



INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

EU support to the Western Balkans Investment Framework - WBIF (IPF and IFICO)

Action summary

The action will continue to provide technical assistance through the Infrastructure Project Facility (IPF), under the Western Balkans Investment Framework (WBIF), for the successful preparation and implementation of major infrastructure investment projects. It will, in particular, support and bring to maturity projects with a regional dimension identified through the Single Project Pipelines. By contributing to prepare all documentation necessary for implementation, it will make the infrastructure projects eligible for loans from International Financial Institutions (IFIs) and/or further European Union (EU) financing.

The action will also continue to fund the technical, administrative, visibility and communication support provided by the IFI Coordination Office (IFICO) to the WBIF Secretariat, governing bodies, beneficiaries and other WBIF stakeholders. The action will ensure efficient coordination and communication among all WBIF stakeholders and contribute to increase the visibility of the WBIF by better promoting the supported infrastructure projects, both in the Western Balkans and in the EU Member States.

| Action Identification | | | |
|---|--|------------------------------|--------------------------|
| Action Programme Title | IPA II Annual Multi-Country Action Programme 2019 | | |
| Action Title | EU support to Western Balkans Investment Framework - WBIF (Infrastructure Project Facility - IPF and International Financial Institutions Coordination Office - IFICO) | | |
| Action ID | IPA 2019/040-826.03/MC/IPF&IFICO | | |
| Sector Information | | | |
| IPA II Sector | 9. Regional and territorial cooperation | | |
| DAC Sector | 43010 Multi-sector aid | | |
| Budget | | | |
| Total cost | EUR 30 million | | |
| EU contribution | EUR 30 million ¹ | | |
| Budget line(s) | 22.020401 – Multi-country programmes, regional integration and territorial cooperation | | |
| Management and Implementation | | | |
| Management mode | Direct management | | |
| Direct management | Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D.5 Western Balkans Regional Cooperation and Programmes | | |
| Implementation responsibilities | Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D.5 Western Balkans Regional Cooperation and Programmes | | |
| Location | | | |
| Zone benefiting from the action | Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia) | | |
| Specific implementation area(s) | N/A | | |
| Timeline | | | |
| Final date for contracting including the conclusion of delegation agreements | At the latest by 31 December 2020 | | |
| Indicative operational implementation period | 72 months from the adoption of the Financing Decision | | |
| Policy objectives / Markers (DAC form) | | | |
| General policy objective | Not targeted | Significant objective | Main objective |
| Participation development/good governance | <input type="checkbox"/> | X | <input type="checkbox"/> |
| Aid to environment | X | <input type="checkbox"/> | <input type="checkbox"/> |

¹ Indicative allocation: EUR 25.5 million for IPF/action component I, EUR 4.5 million for IFICO/action component II.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

| | | | |
|---|--------------------------|------------------------------|--------------------------|
| Gender equality (including Women In Development) | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Trade Development | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Reproductive, Maternal, New born and child health | X | <input type="checkbox"/> | <input type="checkbox"/> |
| RIO Convention markers | Not targeted | Significant objective | Main objective |
| Biological diversity | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Combat desertification | X | <input type="checkbox"/> | <input type="checkbox"/> |
| Climate change mitigation (Component I only) | <input type="checkbox"/> | X | <input type="checkbox"/> |
| Climate change adaptation (Component I only) | <input type="checkbox"/> | X | <input type="checkbox"/> |

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Over the last decade, the Western Balkans have made substantial progress towards stability and regional cooperation. Nonetheless, competitiveness and sustainable growth remain a significant challenge in the region, in particular as regards job creation. In addition, there is still a large gap between the existing infrastructure, which very often suffers from insufficient or even inexistent maintenance, and what would be needed to ensure a sustainable development. Furthermore, the situation is even more worrying due to the region's exposure and vulnerability to climate change and its dependence on fossil fuels.

A return to higher, sustainable growth rates will only be possible in case further structural reforms are accomplished, making the economies more competitive and attractive for investors.

This will require considerable investments at beneficiary level and regional level in infrastructure networks (digital, energy, environmental social, transport, water-related), comprehensive action to mitigate and adapt to climate change by shifting to a low-carbon and climate resilient development path, as well as greater private sector and trade development. Investments are particularly needed to create a favourable business climate for small and medium-sized, innovative enterprises and for developing access to finance.

Regional cooperation in the infrastructure sector is essential for successfully tackling trans-boundary issues and common key challenges in the Western Balkans, such as connectivity, integrated water resources management, climate change, energy shortages or floods.

In 2014, the Western Balkans - Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia - met in Berlin to bring a new dynamism to regional cooperation. Since then, the European Commission has been working with them on concrete measures that benefit citizens throughout the region, in particular in building and connecting transport and energy infrastructure as a driver for growth and jobs and helping to attract international and private investments.

