

2008 Project Fiche Kosovo¹
IPA centralised programme

1. Basic information

- 1.1 CRIS Number:** 2008/020-454
1.2 Title: Infrastructure Projects Facility - Kosovo Window
1.3 ELARG Statistical code: 02.22
1.4 Location: Kosovo

Implementing arrangements:

- 1.5 Contracting Authority (EC):** European Community represented by the European Commission for and on behalf of Kosovo

- 1.6 Implementing Agency:** Joint management with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), and indirect centralised management with the Kreditanstalt für Wiederaufbau (KfW)

1.7 Beneficiary:

Project activity	Beneficiary	Contact point responsible for activity coordination
Support to preparation and implementation of infrastructure investments	Kosovo municipalities and public and private companies running public utilities	NIPAC (Agency for European Integration)

Financing:

- 1.8 Overall cost² (VAT excluded)³:** EUR 61,000,000 (minimum expected leveraged investments)
1.9 EU contribution: EUR 25,000,000
1.10 Final date for contracting: 3 years after the signature of the Financing Agreement
1.11 Final date for execution of contracts: 31 December 2016

¹ Under UN Security Council Resolution 1244/99

² Not to be considered as Co-financing. The overall cost is to be seen in the wider framework of the Kosovo window of the Infrastructure Projects Facility (IPF) for the Western Balkans which results from a 2007 agreement between the Commission and the EIB, the EBRD and the Council of Europe Development Bank, working together with the National Governments of the Western Balkans region in project prioritisation and selection for assistance.

³ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

1.12 Final date for disbursements: 31 December 2017

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective is to contribute to the socio-economic development of Kosovo through improved infrastructures in transport, environment and in the social field

2.2 Project purpose:

The project purpose is two-fold:

- a) to identify and prepare priority infrastructure projects for financing through IFIs loans and/or EC grants and/or Kosovo budget
- b) to support financially the upgrading of infrastructures by providing grant co-financing through loans extended by International Financial Institutions to increase the affordability of investments for the responsible public utilities.

2.3 Link with AP/NPAA / EP/ SAA

All key documents on the Enlargement Strategy and the European perspective of candidate and potential candidate countries underline the importance of infrastructures remediation and upgrading as critical factor for sustained socio-economic development in the region and for its progress towards the European Perspective. In this respect, the centrality of sound collaboration with IFIs engaged in promoting infrastructure investments is also emphasised.

The **Thessaloniki Declaration of June 2003** stresses the importance of developing modern networks and infrastructures in energy, transport and telecommunications in the region. The **Communication from the Commission of 27th January 2006 on the Western Balkans**⁴ identified further progress in regional co-operation in the field of infrastructures as crucial for the regional progress towards sustained stability and prosperity. The Communication also recognised that combating unemployment, social exclusion and discrimination will be crucial for ensuring a more equitable and sustainable growth, whose benefits can be extended to vulnerable groups and communities.

In the **Austrian presidency conclusions of June 2006**, the European Council re-confirmed the European perspective of the Western Balkans as set out in the SAP, the Thessaloniki Agenda and the Salzburg declaration of March 2006. It also welcomed the Commission's intention to extend and intensify cooperation with the European Investment Bank (EIB) and the other International Financial Institutions (IFIs) in the Western Balkans.

Last but not least, the most recent **Communication "Enlargement Strategy and Main Challenges 2007 – 2008"** of November 2007 and the **Communication on the Western**

⁴ Communication from the Commission "The Western Balkans on the road to the EU: consolidating stability and raising prosperity" COM(2006) 27 final, 17 January 2006

Balkans of March 2008, reiterate the importance of cooperation with IFIs in the Western Balkan region in the field of infrastructures and socio-economic development actions.

With specific regard to Kosovo, the European Partnership calls on addressing the following priorities:

Environment

- Take measures to enforce spatial planning.
- Streamline environmental issues in sectoral policies, in particular on energy and transport.
- Continue approximation with European standards in the field of environment.

Transport policy

- Continue improving data-led asset management for the maintenance and rehabilitation of transport infrastructures. Ensure EU compatibility of the legislative framework for concessions and take measures to attract investors, including through public-private partnerships, for co-funding large and strategic infrastructure works.
- Ensure that the development of the railways sector is compatible with economic development strategy.
- Take measures to improve road safety.
- Plan and implement maintenance and rehabilitation of transport infrastructures, including the construction of new infrastructure through public-private partnerships, if necessary.

