

**Second Meeting of the WBIF Project Financiers' Group /
Ninth Meeting of the IPF Secretariat**

Brussels, 23 September 2009

Minutes

1. Agenda

- 10:30 - 10:45 Introduction – *Yngve Engström, Chairperson of the IPF Secretariat (Head of Unit, ELARG D3).*
- 10:45 - 11:00 Report on the progress of the IPF TA projects - *Jeremy Lazenby (WYG Team Leader).*
- 11:00 – 13:00 Presentation of the submitted project proposals considered for financing under the IPF TA - *Presentation by Atanas Trifonov (Programme Manager ELARG D3), followed by an open discussion*
- 13:00 - 14:30 Lunch break- sandwiches served.
- 14:30 – 16:00 Discussion on the WBIF - *Yngve Engström, Chairperson of the IPF Secretariat (Head of Unit, ELARG D3).*

Annexes

- 1. WYG International Ltd. presentation**
- 2. List of Recommended Projects and List of Reserve Projects IPF TA Round 3**
- 3. List of projects under execution Round 1 and Round 2 IPF TA**
- 4. Table of the allocation of funds under the IPF TA - per sector and per country**

1. Introduction

Under the Infrastructure Project Facility the Consultant WYG has started most of the projects selected under the 1st and the 2nd rounds. Some results are already present (the first study has already been delivered). The initial difficulties seem to be overcome.

DG Elarg is launching a new tender for additional 16mln Euro and new projects have to be selected to be proposed to the WBIF Steering Committee. For the selection of the new projects the following issues need to be considered:

- a) the possibility of financing the new projects from IFIs' grants of the WBIF;
- b) the management of the new projects by the IFIs as we could reach a bottleneck considering the large scale of the action.

2. Report on the progress of the IPF TA projects

General presentation on the advancement of the IPF TA was given by Mr Jeremy Lazenby. The projects are advancing at steady pace. By the end of the year all the projects from the first round will be partially completed and the studies for 10 of them should be prepared and delivered.

The cooperation with the IFIs has improved significantly most notably after the visits of the WYG experts to the head offices of CEB and EIB. Meeting with EBRD is planned for October. In addition good cooperation has been achieved in the work with all the beneficiaries and the NIPAC offices of the beneficiaries.

Additional information concerning the advancement of the IPF TA Round 1 and Round 2 projects can be found at the attached presentation of Mr Lazenby.

DG TREN and DG ENV commented that project TORs had not been sent to the line DGs for information and internal discussion. Both DGs receive regularly monthly reports. The practice of sending the TORs for information and comments to the DGs will be restored.

CEB expressed its concern on the continuity of the management of the individual projects. The changes of the lead expert on some of the projects had resulted in delays and had created risks of repetition of activities and disruption of communication with the relevant IFI. Effort had been made to address this issue with the appointment of the country managers. In addition an agreement had been reached between the EC and the Consultant in May 2009 to appoint permanent Team Leaders on the large projects.

In addition it was pointed out that on the TA-BiH-01 (Prison Project) cost had increased and the project would need additional funds for the currently implemented stages which would be completed with a Detailed Design. If funds will be needed for following project stages additional applications will be made.

3. Presentation of the submitted project proposals considered for financing under the WBIF (IPF TA)

The list of the recommended projects was presented (Annex 2).

EIB pointed that the idea behind the WBIF was to implement faster these selected projects reducing the time for project preparation. It was therefore crucial to have the firm commitment of an IFI to the selected project as this would significantly reduce the risk of carrying out studies that might later be shelved due to delay of investment decision or when the project proposals were not considered viable.

It was explained that when possible the proposed projects had been selected only when the support of the IFIs had been identified. Two beneficiaries had proposed projects not supported by the IFIs members of the WBIF Steering Committee:

1) Kosovo had not been able to propose IFIs backed projects since the mandates of the IFIs exclude its territory. Therefore a project supported by the EC Delegation and considered viable by KfW had been proposed for approval.

2) Albania had also proposed projects supported neither by EIB, CEB or EBRD. One of the proposed projects will receive financing under the IPA 2010 National Programme. The other projects proposed for approval have been identified as suitable to attract the interest of EBRD and EIB, but to be at the initial stage of preparation – Pre-feasibility Study. The two energy projects proposals have been prepared by the IPF TA Consultant's team. Due to the needed financing and the field discussions could be initiated.

It was pointed out that the national priorities as expressed by the beneficiaries had been considered during the selection process. The NIPAC offices of Serbia and Bosnia and Herzegovina had clearly outlined their priorities and the NIPAC offices of the other beneficiaries should be encouraged to go through a similar selection process.

The synergies between the two existing windows of the IPF – Technical Assistance and Municipal was highlighted. It was pointed out that the MW and TA Window even though being complementary should avoid allocating funds for the same element of the projects. This should be avoided as both Windows seek different goals.

DG TREN pointed out that two project of very high importance had been left out of the recommended project list: the Sava River (TA3-BiH-TRA-02) rehabilitation project and the Kosovo Airport Shuttle Link (TA3-KOS-TRA-02). It was responded that these projects as submitted were not mature and further preparatory work was needed to be able to recommend them for approval.

The list of the proposed and approved project is attached to the Minutes (Annex 3) .

Comments were made on particular projects:

TA3-SER-ENV-01 Municipal Water – Nis and Novi Sad Municipalities – further details on the scope of work were requested. EIB will provide these details.

TA3-BiH-ENV-02 – Water and Sanitation Federation BiH – 16 municipalities – further details will be provided by EIB to clarify the 10 municipalities involved in the project and distinguish them from the municipalities for which financing is provided under the IPA MW.

4. Discussion on the WBIF

The next step in the development of the structure of the WBIF is the approval of the TOR by the WBIF Steering Committee, which will be done at its first meeting. It is proposed that the next Steering Committee is held on the 8th December 2009. It could be organised together with the Western Balkan Conference which will take place on the 9th of December and could also involve a press event.

The question of the financing of the WBIF TA projects by the grants of the IFIs and other grant sources was raised. CEB answered that under its statute it could finance only its own projects with its grants. The use of the grants of EIB and EBRD had still to be internally discussed.

Questions were raised about a decision system for smaller projects. The written procedure could be used for fast-track approval of smaller project. The details of its use should be additionally clarified.

It was reconfirmed that EC together with the IFIs will carry out joint missions for various reasons including visibility. It was agreed that these missions will need time for preparation and probably the next feasible period will be January 2010.

5. Conclusions and follow up

- The first WBIF Steering Committee will be held on the 8th of December 2009.
- It was agreed to organise one more Financiers' Group in October before the WBIF Steering Committee meeting during the week starting on 12th of October;
- At the meeting of the Financiers' Group in October the IFIs will present their project proposals for the WBIF pipeline;
- The proposed projects will be sent out to the IFIs and the beneficiaries;
- The IFIs will agree on a common template to be used for presenting the project proposals;
- The IFIs will consider the use of their own grants for financing of any of the projects presented to the Financiers Group;
- It will be decided who will be co-chairing the WBIF during the following 6 months;
- Under the WBIF a closer cooperation and an integrated working model is required. The IFIs have been invited to participate in the programming workshops on the 27th and 30th October, and in the Regional Meeting in Skopje. Joint missions should also be organised jointly to promote the WBIF in the beneficiary countries.