The Western Balkans Investment Framework (WBIF)² is a multifaceted, very effective cooperation structure uniting beneficiaries, donors and lenders to support infrastructure investment, private sector development and energy efficiency in the Western Balkans, and the IPA II beneficiaries towards the European path. It contributes to the European perspective of the Western Balkans by blending grants and loans to provide technical assistance and financing for strategic priority infrastructure investments that boost competitiveness and growth, while reinforcing regional cooperation and connectivity.

Amongst the many infrastructure-related challenges faced by the relevant IPA II beneficiaries, the main ones are:

- insufficient and even deteriorating financing opportunities for the development of infrastructure caused by the financial crisis;
- insufficient public support to infrastructure reform and development;
- delays in implementation of EU *acquis* related to infrastructure and ensuring the enforcement of relevant legal acts;
- preparing feasible and bankable infrastructure projects for implementation;
- slow and lengthy administrative procedures, for example for obtaining construction permits;

² www.wbif.eu

- a lack of fair, transparent and diligent public tendering procedures;
- tariffs for infrastructure products and services that are not affordable or do not reflect the real costs of the investment;
- insufficient mechanisms in attracting private sector participation in financing infrastructure projects.

The WBIF, launched in December 2009, is a joint initiative of the European Commission, the partner International Financial Institutions (the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB), Kreditanstalt für Wiederaufbau (KfW), Agence Française de Développement (AFD), the World Bank Group (WBG, as a participating International Financial Institution) and bilateral donors.

It pools resources from the European Commission's Instrument for Pre-Accession (IPA) with those of International Financial Institutions (IFIs), bilateral donors and the Western Balkans. The WBIF increases the region's capacity to finance crucial infrastructure and priority investments in line with accession priorities and enhances overall coordination of assistance. The WBIF seeks to maximise the impact of grant financing by using it to leverage lending by IFIs on priority strategic investments identified by the authorities of the Western Balkans .

The WBIF has proven a successful instrument, with, at the end of 2018, a total of 175 projects supported by grants of a total value of more than EUR 1 047 million for investments estimated at EUR 18.4 billion. Infrastructure projects with a clear regional dimension, strengthening connectivity are particularly targeted by the WBIF.

OUTLINE OF IPA II ASSISTANCE

Infrastructure Project Facility (IPF) / action component I

In the above referred to context, the first component of the action will allow to continue offering technical assistance for the successful preparation of priority infrastructure projects, identified by the IPA II beneficiaries through the Single Project Pipelines (SPPs), submitted as project proposals through the National IPA Coordinators (NIPACs) and finally screened, selected and approved for financing by the WBIF.

Technical assistance is available for all infrastructure projects which are included in the SPPs, with specific, less stringent conditions applying to the Digital, Environment and Social sectors. It will be provided in line with the submitted and approved project proposals (incl. the budget) and the subsequently developed and approved terms of reference/sub-project scope. Eligible beneficiaries for technical assistance are:

- central and local authorities where the infrastructure investments will be implemented;
- public utilities responsible for the operation and maintenance of the infrastructure;
- international or regional organisations;
- possibly to private companies that may enter into public-private partnerships (PPPs) in the framework of the infrastructure projects to be implemented;

The technical assistance provided by the IPF will help preparing the project documentation needed to find the necessary financing and start with the the physical implementation. Specific outputs will include pre-feasibility studies, conceptual designs, feasibility studies, cost-benefit analyses, environmental and social impact assessments, disability access requirements, preliminary designs, financing plans, tariffs plans, detailed designs, tender dossiers, etc. and in very exceptional cases supervision of works and supplies. It will also comprise the transfer of know-how in project management and project development from the IPF to the staff of the beneficiaries.

International Financial Institutions Coordination Office (IFICO) / action component II

The second component of the action will allow the IFICO to continue its supporting role to the WBIF Secretariat and the WBIF governing structures (Steering Committee, Project Financiers Group). The WBIF has been supported by the IFICO since February 2010. The IFICO provides administrative, technical, communication and visibility support to all WBIF stakeholders. The availability of such support is crucial to the continued success of the WBIF. The IFICO also provides upon request technical assistance to the National Investment Committees who are in charge of the SPPs. As the WBIF evolves, the IFICO may take on additional tasks, as deemed necessary by the Steering Committee.

RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES

The revised Multi-country Indicative Strategy Paper 2014-2020³ (hereinafter referred to as the Strategy paper) sets socio-economic and regional development as one of its main objectives and clearly underlines the importance to support investments in infrastructure in the Western Balkans where cross-border networks are underdeveloped.

