

The Western Balkans Investment Framework



The WBIF at a glance

Grants

A total of € 180 million:

1. European Commission resources: more than €130 million
2. International Financial Institutions' contribution: EIB, EBRD and CEB: 3 x €10 million
3. European Western Balkans Joint Fund: €20 million

Objectives

1. pooling stakeholders' resources (grants and loans) and expertise together to finance projects;
2. strengthening coordination among donors and beneficiaries

Key players

1. Western Balkan countries (beneficiaries)
2. European Commission
3. International Financial Institutions – IFIs (EIB, EBRD, CEB)
4. EU Member States (including their bilateral financial institutions)

A new approach to financial support

The Western Balkan region has strong growth potential. In recent years the region has outperformed other European economies, its governments making efforts towards macroeconomic stability and reform. However, the recent global crisis has also struck the region and a number of significant factors continue to hold the economy back. These factors include underdeveloped infrastructure networks, low levels of foreign direct investment, cumbersome administrative procedures and weak project preparation.

The European Commission, as the leading provider of grants to the region together with the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) as the leading providers of investment resources to the region, are committed to ensuring that their assistance is as effective as possible. The Western Balkans Investment Framework (WBIF) honours that commitment. It has two main objectives:

- pooling of grants, loans and expertise in order to prepare financing for priority investment projects;
- strengthening coherence and synergies among donors in order to increase the positive impact and visibility of investments in the Western Balkans.

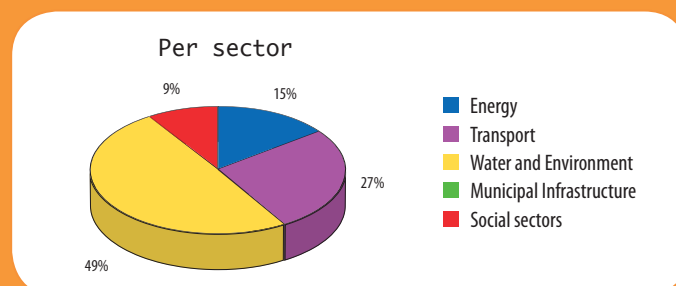
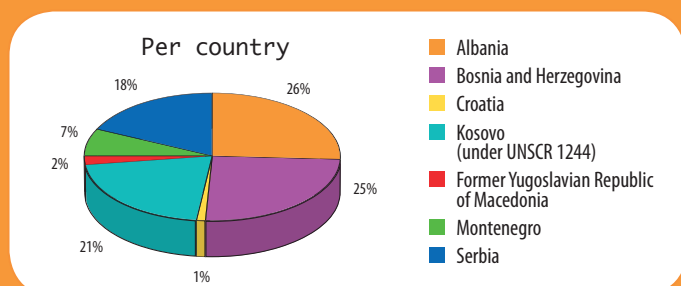
What does the WBIF do?

The Western Balkans Investment Framework offers a new approach of addressing the region's extensive and diverse investment needs. It consists of two key components:

- Joint Grant Facility (JGF), which pools grants from the European Commission's budget, CEB, EBRD, EIB and bilateral donors;
- Joint Lending Facility (JLF), based on loans provided by CEB, EBRD and EIB and increased cooperation with other multilateral development and bilateral financial institutions.

The resources of the Joint Grant Facility are intended to be used primarily to support operations jointly financed by the institutions cooperating in the Joint Lending Facility. The Joint Grant Facility's guiding principles are beneficiary demand, ownership and long-term sustainability. It is governed by a Steering Committee, providing strategic guidance on the WBIF operations and deciding on grant allocations. The Project Financiers' Group is the 'single entry' point for grant support requests. It screens and assesses the requests received from beneficiaries and international financial institutions (IFIs) involved in the WBIF and submits proposals to the Steering Committee for approval. All project applications can be assessed by the technical services of the cofinancing IFIs and can benefit from Technical Assistance supervised by relevant experts.