2.4 Link with MIPD

The MIPD 2008 – 2010 for Kosovo clearly recognize that sustainable stability can only be achieved if Kosovo's economy develops and offers opportunities to all communities. Support to economic growth should be another key objective for EC assistance. Major infrastructure investment needs persist, which need to be matched with enhanced corporate governance of public utilities to ensure the sound and efficient administration of taxpayers' moneys. This should require measures that can catalyse IFI and private sector investment.

The importance of supporting investments in infrastructures is emphasised also in the Multi-beneficiary MIPD 2007-2009 and the MIPD 2008-2010 that clearly recognise that financing a wide range of infrastructure investment needs is a pre-requisite for sustainable socio-economic development and stability in the region. The latter document foresees the continued support to help preparing and implementing high quality investment projects in the transport, energy, environment and social sectors. These documents also underline the importance of cooperating and coordinating closely with IFIs providing loan financing for the implementation of such investments.

2.5 Link with National Development Plans

The Medium Term Expenditure Framework 2009-2011 for Kosovo puts a strong emphasis on the importance of allocating the necessary resources to investments in infrastructures. This is perceived as one of the major constraints to improving Kosovo economic competitiveness

Specific sector focus is put on transport, energy, but also environment and social infrastructures.

2.6 Link with national/ sectoral investment plans

In addition to the MTEF 2009-2011 for Kosovo, where sector strategies and expenditure plans are included for the most critical sectors, technical sector papers have been drafted for the transport sector spelling out the conditions and specific investment needs.

3. Description of project

3.1 Background and justification:

There is a serious infrastructure deficit in Kosovo, particularly at municipal level, which restricts development and integration. This shortfall includes transport routes, which hampers business development, schools which are inadequate for satisfactory teaching of children and water and wastewater systems which contribute to poor public health, increased costs to government and reduced economic activities.

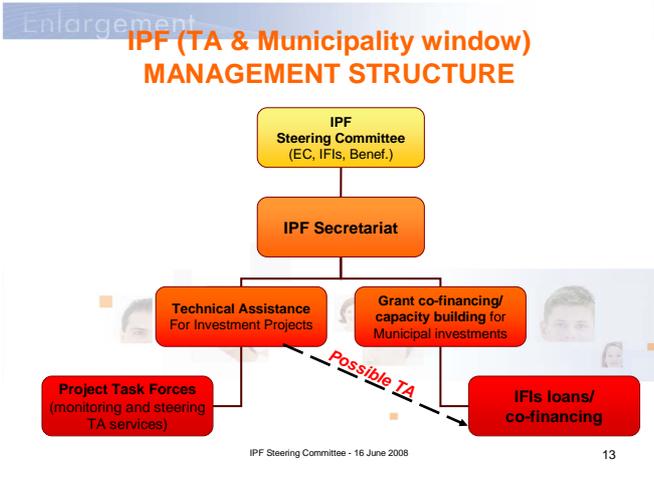
Under the IPA 2008 programme for Kosovo two major projects will address infrastructure needs partly in the environment sector and for socio-economic infrastructures at the level of municipalities. The needs are however so vast, particularly in the transport sector, that another project intervention is needed to be able to tackle in a more effective way these needs. By virtue of its in-built synergies with the main Infrastructure Project Facility, the IPF Kosovo Window will also address the shortfalls in identifying and preparing effectively projects proposals for consideration by international financial institutions.

De facto, the project will be closely connected to the Infrastructure Projects Facility established under the Multi-beneficiary programme for all IPA beneficiaries. The IPF provides Technical Assistance, mainly to support project development (pre-investment, feasibility) but also implementation. This facility is multi-annual, in line with the IPA programming cycle and implies a long-term engagement from the Commission, EIB and EBRD to commit adequate grants and loan resources to facilitate the investment required in the region. Technical Assistance is available for transport and energy infrastructure projects, environmental schemes and for investments which improve energy efficiency and/or use renewable energy. It also covers projects in the social sector such as health, education and urban development. An IPF Secretariat and a Steering Committee have been set up and have already identified and prioritised 18 projects for support by the IPF in Technical Assistance services worth over EUR 10 million and leading to over EUR 800 million for all beneficiaries. In this context, a special window for municipality investments open in principle to all IPA beneficiaries will be supported through the IPA 2008 programme. In a first phase, the Municipal Window will focus specifically on providing grant support for municipal investments in the field of water, sanitation and waste management in cooperation with the IFIs which are also partner of the IPF. It is expected that the EUR 24 million allocated to the Municipal Window will leverage approximately EUR 120 million of actual investments in municipal infrastructures. The management and implementation of the Municipal Window will be closely coordinated with the IPF and the same project management and steering structures will be used to this aim.

