

## WBIF PROJECT FINANCIERS' GROUP 12

Thursday 26 and Friday 27 April 2012

Silken Berlaymont Hotel , Brussels

### Minutes

#### Attendees:

GOFAS Christos	DG ENLARG	co Chair	Thurs 26 Fri 27
GOKSU Engin	EBRD	co Chair	Thurs 26 Fri 27
DE BETHUNE Thomas	DG ENLARG		Thurs 26 Fri 27
DI SEBASTIANO Valentina	DG ENLARG		Thurs 26 Fri 27
FITTIPALDI Mariangela	DG ENLARG		Thurs 26 Fri 27
PAPANASTASSIOU Panayotis	DG ENLARG		Thurs 26 Fri 27
BALAZOVA Maria	DG ENLARG		Thurs 26 Fri 27
STEFANOWICZ Inga	DG ENLARG		Thurs 26 Fri 27
ACHLEITNER Florian	DG MOVE		Thurs 26 Fri 27
CENDROWICZ Nicholas	DG ELARG		Thurs 26
VAN VOORST Roderic	DG ENER		Thurs 26
PETER POZSGAI	DG ENER		Thurs 26
BACIU Denisa	DG ECFIN		Thurs 26 Fri 27
SMYTH Brendan	DG REGIO		Thurs 26
CINGOLANI Massimo	EIB		Thurs 26 Fri 27
ARNOUX Jean-Marc	EIB		Thurs 26 Fri 27
HEBRERO Luis	EIB		Thurs 26 Fri 27
VENTO SANCHEY Carolina	EIB		Thurs 26 Fri 27
BULLOCK Anna	EIB		Thurs 26 Fri 27
CLARY Guido	EIB		Thurs 26 Fri 27
MUSCAT Gerry	EIB JASPERS		Thurs 26
VIEZZOLI Claudio	EBRD		Thurs 26 Fri 27
CLARKSON Caroline	EBRD		Thurs 26 Fri 27
BROWN Ian	EBRD		Thurs 26 Fri 27
DIEDRICK_RISTIC Daniela	EBRD		Thurs 26 Fri 27
ANGELOV Nikolay	EBRD		Thurs 26 Fri 27
GAFUROVA Lola	EBRD		Fri 27
HERRERA Léon	CEB		Thurs 26 Fri 27
RAGUZ Miles	CEB		Thurs 26 Fri 27
SCHIO Luca	CEB		Thurs 26 Fri 27
STRAUSS Reinhold	KfW		Thurs 26 Fri 27
SPRANGER Karin	KfW		Thurs 26 Fri 27
EWERBECK Stefanie	KfW		Thurs 26 Fri 27
LASSMANN Ulrike	KfW		Thurs 26 Fri 27
Alexander Rowland	World Bank		Thurs 26 Fri 27
TREPPEL Leander	Austria		Thurs 26 Fri 27
FROMWALD Raffaella	Austrian Development Bank		Thurs 26 Fri 27
PAPADOUPOULOU Marianna	Ministry of Foreign Affairs, Greece		Thurs 26 Fri 27
KONTOPANAYOTOU Stamatia	Greek Permanent Representation		Fri 27
O'MAHONY Mary	IFI CO (PM Group)		Thurs 26 Fri 27
CHRETIEN Claire	IFI CO (PM Group)		
SPAHN Paul	IFI CO (PM Group)		Fri 27

CARSIMAMOVIC Nadia	IFI CO (PM Group)	Fri 27
LAZENBY Jeremy	IPF 1 (WYG)	Thurs 26 Fri 27
SINCLAIR Nicolas	IPF 1 (WYG)	Thurs 26 Fri 27
HASSAN Sohail	IPF 1 (WYG)	Thurs 26 Fri 27
OSBORN Martyn	IPF 1 (WYG)	Thurs 26 Fri 27
PAPANAGIOTOU Yanni	IPF 1 (WYG)	Thurs 26 Fri 27
EVMOLPIDIS	IPF 2 (COWI)	Thurs 26 Fri 27

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

The meeting took place in Brussels in the presence of representatives of some contributor States including Austria and Greece and in a climate of good will and cooperation. It was co- chaired by the EU Commission and by the EBRD. The meeting discussed strategic issues with presentations made on the macro-economic outlook and the JASPERS program and matters of general interest, including the PFG Work Programme for 2011, the Monitoring Report, the activities of the IFI CO, the implementation of the Review of the WBIF, and the screening and assessment of the 52 project grant applications received in February for the 7<sup>th</sup> round. The assessment of project grant applications resulted in 20 applications being recommended for submission to the Steering Committee to be held in Vienna on 14 & 16 June 2012.

