



23rd MEETING OF THE WBIF STEERING COMMITTEE

Minutes of Virtual Meeting (updated)

DAY 1: WBIF SC Session A: Policy and Strategy Session

Notes to participants/readers:

- (1) **Pandemic and decision-making:** Due to the pandemic situation and the inherent restrictions (travel, meetings, etc.), no physical meetings can take place. The Rules of Procedure and the General Conditions do not regulate decision making for virtual meetings of the WBIF Steering Committee. Moreover, there are legal concerns about the decision making's legal quality in or during virtual meetings. Therefore, the WBIF Secretariat issued a Written Procedure (WBIFWP: 044_11/12/20) on 11 December 2020, addressing this issue and the members of the WBIF Steering Committee were requested to vote on the issues listed in the Written Procedure.¹
- (2) **List of participants and chat protocol:** The List of Participants is enclosed as Annex 1 and shows participation in all three sessions of the 23rd WBIF SC meeting. The chat protocol is also enclosed as Annex 2.
- (3) **Comments:** The members of the WBIF Steering Committee are requested to raise comments to these Minutes, within 12 business days following dissemination. A final version will then be disseminated and following a short period of time, be uploaded to our website (as final).

Welcome and Introduction to 23rd WBIF SC meeting

DG NEAR Deputy Director General and WBIF Steering Committee Co-chair, Mrs. Katarína Mathernová welcomed participants to the 23rd WBIF Steering Committee (SC) meeting. In 2015, the WBIF SC was charged with implementation of Connectivity Agenda and the respective pledge of €1 billion in grants for connectivity relevant projects will be formally delivered at this SC meeting. At the same time, WBIF stakeholders are turning over to a new page and the Economic and Investment Plan (EIP) will be delivered largely through WBIF in the upcoming IPA III period, through 6 investment windows. The Economic and Investment Plan is based on a EUR 9 billion funding in the form of grants, and it is complemented by the new Western Balkans Guarantee Facility that should raise investments of up to EUR 20 billion. This constitutes an extremely ambitious programme and very close and intense cooperation of all WBIF stakeholders will be necessary. WBIF will need to become more efficient, backlogs and bottlenecks have to be addressed and WBIF's governance must be updated and become compliant with the requirements under IPA III.

The WBIF Steering Committee Co-chair Austria, Mr. Harald Waiglein, Director-General for Economic Policy, Financial Markets & Customs Duties, Federal Ministry of Finance, Austria, also welcomed and reassured participants of the continuing commitment of the Bilateral Donors to the Western Balkans; in this context the European Commission's pandemic related assistance for the Western Balkans over €3.3 billion is particularly welcomed. The WBIF with its collaborative nature is a perfect instrument to coordinate and allocate assistance in the new programming period; WBIF is also a centre of strategic orientation for the region, where all stakeholders are equal partners.

¹ Another WBIF Written Procedure N.45 was issued for the decisions of the 22nd WBIF SC meeting from June 2020.

CEB, PFG Co-chair and virtual host² of the 23rd WBIF SC meeting, Governor Mr. Rolf Wenzel, welcomed participants and mentioned the strategic importance of the Western Balkans, being an integral part of Europe. The EIP is particularly welcomed by the CEB, as it addresses important issues pertinent for the Western Balkans. The EIP is expected to deliver fast, visible and concrete actions for the benefit of the people, demonstrating pan-European solidarity with the region. As has been demonstrated in the past, the social sector delivers fast and tangible results (for example the Regional Housing Programme) and the inclusion of the social dimension in the EIP is therefore appreciated.

The Economic Investment Plan for the Western Balkans

Commissioner for Neighbourhood and Enlargement Mr. Olivér Várhelyi, introduced the Economic and Investment Plan (EIP) for the Western Balkans to participants and confirmed that the Western Balkan region is a priority for the EU. As stated by President Ursula von der Leyen, the EU and the Western Balkans share the same history, the same destiny and it is in the strategic interest of the Western Balkans and the EU to bring the Western Balkans closer and into the EU. Due to the pandemic, the economies of the Western Balkans will contract significantly this year, which is why in April 2020, the European Commission partnered with the EIB, and the EBRD to put forward an unprecedented assistance package to fight the social and economic impact of Covid-19³. In May, at the Zagreb EU-Western Balkans Summit, the European Commission committed to come forward with a robust Economic and Investment Plan (EIP) for the region. In October, the Commission adopted the EIP for the region proposing to mobilise up to €9 billion of IPA III funding for the period 2021-2027, including a new Western Balkans Guarantee facility, with the ambition to potentially raise investments of up to EUR 20 billion⁴. The EIP aims to spur long-term economic recovery, to foster the twin green and digital transition and to boost not only the region's economic development, resilience and competitiveness, but also its social cohesion. The EIP is structured around 6 key areas of intervention and 10 proposed investment flagships.

First, sustainable transport will link the region better with Europe and the region within. This is essential to promote trade within the Western Balkans and with the EU, with a clear focus on completing the Core Network. Second, there is a need in the region for clean energy and the region must phase out coal as quickly as possible; the EIP supports therefore renewable energy sources and energy efficiency measures; gas needs also to be deployed as a transition fuel. Third, through the green transition, decarbonisation, depollution, circular economy, protection of biodiversity will be addressed. Fourth, concentration on the digital economy will create the right conditions for 21st-century economies, the education system needs to ensure the rights skills are available in the region and basic infrastructure needs to be rolled out. Fifth, the private sector needs to be rebooted, improving the region's competitiveness and job creation. Through the Enterprise Development and Innovation Facility support instruments will be made available through the Western Balkans Guarantee. Sixth, human capital development is key, it is essential to give prospects to young people to stay and be able to thrive in the region; this includes particularly socially vulnerable groups, such as the regions' Roma population, targeted programmes should be developed to this end.