The IPF Kosovo window will therefore be able to capitalize on the experience and know how established with the multi-beneficiary IPF, not only for mobilising support for the identification and prioritisation of projects for Kosovo, but also for helping bringing to maturity projects that may then be funded by the IPF Kosovo Window. Logically, the same Secretariat and Steering Committee of the main IPF will also be used for the Kosovo Window.

Figure 1 below shows the IPF management and implementation structure, composed of a Steering Committee, a Secretariat and ad hoc task forces to monitor implementation. The strong complementarity between the Technical Assistance Component and the Municipal Window is a distinct feature of the IPF mechanism.

Figure 1 – Management Structure of the



Kosovo already benefits from the IPF and will also be able to access the IPF municipal window. However, resources of the IPF are limited and needs for infrastructure investments in Kosovo are enormous. At the same time, capacities on the ground to identify, prioritise and prepare good quality proposals for investments are limited. Therefore, the IPF Kosovo window will be built on a strong synergy with the IPF TA, whereby the latter will focus its TA support primarily on projects to be co-funded through the IPF Kosovo window that still need some support at the stage of preparation (feasibility, etc.). The logical sequence will therefore be that the IPF TA will help in identifying and prioritising projects that will be on the priority project pipeline of the IPF TA Window, and then ideally these projects will be pre-selected with a view of being included in the co-financing support to come from the IPF Kosovo Window.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The **project impact** will stem from the fact the IPF-Kosovo window will help enhancing cooperation with IFIs, reach economies of scale in mobilising the necessary technical expertise to prepare and support infrastructure investment projects. It will also facilitate networking and exchange of know-how among Beneficiaries, and leverage loans and grant co-financing from International Financial Institutions that complement IPA grants. It will therefore lead to an increased number of infrastructure projects with high investment potential.

The project will also have a significant **catalytic effect** insofar it will encourage increased synergies between grants and loan financing of infrastructure investments and allow improving capacities of beneficiary institutions to prepare and implement infrastructure investment projects. Possibilities for synergies between projects receiving the technical assistance of the IPF-Kosovo Window and the multi-beneficiary IPF TA are significant, in so far the IPF TA can help to identify and prepare projects that will then be supported and co-funded by the IPF Kosovo Window

The minimum requirements set by the Cost Benefit Analysis⁵ of Major Projects used in the context of the EU Regional Policy and based on the funding-gap method can be used as a reference for identifying the most suitable financing solution for the investment combining in the appropriate mix contributions in terms of IPA grants, IFIs loans and beneficiary budgetary resources. Against this background and considering the specific situation of Kosovo, it can be expected that the IPA grant contribution may represent up to 40% of the total investment cost. The remaining 60% may then be covered through IFI loans and/or beneficiary resources. The leverage effect would therefore be up to 1.5 times the value of the grant. De facto, there may be investments for which the funding gap may be lower and therefore the leverage may increase up to 4 times the value of the grant.

With regard to **sustainability**, this has to be distinguished at several levels. Firstly, beneficiary ownership and participation in the process will be essential to ensure political and policy sustainability of the investments to be supported through the project. Ownership translates in terms of alignment of supported investments with overall and sectoral strategies of the MTEF of Kosovo, possible co-financing from beneficiary funds and building technical and managerial capacities within the competent authorities for the supervision and implementation of the investments. Secondly, financial sustainability will be guaranteed through early involvement of IFIs and by carrying out in the preparatory phase of the project all the affordability analysis - particularly when tariffs for public utilities need to be revised. The IPF will be endowed with resources that will allow tackling all these issues.

