Beneficiary assigns an Implementing Agent for the project, e.g. this can be a Line-Ministry or a public entity, like a state electricity company. The Implementing Agent acts as the Contracting Authority for the project and might set up a Project Implementation Unit (PIU) which is responsible for the daily execution of project activities, including - inter alia - the preparation of tender specifications/ToR, and for the management and supervision of contractors.

In principle the Contracting Authority will use EU procurement rules, based on the EU procurement directive, the rules of the Lead IFI or other local procurement rules which have to be assessed by the Lead IFI as compliant with its own rules and principles. In some cases, the Lead IFI will require the Beneficiary to adapt its own procurement rules to be acceptable to the Lead IFI. Once the procurement is finalised, for works contracts, the Beneficiary will use the FIDIC (Fédération Internationale des Ingénieurs-Conseils) type of contracts.

The Contracting Authority will sign contracts for works and supplies and TA as appropriate. It will also sign a contract with a supervising engineer, a specialised engineering consultant who will follow the works and supply contracts from a technical/engineering point of view. Every payment certificate will be confirmed or contested by the supervising engineer. The supervisor is a key entity who validates the contract deliverables on behalf of the Contracting Authority and has the authority to request variations and extension of the execution period due to e.g. adverse climate conditions or other unforeseen circumstances. This may lead to requests for changes in the scope

of the activities and/or for additional budget according to the contractual arrangements.

Depending on the Lead IFI payment arrangements, the Contracting Authority, through the PIU, will also make payments to contractors or ask the Lead IFI to make the payment directly to the contractor.

At the end of the works and/or supplies contract, a 'Provisional Acceptance Certificate' (PAC) is issued to the Contractor by the Contracting Authority with the endorsement of the Supervising Engineer in accordance with the works and or the supplies contract. After the provisional acceptance, all payments are effected to the Contractor, and only a small portion of, usually, 10% is retained as a performance guarantee. This is also the moment when the Beneficiary/Contracting Authority takes possession of the output of the works and supplies through the 'Take Over Certificate' (TOC). The Beneficiary has 12 to 24 months in which it can operate the project output and note any deficiencies. During this 'Defect Notification Period' (DNP), the Contractor needs to make remediation works/improvements to the works and/or supplies executed and/or provided, according to the contract signed with the Contracting Authority and to the applicable law at its own cost.

At the end of the DNP, a 'Final Acceptance Certificate' (FAC) is issued to the Contractor by the Contracting Authority with the endorsement of the Supervising Engineer and the performance guarantee is released.

## 3.2 Implementation processes linked to the management of the WBIF grants

### 3.2.1 Financial flows into and out of the Joint Fund

#### Contributions to the Joint Fund

Contributions from the Bilateral Donors to the Joint Fund are usually announced at the SC in December. The actual payment of these contributions is then effected either before the December SC or at the beginning of the following year. In some cases, contributions may be paid in instalments which are laid out in the respective Contribution Arrangements.

Contributions from the EU must be preceded by a Commission Financing Decision which has been the subject of a positive opinion of the EU Member States (IPA Committee). The Financing Decision specifies the total allocation to the WBIF through the Joint Fund for a given year (and may also include additional funds for an IPF). For investment grants, it further specifies a long, non-exhaustive list of potential projects which can be financed from that Financing Decision. The allocation for TA is not specified by project. With the Financing Decision adopted, the Commission, represented by DG NEAR, is mandated to agree to the final selection of projects which are approved at the SC for financing.

The EU contribution is paid into the Joint Fund in several instalments based on disbursement forecasts as specified in each GAF and which may be updated from time to time. The EBRD, as financial manager of the Joint Fund, works with the Lead IFIs to verify the timing and amount of the disbursement forecasts in the GAFs on a six-month basis and communicates these updates to DG NEAR for the purposes of planning budget appropriations (in June and December). The purpose of working with payment forecasts is to ensure that the funds are made available only when and where required by the progress of the operational implementation of the projects. These payment provisions are also aimed at avoiding the generation of negative interest on large sums sitting in bank accounts unused, as well as at allowing for a better planning of the availability of scarce public funds. Payment requests are consolidated where possible and submitted by the EBRD to DG NEAR according to the forecasts provided by the Lead IFIs.

