

Detailed Review of the WBIF Pipeline

Stage 2

March 2014



Western Balkans
Investment Framework

WBIF ■

TABLE OF CONTENTS

Glossary	3
Executive summary	4
1 Introduction	8
1.1 Background	8
1.2 Terms of Reference	8
1.3 Overview of the WBIF pipeline	9
1.4 Approach	10
1.5 Report structure	11
1.6 Sources of information	11
2 Technical assistance grants	12
2.1 Introduction	12
2.2 ToR preparation (TA mobilisation)	12
2.3 TA implementation	18
2.4 Post TA project preparation stage	19
2.5 Project financing	21
2.6 Construction	23
2.7 Sector development grants	23
3 Investment and other grants	25
3.1 Investment grants	25
3.2 Interest rate subsidies	27
3.3 Investment facilities	27
4 Review by sector and beneficiary	30
4.1 Review by sector	30
4.2 Review by beneficiary	34
4.3 Overview by TA stage	36
5 Feedback from stakeholders and review of issues	38
5.1 Feedback from stakeholders	38
5.2 Review of issues	39
6 Conclusions	47
6.1 Overview by type of grant	47
6.2 Overview by sector and feedback from stakeholders	48
6.3 Recommendations	49

Appendix 1	Summary overview of status of TA grants	
Appendix 2	Arrangements for mobilising EWBJF grants	
Appendix 3	Draft for letters of IFI and MoF letters of endorsement	
Annexe	Project fiches	Separate document

© European Union, 2013

The content of this publication does not reflect the official position of the European Union. Responsibility for the information and views expressed in the document lies entirely with the authors.

Glossary

CEB	Council of Europe Development Bank
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECS	Energy Community Secretariat
EIB	European Investment Bank
EU	European Union
EWBJF	European Western Balkans Joint Fund
IBRD	World Bank International Bank for Reconstruction and Development
IFI	International Financial Institution
IPA	EU Instrument for Pre-Accession
IPF	Infrastructure Project Facility
JASPERS	Joint Assistance to Support Projects in European Regions
JGF	Joint Grant Fund
KfW	KfW Entwicklungsbank (KfW Development Bank)
NIPAC	National IPA Coordinator
SEETO	South East Europe Transport Observatory
WB EBIF	Western Balkans Enterprise Development and Innovation Facility
WB REEP	Western Balkans Regional Energy Efficiency Programme
WBIF	Western Balkans Investment Framework

Grant types

CF	Investment grant
DD	Detailed Design
EIA	Environmental Impact Assessment
FS	Feasibility Study
I	Identification
IRS	Interest Rate Subsidy
PFS	Pre-Feasibility Study
PIU	Project Implementation Unit
SofW	Supervision of Works
TA	Technical Assistance
TMA	Technical and Management Assistance

Executive Summary

The WBIF Steering Committee agreed at the Athens Steering Committee in June 2013 upon the establishment of a Task Force to explore further the options for the evolution of the WBIF and to carry out a detailed review of the WBIF pipeline after four years of implementation. The main focus of the review has been to establish how successful the grants awarded have been in meeting their intended objectives and to learn from any problems identified. The review has been based on data available through the WBIF MIS monitoring module supplemented by questionnaires to all stakeholders, and visits to the IFIs and Ministries of Finance. In addition to this report an Annexe has been produced which summarises the status of each grant in terms of timeline, progress, financing and problems encountered. It has been designed to be complementary to the six monthly WBIF monitoring report.

The current pipeline consists of 178 grants awarded over ten rounds for a total value of €301.9 million. The distribution by type of grant is as follows:

Grant type	No of grants awarded	Value of grants awarded (€ million)
Technical assistance	159 (89%)	137.1 (46%)
Investment grant	17 + (2) (10%)	95.7 (31%)
Investment facility	2 (1%)	57.6 (19%)
Interest rate subsidy	(6)	11.5 (4%)
Total	178 (100%)	301.9 (100%)

Note: Some investment grants and interest subsidies are combined with TA grants and these are shown in ()

The majority of these grants (89%) have been for technical assistance and the review has examined the progress of each of these grants in advancing through the key stages of the project cycle. Most of the grants awarded in the first three rounds have now been implemented and over 50% have succeeded in signing loans. It is forecast that this will increase to over 70% for this first third of the pipeline which is most developed. The review has also verified that the investment grants are progressing although a number of them have taken longer to start disbursing than had been anticipated at their award.

The picture that emerges from the detailed review of the issues in each stage of the project cycle is as follows:

- Twelve grants have been cancelled due to difficulties at TA start up stage due mainly to changes in government or beneficiary strategy.
- TA implementation encounters difficulties in about one in five projects but following efforts from the different stakeholders none of these have yet resulted in permanent blockages. Approximately 40% of all TA grants have been completed to date.
- Less than one in ten of the grants completed has subsequently failed to progress to the next stage of project preparation. A small number of projects were unsuitable for loan financing and a small number have difficulties due to financing constraints on the government side.
- About one in five grants that have been completed do not have solid plans for project financing. Discussions held with the Ministries of Finance have indeed highlighted that the economic crisis is constraining the financing of certain projects due to the limited fiscal space. However, the projects approved all constitute government priorities and the majority are progressing albeit with delays in some cases.

Overall this review is able to conclude that the pipeline is moving forward well towards achieving its intended targets with only a small number not achieving their objectives. While the WBIF encountered some initial delays in mobilising technical assistance projects due to the various contracting relationships that had to be put in place, future assignments should be mobilised more quickly. This is the view also provided in feedback from stakeholders who are in general very positive about the trend that is emerging. They see it as a relatively quick mechanism for implementation of projects and one that resonates particularly well because of its regional dimension. A key concern raised, particularly by the beneficiary administrations, is the need for greater communication and transparency over the entire project cycle from rationale for grant approval through to progress on all projects that have received WBIF support.