Finally, as to the **cross-border impact**, most projects in infrastructures, particularly in the transport and environment tend to have a direct or indirect trans-boundary regional impact.

3.3 Results and measurable indicators:

This project will focus on the achievement of the following results:

Result 1: Improved number, speed and quality of investment proposals for infrastructural remediation and improvement projects in Kosovo.

Indicator for Result 1: N. and quality of investment proposals approved for support under this project; percentage of beneficiary budgets allocated to investments receiving support from the IPF; volume and percentage (on total investment value) of loans/grants activated through IPF; average time lapse between identification (approval for support by this project) and end of project preparation (completion of all relevant documentation for project preparation), including those fitting within Kosovo's Investment Plans;

⁵ Working document n°4: guidance on the methodology for carrying out Cost-Benefit Analysis (DG REGIO website).

Result 2: Enhanced financial cooperation between the Commission, IFIs and beneficiary authorities in Kosovo

Indicator for Result 2: Number of projects financed by IFIs and related level of IPA co-financing (for individual investment project and at aggregate level)

Result 3: Improved technical skills of local human resources within beneficiary institutions, including local authorities and municipalities in Kosovo.

Indicator for Result 3: Number of competent staff within authorities responsible for investment proposal preparation and implementation

3.4 Activities:

Activities for achieving Result 1:

- A1.1: Developing and preparing a pipeline of infrastructure investment projects for support from the IPF Kosovo window channelled through IFIs (in close cooperation with IPF TA under the multi-beneficiary programme)
- A1.2: Technical support to detailed preparation and implementation of pipeline projects (in cooperation with IPF TA)

Activities for achieving Result 2:

- A2.1: Co-financing support for infrastructure investments through joint co-financing with the partner IFIs: IFIs will provide a repayable loan and the Commission a non re-payable grant.
- A2.2: Consultancy Services during the implementation phase of the investments. A minor part of the co-financing grant may be used by the relevant IFIs for technical assistance directly contracted by the IFI.

Activities for achieving Result 3:

- A3.1: Update of capacity needs assessment of concerned stakeholders directly involved in the implementation of the supported investments
- A3.2: Training and capacity building of beneficiaries directly involved in the implementation of the investments

Contracting arrangements: the project will be implemented through joint management with 3 partner IFIs by means of contribution agreements for grant co-financing of infrastructure investments. There will therefore be 3 contribution agreements, one with each IFI and which will each cover all activities necessary for the investments to be jointly implemented with each IFI. A fourth contract will be managed directly by the Commission to mobilise consultancy services that may be necessary for bringing projects to maturity as well as for providing ad hoc support during their implementation.

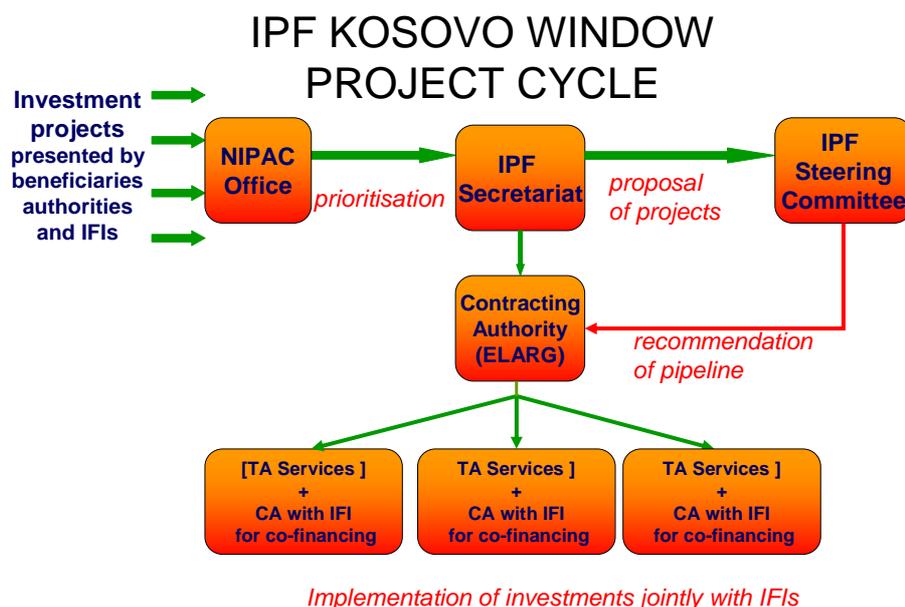
Contracting Arrangements	
Contract	Activities covered
Contract 1: Contribution Agreement 1 - With EIB	A2.1. and A 2.2.
Contract 2: Contribution Agreement 2 -	A2.1. and A 2.2.

