

## WBIF PROJECT FINANCIERS' GROUP 8

Thursday, 24 March 2011  
Martin's Central Hotel, BRUSSELS

### Minutes

#### Attendees:

GOFAS Christos	DG ENLARG	co Chair
HERRERA Léon	EBRD	co Chair
DE BETHUNE Thomas	DG ENLARG	
DI SEBASTIANO Valentina	DG ENLARG	
GIANFRANCHI Rachele	DG ENLARG	
PAPANASTASSIOU Panayotis	DG ENLARG	
CAPERMAN Bo	DG ENLARG	
STEFANOWICZ Inga	DG ENLARG	
HAAPALA Elina	DG ENLARG	
CINGOLANI Massimo	EIB	
ARNOUX Jean-Marc	EIB	
TSAKIRIS Ionnis	EIF	
COTTOGNI Hubert	EIF	
VIEZZOLI Claudio	EBRD	
GÖKSU Engin	EBRD	
CLARKSON Caroline	EBRD	
O'GRADY Lin	EBRD	
BROWN Ian	EBRD	
KIERAN Jane	EBRD	
HOLMQUIST Erik	EBRD	
LEGA Alexander	EBRD	
RAGUZ Miles	CEB	
STRAUSS Reinhold	KfW	
REINERMANN Dirk	World Bank	
ROWLAND Alexander	World Bank	
CVEK Nadja	SID Bank Slovenia	
PENNY Brian	UK DFID	
REINERTSEN Olav	Ministry of Foreign Affairs, Norway	
PAPADOUPOULOU M	Greece MFA	
DI EMIDIO Raffaella	Rep Italy	
SILNA Dagmar	Czech Republic	
O'MAHONY Mary	PM Group	
LAZENBY Jeremy	WYG	
SINCLAIR Nicolas	WYG	
SMEKAL Emre	WYG	
KONTOPANAYOTOU S.	Greece Perm. Rep.	

***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 in the presence of representatives of some contributor States including Greece, Norway, Slovenia, Italy and United Kingdom and in a climate of good will and cooperation. It was co- chaired by the EU Commission and by the CEB. The meeting discussed strategic issues and matters of general interest, including the PFG Work Programme for 2011, the implementation of the Review of the WBIF, the Management Information System, the activities of the IFI AG and the 41 project grant applications received for the 5<sup>th</sup> round. The project grant applications were screened for eligibility with 22 being retained for assessment at PFG 9 to be held in Brussels on 11 May 2011.

*Christos Gofas (Head of Section, ELARG D3)* opened the meeting by welcoming participants and co-chaired the meeting with *Léon Herrera (Director of European Affairs, CEB)*. He emphasized the importance to keep the PFG limited to the active members in order to remain efficient.

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

The minutes of the PFG7 were approved.

A calendar of the past and future events was reviewed. The results of the 5<sup>th</sup> Round call for projects was reviewed with 41 applications received including three regional projects. There was a distribution across all beneficiaries and all sectors including one for private sector development which was a new sector for this call. The concept of a WBIF awareness raising event to be hosted by the EU Delegation in each beneficiary was proposed by the IPF consultant following preliminary discussions with EUDs during the first quarter. The EC saw this as also useful in promoting greater coordination with IPA funding and the CEB commented that the IFIs would need to be represented. It was agreed that a concept paper would be circulated between IFIs. It was proposed to repeat the Regional workshop held in Podgorica in November 2010 and this was approved. The provisional date is 5 October and an agenda will be proposed at the next PFG. This is the day before the PFG on 6 October and it was announced that Norway plans to hold a workshop on logical framework/performance based monitoring applied to WBIF on 4 October. DFID stated that they would be keen to be involved with this and offered their assistance.

The WBIF communication plan was reviewed with current activities being: printing of Annual Report in 2000 copies and distribution to all partners; updating of website; launch of MIS; call for projects published and promoted; first conference by communications department. Future activities may include the placing of the Annual Report on the website, the WBIF awareness raising events in each beneficiary and production of a short video. The PFG work programme was updated with new dates.

Norway announced that the next Steering Committee will be held in Hamar, Norway, which is one hour north of Oslo, with attendees arriving on Wednesday 22 June. The meeting will take place on Thursday 23 June and the first half of Friday 24 June and the draft agenda for the meeting was discussed. Invitations will be issued by 1 May. Furthermore, Norway announced that it had identified four priorities for 2011 as co-chair of the Steering Committee which were: attracting new bi-lateral donors (MS or non MS - they have started by approaching embassies in Norway, representations in Brussels and EBRD members); helping to facilitate participation of the World Bank; improving communication to Donors; and organisation of an event with the NIPACs (4 October).

## **WBIF review**

Christos Gofas (co-chair) reminded the meeting that SC3 had given broad approval to the WBIF review but that a number of recommendations needed to be further developed as follows: ways of pooling resources; streamlining and the integration of the screening and assessment stages; extension to new sectors; and the implementation of the secretariat. With respect to the Secretariat the EC had distributed the proposed Terms of Reference for the Secretariat prior to the meeting and they were overwhelmingly endorsed. However EIB stated that the four points to be developed form a package of proposals and they should be presented jointly to the SC. including namely the pooling of resources and the cost coverage. EBRD supported the formalisation of the Secretariat and reminded the meeting that the Donors had expressed strong views on cost coverage. The CEB supported the formalisation of the secretariat but proposed to settle for a consensus view towards a decision to be taken at SC4 in June. Greek representative stressed the importance to have a Secretariat installed as soon as better. It was concluded that the interested parties would submit comments within the next two weeks with the aim of presenting the proposed actions for the four points to be finalised at the May PFG. The EC announced that, with regard to the possible extension into new sectors, they will have in 2012 a large programme in Energy Efficiency into which new resources could be attracted.

