

WBIF PROJECT FINANCIERS' GROUP 4

Tuesday & Wednesday, 23 – 24 March 2010

Martin's Central Park Hotel, BRUSSELS

Minutes

Attendees:

ENGSTRÖM Yngve	DG ENLARG	Joint chair (Tues)	Tues 23; Wed 24 (pt)
CINGOLANI Massimo	EIB	Joint chair	Tues 23; Wed 24
ANDRESB ORDAX Blanca	EIB		Wed 24
ARNOUX Jean-Marc	EIB		Tues 23; Wed 24
BEGEOT Francois	DG MOVE		Tues 23; Wed 24
BONIN Peter	GTZ		Tues 23; Wed 24
CIARALLI Sabrina	Italian Min of Econ		Tues 23; Wed 24
CLARKSON Caroline	EBRD		Tues 23; Wed 24
CVEK Nadja	SID Bank Slovenia		Tues 23; Wed 24
DE BETHUNE Thomas	DG ENLARG		Tues 23; Wed 24
DI SEBASTIANO Valentina	DG ENLARG		Tues 23; Wed 24
FIEDLER Joanna	DG ENV		Tues 23; Wed 24
GIANFRANCHI Rachele	DG ENLARG		Tues 23; Wed 24
GOFAS Christos	DG ENLARG	Joint chair (Wed)	Tues 23; Wed 24
GOKSU Engin	EBRD		Tues 23; Wed 24
HERRERA Leon	CEB		Tues 23; Wed 24
LAZENBY Jeremy	WYG		Tues 23; Wed 24
LEVENA Marika	DG ECFIN		Tues 23; Wed 24
OCKA Igor	Czech Export Bank		Tues 23; Wed 24
OPLATEK Eduard	Czech Republic		Tues 23; Wed 24
PENNY Brian	UK DFID		Tues 23; Wed 24
RYCHENER Frederique	DG EMPL		Tues 23; Wed 24
SCHROTH Susanna	KfW		Tues 23
SINCLAIR Nicolas	WYG		Tues 23; Wed 24
STRAUSS Reinhold	KfW		Tues 23; Wed 24
TABACARU Cristian	CEB		Tues 23; Wed 24
THANOU Panayotis	DG Regio		Tues 23; Wed 24
VIEZZOLI Claudio	EBRD		Tues 23; Wed 24
PAPANASTASSIOU Panayoti	Greece, Permanent Rep		Tues 23; Wed 24
FITIPALDI Marianaela	EC Reg Pgms		Tues 23; Wed 24
BRAUHOFF Marciu	EC Reg Pgms		Tues 23; Wed 24
ROTILEANU Alexandra	Romania, Permanent Rep		Tues 23
EVMOLPIDIS Vassilis	COWI		Wed 24
O'GRADY Lyn	EBRD		Wed 24
PALICKSKO Csaba	Hungarian Development Bank		Tues 23; Wed 24

These minutes are mainly focussed on the key results and actions to undertake by the PFG. More elaborate content can be found in the attached presentations and documents of the meeting.

The meeting took place in Brussels for the first time in the presence of representatives of some contributor Member States, including Germany, Italy, United Kingdom, Slovenia, Greece, Czech Republic, Romania and Hungary in a climate of good will and cooperation. It was chaired by the EU Commission and co-chaired by EIB. On the first day the meeting discussed matters of general interest, including the practical organization of the work of the PFG in 2010. The second day was devoted to a discussion of the project pipeline and to the review of the 55 projects fiches presented by the NIPAC (National IPA Coordinators) and the IFIs for possible grant support from the WBIF. The latter must be decided by the next PFG meeting on 26-27 May, in view of a possible submission to the Steering Committee (SC), confirmed for 24-25 June in Prague.

Day 1: Tuesday 23 March 2010

The Western Balkans Investment Framework Project Financiers' Group tasks, composition, organisation & work method and grants resources

Yngve Engström (Head of Unit, ELARG D3) did present the history, the ToR and the working methods of the WBIF. The representatives from the Commission, partner IFIs and EU bilateral financial and development institutions were welcomed. It was clarified that the PFG is primarily a working body preparing the political decisions of the Steering Committee and dealing in particular with screening and assessing project grant applications. All attendees should be willing to participate and assist in these activities. Representatives from bilateral financial institutions, development agencies or national authorities expressed their expectation that participation will help coordinate and bring synergy with WBIF and bilateral activities.

Concerning the **EWBJF**, the representative of the United Kingdom announced a pledged of £4 m. EBRD delivered a status of the fund.

