



## 29<sup>th</sup> PFG Virtual Meeting

### Minutes of Meeting

12 May 2020

#### Information on this virtual meeting

This 29<sup>th</sup> PFG was held as a virtual meeting, due to the COVID-19 related restrictions applicable at the time. A restricted registration, log-in and attendance monitoring protocol was followed; WebEx professional was used as secure platform for this meeting. Overall, 120 participants took part in this virtual meeting, the attendance list is shown in Annex 1. During the meeting, participants were invited to comment or ask questions, by sending comments or questions into the chat box “to all”. A transcript of this chat box is reproduced in Annex 2.

IFICO hosted and administered the meeting, the PFG Co-chairs DG NEAR and CEB hosted the meeting (CEB surrendered co-hosting largely to DG NEAR, for practical reasons).

#### Introduction

**The PFG Co-chairs DG NEAR** (Mr. Wolfgang Schläger) welcomed participants to the 29<sup>th</sup> WBIF PFG meeting, held as virtual conference due to the COVID-19 situation and the associated travel and work restrictions. The year started promising, with the new Commissioner announcing Western Balkan accession as a top priority and outlining a revised methodology for the accession process (Commission Communication: Enhancing the accession process – A credible EU perspective for the Western Balkans) and announcing an investment boost in the Western Balkans. The pandemic then delayed this process somewhat and added a new challenge for the EU and the Western Balkan partners. This virus-related challenge however led to a big solidarity push between the EU and the Western Balkan economies. The traditional “Western Balkan” summit is now planned after summer, while WBIF functions and operations continue as normal as possible under these circumstances; for example, the project applications for approval at the 22<sup>nd</sup> WBIF SC meeting (9-10 June) are on track and will be submitted in time; the WBIF 3.0 working group has also reconvened. **The PFG Co-chair CEB** (Mr. Vitomir M Raguz) further welcomed participants and mentioned four areas of operational priorities from the IFI perspective for the PFG: (i) clarity on the status of remaining funds under IPA II, both in the Joint Fund and the IPF instrument, (ii) policy indications on the IPA III funding and (iii) new COM financial regulations and their possible impact on WBIF setup; and, finally (iv) resuming of the WBIF 3.0 working group, assisting WBIF in their preparations for IPA III. He suggested that the autumn PFG and SCM may also be in virtual mode for precautionary reasons and difficulties in medium term travel planning.

#### Status update: Joint Fund Balance

**EBRD** (Mrs. Jasmin Khalaf) presented the status of the European Western Balkans Joint Fund. The available balance of the Joint Fund, unallocated and subject to Bilateral Donor’s priorities is €2.69 million.

### Screening and assessment of TA Round 23 Projects

**DG NEAR** (Mr. Wolfgang Schläger) opened the project related session and confirmed the Commission’s intent to allocate €14 million to the Joint Fund for technical assistance in all sectors, and announced another €5 million, earmarked for the military hospital in Belgrade, Serbia. The eligibility criteria for Round 23 were set at the 21<sup>st</sup> WBIF SC meeting in London: *“Only priority projects in the digital infrastructure, environment and social sectors are eligible. Application for projects already existing in these three sectors in the WBIF portfolio as well as for new projects are accepted in this new round.”*

The **WBIF Secretariat** (Mrs. Stine Andresen) presented the overview of TA Round 23. Overall, 8 applications were received for a total Grant request of €9.77 million. The split by beneficiary and sector and overall grant requests are shown below.

Sector	No	Grant (€)	Beneficiary	No	Grant (€)
Digital Infrastructure	4	2,900,000	Albania	3	1,900,000
Environment	2	1,270,000	Bosnia and Herzegovina	2	1,100,000
Social	2	5,600,000	Kosovo*	1	1,000,000
<b>Total</b>	<b>8</b>	<b>9,770,000</b>	Montenegro	0	0
			North Macedonia	0	0
			Serbia	2	5,770,000
			<b>Total</b>	<b>8</b>	<b>9,770,000</b>

**DG NEAR** (Mr. Wolfgang Schläger) invited the Lead IFI of each project to introduce the project, the respective beneficiaries to comment and DG NEAR sector managers to comment / raise open issues (if any), along a sectoral split (DII, ENV, SOC).