With EBRD	
Contract 3: Contribution Agreement 3 – With KfW	A2.1. and A 2.2.
Contract 4: Technical assistance services for bringing projects to maturity and for ad hoc support for the implementation of investments outside the remit of the IFIs	A1.1.; A.1.2.; A 3.1. ;A 3.2.

3.5 Conditionality and sequencing:

The implementation mechanisms sequencing of the IPF Kosovo Window will be designed on the basis of a few key principles: a) leadership of the beneficiaries in identifying and proposing projects for support by the IPF; b) full responsibility of the concerned IFI throughout the cycle; c) clear identification of the financing perspective for the proposed investment project to support; d) continue collaboration between the Commission, the IFIs and beneficiaries throughout in-house sectoral and methodological expertise; e) link with relevant sectoral strategies. Figure 2 below describes the typical project cycle of the IPF Kosovo Window.

Figure 2 – IPF Kosovo Window – Project Cycle



NB: CA = Contribution Agreement; TA = Technical Assistance

Sequencing

For the overall implementation of the IPF Kosovo Window the following sequencing of key steps can be sketched out:

Before the Commission Decision

1.	Detailed features of the IPF KW developed by the Commission together with the partner IFIs and the Kosovo authorities
2.	Definition of a template of the Project proposals
3.	Pipeline of potential investment projects ready for implementation. These Projects are prepared by the IFIs and shall fit with the priorities of Kosovo. A maximum of two or three projects per IFIs are expected on average

After the adoption of the Commission Decision

1.	A priority list of Projects proposed by the relevant Kosovo authorities and IFIs sent to ELARG task manager by the NIPAC - IPF contact point
2.	Distribution of Projects to the IPF Secretariat Members for reviewing (Projects shall ideally include feasibility study, financial viability study)
3.	Recommendations for support of the IPF Secretariat to the IPF Steering Committee (SC), including indication of need for TA services prior to the Contribution Agreement for bringing project to maturity to be mobilised from the IPF TA and/or from the special resources allocated under the IPF Kosovo window for this (contract 4)
4.	Following SC's decision, ELARG decides which projects to finance and signs the Contribution Agreements with the concerned IFIs. In parallel or prior to this phase (depending on the situation of each and every project) TA services may be needed to carry out all the necessary preparatory work that may be needed to quantify precisely the loan versus the grant amounts in the project financing. One Contribution Agreement per IFI comprising the approved projects to be implemented
5.	Release of the first tranche of IPA Community Contribution to the IPF-Kosovo Window on special held with each partner IFI
6.	Implementation of the project by the partner IFIs: - Signature of the Project agreements (including the loan contract and the grant element) with the promoters of the infrastructure investments. The loan contract could also be signed with an intermediary (financial intermediary or public institution), when it is justified for guarantee or credit-worthiness reasons, provided that beneficiary municipalities are identified from the outset; - Release of the EU contribution in proportion to the IFI loan disbursement; - Completion check performed by the partner IFIs.
7.	After completion, release of the final payment to the IFIs ' accounts

3.6 Linked activities

At the Kosovo level, this project needs to be closely coordinated with the project Municipal Social and Economic Infrastructures and with the project “Further Support to the water and waste water sector”. At the multi-beneficiary level, this project will be closely interlinked with IPF TA and Municipal Window (as explained under 3.1).

3.7 Lessons learned

The implementation of different project preparation facilities under the CARDS programme allowed drawing a number of useful lessons.