² In normal circumstances, the WBIF December SC meeting would be hosted by the PFG co-chair (of that year).

³ Commission Communication Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery, COM(2020) 315 final

⁴ Commission Communication An Economic and Investment Plan for the Western Balkans COM(2020) 641 final

Within one month of publication of the EIP, WBIF already delivers the first instalment through the final connectivity package. This WBIF SC will approve six flagship projects in the areas of sustainable transport and clean energy that were already presented at the Sofia Summit; these projects also complete the connectivity pledge of €1 billion in grants the EU made in 2015. The investment part of the EIP will need to be accompanied with reforms. The Western Balkans must realise ambitious structural reform in order to create an attractive business climate in the region. Close cooperation of all WBIF stakeholder and particularly the Western Balkans partners will be key in delivering all aspects of the EIP, economic and structural reforms need to be advanced to deliver the full benefits of the plan and to attract investors and jobs. The EIP is a solid foundation to make the region more stable, more prosperous and to accelerate its European path; it will also foster the creation of a Common Regional Market, vital to free up trade and to allow people to move more freely. The private sector and citizens need to see that the EIP is not only a document but a promise for action and a better future, a future ever closer to Europe, a future of stability and prosperity for all the people.

Reactions by Western Balkans Authorities

Serbia, Mrs. Jadranka Joksimović, Minister for EU Integration: welcomed thanked for the invitation to this WBIF SC meeting and reaffirmed participants of the importance of the EIP for Serbia; in particular, the aspects of the Green and Digital Agendas are seen as horizontal themes and vital for successful implementation of the EIP. Recent success stories, for example the green lanes, should be utilised further and are important elements to support economic recovery. Serbia ensures full cooperation with WBIF and the IFIs and supports the strategic orientation of the EIP.

North Macedonia, Mr. Nikola Dimitrov, Deputy Prime Minister for European Affairs: informed participants about the Government's intent to update (following internal consultation process) the national list of priority projects until next summer. Mature projects annexed to the EIP will be frontloaded and the EIP will be used as strategic guidance, driving the prioritisation process of key infrastructure projects. The National Investment Committee chaired by the Prime Minister will adopt a revised Single Project Pipeline for all sectors. The EIP will spur fundamental reforms, deepen regional economic integration and develop a common regional market based on EU *acquis* and best EU practices.

Montenegro, Mrs. Zorka Kordic, Chief Negotiator with the European Union: informed participants that key areas addressed in the EIP actually underpin the new Montenegrin Government's development vision and highlighted the added value of the EIP, which is an explicit confirmation of European Union's dedication to the Western Balkan economies. The EU is a key partner in developing policies in the areas recognised by the EIP, especially sustainable planning of investments. Montenegro affirmed its strong political commitment and efforts building up a pipeline of mature projects and capacities for the implementation of the EIP.

Kosovo* Mr. Arban Abrashi, Minister of Infrastructure: expressed appreciation of the revised rates for investment grants and reassured Kosovo's commitment to the integration of regional economies, for example the "Peace Highway", where financing packages with IFIs are advanced. Kosovo has developed an internal plan for investments for the period 2021-2025, and the Single Project Pipeline is being updated. The National Investment Council,

*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.

chaired by the Prime Minister, approves all project applications. A National Development Strategy serves as a guiding document for the next decade, it links with Sustainable Development Goals and with the EU targets, in particular the Green Deal.

Bosnia and Herzegovina, Mrs. Zara Halilović, Assistant Director Directorate European Integration: informed that over 95% of the Connectivity Agenda grants approved for Bosnia and Herzegovina fall under the EIP, as will all forthcoming applications under the open 6th call for investment grants under WBIF. This demonstrates close alignment of the EU's and Bosnia and Herzegovina's priorities. Several strategic documents and action plans (such as the Integrated National Energy and Climate Plan, Environment Protection Strategy, Broadband Development Strategy, etc.) are advanced and will soon be adopted.

Albania, Mr. Zef Mazi, Chief Negotiator with the European Union: identified the EIP as a "Big Push Forum" for investment in the Western Balkans, for fast and efficient project implementation. Albania's priority is economic recovery and acceleration of economic convergence with EU, and its strategic objective is to accelerate integration into the European Union (EU) by implementing sustained and systematic reforms in all sectors. Albania has made the Connectivity Agenda and now the EIP as one of its top priorities and reform measures will be clearly reflected in Albania's Economic Reform Programme.

DG NEAR Commissioner Mr. Oliver Varehlyi thanked the beneficiaries' representatives for their contributions which are encouraging, a confirmation of ownership and the EIP's implementation of a regional approach. Project conditions and modalities will be the same for the entire region and the flagships under the investment windows will further stimulate regional integration.

Overview of developments in the region

DG NEAR Director, Mrs. Genoveva Ruiz Calavera, emphasised the importance of the endorsement of the Sofia Summit by the Western Balkan leaders pertaining to the common regional market, recognising the need for better integration of the economies amongst themselves and with the EU. The Common Regional Market initiative is structured around the four EU freedoms (free movement of goods, services, capital and people) and enriched with trade, digital, investment, innovation and industry areas. It represents another stepping-stone to integrate the region more closely with the EU Single Market ahead of accession. This initiative will increase the benefits of big infrastructure projects included in the EIP, builds on the regulatory convergence process (acquis alignment) of the entire region and makes the region a more attractive investment destination. The EU-Western Balkans and intra-Western Balkans economic integration processes are mutually reinforcing, regional economic integration helps the accession process. The Common Regional Market Action Plan (adopted in Sofia) specifies tangible and concrete results, which should be reachable within 2-3 years. Examples are free travel within the region (ID card only), mutual recognition agreements (if one product is good enough for a national market, it's good for the region), increase the possibilities for professionals to work and students to study throughout the region, development of a regional digital market (e-commerce, 5G, digital services, data economy) and swifter border crossings by expanding the green lanes initiative, this could cut the waiting time at borders by 70%. Building a common market of 18 million people, functioning on the

basis of the EU rules, could be a game changer for the Western Balkans and would benefit both the region and the EU.