The Strategy paper also stresses the need to seek coherence and complementarity with other donors, in particular in the context of the WBIF to build a common pipeline of projects. In this context, the importance of a constructive cooperation with International Financial Institutions ensuring a balanced and equitable socio-economic development in the IPA region is crucial. In addition, efficient coordination with IFIs, other donors as well as with IPA bilateral programmes is necessary especially at the strategic and sectoral level.

Technical assistance will be provided in line with the priorities identified in the Strategy paper but also in line with relevant EU policies and EU macro-regional strategies, such as the EU Strategy for the Danube Region (EUSDR) endorsed in April 2011, the EU Strategy for the Adriatic-Ionian Region (EUSAIR) endorsed in September 2014 and the Western Balkans Strategy⁴ published on 6 February 2018.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

IPF

In a context of vast investments needs, restricted domestic budgets and limited borrowing capacities, proper prioritisation is key to ensure that the infrastructure projects most relevant for growth, stability and accession are the first ones prepared to the highest standards and subsequently timely implemented. The setting up of National Investment Committees (NICs) with the mandate to establish and regularly update a Single Project Pipeline for all (!) priority infrastructure projects - not just those to be co-financed with EU funds – are key in identifying projects that will be submitted to the WBIF for grant and loan support.

The central and local authorities or the public utilities often lack the the knowledge, expertise and experience to prepare bankable infrastructure projects ready for implementation. planning and design documentation to the standard required by the EU and the IFIs. The IPF is a very practical and efficient response to the beneficiaries' technical assistance needs. Technical Assistance (TA) grants represent the vast majority of the WBIF support, with to date 174 TA grants amounting to a total value of more than EUR 185 million.

Within the economic context mentioned above, this TA support must be continued and even intensified. The WBIF Steering Committee can only approve TA grants when sufficient EU funds have been formally

³ COM(2018)3442, 31.05.2018

⁴ COM(2018)65, 06.02.2018

adopted through a Commission Financing Decision. By spring 2020, the previously committed funds will have been fully allocated to sub-projects for IPF implementation.

An evaluation of the IPFs was launched in late 2017. The final report will be available in March 2019.

IFICO

The IFICO, set up in 2010, has proven to be a crucial, flexible and effective tool supporting the WBIF Secretariat in fulfilling its tasks, assigned by the WBIF governing bodies through the WBIF Rules and Procedures. The WBIF Secretariat's main role is to prepare, support and implement decisions of the WBIF Project Financiers Group (PFG) and the Steering Committee (SC). This includes coordination and communication between all WBIF stakeholders, plan and coordinate the WBIF work programme, organise all meetings of the governing bodies, organisation of the calls (from publication, through the screening/assessment of project proposals submitted, to the final project selection), as well as monitor and report on grant resources utilisation after approval and ensure proper visibility of all WBIF supported projects. In addition, IFICO provides help to beneficiaries for preparing grant applications, develops terms of reference/project scopes for sub-projects implemented by the IPFs, administers the WBIF website and the Management and Information System (MIS), and provides reporting support. Since July 2018, the IFICO also coordinates the activities of the WBIF Country Managers located in the relevant IPA II beneficiaries.

With the establishment in 2015 of a Single Project Pipeline (SPP) and a National Investment Committee (NIC) in each of the relevant IPA II beneficiaries, strongly supported by the IFICO, a methodology for infrastructure project prioritisation has been gradually introduced and serves as a basis for future programming of all available financing sources (i.e. domestic funds, EU grants, WBIF IFI loans, grants and loans from other donors and institutions). This framework enables the relevant IPA II beneficiaries to better identify priority projects and submit some of those to the WBIF to be funded through the European Commission, the IFIs and the participating bilateral donors.

The European Commission continues to work on further improving the SPP/NIC framework step by step. Eventually, all SPPs should be linked to the medium-term budgetary planning. The ongoing revision of the WBIF, which will result in an enlarged Steering Committee and above it a platform or board for strategic policy discussions and cooperation will also contribute to strengthening the said framework.

IPF / IFICO

In addition to the already referred to IPFs and the IFICO, other EU funded actions (in particular through the Instrument for Pre-accession Assistance) exist to support the relevant IPA II beneficiaries in the preparation of infrastructure projects.

For instance in Serbia, national Project Preparation Facilities (PPFs) managed by the EU Delegation have been assisting the national administration and other beneficiaries with the preparation of technical and project documentation for infrastructure projects, which need to be prepared in accordance with Serbian legal requirements and EU standards and norms, with the aim of being financed through EU grants and/or blended with IFI loans or other resources. In Montenegro, the EU Delegation is currently setting up a similar PPF.

The Joint Assistance to Support Projects in European Regions (JASPERS), an advisory facility initially created to support the new Member States to access EU Structural and Cohesion Funds, has since 2013 expanded its services to all the Western Balkans. JASPERS focusses on bringing priority projects to investment maturity through direct guidance for beneficiaries, ensuring adequate quality of the project documentation as required for IPA II financing. Beyond project support, JASPERS also assists beneficiaries in the preparation of sector strategies, through advice on horizontal issues, capacity building and selective support during project implementation. JASPERS support is fully complementary with other EU support schemes for the region, as it provides beneficiaries with direct high-level advice on how to best use technical assistance resources for the development of quality projects.