Recommendations for improving the effectiveness and efficiency of the WBIF have been formulated **by the consultant** following an analysis of each part of the WBIF project cycle. These are summarised below by cluster and project stage:

<p>Operational issues</p> <p><i>Objectives</i></p> <ul style="list-style-type: none"> • Clarify the different objectives and categories of WBIF grants. If Master Plans are to be included, allocate them as Sector Studies. <p><i>Upstream work and project identification</i></p> <ul style="list-style-type: none"> • Provide more notice of the launch of future requests for applications and also publicise the budget available. • Continue to provide WBIF coordination in each country after cessation of the Country Manager's contracts in June 2014. <p><i>Submission of applications</i></p> <ul style="list-style-type: none"> • Every application should be endorsed by a letter/email from the lead IFI and the Ministry of Finance with the IFI also confirming the maturity of the project (see

template provided in Appendix 3).

- Requests for multiple services should be fully justified and only single services permitted if pre-feasibility or feasibility studies are requested.

Screening and assessment of applications

- Consideration should be given to creating windows for social projects and PPP projects
- NIPACs should attend the policy components of the PFG meetings but not the screening and assessment components. The results of screening and assessment should be communicated promptly and completed PGAFs for all applications should be produced for SC meetings.
- Consideration should be given to using a governing ratio which would link the number of grant awards for each beneficiary to the number of successfully performing projects

Award of grants

- The different mechanisms for implementing grants should be described in the WBIF guidelines.

Mobilisation of TA

- The EWBIF co-managers and the EC should provide a note to the PFG on how to speed up mobilisation of EWBIF funded grants.

Implementation of TA grants

- The role of the lead IFI should be clarified for the management of the IPF projects with the objective that they have a leadership role.
- The EU Delegations should be involved in the supervision of the project pipeline to minimise and solve stakeholder conflict and institutional weakness
- The IFIs should propose a solution for reporting to WBIF stakeholders on EWBIF grants.

Implementation of investment grants

- Applications for investment grants should be carefully justified by the beneficiaries to verify the project maturity.

Financing

- The Ministries of Finance should be more closely involved in key WBIF proceedings and attend key meetings.
- The possibility of attracting private sector finance by creating a PPP window should be explored

Systemic issues

Mobilisation of TAs

- The IFI CO team should consult with the IPF implementation team during the preparation of the terms of reference for a project and also with JASPERS if they are to advise on the project.

Implementation of TAs

- The quality of previous designs should be reviewed as part of the maturity review
- The set up and capability of PIUs should be reviewed very carefully
- The responsibility for design revision should be clearly specified in the PGAF

1. Introduction

1.1 Background

The WBIF is perceived by all stakeholders to have been successful in its first four years of operation and the results speak for themselves – a pipeline of 144 investment projects with a potential investment value of nearly €13 billion. This has been achieved in the context of a difficult economic climate globally that has affected the capacity of governments to finance investments from national or external sources and considerable challenges in aligning the systems and procedures of all the different stakeholders.

At its 8th meeting in Athens on 13 June 2013, the WBIF Steering Committee agreed upon the establishment of a Task Force to explore further the options for the evolution of the WBIF and to carry out a detailed review of the WBIF pipeline. A first report was prepared in September 2013 and discussed at a Task Force meeting in October and the PFG meeting in November. It was decided to proceed with a Stage 2 study investigating every single grant in further detail, including discussions with each IFI and with each Ministry of Finance, and this has been carried out over the period December 2013 to February 2014. This report presents the findings of this additional stage of work.

1.2 Terms of Reference

The detailed review was requested in order to assess the overall success of the WBIF programme and to identify reasons for the progress of investment projects through the WBIF pipeline or lack thereof. The intention is that lessons learnt in understanding why some grants have not progressed as planned will be used to enhance the future pipeline. The Stage 1 brief stated that the review should examine each category of grant with the aim of answering the following questions for each grant:

- Have project preparation activities commenced within a reasonable period of time after grant award. What are the reasons behind delays?
- Have the project preparation activities requested under the grant been successfully carried out? If not complete how are they progressing?
- If project preparation is continuing after completion of the WBIF grant, how is this progressing? If not progressing what are the reasons?
- Has the grant resulted in the signature of a loan? If not why not?
- Where a loan was already in place, has the grant benefited the project as originally anticipated?
- Is the project under construction? If not, what stage has it reached?
- Where grants have not progressed as planned what are the reasons for the delay or cancellation?

The Stage 2 brief required the following activities to be undertaken:

- Summarise the detailed status for each and every grant providing on a single page:

- Timeline for the project (grant approval, TA mobilisation, completion dates for TA deliverables, timing of further project preparation, date of financing agreement/loan agreement, tendering, construction)
 - Summary of problems arising and also successes for purposes of learning/improvement
 - Position with respect to project financing with IFI's latest forecast
 - Position with respect to financing from Government perspective
- Analyse progress for each stage of TA (e.g. analysis of all feasibility studies, detailed design etc)
 - Undertake a comparison between sectors to convey trends
 - Summarise the procedures required by each IFI for implementing TAs under EWBJF funding
 - Produce recommendations on: i) how to deal with systemic problems (lack of permits, PIUs etc.) and ii) WBIF "operational" issues; are the existing structures and procedures sufficiently "adapted" for an efficient expedition of projects.