The new **Director of the Western Balkans Transport Community, Mr. Matej Zakonjšek** was invited to take the floor to illustrate concrete recommendations by the Transport Community Permanent Secretariat (TCPS). The objective of the TCPS is a complete integration of the Western Balkan transport network into that of the EU. In parallel, structural reforms must aim for the transposition of highest standards with regards to multimodal transport and border crossing facilities. Action Plans were adopted (made by the Region for the Region), for Road Transport, Transport Facilitation, Rail and Road Safety, to deliver on concrete aims: safer roads, reduced waiting time at border crossings (*one stop go* concept), reliable and modern rail and roads, with integrated green and digital elements. The action plans are fully aligned with the EIP for the Western Balkans.

Serbia (Aleksandra Radinovic and Dragan Mrkalj) enquired if the EIP is part of, or the entire IPA III package; and further if WBIF's eligibility criteria would extend to other EU funding instruments, e.g. REEP Plus and requested clarification to which extent eligibility criteria for INV also apply to TA. **CEB** (Stephan Sellen) enquired if there are any plans in the EIP to phase out coal, and if under the IPA III funding, a certain percentage would be allocated to regional projects.

DG NEAR (Genoveva Ruiz Calavera) clarified that the EIP is part of the IPA III envelope, the volume for the Western Balkans is up to €9 billion; to be implemented via the 10 flagships and through the WBIF. Decarbonisation (as such including coal) is a vital component of the EIP, there is no percentage type allocation of funds; TA and INV eligibility criteria are closely aligned.

Statement by WBIF SC Co-chair Austria

The **WBIF Steering Committee Co-chair Austria, Mr. Elisabeth Gruber** Federal Ministry of Finance reflected on the challenges and achievements in 2020. The pandemic has had an impact on all, nevertheless, it also led to a strong spirit of solidarity. Bilateral Donors reiterate their strong support for a sustainable and green recovery to overcome the manifold implications of the crisis also in the Western Balkans, which should also be a guiding principle for concerted efforts and collaboration among partners in the WBIF. For the joint European future, it will be imperative to continue improving the quality of peoples' lives in the Western Balkans in a collaborative way, especially in times of crisis. The new Multiannual Financial Framework of the EU foresees substantial EU funding to the Western Balkans and hence reflects the strengthened commitment to the region. The EIP is an important proposal for the strategic deployment of IPA III funds in this respect. The Bilateral Donors welcome the EU's clear commitment to support green and sustainable investments in accordance with the Green Agenda for the Western Balkan region, a highly timely and important step to support the Western Balkan region in the joint endeavour of carbon neutrality across Europe. Also the social dimension – among others – plays a key role for human capital formation in the Western Balkan region; investments channelled through the WBIF in key areas such as in health and education should not be too restrictive and could enhance the visibility of the WBIF considerably.

The Bilateral Donors further look forward to continue working together in the WBIF alongside the strategic orientation of the EU and are committed to the principle of non-earmarking for bilateral contributions that will allow for grant financing also beyond the EIP. The dialogue on

a new governance structure has faced considerable delays within the WBIF. However, Bilateral Donors have shown active participation and remain firmly committed to engage in further discussions. Clarity should be established on the possibilities of future intervention and support to be channelled through the WBIF.

The WBIF is and should continue to serve as the inclusive, best-practice platform for investment in the Western Balkans region. The principles of collaboration and partnership between equal stakeholder groups shall remain the distinctive characteristic of the WBIF at its institutional core. Given the current reform momentum, the Bilateral Donors jointly decided that Austria will continue in the current position as Bilateral Donor co-chair for the sake of continuity in upcoming governance discussions.

The Economic Investment Plan for the Western Balkans (II)

DG NEAR (Mrs. Katarína Matheriová) then turned to the implementation of the EIP, being the EU's blueprint for the Western Balkans in the upcoming multiannual financial framework. The WBIF is being firmed up and needs to adjust to the new realities of the EIP, on public investments and boosting private enterprise. The Team Europe approach applies, where the European Union, EU and WBIF Member States, beneficiaries and IFIs collaborate, pull together and roll out this ambitious plan across the Western Balkans.

Perspective on key aspects for success of the EIP

DG NEAR (Mrs. Genoveva Ruiz Calavera) clarified underpin the EIP and the implementation of the proposed financial package, WBIF should evolve further and will focus on public and private investments, including through the guarantee facility that will be established. To ensure change takes effect in the region in the next 3-4 years there are some risks which need mitigating. These risks include:

1. **Implementation delays.** Several WBIF projects, in particular in the public sector have accumulated substantial delays, mostly between the design and implementation phases, in some instances public procurement procedures seem excessively long. Lead IFIs and beneficiaries must get a solid grip on the ownership of their projects and take all necessary actions to accelerate implementation.
2. **Monitoring.** Effective monitoring system needs to be established, allowing stakeholders at all times to easily understand the status of implementation and to intervene quickly in the event of bottlenecks.
3. **Reforms.** In order to maximise long-term impact of hard investments, structural economic and governance reforms need to be accomplished in parallel. These reforms and their respective progress will be monitored and discussed under the WBIF.
4. **Capacity.** Implementation capacity goes together with absorption and public administration reforms; this needed capacity must be developed. IFIs' knowledge of the region and of the economies is vital to this end.
5. **Projects preparation is essential.** Feasibility studies, impact assessments, preparation of tender documents (etc.) are costly exercises and mostly prepared with EU support. The Commission wants to ensure that projects are implemented with sources of funds resulting from the Team Europe approach under WBIF.