It was stated that the Joint Grant Facility budget for 2010 is in the order of €40m.

The EBRD stressed the need to ensure **linking and integrating related development activities**, for example energy efficiency and EFSE, with the WBIF; a comprehensive list of such projects should be presented to the next Steering Committee. The EBRD also highlighted the importance of prioritising project applications within a strategic framework. The CEB noted there is an existing set of criteria in the WBIF ToRs which can be used for this purpose.

There was a discussion about the **World Bank** involvement in the WBIF. UK stated its interest in seeing WB fully joining the WBIF. In the discussion IFIs reminded that the technical condition for the participation to the work of the PFG as a partner is to provide a grant contribution of EUR 10 m and agree on the principles of the JLF that include notably the sharing of the respective lending pipelines for the Western Balkans and a positive approach to co-financing in this geographical area. The political aspects of the possible participation of the WB to the WBIF should also be discussed at appropriate Managerial level between World Bank, the EC and the partner IFIs.

Presentation and status of the work programme 2010 of the PFG and the WBIF Steering Committee: next WBIF PFG 26th of May, missions, review of the WBIF, and work with the IFI advisory Group

Christos Gofas (Head of section -ELARG D3) and *Massimo Cingolani (Deputy Head of Division, EIB)* presented the status of the work programme 2010 of the PFG. Some specific issues are discussed.

Timing of project grant applications' submission.

The working cycle of the PFG was confirmed to comprise two steps, coinciding with the two PFG meetings per semester necessary to arrive at a proposal to the Steering Committee: first a screening by the Commission, presented at the first PFG meeting, resulting in a list of projects to be assessed by each Lead IFI, then an assessment by the IFI, presented at the second meeting, which decides which projects to bring to the Steering Committee for decision. It was agreed that this general procedure would be applied with some degree of flexibility when needed (fully justified).

Annual report and review

The need for an annual report, along what required by the JGF ToRs, was brought to the attention of the PFG. The first report would need to be presented at the Steering Committee meeting of December 2010. It was agreed that annual reporting should be linked to the monitoring tools and MIS prepared by WYG Consulting.

Concerning the review, it was agreed that it is too early for any meaningful evaluation and/or assessment of impact, or for any external oversight, and that a review will be conducted internally. EIB mentioned their request for a review the architecture of the WBIF in 2010 in view of its possible simplification. This request is part of the ToRs.

Presence among the Beneficiaries

It was agreed that an effort should be developed in view of spreading the information on the WBIF and how it works. Common missions should be organized with the NIPAC and other interested local actors. A mission is proposed, tentatively in June in Kosovo (under UNSCR 1244/99) and Former Yugoslav republic of Macedonia, aimed at raising the profile and explaining the mechanisms of WBIF. EC will communicate the dates if members of the PFG want to join. The opportunity of holding a PFG in the region was raised.

Work with the EC-IFI Coordination Office advisory Group

The discussion touched on the point of the coordination with the World Bank through the EC-IFI Coordination Office, as a continuation of the Advisory Group. It is reminded that the IFI-AG was created by a Memorandum of Understanding signed in 2006 between all IFIs active in Western Balkans and in Turkey, including notably EIB, EBRD, CEB, World Bank, Nordic Investment Bank, Black Sea Trade and Development Bank, etc. The idea was to provide a cooperation platform for IFIs to discuss issues of common interest (essentially sectoral policy aspects) and agree on common strategies for investing in the region. The Commission considers the value-added of this forum in its policy and strategic guidance, in its inclusion of all IFIs, and in the coverage of Turkey within its scope. The Commission considers that the strategic guidance of this forum is useful for the beneficiaries and that it should be provided by someone else in case its work would be brought to an end (particularly for Turkey, which is not covered by WBIF).

The EIB suggested that for the Western Balkans, the sectoral policy work of the EC-IFI Coordination office advisory Group for the Western Balkans could be integrated into the PFG work through in dedicated meetings. These meetings, independently from the final decisions on the WB participation to the WBIF, could be open to the Washington institution as an observer.

It was agreed that the EC-IFI Coordination Office Representative could management consultant working for the IFI-AG will be invited to make a presentation on sectoral priorities as seen by him at the next PFG meeting of the afternoon of the 26 May.

June Steering Committee

The meeting will be in Prague, on 24 and 25 June.

The WBIF strategy part will have to be developed with support of the IFI coordination office.