*Christos Gofas (Head of Section, ELARG D3)* opened the meeting by welcoming participants and co-chaired the meeting with *Engin Göksu ( Official Co-financing Unit, ERDB)*.

#### **General session on the PFG Work Programme**

The minutes of the PFG10 were approved.

#### **Monitoring Report**

The IPF 1 consultant presented the April 2012 Monitoring Report explaining the process that had been followed to update the project data held in the MIS Monitoring Module. For the first time the report contained a summary table of the loans that have been signed relating to WBIF grants. It also included a table listing those grants for which Terms of Reference had not been prepared within one year since grant approval. The action to be taken on each of these was agreed to be as follows:

Code	Title	Lead IFI	Action
TA3-MON-ENV-03	Wastewater treatment plant and network in Danilovgrad	EIB	Inform NIPAC in writing that proposed change of scope is not allowed and recommend to SC to cancel the grant (FS requested has been carried out under separate EBRD loan)
TA3-SER-ENV-01	Municipal Water – Nis and Novi Sad Municipalities	EIB	Proceed as planned. The hold up has been due to previous consultants under separate funding finishing designs.
TA3-ALB-ALB-02	Detailed design for water supply and sewerage systems for Elbasan city	KfW	Await outcome of Master Plan due in September 2012. KfW confirmed continuing interest to finance.
WB4-SER-TRA-05	Documentation for modernisation of railway Nis to FYROM.	EBRD	EBRD to write to EC to explain why the grant should be cancelled; EC to inform NIPAC and recommend cancellation to SC

The Monitoring report will be updated to take into account all comments received by 11 May and will be presented in a final version to the Steering Committee in June.

### **Sector policy and strategy update**

The IFI CO consultant reported on sectoral activities, the support provided to WBIF structures and developments with respect to information and communication activities. Close cooperation had been maintained with the Regional Organisations and the activities reported in each sector were: promotion of energy efficiency financing mechanisms; preparation of a regional EIA implementation workshop; stock taking paper on climate change initiatives; preparation of a draft paper on macro-economic outlook; support to the RCC's SEE Investment Committee; paper on the challenges of financing social sector projects; support to DG Move and SEETO on implementation of SEETO's strategic work programme. Assistance had been provided to WBIF secretariat with inputs on preparation of guidelines for WBIF, review of applications for studies in Round 7 and preparation of meetings. With respect to information and communication activities, it was reported that: the database of investment flows had been updated; a policy and strategy discussion seminar was planned for Belgrade on 15/16 May; EC/IFI meetings had been facilitated; and that website continued to be maintained.

### **JASPERS**

Brendan Smyth (DG Regional Policy) and Gerry Muscat (EIB, JASPERS) presented an overview of the JASPERS (Joint Assistance to Support Projects in European Regions) programme. JASPERS has recently been extended to cover the programming period 2014-2020 and the Steering Committee has also approved a remit to assist IPA countries. The focus is to facilitate the preparation of major projects which are to be funded with EU structural funds. It has the key objectives to improve the quality of the investment, accelerate the approval of projects by the Commission and to build capacity for project preparation. It has 105 staff with 70% of the experts working regionally in offices close to the Beneficiaries. Their role is to review project preparation of investments at key stages in the project cycle but not to undertake the studies directly. Work started in Croatia in 2011 and FYROM, Montenegro and Serbia have been visited in the first quarter of 2012. In the discussion it was emphasised that there is scope for a lot of collaboration between WBIF and JASPERS and that any risk of overlap could be minimised through exchange of information. It was recommended that JASPERS presents to one of the Steering Committee meetings.

### **Status of the pending issues of the review**

The chairman stated that all of the recommendations made in the review were being implemented. There remained some legal issues to be solved in order for the lead IFI fee to be integrated within WBIF projects.

### **Work programme and preparation of SC6**

A calendar of meetings planned for the remainder of the year was provided. The next PFG is planned to take place in Croatia during the week beginning 5 Nov and will be back to back with a policy and strategy PFG and also the NIPACs regional workshop (6, 7 & 8 Nov). The proposed format for the NIPACs regional workshop will be similar to the previous one but will include a review of the key issues in the operating environment for WBIF and a debate how WBIF can respond to these.

The draft agenda and programme for SC6 to be held in Vienna on 14 & 15 June 2012 was outlined. Austria extended a warm welcome to everyone coming to Vienna. The Head of the Secretariat explained that the intention at this next meeting was to have fewer speeches and a greater participation from the Beneficiaries. The CEB announced that they would propose to host SC7 in Paris in December.