The WBIF is perceived by all stakeholders to have been successful but as can be seen from the above questions the emphasis in this detailed review is placed on understanding the issues behind grants that have not gone according to plan. However, attention has also been given to highlighting factors behind success.

1.3 Overview of the WBIF pipeline

The pipeline has been built up through the award of grants over ten rounds as summarised in the table below.

Table 1.1 Grants awarded by round

Round	1	2	2MW	3	4	5	6	7	8	9	10	Sum
Date	Jun 2008	Mar 2009		Dec 2009	Jun 2010	Jun 2011	Dec 2011	Jun 2012	Dec 2012	Jun 2013	Dec 2013	
Technical assistance	18	9	-	26	16	19	19	17	12	14	9	159
Investment grant	-	-	12	-	-	(1)	3 + (1)		1	1		19
Investment facility	-	-	-	-	-	-	1	1	-	-	-	2
Interest rate subsidy	-	-	-	-	(1)	-	(2)	(3)	-	-	-	6
Total awards¹	18	9	12	26	16	19	23	18	13	15	9	

¹ Some awards comprised several grants (eg CF + TA, TA + IRS). These are shown in () and are not in the total.

It should be noted that the first two rounds date from before the launch of WBIF in Dec 2009. These were approved under the EC funded IPF programme, by the same stakeholders present in WBIF, and were absorbed into the WBIF.

These grants have been financed in three ways namely either with EC funds (CARDS/IPA), donor support provided into the European Western Balkans Joint Fund (EWBJF) and directly by the IFIs. The breakdown of the financing by these three sources, and also the breakdown by type of grant, is presented below.

Table 1.2a Overview of financing of WBIF grants awarded

	EC	EWBJF	IFIs	Total
Financing	€204,763,605	€70,872,000	€26,270,000	€301,905,605

Table 1.2b Breakdown of financing by grant type

Grant type	Value of grants awarded (€)	% of total
Technical Assistance	137,155,605	46%
Investment Grant	95,700,000	31%
Investment Facility	57,550,000	19%
Interest Rate Subsidy	11,500,000	4%
Total	301,905,605	100%

1.4 Approach

The pipeline has been developed through a collaborative process involving the three main stakeholders namely the Beneficiaries, the lead Financial Institutions and the EC (collectively stakeholders). The existing data held on projects in the MIS is provided by the project reporters who update the MIS (each project is assigned a reporter) and this has been used as the basic project data for the Stage 1 report supplemented with feedback from stakeholders derived from questionnaires. During Stage 2 face to face meetings were held with the lead IFIs and with the Ministries of Finance and the project database held on the MIS was updated accordingly.

The steps in the development of the report have been as follows:

- Analysis of data held in the MIS (September 2013)
- Preparation and issue of questionnaires to Beneficiaries, IFIs and the EC (September 2013)
- Preparation of a Preliminary Draft Stage 1 report starting 12 September 2013 which was presented at the WBIF Task Force meeting held on 11 October 2013
- Preparation of a Draft Stage 1 report in October 2013 which integrated comments received on the Preliminary Draft, updated MIS information received in October and was submitted to the November PFG
- Visits to EC, IFIs and Ministries of Finance (December 2013 to February 2014)

- Updating of the MIS data in light of information received
- Preparation of present Stage 2 report

1.5 Report structure

The Stage 2 report has built on the Stage 1 report structure and is organised according to the different types of grant that have been awarded. Over 85% of these in number have been Technical Assistance grants and these are reviewed in Chapter 2. The other grants, although small in number, account for more than half the total value of grants awarded and include investment grants, interest rate subsidies and investment facilities and these are reviewed in Chapter 3. Chapter 4 is devoted to a review by sector and by beneficiary while Chapter 5 presents the feedback received from stakeholders and a discussion of the key issues. Conclusions and recommendations are provided in Chapter 6.

The project fiches are presented in a separate Annexe organised by beneficiary on a sector basis. This is a huge amount of information and a convenient overview is presented in Appendix 1 to this report as was the case for the Stage 1 report using a traffic light system with the projects organised by round.

1.6 Sources of information

The WBIF has monitored the development of the pipeline by maintaining a project database on the WBIF Management Information System (MIS) which is updated on a six monthly basis. This information is used to present a Monitoring report which is an executive document designed to inform the Project Financiers' Group meetings and the Steering Committee on the status of implementation and investment leverage. The detailed review has drawn upon the MIS database and has been planned to be complementary to the Monitoring report. The latest update of the MIS was undertaken in October 2013 and it is this information which has been used as the basic data supplemented by information gained during the visits. The projects approved in Round 10 have not been included as the review started before they were approved.

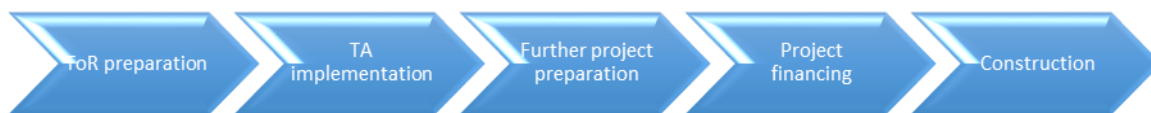
Additional sources of information are: the WBIF website which contains a projects section with descriptions of all grants; the WBIF projects compendium; the WBIF Annual Report and the IPF bi-monthly report which presents a summary of the current activities on all active projects EC managed projects.