Reaction from the financial institutions' representatives

AFD (Mr. Remi Genevey) informed participants about AFD's use of "Policy Development Loans" promoting changes in public policy. AFD's mandate overall and at the Western Balkans is aligned with the Green Agenda. Regarding the flagships, while road resilience projects are supported, renewables might not be sufficiently reflected; gas projects cannot be financed by AFD. For energy efficiency and environment projects, higher blending rates should be considered.

CEB (Mr. Stephan Sellen) mentioned that "maturity" should play a more prominent factor in project selection, this will ensure timely delivery. The best returns in terms of project delivery are found in the social sector. Beneficiaries are under serious budget constraints and this traditionally leads to delays or smaller budgets for social sector projects. CEB contemplates the use of "incentive grants" for speedier and efficient project implementation.

IFC (Mrs. Wiebke Schlömer) confirmed IFC's support of the EIP and emphasised the need for reforms and increase of competitiveness in the private sector. New capital is vital to recreate recently lost jobs and recommended to also consider Public Private Partnerships as delivery vehicle for investment projects. Because of the new guarantee instrument, the private sector should rank high on governments' priority lists. IFC further offers mobilisation of upstream capabilities, which should lead to better infrastructure planning.

EBRD (Mrs. Charlotte Ruhe) confirmed EBRD's intent to play a significant role in implementing the EIP. Only mature projects should be pursued, enabling quick and tangible results within the next 3 years. EBRD welcomes the discussion within WBIF to accelerate investment preparation and implementation, and further announced a planned regional workshop on structures and tools to accelerate public infrastructure investment preparation and implementation. Additionally, investing in the competitiveness of the private sector under the EIP is key. Overall, monitoring progress not only on a technical but regularly on a political level is essential and WBIF is an ideal platform to discuss this on a high level. Finally, EBRD strongly believes that any investments need to be accompanied by structural and sectoral reforms to ensure sustainability.

EIB (Mr. Miguel Morgado) reported that EIB has already embraced on the investment windows and the respective flagships. EIB will focus on the thematic windows also covered by the Green Agenda, on digital and competitiveness of the private sector. Examples are rail rehabilitation and extension, renewables, water and wastewater, digital in particular areas showing market failures, and risk sharing instruments for the private sector. Fossil fuel projects cannot be supported by EIB.

KfW (Mr. Klaus Mueller) strongly welcomed the EIP on behalf of KfW and seconded the need for policy reform. Three issues relating to the EIP would merit further deliberation: : (1) better alignment of EIP with green agenda; reconsider the co-financing rates, providing the right incentives for green deal projects, (2) balance funding, also cover "not large" projects with a high impact e.g. in the area of municipal development and TVET, and (3) taking fiscal space into account and use of alternatives, for example the guarantee facility.

World Bank Group (Mrs. Linda van Gelder) welcomed the EIP with the respective investment windows, encouraging transition to clean energy; the EIP is also a good mechanism for regional cooperation. For environmental projects the regional impact would merit further elaboration, for example air quality has an impact on all. Supporting reforms will be critical, infrastructure service providers should be integral part of this effort, as well as capacities in public implementing units, and domestic consultancy (e.g. design sector).

EIF (Mr. Hubert Cottogni) mentioned EDIF's successful work over the past years, 5,400 SMEs were supported and over 112,000 jobs created; thus, EIP's focus on jobs, growth and entrepreneurial creation is key. EIF thus offered their expertise to DG NEAR in the roll-out of the guarantee facility in the coming years.

WBIF transition to IPA III

DG NEAR (Katarína Mathernová) informed participants that through the upcoming Multiannual Financial Framework 2021-2027, the WBIF governance becomes part of the IPA III Regulation, currently discussed by the European Council and Parliament. She then reflected on the activities of the WBIF Working Group in advancing discussions on the future WBIF governance and the letter sent to the WBIF stakeholders on 18 November 2020, outlining the main elements of the transition, these are:

- (i) The governance mechanism shall apply to all EU funds channelled through the WBIF that will now be included in the Regulation for IPA III, i.e. blending and guarantees, for both public and private sector related interventions.
- (ii) Preservation of the inclusive nature of the WBIF, including its current membership, which should be enhanced to include all 27 EU Member States in the future.
- (iii) Preservation of the much-valued collaborative nature of the WBIF, as well as our collaborative review of individual investment projects.

The Annex to this letter proposed a recommendation to this WBIF SC meeting, which, following intense deliberation, now reads as follows:

“Without prejudice to the legal basis finally adopted by the co-legislators, to the adoption of new Rules of Procedure by members of the future WBIF Strategic Board and to the adoption of the amended General Conditions of the European Western Balkans Joint Fund by the Assembly of Contributors, the 23rd WBIF Steering Committee acknowledges the principles underlying the new WBIF governance, as outlined in the aforementioned letter of Katarína Mathernová, Deputy Director- General DG NEAR, of 18 November.”

The WBIF Steering Committee Co-chair Austria (Mrs Agnes Drimmel) welcomed, on behalf of the Bilateral Donors, the recently launched dialogue and confirmed the Bilateral Donors' acknowledgment of the above statement. Close engagement with the WBIF partners should be the way forward. Vital for a successful WBIF transition and commitment of the Bilateral Donors are the preservation of the collaborative nature of WBIF and to allow for sufficient deliberation and discussion of important issues under an ambitious timeframe. WBIF will not only manage EIP/IPA III related funds, but also Bilateral Donor contributed funds.