- **Ownership of beneficiaries** is essential to ensure the longer term sustainability of supported investments. They should be in a lead position for the assessing the investment needs, identifying viable solutions and overseeing implementation, not least because of their borrower's responsibility. This can be best achieved through active involvement of beneficiaries in all phases of process.
- **Commitment of International Financial Institutions** is another crucial element. To ensure effective leverage of IFIs loan financing, it is important that IFIs are part of the process and that they provide as well advise and technical suggestions to ensure high quality of investment proposals
- **Synergies** between EC grants and IFIs financing resources: The success and impact of cooperation between the Commission and IFIs in the region will depend on our combined ability to help beneficiaries to identify the ideal mix of grants and loan support for the investments needed in the region.
- **Complementarity and coherence with general development and investment plans** is also a critical factor, particularly when support to the same type of activity is provided by other donors

4. Indicative Budget (amounts in EUR)

Activities	TOTAL COST	SOURCES OF FUNDING									
		EU CONTRIBUTION				BENEFICIARY PUBLIC CONTRIBUTION and/or IFI Loans PRIVATE					
		Total	% *	IB	INV	Total	% *	Central	Regional	Total	% *
Activities 2.1. & 2.2.	60,000,000	24,000,000	40		X	36,000,000	60				
Contract 1 – CA 1	20,000,000	8,000,000	40		X	12,000,000	60				
Contract 2 – CA 2	20,000,000	8,000,000	40		X	12,000,000	60				
Contract 3 – CA 3	20,000,000	8,000,000	40		X	12,000,000	60				
Activities 1.1., 1.2., 3.1., 3.2	1,000,000	1,000,000	100	X	X						
Contract 4	1,000,000	1,000,000	100	X	X						
TOTAL INV	60,000,000	24,000,000	40		X	36,000,000	60				
TOTAL IB	1,000,000	1,000,000	100	X							
Grand Total	61,000,000	25,000,000	40.98	X	X	36,000,000	59.02				

* expressed in % of the Total Cost

NB: amounts for contracts 1, 2 and 3 are indicative, the final precise amount will depend on the actual value of the investments approved for co-financing jointly with each IFI.

The percentage of the EU contribution will be up to 40% of the total investment costs. This implies that on averaged the leverage of the EU contribution may actually be higher that what indicated in the table shifting from 40-60 to up to 20-80.

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 – CA with EIB	n.a.	2010 Q4	2015 Q4
Contract 2 – CA with EBRD	n.a.	2010 Q4	2015 Q4
Contract 3 – CA with KfW	n.a.	2010 Q4	2015 Q4
Contract 4		2009 Q4	2013 Q4

6. Cross cutting issues (where applicable)

A core element of this programme is to address a number of cross-cutting issues ranging from environment, social inclusion and equal opportunities. It is worthwhile mentioning that a social impact assessment will also be required for all projects support during implementation. In this process, utmost attention will be paid to aspects related to equal opportunities and vulnerable categories access to public services at the right level. Women, minorities, long-term unemployed and aged people, as well as (unemployed) youth and other categories at risk of social exclusion will be included in this exercise.

6.1 Equal Opportunity

The European Commission is fully committed to a policy of equal opportunity. In all activities during this project, but particularly in training that may be provided throughout the implementation of the investment projects, steps will be taken to ensure the equal participation of men and women. It is important to mention that partner IFIs are also particularly sensitive to equal opportunity and gender related issues both in the form of specific focus in some of the investments supported and through mainstreaming and impact assessment approaches in the supported actions.

6.2 Environment

With regard to environment, this is one of the target sectors of the proposed intervention. This will support the preparation and implementation of investment projects contributing to improving environmental performance of the beneficiary countries. A few practical examples include waste water treatment plans contributing to the reduction of water and rivers pollution, to water supply systems aiming to achieve water savings and improved quality of drinking water, energy efficiency and savings investments, clear energies etc. In addition to this, the proposed intervention will embed in the technical assistance provided throughout the implementation for the preparation of the projects a systematic environmental impact assessment also for investment projects in the transport, energy and social sectors. Partner IFIs are particularly careful in assessing the environment impact of supported investment and have developed throughout the years, relevant methodological material in the form of guidelines, impact assessment techniques and other.