2 Technical assistance grants

2.1 Introduction

Approach

The WBIF is a blending facility that combines grants from the EC and bilateral donors with loans from IFIs to expedite the implementation of priority socio-economic investments. One of the main forms of support is the provision of TA grants towards project preparation which will assist the beneficiary and lead IFI to develop financing for the project. A project supported by a TA grant progresses through a series of stages in the project cycle as illustrated below:



The present chapter analyses how the projects awarded in the first nine rounds have progressed in each of the above stages and focusses on those projects which have not achieved their objectives and the reasons behind this. A separate section of the chapter is devoted to each stage of the project cycle. The analysis is carried out on the first nine rounds only as the tenth round was only awarded in December 2013 after this study had started.

2.2 ToR preparation (TA mobilisation)

There are two principal mechanisms for the management of WBIF TA grants depending on how they have been financed. If the grant is financed by the EC (using IPA funds) then the grants have been managed through the EC managed IPF programme. Alternatively if the grant is financed from the European Western Balkans Joint Fund (EWBJF), or is funded directly by the CEB, EBRD or EIB (these partner IFIs committed €10million of their own funds at the inception of the WBIF), then the grant is managed by the lead IFI. The distribution of the TA grants between these two mechanisms has been as follows for the first nine rounds:

Table 2.1 Distribution of TA grants between EC IPF and IFI implementation

Round	1 Jun 08	2 Mar 09	3 Dec 09	4 Jun 10	5 Jun 11	6 Dec 11	7 Jun 12	8 Dec 12	9 Jun 13	Total
EC IPF	18	9	20	7	11	11	3	7	5	91
IFI	-	-	6	9	8	8	14	5	9	59
Total	18	9	26	16	19	19	17	12	14	150

These two mechanisms involve different processes with correspondingly different time schedules which are explained below.

IPF managed grants

The EC have appointed three successive framework contracts (IPF1, IPF2 and IPF3) appointing consultants to undertake the project preparation requested under the grants. Upon approval of a grant to be financed by the EC, DG Enlargement allocates responsibility for writing the Terms of Reference to one of the framework consultants. This consultant then drafts the Terms of Reference which is checked with the beneficiary, the lead IFI and the EU Delegation before being submitted to DG Enlargement. Experience has shown that this process normally takes between three and six months from the award of the grants but delays have occurred in particular projects due to factors such as: the consultant having several ToR to develop at same time; previous ongoing studies not having been completed; discussions over technical issues taking a long time due to the number of stakeholders; and political factors.

Having received the Terms of Reference DG Enlargement then invites the EU Delegation, the responsible DG and the country desk to comment before finally approving them. Once approval is received the consultant submits a TA resourcing plan with CVs, budget and programme to DG Enlargement. Once approved by the Project Manager in DG Enlargement an Administrative Order for implementation of the TA is issued. The consultant is then able to formally place contracts for the staff and to mobilise the team. The time required between ToR approval and mobilisation is normally approximately three months. Thus it can be seen that the time between grant approval and mobilisation will normally be at least six to nine months.

Lead IFI managed grants

Those grants managed directly by the lead IFI can be funded by the lead IFI and/or complemented with grants from the EWBJF. Funds of the EWBJF are co-managed by the EBRD and the EIB. An implementation agreement (IA) is signed between the co-managers and the lead financial institution, in accord with the co-manager of the EWBJF, the EIB, to provide the terms by which the funds are to be transferred and may be utilised. Once signed, the lead IFI submits a request for payment for the funds to be disbursed. The IA is signed after the SC approval and before the consultancy contract is signed.

The IA template was negotiated post establishment of the WBIF in December 2009 and took approximately one year to conclude with the partner IFIs and was initiated at a later stage with KfW and the World Bank who received approval for the first grant operations in December 2011 and February 2012 respectively. Each institution has a tailored template to suit its mandate, policies and procedures whilst adhering to the terms specified in the General Conditions of the EWBJF, the rules governing donor resources. It has been necessary to adapt IA templates over time to provide for the implementation fee introduced in 2012 as well as enhanced provisions for controls, audits and financial reporting to comply with the terms by which the EU contributed to the EWBJF in 2011 and 2012.

Lead IFIs that use EWBJF resources provide financial and project updates to the co-managers of the EWBJF on an annual basis for fund management and reporting purposes, such that they can confirm to the SC that resources have been used appropriately and in accordance with decisions of the SC and the General Conditions of the EWBJF. An audited financial statement of the EWBJF is submitted annually to the SC.

The signature of the implementation agreement is now generally completed within a period of six months. The time lapse between the SC approval and the signing of an IA varies greatly. It is driven by the operations of the lead Financial Institution and is generally requested when the project is ready to be procured/contracted. The preparation of the terms of reference can be undertaken in parallel to this process. The management of the TA once the funds have been transferred differs according to the procedures of each IFI. In the case of EIB, for example, the funds are further transferred to the Beneficiary under a Funding Agreement signed between the EIB and the Beneficiary generally within a year from grant approval (in some cases ratification is also required). The final Beneficiary then procures the consultant, which is likely to take up to six months, and implements the TA. KfW also signs a financing agreement with the Beneficiary but the funds are paid directly by KfW to the service provider/consultant or supplier. In the case of the World Bank the process of procurement is managed in house with the option to use internal staff or external consultants. The different arrangements followed by each IFI to mobilise the TAs awarded under the EWBJF are summarised in Appendix 2.

The time required between approval of the grant to mobilisation of the consultant is generally at least one year but if all three steps are undertaken in parallel can be undertaken in less than six months. The process took longer during implementation of the first grants to be managed under this mechanism while the implementation agreement process was initiated.