Proficient coordination is therefore of utmost importance to avoid any overlaps and duplications. This is ensured through weekly D.5/IFICO progress meetings, four-monthly D.5/IFICO/IPF/CONNECTA coordination meetings, bi-annual IPF portfolio reviews in each IPA II beneficiary, the participation of IPFs and JASPERS in the WBIF PFG and SC meetings, etc.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

| OVERALL OBJECTIVE | OBJECTIVELY VERIFIABLE INDICATORS (*) | SOURCES OF VERIFICATION | |
|---|---|--|---|
| To support sustainable socio-economic growth in the Western Balkans by developing infrastructure projects through the Western Balkans Investment Framework (WBIF). | <ul style="list-style-type: none"> Public sector investment in EUR GDP annual variation in % Total value of all infrastructure projects (private and public) in the Western Balkans region in EUR | <ul style="list-style-type: none"> National/Central Banks reports National Statistical Offices reports Eurostat reports | |
| SPECIFIC OBJECTIVE | OBJECTIVELY VERIFIABLE INDICATORS (*) | SOURCES OF VERIFICATION | ASSUMPTIONS |
| <p>SO1 (IPF): To support the preparation and implementation of priority infrastructure projects at beneficiary level and at regional level in the following sectors: Digital, Energy, Environment, Social and Transport.¹</p> | <ul style="list-style-type: none"> Number of infrastructure projects prepared Number of infrastructure projects prepared and that reached financing stage (i.e. signed loans, EU grants, etc.) Number of infrastructure projects under construction Number of infrastructure projects completed Number of infrastructure projects completed and operational/in use | <ul style="list-style-type: none"> WBIF's online Management Information System (WBIF MIS) International Financial Institutions (IFIs) reports WBIF annual reports WBIF bi-annual monitoring reports Governments reports and budgets | <ul style="list-style-type: none"> Beneficiaries' capacity to borrow remains stable Recovery from the financial crisis allows further development and creates further loans demand Political stability in the region |
| <p>SO2 (IFICO): To support the WBIF stakeholders (European Commission, IFIs, bilateral donors, beneficiaries) to achieve a coordinated approach towards infrastructure investment policies in the Western Balkans.</p> | <ul style="list-style-type: none"> Coordination mechanisms established and operating Number of fully operational National Investment Committees (or equivalent institution) established and operating, including updated Single Project Pipeline in all relevant IPA II beneficiaries | <ul style="list-style-type: none"> WBIF Secretariat work programme Minutes and conclusions of meetings; WBIF Annual and bi-annual monitoring reports Regularly updated Single Project Pipelines | <ul style="list-style-type: none"> Continuous support, involvement and engagement by all WBIF partners (EC, IFIs, bilateral donors) Continuous political support by beneficiaries Allocation of sufficient budget and human resources for the proper functioning of the relevant institutions dealing with the WBIF and the Single Project Pipeline (e.g. NIPAC, |

¹ An indicative amount of EUR 10 million is earmarked for Digital infrastructure projects, provided that beneficiaries submit a sufficient number of qualitatively good and mature proposals fulfilling all WBIF eligibility criteria.