#	Grant code	Title	Lead IFI	Grant revised	Grant incl. imp fee	Conclusion	Source of funds
1	WB23-ALB-DII-01	Broadband Atlas for Albania: Pre-feasibility Study	AFD	250,000	251,250	Positive	IPF
2	WB23-ALB-DII-02	Smart Cities – Smart Villages: Conceptual Design, Feasibility Study, ESIA	EBRD	116,000	116,580	To be decided	IPF
3	WB23-ALB-DII-04	HPC Infrastructure: Pre-feasibility Study, Needs Assessment	EIB	400,000	402,000	Positive	IPF

#	Grant code	Title	Lead IFI	Grant revised	Grant incl. imp fee	Conclusion	Source of funds
4	WB23-KOS-DII-01	Advancing Digital Connectivity for Economic Development in the Municipality of Prizren: Pre-feasibility Study	EIB	350,000	351,750	Positive	IPF
5	WB23-BIH-ENV-01	Sarajevo Water Project: Technical Assistance for Supervision of Works Financed by Tranche 2 Loan	EBRD	500,000	520,000	Positive	JF
6	WB23-SRB-ENV-01	Development and Implementation of Integral Torrential Floods and Erosion Protection Measures, Works and Structures Based on a Green Solution in Krupanj Pilot Area, Jadar River Basin: Conceptual Solution, Feasibility Study, ESIA, Preliminary Design	AFD	770,000	773,850	Positive	IPF
7	WB23-BIH-SOC-01	Housing and Social Integration of Vulnerable Persons Living in Collective Accommodation: Technical Assistance for Project Implementation, Management and Coordination	CEB	600,000	624,000	Positive	JF
8	WB23-SRB-SOC-01	Greening the Public Sector - Rehabilitation of VMA Hospital: Technical Assistance for Project Preparation and Implementation	KfW	5,000,000	5,200,000	Positive	JF
<b>GRAND TOTAL</b>				<b>7,986,000</b>	<b>8,239,430</b>		

**DG NEAR** (Mr. Wolfgang Schläger) invited the Bilateral Donors to comment on the potential allocation of projects to the Joint Fund and further announced that the discussed

improvements and clarifications to projects in TA Round 23 will be taken up bilaterally with the Lead IFIs and the beneficiaries (e.g. WB23-ALB-DII-02 on the budget and scope of the project).

**Germany**<sup>1</sup> (Mrs. Sabrina Brabetz) clarified that the Bilateral Donors are, at this moment, not in a position to comment on their potential support of specific projects. Hence, DG NEAR and the Bilateral Donors need to tackle this bilaterally. Also, due to the pandemic, national administrations are not (yet) in a position to indicate potential pledges for 2020. Such announcements will be made in due course of the year.

***The 29th WBIF PFG decided to submit eight Grant Applications submitted under TA Round 23, for a total grant consideration of € 8,239,430 (subject to further clarification for WB23-ALB-DII-02) to the 22<sup>nd</sup> WBIF Steering Committee for approval.***

### Update Investment Round 05

The **WBIF Secretariat** (Mrs. Stine Andresen) presented the status overview of INV Round 05. The eligibility criteria for this round were set at the 20<sup>th</sup> WBIF SC meeting in Berlin: “TRA projects must be part of the Core Network as defined under the Indicative Extension of the TEN-T Network to the Western Balkans. ENV and SOC projects are not restricted and new project applications are invited; ENE projects must demonstrate a regional impact, with the exception of smart grids in transmission and distribution lines as well as smart meter.” In addition, all projects must be prioritised and reflected on the Single Project Pipeline. Overall, 17 applications were received for a total Grant request of €412,6 million, of which 12 were screened “positive”, or “to be determined” for a total Grant request of €243.9 million, split over beneficiaries and sectors as shown below. €219.0 million would be eligible for funding under the Connectivity allocation by the European Commission.