## ***Management Information System (MIS)***

The EC reminded the meeting that the WBIF MIS was a working tool designed to assist the PFG in the management of the Facility. Three modules had been developed the first of which, the selection module, was now live and had been successfully used in the screening of the applications. A number of issues had, however, been reported including: difficulties of access and loading; slow response; viewing comments in Annexes and problems in downloading and printing large numbers of PGAF. WYG responded by saying that such initial problems were to be expected in a system which required multiple users with different IT set ups to interact. They welcomed feedback and stated that they would seek to find solutions to each issue by talking to the technical counterparts in each organisation encountering any difficulty. The implementation module, which will be used to manage the approval of Terms of Reference for the different project preparation activities, was stated to be in the final phase of development. The monitoring module will be completed prior to PFG 9 in May. This will eventually be used as the tool to produce the Monitoring Report the next version of which will be produced in draft for PFG 9 for subsequent submission to SC4. The proposed format for the monitoring tables contained in this report will be circulated for comment and finalisation during the first two weeks of April. Once agreed these tables will in future be available for updating through the MIS.

## ***Presentation of IFI AG activities***

PM International presented the horizontal/cross cutting activities and also the sector based activities that they are undertaking. As you will see, in addition to participation in WBIF related meetings, the IFI Coordination Office has sought where possible to contribute/participate in meetings organised by regional sectoral organisations. This will allow to convey priorities and strategic conclusions in both fora. The preparation of a socio-economic working group in the region to present the conclusions to the beneficiaries is being organized for the end of May.

Regarding EC-IFI Coordination activities, contribution to strategy/policy issues relevant for the WBIF are ongoing. Such include: a) Impact of austerity measures on capital expenditure budgets in the Western Balkans (draft report to be circulated to all mid March in time for Working Group meeting

on 30 March); b) Synopsis of Views on Need for a New Growth Model in the Western Balkans (draft report to be circulated to all mid March in time for Working Group meeting on 30 March); c) Revision of Mapping Report on Financial Support Mechanisms for Energy Efficiency in the Western Balkans (currently securing updated info from IFIs, draft report available mid March in time for EE Task Force meeting); d) Mapping of EC, IFI and Bilateral Donor activity in Turkey (draft report to be circulated to all early April); e) Social Issues – we have been in contact with CEB to discuss specific topic(s) that could be presented as part of the strategy element of WBIF SC meeting in June

Regarding the contribution to WBIF communication/promotion activities, improvements of the WBIF website are planned for the coming months, particularly in advance of the WBIF SC meeting in June. This can be complemented with other communication tools (e.g. targeted emails, circulation of relevant reports etc). As soon as the Annual Report is available it will be posted on the website.

The 1st update of the database on investment flows is ready. Each IFI has been contacted to verify the information we have on the projects for which they are the lead financier. The updated database will be available on-line (on the WBIF website) at the end of April.

The preparation of the background paper on social issues for the strategic part of the WBIF SC4 is also ongoing..

### ***Screening of the grant applications***

41 grant application had been received by the deadline for 5<sup>th</sup> submissions. The screening comments received for each of these were summarised by the EC and the proposed lead IFI then presented their views. The outcome of the discussions on each application are summarised in the table in Annexe with 22 out of the 40 infrastructure applications being screened positively. The distribution of these by sector and beneficiary is as follows:

By sector: Environment – 4; Energy – 11; Social – 4; Transport – 3

By beneficiary: ALB – 2; BIH – 6; CRO – 4; FYROM – 2; MNE – 1; KOS – 1; SER – 2; REGIONAL 4

One application was received in the area of SME, private and financial sector support, which became eligible for funding in this round. It was submitted by Serbia as a regional project with the support of EIB/EIF. The project proposes establishment of a Western Balkan Venture Capital Fund and a Guarantee Facility as a novel and innovative approach to the regional development objectives pursued by WBIF. The application amounts to €40m, whereas €30m is available for the sector in the current round. The EC in-house screening exercise has brought initial positive feedback but could not be conclusive due to insufficient development of the project proposal and the need for further broader consultations between interested IFIs, as well as policy discussions with beneficiary governments. It was nevertheless agreed that the proposal constitutes a first step towards a more comprehensive solution in which the EC resources could be matched by contributions from IFIs. Pulling resources together would allow a bigger impact on the regional market while sharing risks, as well as ensuring synergies and complementarities with respect to the existing efforts. It was noted however that for the project to succeed reforms of the regulatory environment for investment and entrepreneurship are needed in the countries concerned. The project of a sizable impact could in turn provide an incentive for the beneficiaries to undertake these reform efforts. The EC invited the interested IFIs to explore modalities of cooperation within the project while it would look into the policy implications with all potential beneficiaries and resolve the legal questions related to a possible grant. The status of these discussions should be presented at PFG 9.

<b>Conclusions of the meeting</b>
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- **Minutes of the PFG 7 are approved**
- **Of the 41 project grant applications submitted for the 5<sup>th</sup> round 22 were screened positively and allocated to a lead IFI for assessment**
- **The PFG approves the adapted work programme for 2011, the regional workshop concept and the communication activities**
- **The PFG took note of the implementation steps of the review and the work in progress on the four points to be further developed (pooling of resources, streamlining of the screening and assessment processes, extension to new sectors and the ToR for the secretariat) and presented at PFG9**
- **There is a need to work on the predictability of funds. The co-chair of the SC will initiate contacts with potential donors and there is a need to also convey the message to current donors.**
- **Raising awareness of WBIF and maintaining good communications with NIPACs continues to be important**
- **The next meeting, PFG9, will be held in Brussels on 11 May**
- **Contact and communication address:  
elarg-wbif@ec.europa.eu**