At the completion of the project, it might happen that there was no need to use all the available funds from the grant account or that the Beneficiary repays unused or recovered funds to the Lead IFI's grant account. In this case the Lead IFI will return the unused or recovered balance to the Joint Fund account, where these funds can be reused for the financing of new projects. It is not foreseen that unused or recovered funds are returned to the donors.

There is no deadline to return funds where bilateral donors are concerned. For the EU funds, there is a date for the end of implementation in each contribution arrangement and this corresponds to the deadline in the related Commission Financing Decision.

### 3.2.2 Monitoring and supervision of the WBIF grant by the Lead IFI

#### Operational monitoring

The Lead IFI will monitor the operational implementation of the TA and INV projects by closely following the progress of the implementation through analysing reports and carrying out monitoring missions as foreseen under the Lead IFIs procedures. The purpose of these monitoring activities is to enable the Lead IFI to signal at an early stage problems or delays in implementation which could have an impact on the overall execution of the project and would hence represent a risk for all stakeholders. In case of a problem, the Lead IFI will report to the WBIF governing bodies and the Joint Fund Managers in order to discuss possible solutions to the problem.

#### Financial monitoring

The Lead IFI is responsible to monitor and supervise under its own procedures the implementation of the project carried out by the Beneficiary. To this end the Lead IFI will make available specialists, either through its own personnel or by hiring consultants, whose purpose is to ensure that the tender procedures are carried out using correct procurement procedures and are up to an acceptable standard.

Even though as Contracting Authority, the Beneficiary is responsible for the procurement, the signature of the contracts and the verification and payment of the contract deliverables, the Lead IFI oversees these activities, including the work of the contractors, according to their internal procedures and arrangements by systematic points of control, e.g. by giving 'non-objection' to key events in the process (inter alia procurement procedures, tender evaluation, contract signature, payments, final project inspection etc.). The exact intervention process is different for each Lead IFI; however the principle is that the Lead IFI ensures that procurement and contractual and financial execution is carried out in full respect of general principles of competition, equal treatment, absence of conflict of interest and sound financial management.

Finally, upon project completion, i.e. at provisional acceptance or during the Defect Notification Period, the Lead IFI will obtain satisfaction that the project was implemented in line with the objectives of the GAF and that the final cost of the project is evidenced correctly by adequate supporting documents as reported by the Beneficiary. The Lead IFI will also assess the actual time schedule and compare the final cost with the planned cost. To this end the Lead IFI will undertake usually a final project inspection and/or carry out a final technical evaluation of the project depending on the Lead IFIs control system in place.

### 3.3 Reporting on implementation

The WBIF Rules and Procedures set out the reporting requirements for the WBIF. Reporting is provided on the WBIF operations as described below:

- At the level of the Joint Fund;
- At the level of the IPFs;
- At the level of the WBIF (Joint Grant and Joint Loan Facility).

#### WBIF Annual Report

The Annual Report is addressed to all WBIF stakeholders as well as the wider public and is prepared by the WBIF Secretariat.

It includes:

1. The Annual WBIF Report with
  - a narrative section which provides an overview of the overall performance of the WBIF as well as across sectors and beneficiaries; and
  - a grant directory which offers details on the grants approved by the WBIF since its establishment.
2. The 'Projects' section of the WBIF website ([wbif.eu/wbif-projects](http://wbif.eu/wbif-projects)) which reflects 'live' key data on WBIF operations at project level and which are recorded in the MIS by the Lead IFIs. This section of the WBIF website is maintained by the WBIF Secretariat with assistance from IFICO.