Sector	No	Grant incl. imp. fee (€)	Beneficiary	No	Grant incl. imp. fee (€)
Energy	2	31,110,600	Albania	3	50,049,258
Environment	5	31,307,500	Bosnia and Herzegovina	8	248,964,891
Social	1	3,069,000	Kosovo*	2	40,294,014
Transport	9	347,198,525	Montenegro	1	19,415,000
<b>Total</b>	<b>17</b>	<b>412,685,625</b>	North Macedonia	2	18,862,977
			Serbia	1	35,099,485
			<b>Total</b>	<b>17</b>	<b>412,685,625</b>

**DG NEAR** (Mr. Wolfgang Schläger) underlined that approximately €120 million are still missing from the European Commissions’ original pledge of €1 billion for connectivity projects; in 2020 the Commission intended to surpass this amount, however, with the recent COVID-19

<sup>1</sup> On behalf of the WBIF SC Co-chair Austria, due to Austria’s temporary connection problem (audio transmission).

reactions, it is “only” in a position to allocate funds to the 2020 connectivity package of maximum €135 million. This has to be put into context of the big increase of expected WBIF funding through the Commission in 2021, for which a solid project pipeline is key.

Each Lead IFI was invited to introduce their project, the respective beneficiaries to comment and DG NEAR sector managers to comment / raise open issues (if any); participants were further informed that one Grant application was transferred from INV Round 04, since it could not be financed in the last INV round (Motorway subsection Kvanj Tunnel – Buna Vc in Bosnia and Herzegovina).

#	Code	Title	Lead IFI	Grant incl. imp. fees – submitted	Grant incl. imp. fees – revised	Conclusion
1	WB-IG05-ALB-ENE-01	Fierza HPP Electromechanical Rehabilitation	KfW	9,952,000	8,548,000	Positive
2	WB-IG05-BIH-ENV-01	Visoko Water Supply Project: Mostre Subsystem and Water Network Reconstruction Phase 3	EBRD	1,072,000	1,072,000	Positive
3	WB-IG05-KOS-ENV-01	Wastewater Treatment Plant and Sewerage Network for Mitrovica	EBRD	5,100,000	5,100,000	Positive
4	WB-IG05-MKD-ENV-01	Wastewater Treatment Plant for Skopje	EIB	15,793,977	15,691,977	Positive
5	WB-IG05-MKD-SOC-01	Construction of Physical Education Facilities in Primary Schools, Acquisition of Equipment and Rehabilitation of Primary and Secondary Schools	CEB	3,069,000	3,069,000	Positive
6	WB-IG05-ALB-TRA-01	Mediterranean Corridor: Tirana Bypass	EBRD	32,684,106	32,611,306	Positive
7	WB-IG05-BIH-TRA-01	Mediterranean Corridor: Mostar South – Kvanj Tunnel Vc Motorway Subsection	EBRD	18,857,800	16,413,800	To be decided
8	WB-IG05-BIH-TRA-07	Mediterranean Corridor: Samac – Dobož – Rjecica Vc Railway Section	EBRD	73,632,800	70,175,400	Positive
9	WB-IG05-BIH-TRA-08	Rhine/Danube Corridor: Demining the Right Bank of the Sava River	WBG	8,530,200	8,529,500	To be decided
10	WB-IG05-KOS-TRA-03	Orient/East-Med Corridor: Kosovo – Serbia Road Interconnection, Pristina – Merdare Section	EBRD	35,194,014	38,760,000	Positive

#	Code	Title	Lead IFI	Grant incl. imp. fees – submitted	Grant incl. imp. fees – revised	Conclusion
11	WB-IG05-MNE-TRA-01	Orient/East-Med Corridor: Montenegro – Serbia Rail Interconnection, Bar – Vrbnica Railway Line	EIB	19,415,000	20,133,200	Positive
Positive application transferred from INV Round 04						
12	WB-IG04-BIH-TRA-05	Mediterranean Corridor: Kvanj Tunnel – Buna Vc Motorway Subsection	EIB	21,106,084	21,106,084	Positive

[please note the sums under “Grant incl. impl. fees revised” have been updated post PFG for Nr. 7 and 8]

Following the INV Round 05 presentations, **DG NEAR** (Mr. Wolfgang Schläger) announced that the discussed improvements and clarifications to the projects in INV Round 05 will be taken up bilaterally with the Lead IFIs and the beneficiaries (e.g. WB-IG05-ALB-TRA-01, WB-IG05-BIH-TRA-01, WB-IG05-BIH-TRA-07, WB-IG05-BIH-TRA-08).