€ 180 million - Approved Grants 2007-2010 | € 6.6 billion - Total estimated investment





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Developing Albania's road infrastructure

Over half of Albanians live in rural areas, with the majority working in agriculture, but the poor state of the roads has become a barrier to the development of the agricultural private sector and access to services of the rural communities. Developing the local network would create further opportunities for people living in rural areas, in turn stemming urban migration and, more importantly, contributing to the alleviation of extensive rural poverty in the country.

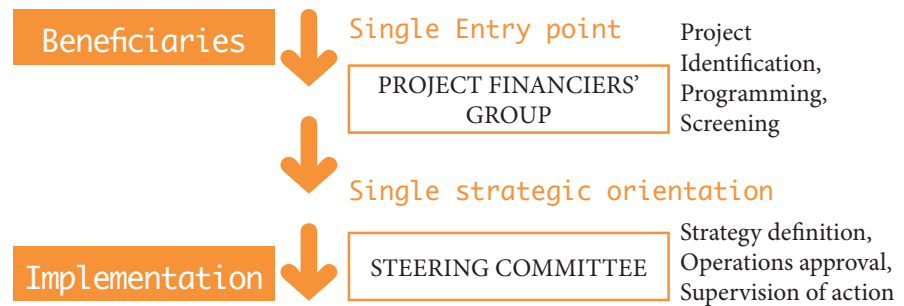
Infrastructure projects are expensive to carry out, especially at a time when the global financial crisis is hurting developed and developing countries alike. However through the Western Balkans Investment Framework, the EBRD and the EIB are each lending €50 million to finance the rehabilitation of 500 kilometres of Albania's regional and local network. Donors to the WBIF, as well as financing IFIs, are contributing 4 € million to cover project implementation costs, such as road design and construction supervision. European Union, through IPA contributes with €20 million in grant co-financing for the investment under IPA 2010 and plans further allocations under IPA 2011.

This project is part of a wider programme, financed by various international institutions, among them the CEB and KfW, which will see Albania rehabilitate over 1,500 kilometres of roads by 2015.

How does the WBIF work?

Projects are selected on the basis of regional and/or country needs and their consistency with EU accession priorities. They may be targeted at improving environmental, energy or transport infrastructures, education, healthcare and other social needs. Alternatively, they may involve support to small and medium-sized business (SMEs) or the financial sector. Both private and public entities engaged in projects in the beneficiary countries are eligible for support. The grant approval and implementation process under the Joint Grant Facility has six phases:

- I: Project identification, in close cooperation with beneficiary, National IPA Coordinator (NIPAC), Donor Coordination Offices and other relevant local stakeholders;
- II: Submission of grant requests to the Project Financiers' Group by the beneficiaries via NIPACs or by the partner IFIs in coordination with the NIPACs and Donor Coordination Offices;
- III: Screening of submitted grant requests to verify eligibility and consistency of proposed projects with EU pre-accession policies;
- IV: Assessing the long-term sustainability, technical and financial quality of project requests;
- V: Submission of grant requests by the Project Financiers' Group to the Steering Committee for its approval;
- VI: Implementation of approved projects under the coordination of the Project Financiers' Group.



Who qualifies for the WBIF?

Eligibility for the WBIF is determined by the following criteria:

- Geographical coverage: Western Balkans
- Sectors: All contributing to socio-economic and environmental development
- Eligible beneficiary entities: Public, private or mixed capital
- Eligible costs: All eligible under respective rules
- Type of grant: Technical Assistance, co-financing of investments, incentives, interest rates subsidies, insurance premiums
- Beneficiary ownership: by endorsement or submission
- Complementary: IPA (Instrument for Pre-Accession) national programmes and other donors' initiatives
- Blending grants and loans: joint financing with JLF
- Consistency with policies, rules and procedures of the contributors



Further reading and contact information : Email: ELARG-WBIF@ec.europa.eu | Webpage: www.wbif.eu

Partners contact information:

European Commission, Directorate General Enlargement | Financial Instruments & Regional Programmes Unit, elarg-wbif@ec.europa.eu

EIB, WBIF coordination, wbif@eib.org, +352-437987226

EBRD, Official Co-financing Unit, donors@ebrd.com

CEB, Communication Department, +33(0)1 47 55 55 00