DG NEAR (Katarína Mathernová) thanked the Bilateral Donors for their support and announced that formal acknowledgment will be through a Written Procedure that will be launched immediately following this Steering Committee Meeting.

***** End of 23rd WBIF SC Session A *****

Day 2: WBIF SC Session B “Infrastructure” and Session C “Private Sector Development”

WBIF SC Session B “Infrastructure”

Welcoming remarks

The **WBIF Steering Committee Co-chair DG NEAR** (Mr. Colin Wolfe) welcomed participants to the 2nd day of this WBIF SC meeting and thanked participants for a very fruitful and informative first session on policy and strategy. Session B is concerned with supporting public infrastructure and Session C with private sector development. Participants were informed that new fiches on IPA II investments were produced and these will be available on WBIF’s website for download (soon also in local languages).

The **WBIF Steering Committee Co-chair Austria** (Mrs. Elisabeth Gruber) and the **PFG Co-chair CEB** (Mr. Vitomir Miles Raguz) welcomed participants and CEB mentioned that next year’s PFG Co-chair will go to KfW.

Pledges from the Bilateral Donors

The **WBIF Steering Committee Co-chair Austria** (Mrs. Elisabeth Gruber) introduced the pledging session:

Bilateral Donor	Pledge local currency	Pledge in € (approx.)
Sweden, Johan Willert	SEK 30 M	2.9 M
Norway, Guri Rusten	NOK 24.5 M	2.3 M
Germany, Sabina Brabetz		0.4 M ⁶
Austria, Elisabeth Gruber		2 M
	Total	7.6 M

Status update European Western Balkans Joint Fund

EBRD (Mrs. Camilla Otto) presented the status of the European Western Balkan Joint Fund, showing an available balance of €9.82 million in EU contributions and approximately €10.1 million (second German pledge included) in Bilateral Donor contributions. EBRD also confirmed that the €1 billion threshold has been passed.

WBIF Project En-bloc Approval Session TA Round 24 and INV Round 05

DG NEAR (Mr. Michael Vögele) recalled the eligibility criteria for Round 24, set at the 22nd WBIF SC virtual meeting: “*Grant Applications are invited in all sectors, DII, ENE, ENV and SOC and are not restricted; applications in the TRA sector must be on the Core Network.*” *All sectors: Projects that are not in the SPP may exceptionally be submitted if there is no SPP for that sector. For sectors with SPPs in place, projects that are not in the SPP may exceptionally*

⁶ In addition to the earlier pledge of € 1M, at 22nd WBIF SC meeting.

be submitted if they are included in the SPP compiled by NIC/equivalent national structures in line with the SPP methodology by the time of their potential approval by the WBIF SC.

The 30th PFG received a total of 33 applications for a total grant amount of €55 million: Per beneficiary: ALB 12, BIH 2, KOS 4, MNE 5, MKD 2, SRB 6, REG 2; and sector: 5 DII, 9 ENE, 5 ENV, 4 SOC, 10 TRA. 12 projects were endorsed by the PFG for submission to the 23rd WBIF SC, of which one (WB24-SRB-TRA-01) was withdrawn after the PFG. Following the 30th PFG, GAFs were reviewed, improved, scopes and budgets adjusted, which is why the amounts here may differ from these presented at the last PFG.

The TA Round 24 applications were introduced and confirmed by the respective beneficiaries and IFIs.

#	Bene.	Grant code	Title	Lead IFI	Grant submitted (€)	Grant revised (€)	Grant incl. imp. fee (€)	Source of funds
1	ALB	WB24-ALB-DII-01	Albania, Broadband Development in White Areas in Vlora, Gjirokastra, Fier, Berat, Korçë: Detailed Design, ESIA, Tender Documents	EIB	1,000,000	800,000	804,000	IPF
2	ALB	WB24-ALB-DII-04	Albania, Digital Infrastructure Improvement in the Pre-University System: Pre-feasibility Study	AFD	800,000	500,000	520,000	JF
3	BIH	WB24-BIH-ENE-01	Bosnia and Herzegovina, Podveležje Photovoltaic Power Plant: Feasibility Study, Supplementary ESIA Study	KfW	865,000	350,000	364,000	JF
4	KOS	WB24-KOS-ENV-03	Kosovo, Water Supply Improvement and Water Resources Protection for Gjakova Regional Water Company: Feasibility Study, ESIA, Detailed Design, Tender Dossier	EIB	800,000	900,000	904,500	IPF
5	MNE	WB24-MNE-ENV-01	Montenegro, Pljevlja Sewerage Network Phase 2: Feasibility Study, Detailed design, Tender Documentation	EIB	350,000	350,000	351,750	IPF
6	MNE	WB24-MNE-ENV-02	Montenegro, Ulcinj Wastewater Treatment Plant and Related Infrastructure: Feasibility Study Update, ESIA, Designs, Tender Documents, PIU Support	KfW	999,781	974,780	1,013,771	JF
7	SRB	WB24-SRB-SOC-01	Serbia, New Campus for the Electrical Engineering and Technical Faculties in Belgrade: Feasibility Study, ESIA, Preliminary Design, Tender Documents	CEB	2,630,000	450,000	452,250	IPF
8	ALB	WB24-ALB-TRA-01	Mediterranean Corridor, Murriqan – Lezhë Route 2b Highway Section: Preliminary Design, ESIA	EBRD	4,500,000	1,600,000	1,608,000	IPF
9	MNE	WB24-MNE-TRA-01	Orient/East-Med Corridor, Bar – Vrbnica Route 4 Railway Line:	EIB	1,200,000	500,000	502,500	IPF