#### Annual Monitoring Report

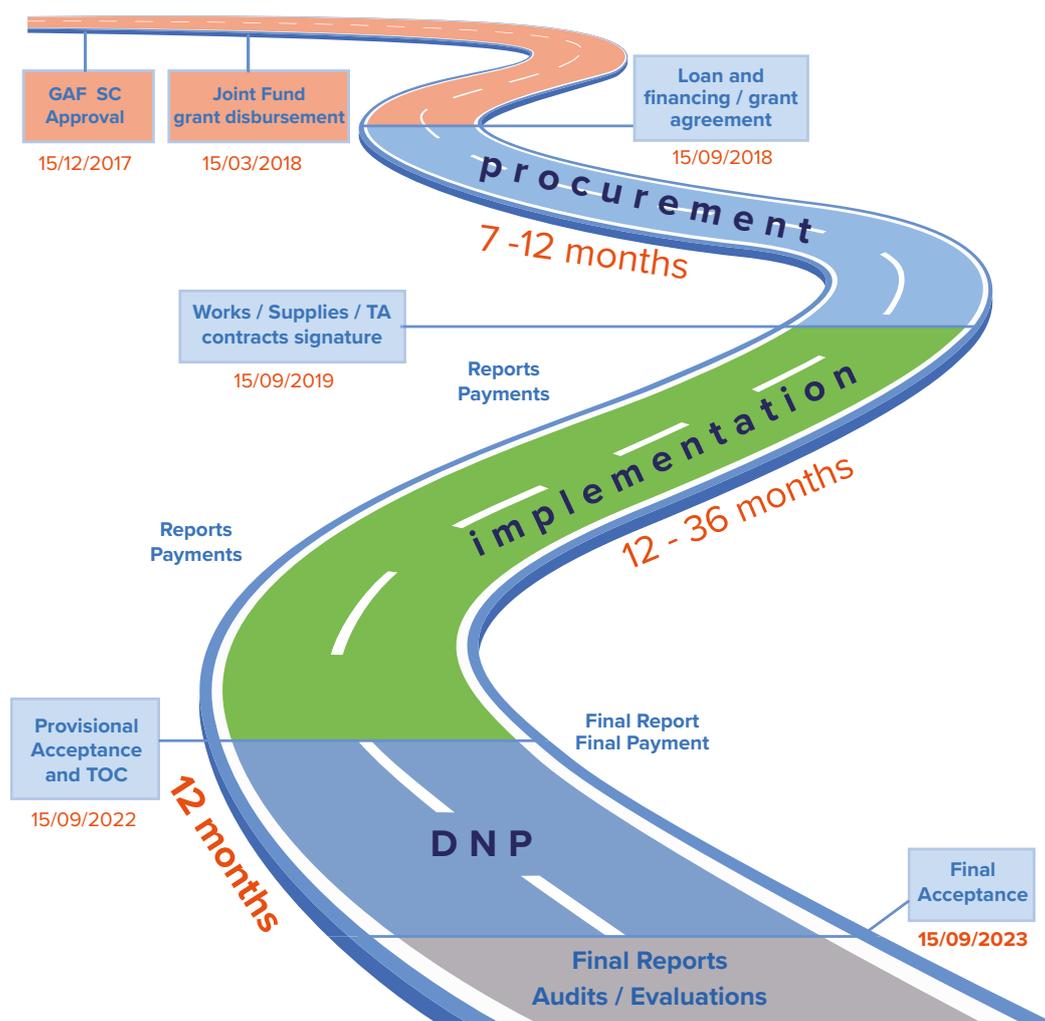
At this level, reporting takes the format of an annual Monitoring Report, which is prepared by the WBIF Secretariat with assistance from IFICO and is presented to the PFG in May and SC in June. The basis of the Monitoring Report is MIS data as available at the time of the consolidation.

The Monitoring Report is a more technical report and primarily addressed to key WBIF stakeholders who attend the regular WBIF PFG and SC meetings. Its purpose is not only to inform on the status of the Joint Fund and Joint Lending Facility, but also to discuss any issues encountered in the implementation of WBIF actions and consequent delays in their execution. The report is the basis for any consideration of cancelling a WBIF grant due to slow or no progress.

The report is accompanied by a detailed grant directory and is published on the WBIF website ([www.wbif.eu](http://www.wbif.eu)), once it is endorsed by the WBIF SC.