Actual time elapsed to mobilise TAs

The graphs below presents the actual time that has elapsed between approval of the grant and mobilisation of the study team averaged by round for the two implementation mechanisms. This shows that the IPF programme has indeed required around nine months on average but that this has reduced in recent rounds to about six months. The processing of eighteen grants in round 1 resulted in delays for some projects, as did the implementation of ten environment grants in round 3, due to the time it took to work through them. The IFI managed projects have on average taken 18 months to mobilise although this has reduced to one year since round 7.

Figure 2.1a Average days between grant approval and TA mobilisation for IPF projects

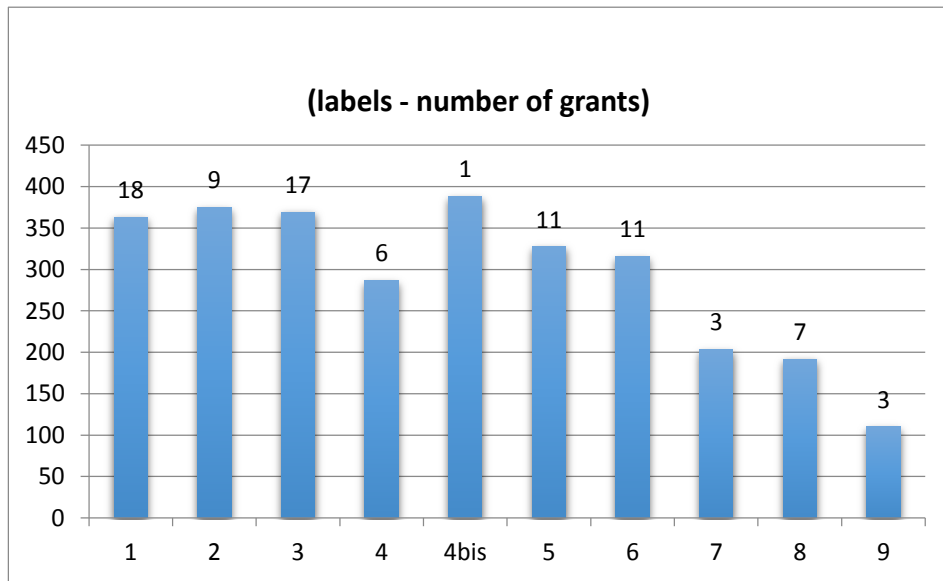
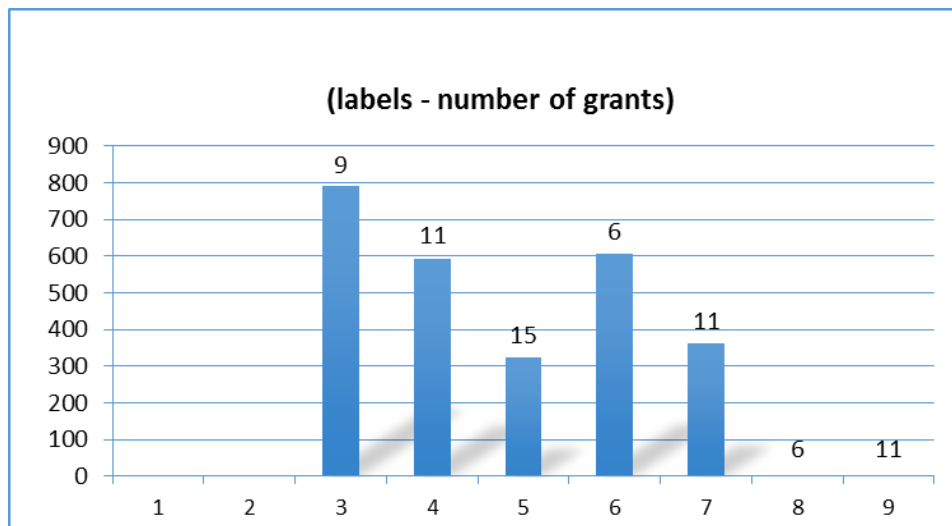


Figure 2.1b Average days between grant approval and TA mobilisation for IFI managed TAs



Grants cancelled

Based on initial experience, the WBIF Steering Committee in December 2011 adopted procedures to ensure that grant funding allocated to projects that were not progressing would return to the overall fund and be used for new projects. It was agreed that grants which have not had Terms of Reference prepared within one year of grant award are discussed at six monthly PFG meetings and may be cancelled. A total of twelve grants have so far been cancelled through this mechanism and the reasons for the cancellations are set out in the table below:

Table 2.2 Grants cancelled

Code	Title	Lead IFI	Reason for cancellation
TA3-MON-ENV-03	Wastewater treatment plant and network in Danilovgrad (FS)	EIB	EBRD signed agreement with Municipality to do FS with different funds.
TA3-ALB-ENV-02	Detailed design for water supply and sewerage systems for Elbasan city	KfW	Delays in making institutional changes to water company which had been under a concession. There was also a delay whilst it was confirmed that Elbasan featured in the prioritisation provided by the Master Plan.
TA3-HR-SOC-01	Construction of a penitentiary/prison complex in Sibenik	CEB	Phase 1 completed (Operational plan and Feasibility report). Phase 2 – Preparation of Design Build Tender Docs – cancelled when Government re-prioritised due to debt position.
WB1-SER-TRA-02	Belgrade Rail Modernisation Project - Procurement, Implementation Support and Contract Supervision & and Urban Transport Public Service Contracting and Route Structuring Preparation.	EBRD	Government changed priorities in railway sector for Belgrade. Negotiations between the Serbian Railways and the City of Belgrade failed to agree on the structure of the project.
WB1-SER-TRA-03	Sava Bridge Loan Extension: Performance-Based Maintenance and Management ("PMMR") of Roads and Bridges	EIB	Initially delayed due to negotiations over ToR but institutional problems in the organisation of the project relating to the set up of a maintenance company remained unsolved after four years.
WB4-SER-TRA-05	Documentation for modernisation of railway Nis to former Yugoslav Republic of Macedonia	EBRD	Government changed priorities in railway sector requesting EBRD to fund a different section of Corridor X
WB4-ALB-ENV-05	FS and DD of Regional Landfill	KfW/CEB	ToR completed but Government delayed the decision on FS. This was due to parallel PPP project which covered much of the same geography as the WBIF grant.
WB5-MNE-ENE-04	Pljevlja renewable energy heating.	EBRD	The private supplier of biomass for the project was under a bankruptcy process.
WB5-HR-ENE-03	Wind and solar projects in Splitsko-dalmatinska County.	KfW	Project not included in county plans so could not progress.
WB5-HR-ENE-04	Small hydro-electric power plant Ozalj.	KfW	Beneficiary implemented work on the project directly with own funds and asked for a change to site location.