#	Bene.	Grant code	Title	Lead IFI	Grant submitted (€)	Grant revised (€)	Grant incl. imp. fee (€)	Source of funds
			Feasibility Study, ESIA, Preliminary Design, Tender Documents for Power Supply and Video Surveillance					
10	SRB	WB24-SRB- TRA-02	Orient/East-Med Corridor, Kraljevo – Rudnica Route 10 Railway Section: Feasibility Study, ESIA, Preliminary Design, Tender Documents	EIB	2,300,000	3,700,000	3,718,500	IPF
11	SRB	WB24-SRB- TRA-04	Orient/East-Med Corridor, Pločnik – Merdare Route 7 Highway Section: Detailed Design, Tender Documents	EIB	7,000,000	5,000,000	5,025,000	IPF
Total						15,124,780	15,264,271	

For the following two projects conditionalities apply:

- WB24-ALB-DII-01: The foreseen tendering under FIDIC Yellow Book and the preparation of Detailed Design seem to be in contradiction. It is understood that the procurement strategy is not yet fully defined. Before ToR preparation starts the Beneficiary must provide clarity on the strategy. Based on that strategy the scope and grant amount for the preparation of the required project documentation will be adjusted.
- WB24-SRB-TRA-04: Approval of Feasibility Study and Preliminary Design by the State Review Committee before ToR preparation. In order to satisfy this condition, the Beneficiary must provide documentary evidence of the approval (copy of the official document from the State Review Committee confirming such approval).

Formal approval of the above grant applications under TA Round 24 will be through WBIF Written Procedure No. 44: **“Approval of 11 Technical Assistance Round 24 project applications over €15,264,271 (including fees, of which €13,366,500 for IPF instrument and €1,897,771 for the Joint Fund): This concerns TA Round 24 Grant Applications, for a total grant allocation of €15,264,271 (implementation fees included), whereas 3 projects for €1,897,771 will be financed by the European Western Balkan Joint Fund and 8 projects for €13,366,500 will be financed by the IPF instrument”.**

En-bloc for approval INV Round 5

DG NEAR (Mr. Michael Vögele) recalled the eligibility criteria for INV Round 5 were set at the 20nd WBIF SC meeting in Berlin: *“TRA projects must be part of the Core Network as defined under the Indicative Extension of the TEN-T Network to the Western Balkans. ENV and SOC projects are not restricted and new project applications are invited; ENE projects must demonstrate a regional impact, with the exception of smart grids in transmission and distribution lines as well as smart meters.”*

A total of 17 applications were received for a total grant consideration of €415.4 million; by country: ALB 3, BIH 8, KOS 2, MNE 1, MKD 2, SRB 1; and sector: TRA 9, ENE 2, ENV 5, SOC 1. In addition, one TRA project was rolled over from INV Round 04: €21.1 M for Kvanj Tunnel – Buna Vc motorway subsection in BIH, due to lack of funding in the last INV round. A total of 12 projects were screened and assessed positive, 6 were negative.

The following Investment Round 5 projects, which constitute the completion of the Commission’s pledge under the Connectivity Agenda and at the same time first instalment under the EIP, were introduced and confirmed by the respective beneficiaries and IFIs:

#	Bene.	Grant code	Flagship	Title	Lead IFI	Grant incl. imp. fee submitted (€)	Grant incl. imp. fee revised (€)
1	ALB	WB-IG05-ALB-ENE-01	Flagship 4 – Renewable Energy	Rehabilitation of Fierza Hydropower Plant in Albania	KfW	9,952,000	8,548,000
2	ALB	WB-IG05-ALB-TRA-01	Flagship 3 – Connecting the Coastal Regions	Mediterranean Corridor: Tirana Bypass in Albania	EBRD ⁷	32,684,106	32,611,306
3	BIH	WB-IG04-BIH-TRA-05	Flagship 2 – Connecting North to South	Mediterranean Corridor: Kvanj Tunnel – Buna Vc Motorway Subsection in Bosnia and Herzegovina	EIB	21,106,084	21,106,084
4	BIH	WB-IG05-BIH-TRA-08	Flagship 1 – Connecting East to West	Rhine/Danube Corridor: Demining the Right Bank of the Sava River in Bosnia and Herzegovina	WBG	8,530,200	8,160,000
5	KOS	WB-IG05-KOS-TRA-03	Flagship 1 – Connecting East to West	Orient/East-Med Corridor: Kosovo – Serbia R7 Road Interconnection, Pristina – Merdare Section in Kosovo	EBRD ⁸	35,194,014	38,760,000
6	MNE	WB-IG05-MNE-TRA-01	Flagship 2 – Connecting North to South	Orient/East-Med Corridor: Montenegro – Serbia R4 Rail Interconnection, Bar – Vrbnica Section in Montenegro	EIB	19,415,000	20,133,200.00
Total							129,318,590

Slovenia (Mr. Andrej Kavcic) enquired if the lots of the “Rhine/Danube Corridor Demining the Right Bank of the Sava River” project would be tendered using local or international procurement. **WBG** (Alexander Rowland) confirmed that international procurement will be used.

In addition, the **Bilateral Donors** agreed to finance from their contributions the following INV Round 5 social and environment projects, these were introduced and confirmed by the respective beneficiaries and IFIs.

#	Bene.	Grant code	Flagship	Title	Lead IFI	Grant incl. imp. fee submitted (€)	Grant incl. imp. fee revised (€)
Environment							
1	BIH	WB-IG05-BIH-ENV-01		Bosnia and Herzegovina, Visoko Water Supply Project: Mostre Subsystem and Water Network Reconstruction Phase 3	EBRD ⁹	1,072,000	1,072,000

⁷ Subject to EBRD Board approval.

⁸ Subject to EBRD Board approval.