**DG NEAR** (Mr. Wolfgang Schläger) further informed that positively screened (and assessed) projects in INV Round 05, that cannot be financed due to funding shortages, will automatically be included in INV Round 06 and may enjoy priority.

Negatively screened and assessed projects were also briefly presented and discussed; the main reason for negative screening was insufficient maturity.

#	Code	Title	Lead IFI	Grant incl. imp. fees	Conclusion
1	WB-IG05-BIH-ENE-01	Project of Mutual Interest: Bosnia and Herzegovina – Croatia South Gas Interconnector	EBRD	21,158,600	Negative
2	WB-IG05-ALB-ENV-01	Osumi River Park in Berat	EIB	7,413,152	Negative
3	WB-IG05-BIH-ENV-02	WATSAN Programme in Republika Srpska: Construction of Tertiary Water Network for Crno Vrelo Water Supply System in the Municipality of Prijedor	EIB	1,928,371	Negative
4	WB-IG05-BIH-TRA-02	Mediterranean Corridor: Prenj Tunnel Vc Motorway Subsection	EBRD	53,719,520	Negative
5	WB-IG05-BIH-TRA-05	Mediterranean Corridor: Medakovo – Poprikuse Vc Motorway Subsection	EIB	72,769,600	Negative
6	WB-IG05-SRB-TRA-01	Orient/East Med Corridor: Niš Bypass on Niš – Dimitrovgrad Railway Line	EIB	35,099,485	Negative

The **WBIF SC Co-chair Austria** (Mrs. Agnes Drimmel) reminded participants of their written Bilateral Donor statement (attached, Annex 3) and informed that Bilateral Donors will decide on their intent to potentially co-finance non-connectivity projects in course of the year, when the total financing options and potential pledges have materialised in the second half of 2020. **Serbia** (Mrs. Aleksandra Radinovic) enquired about the conditionalities attached to the INV

Round 04 project “Trans-Balkan Electricity Corridor: Obrenovac – Bajina Bašta Grid Section in Serbia” and requested a status update by DG NEAR. **Albania** (Mr. Ervis Sulejmani) enquired about the criteria applied by DG NEAR in selecting projects for co-financing.

**DG NEAR** (Mr. Wolfgang Schläger) confirmed that not all connectivity projects can be financed in this round. The European Commission’s funds (approximately €135 million) for connectivity relevant projects will be allocated according to maturity and priority, as well as regional and sectoral aspects. A final decision can be expected for autumn this year. Any projects that screened positive, will be rolled over into the next round and will not need to be resubmitted. The financing decision for the Trans-Balkan Electricity Corridor in Serbia is subject to the conditions being fulfilled as stipulated by the respective Grant Award Notification. Once these are met, the European Commission will transfer the respective funds to the Joint Fund. Further information in writing to the SER NIPAC by the Commission will follow.

#### Discussion: Eligibility Criteria TA Round 24 and INV Round 06

**DG NEAR** (Mr. Wolfgang Schläger) reviewed available funds (to be confirmed for the 22<sup>nd</sup> WBIF SC). Under the IPF instrument, including IPF 10 (but TA Round 23 not accounted for), adjusted by Written Procedures and past Rounds, around €20 million are available. In the Joint Fund, presently €2.69 million are unallocated funds by the Bilateral Donors, and the European Commission will allocate another €19 million; of these, €5 million are for the military hospital in Belgrade and another €3.8 million are needed for other projects (approximately €2.1 M for WB15-MKD-TRA-01, €500k for WB20-KOS-ENV-01, and €1.2 M for WB9-HR-SOC-01).