Code	Title	Lead IFI	Reason for cancellation
WB6-BiH-ENE-08	Hydro-electric power plant - Caplje	EIB	Permit for access for geotechnical investigations not approved by local municipalities
WB6-REG-ENE-07	Gas Interconnection Brod (BiH) - Slavonski (Croatia) (Licka Jesenica-Rakovica-Trzac-Bosanska Krupa & branches to Bihac & Velika Kladusa)	EBRD	RS entity has changed its viewpoint on the project and is no longer supporting it (South Stream has become the priority)

The reasons for cancellation may appear different at first glance but in nine out of twelve cases the root cause has been due to a change of strategy on the part of the Government or Beneficiary.

Summary overview of ToR preparation stage (TA mobilisation)

The table below provides a summary of the progress achieved with mobilising the TA grants.

Table 2.3 Summary of progress with TA mobilisations

Round	1 Jun 08	2 Mar 09	3 Dec 09	4 Jun 10	5 Jun 11	6 Dec 11	7 Jun 12	8 Dec 12	9 Jun 13	Total
TA grants	18	9	26	16	19	19	17	12	14	150
Cancelled			5	2	3	2				12
Allocated to IPF	18	9	17	7	11	9	3	7	5	86 ²
Mobilised by IPF	18	9	17	7	11	9	3	5	1	80 (93%)
Allocated to IFIs	-	-	4	7	5	8	14	5	9	52 ²
Mobilised by IFIs	-	-	4	7	5	6	10	0	0	32 (62%)
Total mobilised ²	18 (100%)	9 (100%)	21 (100%)	14 (100%)	16 (100%)	15 (88%)	13 (76%)	5 (42%)	1 (7%)	112 (81%)

The main conclusions are:

- The mobilisation of the TA consultancies, including all steps between grant award and the start of the TA, has been on average 9 months under IPF framework and 18 months under the IFI led projects. These times have reduced in recent rounds to below 6 months and 12 months respectively, in particular since the implementation agreements for IFI led projects have been finalised.
- Approximately 8% TAs have been cancelled with the main reason being changes in the strategy of the government or beneficiary.

² Excludes cancellations

2.3 TA Implementation

TA implementation varies substantially from project to project given that the scope may require very different services ranging from pre-feasibility through to design and supervision or assistance to PMUs. The time required to complete the TAs also varies dramatically from around six months to as long as three to five years. The data collected in the MIS reveals if a project is experiencing problems and also if the TA has been completed. This has been compiled into three tables provided below one of which summarises the progress in completing the work and two of which focus on problems reported.

Table 2.4 Summary of progress with TA implementation

Round	1 Jun 08	2 Mar 09	3 Dec 09	4 Jun 10	5 Jun 11	6 Dec 11	7 Jun 12	8 Dec 12	9 Jun 13	Total
No of TAs	18	9	26	16	19	19	17	12	14	150
Cancelled			5	2	3	2				12
Allocated IPF	18	9	17	7	11	9	3	7	5	86
Completed TAs (IPF)	17	9	12	5	4	2	0	1	0	50 (58%)
Allocated IFIs	-	-	4	7	5	8	14	5	9	52
Completed TAs (IFIs)	-	-	1	0	2	1	0	0	0	4 (8%)
Total completed	17 (94%)	9 (100%)	13 (62%)	5 (36%)	6 (38%)	3 (18%)	0	1 (8%)	0	54 (39%)

This summary table shows that the TA work is progressing satisfactorily on a round by round basis. The first two rounds have been almost entirely completed (one project is still in progress) and subsequent rounds are progressing as would be expected. It can be seen that the number of completed TAs under IFI managed projects is still low at 8% but this is explained by the fact that these TAs started later than the initial IPF TAs and also that the mobilisation phase takes longer.

Information is collected as to whether TAs are going according to plan or experiencing minor or major problems and the number identifying some type of problem are summarised below.

Table 2.5 TAs reporting problems during implementation³

Sector	TAs reporting minor problems	TAs reporting major problems	Total
Energy	9	0	9
Environment	5	4	9
Social	6	1	7
Transport	6	1	7
Total	26	6	32

³ Reporters are the judge as to whether problems are minor or major

In total approximately one in five TAs has reported some kind of problem but in almost all cases these have been worked through and the TAs are on course to be completed. In order to provide some insight into the types of problems experienced the background to some of the projects reporting problems is summarised in the table below.