Among the strategic issues to be discussed in the future meetings, EBRD brought the following to the attention of the PFG:

- o Energy efficiency
- o Energy Community
- o Small Municipal financing
- o Coordination of multi-IFI action

An analysis should be completed of the amount, volume, intervals and type of grant funds supporting projects during their full life-cycle. The objective is threefold:

1. Avoiding situations of (cross-?) subsidization
2. Blending grants and loans and integrating them in the full value of the project (capitalization)
3. Identifying systematic requests for grant funding to accelerate projects (preparation, corollary assessments, support to implementation,...)

It was highlighted that prequalified consultants are underperforming on certain tasks. To improve the quality of the outputs and the efficiency in the project implementation it would be preferable to compose a list of specialized resources upon which to tap with simplified selection process when required. These specialised resources are rare and in high demand, and frequently not available for sub-contracts with large contractors.

EBRD underlined that JGF grant support should be directed to projects where multiple IFIs are lenders (ref to Art. 1.5 JGF TORs).

Presentation of the priorities of the future infrastructure sector plan for the IPA Multi-Beneficiary programme 2011-2013

Thomas de Bethune (WBIF Programme Manager - DG ELARG) presented the priorities of the future infrastructure sector plan for the IPA Multi-Beneficiary programme 2011-2013. The document was communicated before the meeting without raising specific comments from the PFG.

Day 2: Tuesday 24 March 2010

Presentation of the WBIF project pipeline

Massimo Cingolani (Deputy Head of Division, EIB) made a presentation on the work realized so far between IFIs on the working pipeline (attached) a necessary input for producing the main output of the WBIF, which is an approved pipeline of projects considered as shared priorities. It was asked that after the first Steering Committee in June the work done by EIB will be taken up by someone else, still to be identified.

Presentation of the follow-up of the projects approved within the WBIF –Monitoring of projects

The IPF technical assistance consultant presented a draft proposal for monitoring JGF supported projects. Aspects to be discussed in the elaboration of the monitoring tool by the consultant include:

- o Timing of projects
- o Definition of a critical path
- o Comments to be introduced and tracked automatically, together with monthly reporting

- Level/ number of authorities involved
- How to describe the regulatory bottlenecks

Review and selection of the grants requests submitted before the PFG. Screening and assessment

55 projects have been received, 52 from the NIPACs and 3 from the IFIs. An overview of the projects is presented. The PFG meets to discuss each project, its context, its relevance, and its consistence with the EU accession priorities.

EC has screened and checked the eligibility with the different stakeholders (line DGs, Delegations, DG Elarg Desks) in the light of the NIPAC priority and on the basis of the different criteria. Each project is either ready for assessment, ready for assessment with additional questions or not ready for assessment.

Out of the 55 projects (see excel table attached):

- 23 projects are **not** ready for assessment
- 4 projects still need to be screened (additional information expected for 3 of them for the 19 April)
- 3 projects from Kosovo (under UNSCR 1244/99) are ready for assessment without any lead IFI, EBRD will contact bilateral to operate the assessment
- 4 projects are ready for assessment by EBRD
- 8 projects are ready for assessment by EIB
- 3 projects are ready for assessment by CEB
- 6 projects are ready for assessment by KfW
- 4 projects that have the World Bank as lead IFI. Further contact will be taken. For these projects a stand-by situation has been agreed until the modalities of participation of the IFI have been discussed and agreed will be clarified, allowing for the IFI to perform the assessment. Alternatively, one of the current WBIF partner IFIs has the possibility to approach the World Bank on the project to explore way of joint lending, enabling the assessment to be performed and the WBIF Steering Committee to approve the project.

IFIs noted the occurrence of some application forms quoting a lead IFI, or IFI interest in a project, without having been prior consultation with the IFI. It was agreed that the IFI involvement must be clearly and strongly expressed to Beneficiaries for the next call for projects in September.

Conclusions of the meeting

- **Next meeting of the PFG in Brussels 26-27 May 2010. Only Member States/bilaterals having confirmed their contribution (in principle signature of both CA and payment) and submitted their pipeline of projects by early May will be invited.**
- **Advance version of the Monitoring tool will be presented in the next PFG**
- **Contact will be taken and invitation will be sent to the World Bank to have a meeting to discuss its possible participation to the WBIF. The World Bank will be invited to the PFG meeting concerning strategies.**
- **Operational and Strategic issues will be treated in our future meetings:**
- **Projects submitted by Kosovo (under UNSCR 1244/99) must be assessed by bilaterals with support of EBRD.**
- **The annual report and the coordination of the monitoring of the WBIF projects will be handled by the IPF consultant whereas the review of the WBIF will be handled internally by the PFG.**