6.3 Minorities

In all activities during this project steps will be taken to ensure that the rights of minorities are taken into account. This aspect will be taken into account in the social impact assessment that will be carried out on investment projects to be supported by this project.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
- 5- Details per EU funded contract (*) where applicable: not applicable

Annex I: logical framework

LOGFRAME PLANNING MATRIX FOR Project Fiche: Infrastructure Projects Facility – Kosovo Window		Programme name and number: Infrastructure Projects Facility – Infrastructure Projects Facility	
		Contracting period) expires: 3 years after the signature of the Financing Agreement	Disbursement period expires 31 December 2017
		Total budget : EUR 61.0 million	IPA budget: EUR 25.0 million
Overall Objective	Objective Verifiable Indicators	Sources of Verification	
The overall objective is to contribute to the socio-economic development of Kosovo through improved infrastructures in transport, environment and in the social field	Economic and social impact; N. and type of investments for new and/or upgraded infrastructures (e.g. Km of roads/railways etc; coverage of electrification networks, N. of connections; volume of treated waste waters; N. of schools; N. of hospitals, etc.) improved access to infrastructures and related services (N. of utilities users, e.g. N. of railways travellers, reduced average travelling times; N. of households with access to electricity and water, N. of school pupils, N. of hospital patients etc.); N. of foreign investment and investors implied in the region; Reduced average energy costs/increased energy savings; reduced pollution impact;	Economic and social statistics and indicators; levels of public and private sector investments; statistics on utilities management and services provisions	
Project purpose	Objective Verifiable Indicators	Sources of Verification	Assumptions
a) to identify and prepare priority infrastructure projects for financing through IFIs loans	Sustainable mechanism for investment projects identification,	N. of identified projects actually financed and implemented financing	<ul style="list-style-type: none"> Political priorities for investment infrastructures are

<p>and/or EC grants and/or Kosovo budget</p> <p>b) to support financially the upgrading of infrastructures by providing grant co-financing through loans extended by International Financial Institutions to increase the affordability of investments for the responsible public utilities.</p>	<p>preparation and monitoring in place, with proactive participation by all concerned stakeholders;</p> <p>N. of infrastructure investment proposals approved for support under this project; Amount and percentage of budget allocated to investments prepared;</p> <p>N. of approved projects fitting within Kosovo and Regional Investment Plans; Amounts and percentage (over total investment value) of loans activated from IFIs.</p>	<p>from IFIs, beneficiary budgets and other sources</p>	<p>confirmed in relation to public investment plans;</p> <ul style="list-style-type: none"> • Absence of major budgetary constraints for effective mobilisation of identified investments; • Beneficiaries commitment and ability to ensure maintenance of infrastructures; • Legal framework conducive to investments implementation; • Guarantee systems for public and private investments are in place; • IFIs interest and engagement to cooperate on infrastructure investment development in the region confirmed
Results	Objective Verifiable Indicators	Sources of Verification	Assumptions
<p>Result 1: Improved number, speed and quality of investment proposals for infrastructural remediation and improvement projects in Kosovo.</p>	<p>Indicator for Result 1: N. and quality of investment proposals approved for support under this project; percentage of beneficiary budgets allocated to investments receiving support from the IPF; volume and percentage (on total investment value) of loans/grants activated through IPF; average time lapse between identification (approval for support by this</p>	<ul style="list-style-type: none"> • (R1) Investment projects documentation; progress review reports; evaluation and monitoring missions and quality assurance reports. 	<ul style="list-style-type: none"> • (R1) Political priorities for infrastructure investments don't change from identification through preparation and implementation • (R2) Negotiations on loan agreements facilitated by smooth bureaucratic procedures and absence of major red tape constraints.

