

The 5<sup>th</sup> meeting of the WBIF Steering Committee (SC) was kindly hosted by the EIB in Luxembourg on 7 December 2011. Over 100 participants drawn from the beneficiaries, the EC, IFIs, members of the European Western Balkans Joint Fund and regional organisations attended the intensive one-day meeting, which was co-chaired by the European Commission (DG Enlargement) and Norway.

A presentation on the key findings from the recent Transitions Report published by the EBRD in mid-November highlighted the challenging economic environment in which the WBIF operates. The on-going economic crisis, particularly in the eurozone is having a severe impact on the countries of the Western Balkans and, in line with the rest of Europe, GDP forecasts for 2012 are likely to be reduced. The crisis is again raising concerns that foreign owned banks may limit credit in region, thus exacerbating an already difficult situation, particularly for SMEs.

The SC welcomed the draft WBIF annual report 2011 and took note of the progress made on projects approved during previous meetings. It was noted that information on implementation of the various projects approved is very valuable and the Monitoring Report should allow the WBIF stakeholders to easily track the progress being made on each project. It was proposed that the Steering Committee could provide a useful venue to discuss common issues arising with project implementation.

Based on the recommendations of the Project Financers' Group (PFG), the SC approved 22 grants for a total value of €59 million that could eventually trigger loans and funds estimated at over 1 billion € from the IFIs for investments. One project in Albania was identified as needing further clarification; the SC will be informed about the final result.

Following the agreement in principle at the 4<sup>th</sup> SC meeting to establish a facility to promote competitiveness and innovation among SMEs, the SC also approved the Western Balkan Enterprise Development and Innovation Facility (EDIF). This comprehensive programme, the first Private Sector Development action to be financed by the WBIF was proposed by Serbia on behalf of the beneficiaries and by EIF and EBRD on behalf of the financiers. It will comprise four pillars – an innovation fund, an expansion fund, a guarantee facility and a technical assistance pillar aimed at enabling relevant policy reforms.

The leading IFIs – EIF and EBRD - will now commence the detailed legal and administrative work required to establish the different financial facilities, while the EC and OECD will prepare the technical assistance pillar. Several questions raised by beneficiaries and bilateral donors during the meeting regarding specific aspects of

the structure and financing of the facility should be addressed by the lead financiers during this preparatory phase.

The SC welcomed the commitment by the EC to provide in 2012 € 52 million of new grant financing for different elements of WBIF from the IPA Multi-beneficiary programme and bilateral donors were encouraged to continue to consider WBIF as they plan their assistance programmes.

The SC noted the results of the recent KfW/EC workshop that examined experience to date on the various financial mechanisms to support energy efficiency and renewable energy in the region (a total of 25 mechanisms are currently active with a potential total value of € 830 million). These include the Green for Growth Fund - a multi-donor financed facility that aims to bring more innovative financial products to the region to support energy efficiency and renewable energy.

Of the € 52 million to be provided by the EC in 2011, € 20 million is earmarked for projects to promote energy efficiency in the region, with an emphasis on public sector services. The public sector does not receive significant financing under the current schemes yet is particularly important for the implementation of the beneficiaries' National Energy Efficiency Action Plans, through which they seek to meet their obligations under the Energy Community Treaty. The Energy Community Secretariat was asked to co-ordinate the preparation of proposals for projects under this window in cooperation with relevant IFIs and with the endorsement of NIPACs.

The PFG's work plan for 2012 was presented and the SC emphasised the objective to further enhance communications between the stakeholders, particularly with the beneficiaries. The next call for project proposals under WBIF will be issued shortly and the deadline for submission of applications is 20 February 2012.

The SC thanked Norway for its active and enthusiastic co-chairing of the SC and endorsed the proposal for Austria to assume the co-chair for 2012. The next SC meeting will be held in Vienna in June 2012.

Further information on the SC meeting, including copies of presentations made at the meeting can be found on [www.wbif.eu](http://www.wbif.eu)