#### **Update on EDIF**

Inga Stefanowicz provided an update on the WB Enterprise Development and Innovation Facility (EDIF). The first contract was shortly to be signed between the EC and EIF for its EDIF coordinator and structurer role. EIB confirmed that they were in close contact with EIF and work was progressing well regarding preparations for launching of the EDIF components. Regarding the Expansion Fund where EBRD is in the lead, it was confirmed that preparatory work for this component could be completed by September. The remaining contractual and organisational arrangements are to be completed in course of the year allowing a launching event to be held back to back with the WBIF December SC.

#### **Macro-Economic Development in the Western Balkans and implications for WBIF**

Prof Dr Paul Spahn and Naida Carsimamovic, experts from IFI CO, presented an overview of the macro-economic perspective for WBIF beneficiary countries. The outlook for growth, unemployment, productivity, investment, external vulnerabilities and in particular de-leveraging, and the respective country fiscal space were considered. Key issues for WBIF were noted and suggestions made for next steps. An open discussion considered related issues of cost recovery for individual projects, broader social aspects, FDI, efficiency of social allocations and the private sector, concessionary versus market borrowing and the matter of taking a broader view of national wealth beyond GDP. It was agreed comments must be received by 11 May for revising the work for presentation to the Steering Committee.

#### **WBIF resources**

The Head of the Secretariat announced that the maximum resources that could be made available for June 2012 were as follows:

Source of funds	Breakdown	Total for June 2012
EC IPA	€ 2 M for existing IPF € 20 M contribution into the EWBIF € 20 M for the Energy Efficiency	€42.0 M
European Western Balkans Joint Fund	€ 10,6 M (available funds March 2012)	€ 10.6 M
IFIs	EIB € 4.6 M EBRD € 2.3 M CEB € 3.1	€10.0 M
<b>Total</b>		<b>€62.6 M</b>

A further €4 M of EC IPA funding would be available in December 2012 from the IPF contract due to be signed shortly.

### **Screening and assessment of the grant applications for Round 7**

52 project grant applications were received in response to the Round 7 call request which included 13 regional projects. This represented an overall demand of €107 million for grant assistance with a total estimated investment of €3,9 billion.

The applications were processed by sector with the EC presenting a summary of comments received on each PGAF followed by a short intervention by the IPF Key Expert who had been responsible for upstream assistance during preparation of the applications. For those applications which were screened positively the lead IFI presented the results of their assessment and this was followed by an open discussion. Following a review of all the projects a prioritisation of the requests was agreed and a decision made on the source of financing. The attached tables summarise the conclusion of the screening and the assessment for each grant request together with the proposed source of financing.

The overall summary of the projects to be proposed for approval to SC5 for approval is:

- 3 projects to be financed by the EU (IPF) for a total of €2.4 million
- 16 projects to be financed by the EWBJF/IFIs for a total of €28.075 million
- 1 energy efficiency project for a total of €23.4 million financed with €20 million from EU IPA and €3.35 million from EWBJF

The distribution of the project allocations by beneficiary and by sector is as follows:

- Beneficiary: ALB 1 ; BiH3; CRO 1; FYROM 2; KOS 4; MNE 1; SER 2; REG 6
- Sector: Energy 7; Environment 3; Social 5; Transport 4

### **Call for Round 8**

A letter will be sent to all NIPACs to announce the round 8 call for projects and this will also be highlighted on the website. A briefing on Round 8 will be provided to the SC in June when guidelines on the sector development projects will be presented together with general guidelines on project submission and priorities. The timetable planned is:

Deadline for 1st calls for proposals (round 8)	14 September
PFG 13 meeting to review round 8 projects	6 November
Steering Committee meeting for decision (SC 7)	6 December

## Conclusions of the meeting

- Minutes of the PFG11 were approved
- PFG selected grants to be presented for approval and amended existing projects to the SC
- PFG approved the monitoring report (comments by 11 May), the SC 6 agenda and main strategic items to be presented during the SC6
- PFG took note of the calendar of events, in particular the concept of a regional workshop and PFG strategy meeting in November
- PFG decided to launch the call for projects Round 8 with 14 September deadline for submission
- PFG took note of the review strategic issues and the implementation of the review
- Next meetings the 6-7 and 8 November in the Western Balkans region: PFG 13 on projects and PFG 14 on strategy linked with the NIPAC regional workshop
- Next co-chairs of the PFG to CEB
- Contact and communication address:  
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