Table 2.6 Examples of TAs having reported problems during implementation

Code	Title	Status	Reasons
TA-BiH-03	Plava Voda Regional Water Supply Project	Held up	Design of water pipeline planned to interconnect 5 municipalities completed but no agreement between municipalities on institutional set up (now resolved in principle)
TA-FYRMAC-01	Izdrovo Prison Reform Project in former Yugoslav Republic of Macedonia	Under execution	Delays by Beneficiary in awarding local design contracts for more than one year.
TA2-BiH-TRA-02	Railway Sarajevo – Podlugovi	Completed	One year delay due to consultations on line speed during preparation of ToR.
TA3-BiH-ENV-03	Water and Sanitation Federation FBiH – 16 Municipalities	Completed	Execution was delayed due to difficulties experienced in obtaining information. PMU was eventually strengthened.
TA3-MNE-ENV-11	Construction of regional landfills in Pljevlja and Zabljak	Under execution	Delayed due to disagreement on project parameters. Also EC probably changing strategy to one landfill rather than several.
TA3-SER-ENV-01	Municipal water – Nis and Novi Sad municipalities	Under written procedure	City of Novi Sad appointed local companies to provide supervision and implementation rather than WBIF. This was the original scope of work approved by the Steering Committee. Request for amended scope was submitted by Written Procedure.
TA3-MKD-SOC-01	Health Provider Institutions (HPIs)	Under execution	Interruptions and delays due to prolonged decision making process and government changes
WB4-MNE-ENV-12	Construction of regional landfills in Montenegro	Under execution	Delayed due to low maturity of components. Design work carried out by previous consultants was not ready or suitable for two components. EC probably changing strategy to one landfill rather than several.
WB5-ALB-ENV-06	Durresi water and sanitation	Under execution	World Bank appraisal for water supply in 2013. But Albania decided not to take additional loan for wastewater components considered for EIB co-financing.
WB6-BiH-ENE-07	Hydro-electric plants Krusevo & Zeleni Vir	Held up	Dam site had to be de-mined prior to investigations

The key conclusions for the TA implementation phase are firstly that good progress is being maintained, with some 40% of all TAs already completed, and secondly that all TAs are forecast to deliver their specified services with any interim difficulties being overcome.

2.4 Post TA project preparation stage

Very often the WBIF TA is only one segment of the project cycle and the purpose is to verify that the work is indeed being followed up and is translating into the implementation of much

needed socio-economic investments. Preparatory work has a distinct “shelf life” and WBIF stakeholders are anxious to ensure that valuable grant resources do not simply result in reports left “on the shelf”. Information is available for the first six rounds and is presented in the table below. Rounds 7 and beyond are not included in this analysis as the WBIF TAs have not yet reached completion stage.

Table 2.7 Progress with post WBIF TA project preparation

Round	1 Jun 08	2 Mar 09	3 Dec 09	4 Jun 10	5 Jun 11	6 Dec 11	Total
TAs completed	17	9	13	5	6	3	53
No progress with next stage	2	0	2	2	2	0	8 (15%)

It can be seen that progress has been maintained with about 85% of the projects for which TAs had been completed. However, there are also a number of cases reported in which project preparation has not progressed further and these are investigated in the table below.

Table 2.8 Projects reporting no progress in further project preparation

Code	Title	WBIF TA completed	Background to lack of further progress
TA-ALB-10	Education, Excellence and Equity Project (EEE-P) and Rehabilitation of Tirana Schools – 2nd Phase.	TMA	Study identified issues in schools in Albania (>4000). NIPAC has since submitted two PGAFs for support in the next step but WBIF has not approved these.
TA-SER-15	Railway reconstruction: Nis to the former Yugoslav Republic of Macedonia border (Corridor X)	PFS	Study identified a viable project and a second WBIF grant was awarded to undertake the FS. This was later cancelled when the Government changed priorities for the railways.
TA3-ALB-ENE-01	Feasibility Study for the Construction of 220/110 double circuit line - Tirana 2 (Razhbul) in replacement of existing line.	FS	Project is viable but Government has not requested loan
TA3-ALB-ENV-03	Feasibility Study and Detailed Design for Improvement of Flood Protection Infrastructure in Albania.	FS	There was no lead IFI (EU supported the project). Project will need grant funding.
WB4-ALB-ENE-01	FS for construction of new Substation Tirana3 with 120MVA capacity for reinforcement of Tirana Ring.	FS	Project is viable but government has not requested loan.
WB4-SER-ENE-04	Interconnection with Bulgaria Gas Transmission Pipeline.	FS	Project implementation delayed until Serbia Gas is restructured.
WB5-KOS-TRA-06	Feasibility Study for the key railway links (East – West).	FS	No lead IFI with project supported by EC. However, more IFIs are now operating in Kosovo*.
WB5-HR-ENE-02	LNG Evacuation Gas Pipelines Omisalj – Zlobin – Rupa (Slovenia)	FS, EIA	Government has changed strategy and is now planning another pipeline

* * This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo* Declaration of Independence

Of the above projects, the FS for Flood Protection in Albania stands out as being an anomaly within WBIF because it never had a lead IFI and was unlikely ever to be able to justify a loan without substantial grant funding. Two concern transmission line projects in Albania which have not progressed beyond FS stage despite being very viable projects and despite the readiness of the lead IFI to provide a loan (it should be mentioned that a third FS is in preparation and that a fourth connecting Albania to former Yugoslav Republic of Macedonia has recently been completed without plans to develop the Albanian side of the link). The lack of progress on the schools project in Albania is unfortunate as all donors expressed interest following the identification of the serious issues facing many schools but no progress has been made to convert this into the urgently needed investment improvement programme. Nevertheless the project has served to inspire a similar intervention in the schools sector in Kosovo.