| | | | NIC) |
|--|---|--|---|
| RESULTS | OBJECTIVELY VERIFIABLE INDICATORS (*) | SOURCES OF VERIFICATION | ASSUMPTIONS |
| <p>R1.1 (IPF): Priority infrastructure projects at beneficiary level and at regional level are ready for implementation (i.e. good quality and complete project documentation) in the following sectors: Digital, Energy, Environment, Social and Transport.</p> | <ul style="list-style-type: none"> • Number of Technical Assistance (TA) grants implemented (i.e. completion of all activities foreseen in the terms of reference/sub-project scope) • Duration of TA grants implemented in months • Number of formal trainings/seminars organised by IPFs and number of participants (gender-disaggregated) • Number of beneficiaries staff benefitting from IPFs on-the-job training (gender-disaggregated) | <ul style="list-style-type: none"> • IPFs bi-monthly and progress reports • WBIF MIS • WBIF bi-annual monitoring and annual reports | <ul style="list-style-type: none"> • WBIF partners remain fully committed and engaged to support in a coordinated manner priority infrastructure projects in the Western Balkans • Beneficiaries are fully committed to have properly functioning NICs and SPPs • Beneficiaries submit numerous, good quality project proposals based on the national SPP to the WBIF for financing/co-financing • Beneficiaries are fully committed to co-finance priority infrastructure projects |
| <p>R1.2 (IPF): Improved skills and knowledge to prepare infrastructure projects among beneficiaries staff.</p> | <ul style="list-style-type: none"> • Number of NIC meetings and number of updated SPPs • Number of references made to SPP in the WBIF Grant Application Forms (GAFs) | <ul style="list-style-type: none"> • IFICO monitoring reports • WBIF GAFs | |
| <p>R2.1 (IFICO) Well functioning National Investment Committees (NICs) responsible for establishing and regularly updating the Single Project Pipeline (SPP) of priority infrastructure projects.</p> | <ul style="list-style-type: none"> • Number of strategic and operational meetings/events organised (SCs, PFGs, PGs, coordination meetings, etc.) • Number of WBIF stakeholders attending such meetings/events | <ul style="list-style-type: none"> • Agendas, minutes of meetings and other relevant, related documentation • IFICO mission reports • IFICO reports to EC • WBIF website and MIS • WBIF bi-annual monitoring and annual reports | |
| <p>R2.2 (IFICO): Strengthened cooperation, communication and coordination amongst all WBIF stakeholders with the aim to contribute to the development and implementation of priority infrastructure projects in the Western Balkans in the following sectors: Digital, Energy, Environment, Social and Transport.</p> | <ul style="list-style-type: none"> • Number of calls for proposals (Technical Assistance, Investments) launched and completed (i.e. from publication to formal approval of selected proposals by the WBIF Steering Committee) • Number of proposals submitted • Number of proposals selected • Number of terms of reference/sub-project scope for IPFs prepared | <ul style="list-style-type: none"> • WBIF calls for proposals • WBIF GAFs • WBIF MIS • ToR/sub-project scopes • Documentation prepared for SCs, PFGs, PGs, coordination meetings, etc. (e.g. minutes of meetings) | |
| <p>R2.3 (IFICO): Enhanced functioning of the WBIF throughout the entire infrastructure project cycle (i.e. from TA call to sub-project assignment to an IPF or from INV call to signature of investment GAF).</p> | <ul style="list-style-type: none"> • Number of WBIF publications and videos produced • Number of visibility events organised or contributed to • Number of visitors of WBIF website | <ul style="list-style-type: none"> • WBIF publications and videos • WBIF website • Press releases • Articles published in local/central/regional/European media • WBIF website statistics | |
| <p>R2.4 (IFICO): Improved WBIF visibility leading to a greater public awareness of the EU and IFI assistance provided for priority infrastructure projects at beneficiary level and at regional level in the Western Balkans.</p> | | | |



DESCRIPTION OF ACTIVITIES

IPF

Technical assistance is mostly requested for the preparation of project documentation (such as pre-feasibility studies, conceptual designs, feasibility studies, cost-benefit analyses, environmental impact assessments, preliminary designs, financing plans, tariffs plans, detailed designs, tender dossiers, etc.), thus bringing infrastructure projects to maturity for investment co-financing.

In very exceptional cases, technical assistance may also be provided during the implementation phase, for instance for the supervision of specific construction works.

IPFs may as well be tasked to provide ad-hoc technical assistance, such as the Gap Analysis on Floods Prevention and Management in the Western Balkans, commissioned following the dramatic floods of May 2014 in Bosnia and Herzegovina and Serbia and then presented at a regional conference in Sarajevo on 28 September 2015.

Following the approval of the terms of reference/project scope by the beneficiary, the involved IFI/s and the Directorate-General for Neighbourhood and Enlargement Negotiations (the EUDs are as well consulted during the approval process), the Directorate-General for Neighbourhood and Enlargement Negotiations assigns the sub-project to an IPF for implementation.

Result 1: Priority infrastructure projects at beneficiary level and regional level are ready for implementation (i.e. good quality and complete project documentation) in the following sectors: Digital, Energy, Environment, Social and Transport.

- Prepare project documentation in line with the approved terms of reference/project scope.

Result 2: Improved skills and knowledge to prepare infrastructure projects among beneficiaries staff.

- Organise formal trainings for beneficiary staff on specific topics identified;
- Provide on-the-job training to beneficiary staff.

IFICO

The sample of activities listed below will contribute to achieve the expected results:

Result 1: Well functioning National Investment Committees (NICs) responsible for establishing and regularly updating the Single Project Pipeline (SPP) of priority infrastructure projects.

- Provide technical assistance to NICs, NIPACs and line ministries related to the setting up and adequate management of SPPs;
- Provide ad-hoc training and other tailor-made support to fill specific gaps.

Result 2: Strengthened cooperation, communication and coordination amongst all WBIF stakeholders with the aim to contribute to the development and implementation of priority infrastructure projects in the Western Balkans in the following sectors: Digital, Energy, Environment, Social and Transport.