Given this situation, DG NEAR proposes to conduct an open TA Round 24 for the sectors DII, SOC, ENV and ENE, and to restrict TRA to the core network. For INV Round 06, the situation is somewhat different, since this round will be decided in December 2021 and will be financed under IPA III. Thus, co-financing – also by Commission funds, will be open to all sectors, subject to conditions as will be required under IPA III. In addition to this (present) uncertainty regarding the advancement and conditionalities under IPA III, the Digital Sector, relatively new to WBIF, is still under internal consideration with respect to the scope of the investment call. At present, DG NEAR consults with other Commission institutions (DG CONNECT, CEF, etc) in an attempt to pre-determine the DII subsectors eligible for co-financing and the respective co-financing thresholds. Options under discussion include a restricted INV call for DII, whereby broadband, backbone and remote areas could be eligible for co-financing; alternatively, the launch for DII could be delayed until the December WBIF SC meeting.

The **ECS** (Mrs. Violeta Kogalniceanu) informed that despite the (past) open call for the ENE sector, no applications were submitted for smart grid and smart meters. The ECS analysed this further and produced a list of potential projects and invites IFIs and beneficiaries to contact the ECS with a view of elaborating this list and evaluating potential for submission under TA Round 24. **AFD** (Mr. Gregory Villeneuve) enquired if and to which extent the Commission’s overall agenda, the “Green Deal”, the Digital Agenda and the COVID related

recovery plans should be reflected in future calls. **EIB** (Mr. Massimo Cingolani) confirmed that IPF 10 procurement is on track and supported the idea of open rounds.

**DG NEAR** (Mr. Wolfgang Schläger) announced that a written proposal will be disseminated by the WBIF Secretariat, regarding the proposed eligibility criteria for TA Round 24, and that clarity and a workable proposal for the DII (eligibility and co-financing rates) sector will also be forthcoming. In addition, the overall Commission priorities and the COVID recovery programs will be reflected in the calls by implication (e.g. DII eligibility will be in line with the overall Commission policy on the Digitalisation, ENV and ENE sectors are open and not restricted).

## DG NEAR and WBIF Secretariat updates

### Cancellations

The **WBIF Secretariat** (Mrs. Stine Andresen) presented two projects for potential cancellation.

#	Grant code	Title	Lead IFI	Amount €	Source of funds
1	WB21-ALB-SOC-01	Albania, Academic and Recreational Infrastructure for the Student City of the University of Tirana: Feasibility Study, Preliminary Design	EIB	502,500	IPF
2	WB15-SRB-SOC-01	Housing Reconstruction in Kraljevo	CEB	300,000	JF
<b>Total</b>				<b>802,500</b>	

Regarding **WB21-ALB-SOC-01** it is understood that the Albanian Council of Ministers Decision No. 908, dated 20.11.2019, decided on the Public Private Partnership procedures for the construction of the Tirana University Campus. As such a WBIF financed Feasibility Study would no longer be needed. Regarding **WB15-SRB-SOC-01**, it is understood that the Municipality of Kraljevo decided to finance the supervision from their own funds.

**EIB** (Mr. Giorgio Watschinger) and **CEB** (Mrs. Gamze Deveci Durubal) both confirmed the statuses of these two projects.

The **WBIF Secretariat** (Mrs. Stine Andresen) confirmed that both projects will be submitted to the 22<sup>nd</sup> WBIF SC for cancellation and the respective funds will be returned to IPA and the Joint Fund (Bilateral Donor contributions).

### IPA III

**DG NEAR** (Mr. Wolfgang Schläger) updated participants on the latest IPA III related developments. Due to the COVID situation, programming regarding IPA III has been delayed. The principles are clear, under IPA III funding under WBIF will be increased and all sectors will

be eligible for Commission financed co-financing. WBIF has been identified as the main tool to support investments in the Western Balkans. The discussions are advancing with the relevant bodies in the European Commission, the EU Parliament and the European Council. Details will soon be shared and discussed in parallel with the WBIF stakeholders.