⁹ Subject to EBRD Board approval.

#	Bene.	Grant code	Flagship	Title	Lead IFI	Grant incl. imp. fee submitted (€)	Grant incl. imp. fee revised (€)
2	KOS	WB-IG05-KOS-ENV-01		Kosovo, Wastewater Treatment Plant and Sewerage Network for Mitrovica	EBRD ¹⁰	5,100,000	5,100,000
Social							
3	MKD	WB-IG05-MKD-SOC-01		North Macedonia, Rehabilitation of Physical Education Facilities in Primary and Secondary Schools and Acquisition of Sports Equipment	CEB	3,069,000	3,069,000
Total							9,241,000

All projects that could not be approved in this TA Round 24 and INV Round 5 must be resubmitted. Formal approval of the above grant applications under INV Round 5 will be through WBIF Written Procedure No. 44.: **“Approval of 9 Investment Round 5 project applications over a total of €138,559,590, of which €129,318,590 (including fees) will be financed by European Union contributions to the Joint Fund and €9,241,000 (including fees) will be financed by Bilateral Donors contributions to the Joint Fund. This concerns 9 Investment Grant Applications Under INV Round 05 as final allocation under the Connectivity Agenda and first instalment under the European Investment Plan, for a total grant allocation of €129,318,590 (implementation fees included) for 5 TRA and 1 ENE sector projects by the European Union, and for a total grant allocation of €9,241,000 (implementation fees included) for 2 ENV and 1 SOC sector financed by contributions from the Bilateral Donors.”**

Technical Updates / Next Rounds

DG NEAR (Mr. Michael Vögele) explained to participants the interrelation of the disseminated background documents: “Document 5” titled “Investment windows for the implementation of the Economic and Investment Plan for the Western Balkans” Investment windows for the implementation of the EIP”, which needs to be seen “as umbrella” of the following documents, namely “Document 4 - Announcement of TA Round 25 and INV Round 06, plus timetable”, “Document 6 - Public blending - EU eligibility criteria aligned with the EIP” and “Document 7 – EU co-financing rates for WBIF aligned with the EIP”. These documents outline how the European Commission intends to allocate funds under the EIP via the WBIF. In particular: Document 5 outlines the draft Investment Windows including related the flagships, it is a draft document and was shared for information purposes only; the intention is to discuss this document further with all WBIF stakeholders, and possible also civil society and business organisations in the first part of 2021, before it will be presented to the first meeting of the new WBIF Strategic Board in June 2021. Doc 4: announces the intent of the EC to launch calls for TA and INV to advance with the implementation of the EIP; and needs to be seen in conjunction with Doc 6, which outlines the EU eligibility criteria for public blending,

¹⁰ Subject to EBRD Board approval.

and Doc 7 that shows the EU co-financing rates, updated, supporting the EIP implementation.

Launch of TA Round 25 & INV Round 06 - Timeline schedule

The deadlines and dates for INV Round 06, first part (TRA and ENE) launched at the 22nd WBIF SC meeting are extended and will be merged into the new deadlines for the INV and TA calls. In addition, forthwith, two Rounds for INV will be launched per year; TA and INV will be programmed together. The timeline for the new rounds is shown in the table below.

Event	TA Round 25	INV Rd 6	
		Part 1 (ENE TRA)	Part 2 (DII, ENV, SOC)
Launch	10-11 Dec 20	10 Jun 20	10-11 Dec 20
Pre notification deadline		12 Feb 21	
Submission deadline		26 Feb 21	
Endorsement deadline		05 Mar 21	
Screening		Until 26 Mar 21	
1 st Paris Group		13 April 21	
Assessment		Until 07 May 21	
2 nd Paris Group		12 May 21	
31 st PFG		Tentatively 19-20 May 21	
24 th WBIF SC		Tentatively 22-23 Jun 21	

Launch of TA Round 25 & INV Round 06 - EU eligibility criteria for public blending

Document 6 outlines the EU eligibility criteria for public blending and specifically looks into the sub-sectors. It also includes general requirements, both for TA Round 25 and INV Round 6, being:

- Projects must be under a flagship, or relate closely to a flagship;
- National sector strategies must be in place;
- Projects must be mature and prioritised in Single Project Pipeline;
- Projects that are not (yet) included in the Single (National) Project Pipelines may exceptionally be submitted if there is no SPP for that sector.

Additional TA general requirements:

- Application must relate to existing project or to a flagship;
- Support project preparation or project implementation;
- Construction supervision (only through Joint Fund);
- Supports overcoming of obstacles delaying projects.

Document 6 also lists specific criteria for each one of the sectors. All application must be well drafted and receive positive screening and assessment. Bilateral Donors may apply some flexibility in the application of these criteria to the extent their contributions to the Joint Fund are concerned. The SPP is a requirement for INV, and for TA insofar that TA needs to relate to an INV project, which in turn must (as a general rule) be on the SPP. TA will, in the future, also be made available for sector studies and capacity building.

Launch of TA Round 25 & INV Round 06 – technical update of co-financing rates

Document 7 identifies the EU co-financing rates, updated, supporting the EIP implementation. The updates of one co-financing rate (Roads) was effected following repeated requests by beneficiaries and reflects the average EU co-financing rate under the last Multiannual Financial Framework. For the digital sector, a maximum of 30% co-financing rate is applied, in line with the EU internal rates used by the Connecting Europe Facility.