- Provide support to the WBIF secretariat, governance structures, beneficiaries and other WBIF stakeholders;
- Manage and update the WBIF Management and Information System (MIS);
- Contribute to strategic discussions and activities under the WBIF and the wider European Commission/IFI/Bilateral Donor cooperation;
- Provide any other support requested by the WBIF's SC or PFG.

Result 3: Enhanced functioning of the WBIF throughout the entire infrastructure project cycle (i.e. from TA call publication to sub-project assignment to an IPF / from INV call publication to signing of the EU grant).

- Prepare draft call texts;
- Participate in the screening and assessment of submitted project proposals;
- Provide assistance to beneficiaries to improve the quality of the Grant Application Forms (GAFs), which once signed will onset the EU grant disbursement; Further develop and maintain the database – management and information system - for investments supported by the WBIF in the Western Balkans
- Draft terms of reference/project scopes for sub-projects to be assigned to IPFs for implementation;
- Monitor the implementation of technical assistance sub-projects and investment projects and produce related reports and analyses.

Activities to achieve Result 4: Improved WBIF visibility leading to a greater public awareness of the EU and IFI assistance provided for priority infrastructure projects at beneficiary level and regional level in the Western Balkans.

- Further develop and update the WBIF website;
- Produce visibility materials (e.g. flyers, leaflets, videos, etc.);
- Organise visibility events related to WBIF supported infrastructure projects.

RISKS

IPF

Success will depend in particular on the following aspects:

- agreement with the relevant IPA II beneficiaries on the priorities to address;
- unchanging priorities of the relevant IPA II beneficiaries;
- political commitment from the central and local Beneficiaries, in particular to engage in policy reforms;
- administrative capacity, in particular to uphold sustainable policy reforms;
- local ownership of the project's outputs;
- financial sustainability for an efficient operation and maintenance of the infrastructure;
- land acquisition or expropriation issues;
- level of communication among the project's stakeholders;
- cross border cooperation and support in regional projects;
- influence of agreements with other stakeholders (Russia, China, etc.).

Past experience showed that, with strong project leadership from all stakeholders, the risks of poor implementation can be minimised. The action monitoring mechanisms will be designed to mitigate such risks.

IFICO

The main assumptions that should be considered include:

- All WBIF stakeholders and beneficiaries remain firmly committed to the WBIF funding platform;
- Continuing commitment of the Beneficiaries to an inclusive process of deepening regional cooperation;

- Timely identification of the Beneficiary needs to be addressed.

CONDITIONS FOR IMPLEMENTATION

No particular conditions to be signalled at this stage, provided that the WBIF keeps functioning as foreseen in the governance and operational documents and that the relevant IPA II beneficiaries continue to submit quality project proposals for priority infrastructure projects at beneficiary level and at regional level.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

IPF

The IPFs are service contracts with international consulting companies (often a consortium). They implement technical assistance activities, called sub-projects.

Initially, the IPFs were managed by the European Commission. In 2014, the European Commission and the IFIs participating in the WBIF decided that the EIB would manage IPF 4 and further facilities in order to better share the administrative burden among the WBIF partners.

The EIB tenders and contracts, manages and monitors the IPF service contracts (currently three ongoing, i.e. IPF 5, 6 and 7) and reports regularly to the Directorate-General for Neighbourhood and Enlargement Negotiations on the use of the related EU grant resources.

The sub-projects assigned by the European Commission to the IPFs for implementation are the result of a well-established methodology for project selection outlined below. This methodology ensures that all selected infrastructure projects are relevant and in line with the European Commission's and the beneficiaries' priorities.

All TA grant application submitted under a WBIF TA call go through a European Commission-led screening and assessment process, which is a first reading and aims to prepare a list of eligible projects ready for the assessment phase. The European Commission includes the geographical units, the EU Delegations, the line DGs (in particular the Directorate-General for Mobility and Transport and the Directorate-General for Energy). Further, specialised regional entities, such as the Energy Community Secretariat and the Transport Community Permanent Secretariat may also be consulted. The screening focuses on checking the eligibility of grant requests and related investment projects in relation to:

- Project consistency with EU policies (pre-accession agenda, sector priorities, competition rules, grant co-financing principles etc.);
- Beneficiary ownership (NIC, SPP, ...);
- Project consistency with (sector) strategies at beneficiary level, investment plans at beneficiary level and regional level, IPA priorities, and whether it would not be better supported by other funds (e.g. bilateral IPA, other donors, etc.);
- Project maturity and adequate scope;
- General and specific eligibility rules set out for the call concerned.

The screening conclusions are then shared with the lead IFIs and the bilateral donors co-chair at the first Paris Group meeting. During this meeting, the European Commission presents the summary of the individual above mentioned screening results and gives an initial European Commission position. The lead IFIs can provide first reactions, but usually take note and proceed after this meeting to the assessment phase, in which they can in cooperation with the beneficiary upgrade and improve information provided in the application.