**EBRD** (Mrs. Zsuzsanna Hargitai) enquired if under IPA III national and regional envelopes were foreseen. **Italy** (Mrs. Raffaella Di Emidio) enquired if the DII sector would be under connectivity. **Serbia** (Mrs. Aleksandra Radinovic) requested guidance on the applicable co-financing rates, whether there were any plans to apply flexibility and how commission funds would be allocated across sectors.

**DG NEAR** (Mr. Wolfgang Schläger) informed that further guidance on IPA III is forthcoming, and a more thematic / window type approach will be taken by IPA III, there will be no distinction into IPA national and regional. The envelopes per sector will increase, DII is under connectivity and DG NEAR is currently assessing various scenarios with adjusted co-financing rates. If the thresholds were to increase, it would mean fewer projects, and lower co-financing rates would increase the number of projects that could be supported.

### WBIF 3.0

**DG NEAR** (Mr. Wolfgang Schläger) presented the activities conducted by the reactivated WBIF 2.0 Working Group, now “WBIF 3.0 WG”. Since its formal reactivation in January 2020, following the mandate given to it by the 21<sup>st</sup> WBIF SC, the WBIF 3.0 has reviewed and updated the Vademecum. The Vademecum has been uploaded in the MIS and the sanitized version the “Guide to WBIF” has been uploaded to the WBIF website. In response to the remaining IPF related recommendations, a first written exchange was circulated, comments have been received and a summary is being produced. This will summary will be disseminated soon, and a virtual WBIF 3.0 WG meeting is planned for later in May (week starting 25<sup>th</sup> May).

Also, on the agenda for the WBIF 3.0 WG are continuation with implementation of the 21<sup>st</sup> WBIF SC decisions, including the update of the governance documents (RoP, GC) and to prepare WBIF in lieu of the IPA III, and to start a discourse on recommendations for the 23<sup>rd</sup> WBIF SC meeting in December.

**DG NEAR** (Mr. Wolfgang Schläger) added that the future governance of WBIF will also be influenced by the discussion on the organisation of external aid under the European Commission, EFSD+, including also the guarantee instrument. This is an ongoing legislative process and a specific regime is foreseen for the Western Balkans, where WBIF plays a central role. Bilaterals and IFIs already provided their first feed-back. DG NEAR will disseminate an update and discussion paper soon and engage bilaterally with WBIF stakeholders, including the beneficiaries, and launch a consultation process across the WBIF including all stakeholder groups in parallel to ongoing negotiation processes of relevant EU legislation.

### Funding Needs Analysis (FNA) & Co-financing rates

The **WBIF Secretariat** (Mrs. Stine Andresen) presented the findings of a recently updated Funding Needs Analysis. The main findings show the potential for TA and INV both as reflected in the WBIF pipeline and the beneficiaries' SPPs:

- Maximum TA need projections (2020 to 2025):
  - Projects in MIS (WBIF pipeline): €653 million
  - Projects from SPPs: €796 million
- Maximum INV grant need projections:
  - Projects in MIS (WBIF pipeline): €2.52 billion
  - Projects from SPPs: €4.92 billion

This updated Funding Needs Analysis will soon be shared with the WBIF stakeholders.

### Communication and Visibility Guidelines and Plan

The **WBIF Secretariat** (Mrs. Stine Andresen) presented latest developments pertaining to Communication and Visibility. Like every year, the WBIF Secretariat should have presented the updated C&V plan to the PFG. This year, due to the COVID situation, this plan is updated on an ongoing basis and it changes frequently. The new WBIF Communication and Visibility Guidelines have already been published and are available on the website. In addition, the WBIF Secretariat carried out an evaluation of the C&V activities. The overall score was 3.8 (out of 5) the "best" performers were the website and publications; the "worst" performer was "awareness of C&V activities". This allows the WBIF Secretariat to steer C&V activities and to further improve the situation. Highlights in the past period include a new Energy sector video uploaded to the website and the last feature story on REEP published. A video clip for the (now postponed) summit has been produced, a quarterly newsletter was also released. The Bilateral Donor fact sheets were updated, the sector and beneficiary ones will follow the MIS update.