### 3.4 Implementation timelines

The following illustration gives an exemplary overview of the timelines typically underlying the implementation of an investment project. In reality, projects will follow different timelines due to their specificities and possible problems encountered. Nevertheless, the chosen timeline will provide a good idea of the average duration and stages of implementation.



### 3.5 Amendments to the GAF

During the implementation of a TA or INV grant project, certain project data/parameters might change, and the GAF will need to be amended in order to reflect that change.

Certain changes might be substantial and the opinion of the Steering Committee or the Assembly of Contributors is required before the change can be implemented. Indicative data which might need to be updated from time to time (e.g. payment schedule) and changes of certain implementation structures (e.g. who within the Beneficiary is responsible for implementation) which do not have an impact on the sound and timely implementation of the project, can be decided by the Lead IFI and simply be notified to the WBIF Secretariat.

### 3.6 Cancellation of grants

In managing the pipeline, cancellation of approved grants on account of poor or non-performance is the last resort, used only when all other measures have failed to yield the necessary adjustment in performance and development impact.

A grant for TA may be considered for cancellation when any of the following indicative events occur:

- the preparation of the Terms of Reference for the Action has not started within one year of the approval of the

- grant by the Steering Committee;
- the implementation of the Action has not started within two years of the approval of the grant by the Steering Committee;
- the action benefiting from a grant has not been completed by the end date indicated in the Grant Application Form, or within four years of the approval of the grant by the Steering Committee.

The aforementioned criteria serve as a trigger for further investigation. In some cases, there may be a legitimate reason for the delay, for example, if the TA supports the supervision of the construction phase of an underlying investment project which has been subject to delays.

An investment grant may be considered for cancellation in case procurement for the Action has not started within one year from the approval of the grant by the SC. When analysing the causes of delay, specific events such as ratifications of loan agreements by the Beneficiary etc. should be taken into account.

The review of the project pipeline is carried out twice a year, as part of production of the semi-annual monitoring reports. The reports are prepared based on data extracted from MIS that flags grants, and hence projects, that register delays against the above criteria.

Once a year, based on the findings of these reports and the latest information available in the MIS, the WBIF Secretariat compiles a preliminary list of slow moving and/or non-performing grants, which is subsequently reviewed in meetings between the Lead IFIs, the WBIF Secretariat, DG NEAR, IPFs and IFICO. The discussions will aim to verify if the grants' progress recorded in the MIS is correct and up to date. The EU Delegation/Office with the Beneficiary is also consulted with a view to further defining the issues faced by the given project(s). In accordance with the results of these meetings and consultations, the WBIF Secretariat produces a final list of potential grants for cancellation, which is put forward to the PFG for analysis. The latter is mandated to decide on which grants will be recommended for cancellation to the SC.

If the decision of the SC is in favour of cancelling the grant, any residual funds return to the WBIF resources (either IPF or Joint Fund) and cancelled balances are re-allocated to subsequent rounds.

### 3.7 Visibility and communication

Ensuring proper communication and visibility for the WBIF-supported projects is in all partners' interest. WBIF projects have a direct positive impact on people's welfare and living standards in the Western Balkans and therefore offer excellent opportunities to raise the profile of the EU, the WBIF, Lead IFIs, and all partners who work in the region.

The WBIF Rules of Procedures confirm that 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. Therefore, visibility is one of WBIF's key objectives.

The WBIF General Conditions require that the Lead IFI shall always acknowledge and make public that activities were funded by the WBIF and shall require the beneficiary to do the same in their promotional material related to the Action. Additionally, specific communication activities may be funded by the WBIF grant as specified in the related GAF approved by the SC. It is the responsibility of the Lead IFI to report on the implementation of the communication activities in its annual implementation report.

To assist key stakeholders with the implementation of communication and visibility actions, dedicated WBIF Communication and Visibility Guidelines were approved in September 2018 and are updated regularly. They provide details on the WBIF visual identity, define principle means and tools to be used in promoting the WBIF to specific and/or general audiences, and offer concrete guidance on how best to coordinate multistakeholder communication and visibility activities, with a focus on investment projects. The Guidelines are complemented by the WBIF Communication and Visibility Plan which is produced on an annual basis and discussed amongst PFG members, usually in the spring meeting.