Further discussions on the applications take place between the Commission, bilateral donors co-chair and the IFIs during the second Paris Group meeting with the aim of reaching a joint position on a list of positively screened and assessed projects to be presented to the Project Financiers Group (PFG).

PFG members then discuss the technical details of the applications and establish a list of eligible TA grant requests to be recommended to the WBIF SC for approval. This is also the moment when the bilateral donors are fully informed about the assessment and screening outcome of all the submissions including the rejected applications.

Following the selection and assessment process detailed above, the positively screened and assessed TA are submitted to and normally approved by the Steering Committee, based on the recommendation of the PFG and subject to funding being available. After the preparation of the TOR/scope of work they are assigned to an IPF by the European Commission.

IFICO

Primary actors

The IFICO is a service contract with an international consulting company (often a consortium) to support the WBIF secretariat, governance structures, beneficiaries and other WBIF stakeholders. The IFICO operates under the supervision of the WBIF secretariat and the service contract is managed by the Unit D.5.

The WBIF secretariat, located in the Directorate-General for Neighbourhood and Enlargement Negotiations, is responsible for the day-to-day management, coordination and administration of the WBIF, with the support of the IFICO. In the relevant IPA II beneficiaries, the WBIF Country Managers, contracted through the IFICO service contract, monitor WBIF operations, liaise with regional organisations, relevant authorities and facilitate communication between all other WBIF stakeholders.

In addition, the WBIF focal points in the EU Delegations play an instrumental role throughout the WBIF project cycle, from the assessment of the grant application submitted to implementation of the sub-project or investment grants.

Secondary actors

The eligible Beneficiaries of the WBIF are Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

The WBIF financiers are the European Commission, the EBRD, the EIB, the CEB, KfW, AFD, the World Bank Group and bilateral donors.

The WBIF governance bodies are:

- The Steering Committee (SC) provides strategic guidance and takes all decisions related to project approvals. It brings together representatives of the relevant IPA II beneficiaries, the European Commission, partner IFIs and bilateral donors. It is co-chaired by the European Commission (on a permanent basis) and one of the bilateral donors (on an annual rotating basis) and meets twice a year.
- The Project Financiers' Group (PFG) is responsible for screening and assessing proposals submitted under TA and INV calls and recommend the selected ones to the SC for approval. It is also responsible for the monitoring and coordination of approved technical assistance and investment grants. The PFG is composed of representatives of the European Commission, partner IFIs and bilateral donors. It is co-chaired by the European Commission (on a permanent basis) and a partner IFI (on an annual rotating basis).

Proficient coordination and a constant flow of communication between the numerous stakeholders is quintessential to ensure a effective and efficient functioning of the WBIF.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

IPF

Component I of the action will be managed directly by the Unit D.5 of the Directorate-General for Neighbourhood and Enlargement Negotiations through a Specific Grant Agreement with the EIB for an amount of approximately EUR 25.5 million.

The indicative duration of the grant agreement will be 72 months.

IFICO

Component II of the action will be managed directly by the Unit D.5 of the Directorate-General for Neighbourhood and Enlargement Negotiations, through a procurement contract.

The indicative duration of the service contract will be 48 months.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

IPF

Component I of the action will be monitored by the Unit D.5 Programme Manager in charge of technical assistance for infrastructure projects, with the support of the IFICO. This will be done through the WBIF Management Information System (MIS), the bi-monthly IPF progress reports, the EIB's grant implementation reports, the IFIs reports, the regular IFICO/IPF/CONNECTA coordination meetings, the Paris Group meetings, feedback from the EU delegations and direct communication with the IPFs.

IFICO

Component II of the action will be monitored by the Head of the WBIF Secretariat, which is located in Unit D.5 of the Directorate-General for Neighbourhood and Enlargement Negotiations. This will be done through the regular progress reports, the weekly progress meetings and direct communication with the contractor. The Head of the WBIF Secretariat will be supported by the Unit D.5 Programme Manager in charge of technical assistance for infrastructure projects (e.g. for interim payments, administrative orders, etc.).

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the Directorate-General for Neighbourhood and Enlargement Negotiations Guidelines on linking planning/programming, monitoring and evaluation. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures.