**Germany** (Mrs. Sabrina Brabetz) emphasised the importance of translating the available (main) communication and visibility materials also into local languages, this way, these could be shared by the local embassies, e.g. on the respective websites.

***The 29<sup>th</sup> PFG took note of the updated WBIF C&V guidelines and looks forward to receiving an updated version of the C&V plan by email.***

### AOB

**DG NEAR** (Mr. Wolfgang Schläger) informed participants, that due to a legal issue, the European Commission cannot fund the University project in Croatia, since Croatia has become an EU member state. A solution has been identified and subject to (further) legal confirmation will consist in the Bilateral Donors financing this project from the Joint Fund (total of € 1.2 million) and the European Commission releasing the same amount in the Joint Fund to the Bilateral Donors' discretion to allocate to Grant applications.

**EIB** (Mr. Massimo Cingolani) floated the idea of the beneficiaries signing up to the (to be updated) WBIF General Conditions. This would serve multiple purposes and would be in the interest of efficiency, increase the ownership by the beneficiaries and moreover, follow the logic of WBIF's evolution. To this end, EIB shared a note, and this should be further disseminated with the WBIF stakeholders, for example be addressed by the WBIF 3.0 Working Group.

**Austria** (Mrs. Agnes Drimmel) reiterated the Bilateral Donor statement for 2020 and the, now even more important, solidarity with the Western Balkans and its people. Due to the restrictions in place in Austria and across Europe, the next SC, originally planned to take place in Vienna, will now be held as a virtual meeting.

[albeit not specifically mentioned at the PFG, the WBIF Secretariat informs about the WBIF **draft Monitoring Report**: due to the new deadline for MIS update, 30 April, and the relatively short period between this date and the PFG, it was not possible to produce and disseminate the draft monitoring report. The draft report will be disseminated soon, finalised, submitted and presented at the next WBIF SC meeting]

*End of minutes of meeting.*

**Annexes:**

**Annex 1: List of Participants**

*Separate document*

**Annex 2: Chat transcript**

*Separate document*

**Annex 3: Bilateral Donor Priorities 2020**

*Separate document*

## Bilateral Donors Statement: Priorities for 2020

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As WBIF Co-Chair of the Bilateral Donors, we want to herewith set out the priorities of the group of Bilateral Donors for 2020.

In light of the **current pandemic crisis** situation caused by COVID-19, priorities have certainly shifted. We would hence welcome all the support possible by the EU and like-minded partner countries towards the Western Balkan region to jointly overcome the situation and to make respective health systems more resilient. However, we are not only confronted with challenges to our health systems but also with an economic slowdown that will impact growth and employment. As many European countries, the Western Balkan region will be affected. As Bilateral Donors, we want to **reconfirm our full support and solidarity with the Western Balkan region and its people** in these difficult times. Given the likely magnitude of the crisis, we stress the importance that we as Bilateral Donors and as WBIF as a whole are able to show flexibility and to adequately adjust to the current circumstances where needed. Concerted efforts and **EU coordination with other stakeholders will be as important as ever**.

In addition, we want to underline the importance of the **Green Agenda** in the region and the **social dimension of the WBIF**, as well as the **renewed commitment to a credible EU perspective for the Western Balkans**, that should all go hand in hand with the **current WBIF reform momentum**. Finally, we want to **highlight the principle of partnership** that should continue to be at the very heart of the **WBIF as “best practice” coordination platform**.

### Green Agenda for the Western Balkans

Climate change and environmental degradation is without a doubt one of the most pressing global issues of our time. We therefore **welcome the European Green Deal**, and we look forward to the Commission's proposal on a **Green Agenda for the Western Balkans**. Making Europe climate-neutral and protecting our environment will benefit people, planet and economy. We look forward to contributing to the **green and inclusive transition** towards sustainable economies in the Western Balkans through joint efforts within the WBIF. The transition to green economies constitutes an enormous challenge for all the Western Balkan countries, and WBIF is well placed to give its support to this transition.

We echo that, in addition to targeted support to the environment and climate sector, advancing the Green Agenda should include efforts to **mainstream climate and environment-related aspects** of future **investments across sectors** such as energy, buildings, industry and mobility. Hence, our endeavor in the WBIF should be to **consider climate and environment co-benefits of all financing operations**.