<p>Result 2: Enhanced financial cooperation between the Commission, IFIs and beneficiary authorities in Kosovo</p> <p>Result 3: Improved technical skills of local human resources within beneficiary institutions, including local authorities and municipalities in Kosovo.</p>	<p>project) and end of project preparation (completion of all relevant documentation for project preparation), including those fitting within Kosovo Investment Plans;</p> <p>Indicator for Result 2: Number of projects financed by IFIs and related level of IPA co-financing (for individual investment project and at aggregate level)</p> <p>Indicator for Result 3: Number of competent staff within authorities responsible for investment proposal preparation and implementation</p>	<ul style="list-style-type: none"> • (R2) IFI lending reports; loan agreements, other cooperation agreements between beneficiaries and IFIs • (R3) Numbers and qualities of consultants and projects; beneficiaries and IFIs feedback; comparative needs assessment project' start up – mid-term – end of period 	<ul style="list-style-type: none"> • (R3) Limited staff turn-over within beneficiary institutions; Coherence with beneficiaries training plans for utilities' managers and operators
Activities	Means	Costs	Assumptions
<p>Activities for achieving Result 1:</p> <ul style="list-style-type: none"> • A1.1: Developing and preparing a pipeline of infrastructure investment projects for support from the IPF Kosovo window channelled through IFIs (in close cooperation with IPF TA under the multi-beneficiary programme) • A1.2: Technical support to 	<p>Means of implementation</p> <ul style="list-style-type: none"> • Technical assistance contract (contract 1) for all activities encompassing multiplicity of services geared towards projects preparation support, capacity analysis and needs assessments, training (for activities A1.1, A1.2, A3.1, A3.2) • Contribution agreements with partner IFIs for joint management of investment 	<ul style="list-style-type: none"> • EUR 30,000,000 (IPA contribution) • Contract 1, 2 & 3 (EUR 9,000,000 x 3= 27,000,000) = Contribution Agreement 1 – With EIB (activities A2.1, 2.2) • Contract 4 (EUR 3,000,000) = TA services 	<ul style="list-style-type: none"> • In time provision of TA and training services providers • Relevant Commission staff mobilised for project monitoring • IFIs expert inputs, monitoring and follow up • Beneficiaries staff involved in projects

<p>detailed preparation and implementation of pipeline projects (in cooperation with IPF TA)</p> <p>Activities for achieving Result 2:</p> <ul style="list-style-type: none"> • A2.1: Co-financing support for infrastructure investments through joint co-financing with the partner IFIs: IFIs will provide a repayable loan and the Commission a non repayable grant. • A2.2: Consultancy Services during the implementation phase of the investments. A minor part of the co-financing grant may be used by the relevant IFIs for technical assistance directly contracted by the IFI. <p>Activities for achieving Result 3:</p> <ul style="list-style-type: none"> • A3.1: Update of capacity needs assessment of concerned stakeholders directly involved in the implementation of the supported investments • A3.2: Training and capacity building of beneficiaries 	<p>support</p> <p>Means of verification</p> <ul style="list-style-type: none"> • Reports related to contracts execution • Mapping and needs assessment studies; stakeholders analysis matrixes, etc. • Reports of stakeholders meetings and discussions • Projects documentation and forms • Loan agreements; financial and monitoring reporting • Studies and assessment of proposed projects, including (pre)-feasibility studies, technical designs, specific assessments, monitoring reports etc. • N. of trainees, n. of training activities; trainees and beneficiary satisfaction Plan for training and for on-the-job skills 		
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directly involved in the implementation of the investments			
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ANNEX II: amounts (in EUR) Contracted and disbursed by quarter for the project

Contracted	2009 Q4	2010 Q4	2011 Q1	2011 Q4	2016 Q3
Contract 1		8,000,000			
Contract 2		8,000,000			
Contract 3		8,000,000			
Contract 4	500,000		500,000		
Cumulated	500,000	24,500,000	25,000,000	25,000,000	25,000,000
Disbursed					
Contract 1			4000,000	3,000,000	1,000,000
Contract 2			4,000,000	3,000,000	1,000,000
Contract 3			4,000,000	3,000,000	1,000,000
Contract 4		500,000		500,000	
Cumulated		500,000	12,500,00	22,000,000	25,000,000

ANNEX III: Description of Institutional Framework

Potential beneficiaries of IPF actions could be, for example, the Ministry of Environment and Spatial Planning, Ministry of Transport and Communications, Ministry of Energy and Mining. Beneficiaries could also be state-owned companies under the responsibility of these Ministries or private companies running public utilities. Municipalities could also benefit. Lastly, the various International Financial Institutions could be direct beneficiaries of IPF actions. This list is not exhaustive; the institutional framework will depend on the type of project selected and therefore the beneficiary.

ANNEX IV: Reference to laws, regulations and strategic documents:

- Kosovo under UNSCR 1244/1999 2008 Progress Report (European Commission)
- MTEF 2009-2011 for Kosovo (Kosovo Authorities)
- Technical Paper on Transport (prepared for the July 2008 Donors Conference), June 2008 (European Commission / World Bank)
- Technical Paper on Energy (prepared for the July 2008 Donors Conference), June 2008 (European Commission / World Bank)
- 2008 Action Plan on Implementation of the European Partnership for Kosovo (Kosovo Authorities)