INDICATOR MEASUREMENT

| Indicator | Baseline (value + year) | Target 2020 | Final Target 2026 (IPFs) 2022 (IFICO) | Source of information |
|--|----------------------------|----------------|---|--|
| IPF 1 Number of Technical Assistance (TA) grants implemented (i.e. completion of all activities foreseen in the terms of reference/sub-project scope) | N/A | 2 | 12 | <ul style="list-style-type: none"> • IPFs bi-monthly and progress reports • WBIF MIS • WBIF bi-annual monitoring and annual reports |
| IPF 2 Number of formal trainings/seminars organised by IPFs and number of participants | N/A | 1 / 30 | 6 / 180 | <ul style="list-style-type: none"> • IPFs bi-monthly and progress reports • WBIF bi-annual monitoring and annual reports |
| IFICO 1 Number of NIC meetings and number of updated SPPs | N/A | 10 / 6 | 30 / 18 | <ul style="list-style-type: none"> • IFICO monitoring reports |
| IFICO 2 Number of strategic and operational meetings/events organised (SCs, PFGs, PGs, coordination meetings, etc.) | N/A | 8 | 24 | <ul style="list-style-type: none"> • Agendas, minutes of meetings and other relevant, related documentation • IFICO mission reports • IFICO reports to EC • WBIF website and MIS • WBIF bi-annual monitoring and annual reports |
| IFICO 3 Number of calls for proposals (Technical Assistance, Investments) launched and completed (i.e. from publication to formal approval of selected proposals by the WBIF Steering | N/A | 1 | 7 | <ul style="list-style-type: none"> • WBIF calls for proposals • SC minutes of meetings |

| | | | | |
|--|-----|---|----|--|
| Committee) | | | | |
| IFICO 4 • Number of WBIF publications and videos produced | N/A | 7 | 21 | <ul style="list-style-type: none"> • WBIF publications and videos • WBIF website |

5. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

The action will strive to promote gender equality as well as to take measures to achieve equal opportunities in all aspects regarding the implementation of the action. Gender equality will be particularly targeted in the activities concerning capacity building.

EQUAL OPPORTUNITIES

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of actions and accessibility to the opportunities they offer. An appropriate men/women balance will be sought on all the managing bodies and activities of the action. The contractor shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs, as a proof of equal participation of men and women in the different phase. Enforcement of those principles is likewise ensured through specific administrative procedures applied in accordance with the Law on non-discrimination. In the implementation of activities under this action, the same principles shall apply, so that participation in the envisaged activities will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc.

MINORITIES AND VULNERABLE GROUPS

Participation in the implementation of the action will be based on equal access, regardless racial or ethnic origin, religion and beliefs, age or sexual orientation. Besides, the infrastructure investment projects shall provide benefits to groups of population without distinction, including people belonging to minorities and vulnerable groups.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The preparation of investment projects is always accompanied by public consultations whose requirements are set by the Beneficiaries' planning regulations and the EU Directives, in particular the Environmental Impact Assessment Directive (Directive 2011/92/EU amended by Directive 2014/52/EU).

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Environment, climate change and disaster resilience are systematically considered during the preparation and design of major infrastructure projects. The Environmental Impact Assessment is thus essential during the project preparation process. It not only results in identifying and managing risks but is also the occasion to add value to the project. It allows to combine technical feasibility and environmental, social and stakeholder acceptability. A solid EIA may avoid delays or further costs for redesign and increased construction scope due to poorly appreciated construction constraints as well as later mitigation costs.

Beneficiaries are invited to consider and argue, when preparing their applications, the environmental benefits of their projects as well as their contribution to climate change mitigation and adaptation.

In June 2013, a Climate Change Window was introduced to the WBIF, in line with EU policies for blending facilities worldwide. The Window is focused on tracking financing allocated to investments supporting mitigation and adaptation objectives. Approximately 15% of the WBIF TA grants have been dedicated to the preparation of projects which will contribute to climate change mitigation and/or climate change adaptation.

These requirements contribute to raise awareness so environmental and climate considerations are incorporated in project design for strategic infrastructure.

The WBIF is also actively supporting disaster resilience with several TA grants related to flood prevention and management.

| |
|--|
| Climate action relevant budget allocation: EUR 4-6 million |
|--|

6. SUSTAINABILITY

The action will produce sustainable results in the short/ medium run since the entire beneficiary institutions and WBIF structures are already in place, and the action does not envisage establishment or financing of the new organisational units and their running costs.

Furthermore, financial sustainability is guaranteed through the early involvement of IFIs and by carrying out the necessary qualitative and quantitative analysis/ checks in the project preparatory phase.

In order to ensure the sustainability of infrastructure investment projects, however, the IPA II beneficiaries must thoroughly prepare their projects with the support from the beginning of a lead IFI by means of feasibility studies, cost benefit analysis, financing plans, environment impact assessment, etc.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU Financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

Visibility and communication aspects shall be complementary to the activities implemented by the Directorate-General for Neighbourhood and Enlargement Negotiations and the EU Delegations in the field. The European Commission and the EU Delegations shall be fully informed of the planning and implementation of the specific visibility and communication activities.

The communication and visibility plan, when relevant, will be based on an agreed communication narrative and master messages customised for the different target audiences (stakeholders, business community, civil society, general public, etc.).