### Social Dimension of the WBIF

The social sector still needs to get more attention. Every WBIF effort and every WBIF project has one clear objective: to improve the life of all people living in the Western Balkan countries. However, it is not always enough that the social aspect is indirectly part of projects in the other sectors. Therefore, we **welcome the increasing number of projects applications in the social sector and the Commission's intention to co-finance investment projects** in this sector under IPA III. The social dimension not only has a **direct impact on improving the quality of peoples' lives**, but also **enhances the WBIF's visibility** in the region, which adds an additional aspect of strategic communication also in the context of increasing external actors' activities.

WBIF social infrastructure projects should particularly **provide targeted investment support** that **effectively benefit the poor and vulnerable groups**. Adequate and efficient instruments of the WBIF could increasingly **facilitate lasting impact in key areas**, such as education and youth employment, that will drive well-being and prosperity in the region.

### Credible EU perspective for the Western Balkans

The Bilateral Donors highly **welcome the Commission's renewed commitment to a credible EU perspective for the Western Balkans**, and the vision to **facilitate a more predictable, merit-based and dynamic accession process**, based on objective criteria, rigorous positive and negative conditionality, and reversibility, in order to **build trust among all stakeholders**. We also strongly **support the announcement of a regional economic and investment development plan** by the Commission in preparation for the upcoming EU-Western Balkans Summit. These are not only signs of the renewed EU commitment, but **also of a continuous engagement of mutual interest**. We strongly believe this is of **ultimate importance for our shared European future**.

The Bilateral Donors also **take note of the Commission's intention to devote more funding to the region** in the upcoming Multiannual Financial Framework, subject to the ongoing

negotiations. The Commission indicated that the **proposed increase in EU funding volumes for IPA III** is likely to also result in **significantly larger funds available for the WBIF**. We look forward to learning more on IPA III and the new Neighborhood, Development and International Cooperation Instrument, and their respective relation to the WBIF.

### **WBIF reforms**

Against this background, it is clear that the WBIF reform momentum should be used to **make the WBIF fit for the future** accordingly. The Bilateral Donors **acknowledge first steps of implementation of the WBIF 2.0 reforms**, such as the integration of the EDIF private sector platform into a broader umbrella framework, and the launch of updating and streamlining framework documents and procedures.

However, there is still work to be done: we want to highlight the need for the **collective review of the IPFs** that are subject to further improvement. Also, a **guarantee instrument should be developed collectively** – be it in within EFSD+ as put forward by the Commission, or based on alternative proposals by WBIF stakeholders for the sake of sharing risks. These aspects clearly **deserve comprehensive discussion** in the ongoing WBIF reform process.

We are therefore **looking forward to the exchange within the WBIF 3.0 Working Group and a respective open and comprehensive discussion** as soon as possible. Given the cooperative nature of the WBIF, it is important that all stakeholders are fully involved, included and heard in the discussions related to possible changes and further evolution of the WBIF structures.

### **WBIF as best practice partnership**

Last but not least, we want to highlight the **principle of partnership** that is at the institutional core of the WBIF, and in fact a unique characteristic of the platform. Joint efforts have shaped the framework over the past 10 years, and facilitated considerable achievements so far. The WBIF is **considered as “best practice” coordination platform** between equal stakeholder groups, namely the European Commission, the IFIs, the Bilateral Donors and the Beneficiaries.

Our key priority for 2020 therefore is to **continue engaging in a constructive dialogue** on how to best **use and jointly shape the WBIF**. The **spirit of cooperation and coordination among equal stakeholder groups** should however not only feature the ongoing reform momentum, but **remain the distinctive characteristic of the WBIF**.

On behalf of the Bilateral Donors, we want to conclude with the following: Let us **maintain the principle of partnership** that has defined this platform ever since, and that has made the **WBIF our joint success story**. Let us **continue building the European future** together by facilitating **further development and growth in the Western Balkans**, to make lives for its citizens better every day.