Kosovo (Mr. Florim Canolli) enquired if for the project “Orient/East-Med Corridor: Kosovo – Serbia R7 Road Interconnection, Pristina – Merdare Section” the new co-financing rate of 40% could be applied. **EBRD** (Mrs. Jasmin Khalaf) requested clarification on the economic analysis behind the increase of the co-financing rates and if an impact assessment had been carried out, on the potential for co-financing (higher co-financing rate, less projects?). **Austria** (Mrs. Agnes Drimmel) took note of the documents on investment windows, eligibility criteria and co-financing rates and recommended further dialogue on these in upcoming working group discussions. **AFD** (Mr. Gregory Villeneuve) enquired if the updated GAFs could have a dedicated section on carbon balance. **Slovenia** (Mr. Andrej Kavcic) recommended higher co-financing rates for environment projects. **KFW** (Mrs. Constance Kreiss) seconded Slovenia and noted that the co-financing rate for renewable and gas projects were identical, thus providing no incentive to de-carbonise. **Bosnia and Herzegovina** (Mrs. Sabina Dizdarevic) enquired if TRA projects on the comprehensive network are eligible.

DG NEAR (Mr. Colin Wolfe and Mr. Michael Vögele) confirmed the Commission took note of Kosovo’s enquiry. Further, co-financing rates are not set and cast in stone but can be discussed in the future, in any case, the co-financing rates are “maximum” rates. Moreover, the discourse and advances on the investment windows in 2021 will lead to further details on the specific eligibility in the sectors. At present, only core network TRA projects will be supported, comprehensive network TRA projects could be discussed with the EUDs. The eligibility criteria including co-financing rates are endorsed for the upcoming INV call and further dialogue will take place early in 2021.

Formal Endorsement of the launch of the call for TA Round 25 and INV Round 6, together with the update of TRA and ENE sector eligibility and extension of deadlines for pre-notification and submission will be through WBIF Written Procedure No. 44:

Launch Investment Round 06 for environment, digital and social sectors and Technical Assistance Round 25 for all sectors: *This concerns the launch of INV Round 06 for ENV, DII and SOC sectors and of TA Round 25 for all sectors. The general eligibility criteria for INV Round 6 and TA Round 25 are: Projects must be under a flagship, or relate closely to a flagship, the relevant national sector strategies must be in place; projects must be mature and prioritised in the Single Project Pipeline, whereas projects that are not yet included in the Single (National) Project Pipelines may exceptionally be submitted if there is no Single Sector Project Pipeline for that sector. For TA Round 25 the following eligibility criteria apply, in addition: the application must support project preparation or project implementation; concern construction supervision (only through Joint Fund) and / or supports overcoming of obstacles delaying projects. Sector specific criteria are outlined in the 23rd WBIF Steering Committee background document No. 6 on “EU eligibility criteria for public blending”. Bilateral Donors may apply*

some flexibility in the application of these criteria to the extent their contributions to the Joint Fund are concerned.

Extension of deadline and adaptation of Investment Round 06 for transport and energy sectors: This concerns the extension of the pre-notification and submission deadline and adaptation of scope for applications under INV Round 06 for TRA and ENE sectors, aligning it with aforementioned INV Round 06 for the remaining sectors.

The time schedule and the official launch of INV Round 6 and TA Round 25 notifications will be sent out by WBIF Secretariat, following effectiveness of WBIF Written Procedure No. 44.

Speeding up procedures (Action Plan tackling Delays)

DG NEAR (Mr. Michael Vögele) presented to participants the Action Plan for Delays. WBIF must become more efficient, if the enhanced funding volumes under IPA III should make a quick impact on the ground. Many INV projects are delayed and the reasons for these delays are:

- Changes in project strategy/requirements, e.g. routing options for TRA;
- Preparation of designs, design review and permitting;
- Contracting implementation consultants and preparation of tender documents;
- Changes in procurement/contracting strategies (changes from FIDIC Red to Yellow Book) and procurement procedures;
- Land ownership questions;
- Not all beneficiaries (e.g. concerned municipalities) on board;
- Loan / grant agreement signatures / negotiations delayed;
- Capacity constraints at beneficiary level;
- New governments / new priorities.

The Action Plan for Tackling Delays will be a traffic light type monitoring and reporting system, simple to understand (green: up to 1-year delay; orange: 1-2 years delay and red: 2+ years delay) and enabling swift action. No additional reporting burden on the ground is foreseen, rather this Action Plan will utilise ongoing monitoring and reporting. DG NEAR is already rolling out this Action Plan, with a series of initial meeting slated for the beginning of next year, where the status of INV projects will be determined, together with the reasons for delays / bottlenecks. All relevant stakeholders will be on the same “virtual table” and actions and timetables will be agreed together with contact points. The implementation of the Action Plan will be regularly monitored and “traffic light” reports will be produced.

AOB

The WBIF Secretariat (Mrs. Stine Andresen) presented the WBIF written procedures since the last WBIF SC meeting.

Nr.	Title	Budget €
WBIFWP: 041_25/05/20	Re-allocation between budget lines (INV grant to TA) WB06-SER-ENV-03 – Subotica Water Upgrade project	61,303.77

WBIFWP: 042_23/06/20	Financing of WB09-HR-SOC-02: "New Campus and University Learning Resource Centre" from EEBJF funds, contributed by the Bilateral Donors. ¹¹	1,248,000
	Total	1,309,303.77

The WBIF MIS now allows for Word download of GAFs (upload remains the same).



The 23rd WBIF SC meeting further thanked Mr Colin Wolfe and Mr Massimo Cingolani for their valuable leadership, contributions and inputs to the WBIF over the years and the entire WBIF community wishes Colin Wolfe and Massimo Cingolani all the very best in the future.

***** End of 23rd WBIF SC Session B *****

Enclosures

- Annex 1: List of Participants
- Annex 2: Chat transcript
- Annex 3: Letter by DG NEAR DDG Katarina Mathernová to WBIF

¹¹ Please refer to WBIF Written Procedure No. 42 for further details.