In concrete terms the following visibility and communication activities are carried out under the WBIF:

### 3.7.1 Visibility at the level of the WBIF by the WBIF Secretariat

The WBIF Secretariat has been tasked with ensuring the visibility of all grant resources pooled into the Framework through relevant media, specifically by means of a dedicated website ([www.wbif.eu](http://www.wbif.eu)) regular publications (Annual Report, Annual Monitoring Report, and others), and the organisation of conferences and meetings.

This is the logo of the WBIF:



Below, the partners' logos as used on visibility materials:

A JOINT PARTNERSHIP OF:



IN COOPERATION WITH:



BILATERAL DONORS



BENEFICIARIES



[www.wbif.eu](http://www.wbif.eu)

### 3.7.2 Visibility and communication at project level by Lead IFIs and Beneficiaries

The WBIF Secretariat’s visibility activities are however to be complemented by project related communication activities undertaken by the Beneficiaries, the financial institutions, Bilateral Donors, the EC through DG NEAR and/ or the EU Delegations and Offices in the Western Balkans, according to the specifics of the WBIF action/project. Particular care and coordination effort will be required in the case of the investment projects for which the EC has developed a specific methodology and tracker.

The requirement to carry out communication and visibility activities at the individual project/action level has been laid down in the Rules of Procedure. Once projects are approved and ready for implementation, for each project, relevant contacts will be identified from the Lead IFI, 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 IFI, the Commission and the Beneficiary will jointly ensure adequate coordination and organization of visibility activities before, during and at the end of the project implementation, in particular for the co-financing of large investment projects with a focus on the positive impact on beneficiaries.

## 3.8 WBIF Management Information System and WBIF Website

### 3.8.1 WBIF MIS

The WBIF Management Information System is a web application which contains information on all WBIF grants and projects and is the key tool for the overall WBIF operations. In particular, it facilitates project management from pre-submission until project closure and provides a complete history of changes to project data.

The MIS includes information in particular on:

- Submission of WBIF TA/INV Grant Application Forms by the applicants;
- Screening and assessment of WBIF TA/INV Grant Application Form;
- Storing of project deliverables, such as grant deliverables, terms of reference, budget and grant closure documents;
- Export of any information stored in the MIS to be used in statistical reports;
- Interaction with the WBIF website, any updates of relevant data will lead to an update of the matching information on the website.

The respective roles and permissions in the MIS are:

Applicants	Submit new applications in an open round and can consult data of all projects, grants and contracts and download GAF, ToR, and grant deliverables related only to their own country.
Bilateral Donors	Can consult data of all projects, grants and contracts and download all GAFs and grant deliverables.
IPFs	Can consult data of all projects and update grants and contracts related to their assigned grants and download all GAF documents and can upload ToR, grant deliverables, and grant closure documents related to assigned grants.
EC and all Lead IFIs	Can consult data of all projects. Can update grants and contracts related to their own projects and download GAF, ToR, and grant deliverables but only related to their own projects.

Lead IFI	Assess new applications in an open round. Can consult data of all projects. Can update grants and contracts related to their own projects, download GAF, ToR, and grant deliverables related only to their own projects.
Monitor Lead IFI	Update all projects, grants and contracts related to own their projects and download GAF, ToR, and grant deliverables related only to their own projects.
Project application screeners	Screen new applications in an open round, download GAF, ToR, Grant deliverables, but only for assigned grants.
WBIF Secretariat	Can update all projects, grants and contracts, open a new round of TA or INV grants, and add a new project or a new grant.

### 3.8.2 WBIF Website

The WBIF website is giving information on all project and grant related data, which can be filtered according to sectors, beneficiaries, etc. It also informs about the latest news and events as well as comprises a library of documents (e.g. issue papers, presentations, minutes, etc.). The website serves as a key tool for improving the visibility of the WBIF instrument and all partners.

The address is [www.wbif.eu](http://www.wbif.eu).



# Western Balkans Investment Framework A Guide

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