The conclusion overall for this stage is that the large majority of projects have progressed satisfactorily with further project preparation following the initial WBIF TA grant and that only a small number have failed to go to the next stage (less than one in five). It is of course still possible that these projects may progress and indeed two have done so since the publication of the Stage 1 report.

2.5 Project financing

The TA grants divide into two sets from the perspective of project financing, namely those that already had signed loan agreements at the time of grant award (17 No) and those that were using the grant to prepare an investment and thereby assist by leveraging a loan (excluding sector studies etc). The present analysis focusses on this latter group and the progress achieved with securing financing which is summarised in the table below.

Table 2.9 Grants leveraging finance – progress with financing

Round	1 Jun 08	2 Mar 09	3 Dec 09	4 Jun 10	5 Jun 11	6 Dec 11	7 Jun 12	8 Dec 12	9 Jun 13	Total
Applicable TA grants	16	9	22	14	14	16	10	7	14	122
Loans signed	8 (50%)	6 (66%)	10 (45%)	5 (36%)	4 (29%)	5 (31%)	2 (20%)	1 (14%)	2 (14%)	43 (35%)
IPF TAs	8	6	9	2	1	2	1	1	2	32
IFI TAs			1	3	3	3	1	-	-	11

The first three rounds have seen a high conversion rate for project preparation grants being successful in leveraging finance with an average of 51% having signed loans. It is forecast that this first third of the pipeline, which is the most developed, will achieve a final conversion rate of between 70% and 80% based upon a review of those projects without signed loans. The extent to which later rounds will be able to match this may be limited by the impact of the financial crisis and the reduction in the fiscal space. To investigate this in detail meetings were held with all beneficiary Ministries of Finance, and with the lead IFIs, to obtain the latest views from both parties with respect to financing of individual projects. The results have been incorporated into the project fiches presented in Annexe.

The meetings with the Ministries of Finance identified that all beneficiaries are indeed having to manage their future loan commitments with great caution due to the economic crisis and

reduced fiscal space. Kosovo is the only example where fiscal space is not an immediate cause for concern and in this case there are still strict limits on the amount of debt that can be added per annum. In three countries recent changes in government have prompted changes in policy and prioritisation which have also impacted on the pipeline. Clearly there has been an impact on the WBIF pipeline due to the reduced fiscal space with the postponement of some projects and the slowing down of disbursements. However, the projects submitted to WBIF are national priorities with the lending terms and conditions offered by the IFIs being amongst the best that Europe can offer and for these reasons it would seem that the impact of the crisis has been reduced. It is clear, however, that the beneficiaries are also borrowing from other sources such as China, Russia and the Middle East at very competitive conditions.

Those grants from the first five rounds which are identified as not having firm financing plans in place are summarised below.

Table 2.10 Grants in Rounds 1-5 that may not sign loans

Code	Title	Explanation
TA-ALB-10	Education, Excellence and Equity Project (EEE-P) and Rehabilitation of Tirana Schools	Loan was provided for initial project but the perspective on loan for wider project is poor. MoF are not aware of the project.
TA-BIH-03	Plava Voda Regional Water Supply Project	The five municipalities who had agreed to cooperate could not agree an institutional solution to sharing the project. A breakthrough at end 2013 may have solved this problem.
TA-SER-15	Reconstruction of the line Nis-Presevo-Macedonia border.	This study resulted in a second WBIF grant for the next stage which was later cancelled when Serbian railways changed strategy.
TA3-ALB-ENE-01	FS for construction of 220/110 double circuit line – Tirana 2 (Razbull)	FS identified viable project and KfW ready to provide loan but this is not yet prioritised by government.
TA3-ALB-ENV-03	Feasibility Study and Detailed Design for Improvement of Flood Protection Infrastructure in Albania.	There was no lead IFI and the project could not support a loan. Possible that EC Delegation may continue its support.
TA3-HR-SOC-01	Construction of a penitentiary/prison complex in Sibenik.	WBIF TA grant (FS) resulted in CEB offering €50 million loan. Government re-prioritised its debts, decided it could not finance the government share and the remainder of the grant was cancelled. Smaller version of the project may be developed.
WB4-ALB-ENE-01	FS for construction of new Substation Tirana3 with 120MVA capacity for reinforcement of Tirana Ring.	FS identified viable project and KfW ready to provide loan but this is not yet prioritised by government.
WB4-MNE-ENV-11	Construction of Regional Landfills in Plijevlja and Zabljak	FS results do not justify IFI loan. There is also change in strategy.
WB4-ALB-TRA-09	DD for Tirana-Durres Railway section	MoF not prioritising this project at present and recommend private finance as a way forward.
WB4bis-REG-ENE-01	Albania – FYR Macedonia 400 kV Interconnection	Depends on Albania requesting loan. This sector not yet prioritised by Government.

Two of the projects have suffered due to changes in government strategy and one is a project which was not suited to the WBIF framework as it needs a grant rather than a loan. It is noted

that two concern transmission system projects in Albania which have already been raised under “Progress with post WBIF TA project preparation”.

2.6 Construction

Some TA grants have been awarded to support projects already at construction stage (e.g. with supervision of construction or PIU support) but the majority have been for project preparation early in the project cycle with the objective of progressing towards construction. The position as in October 2013 is presented in the table below.

Table 2.11 TA grants having progressed to project tendering/construction

Round	1 Jun 08	2 Mar 09	3 Dec 09	4 Jun 10	5 Jun 11	6 Dec 11	7 Jun 12	8 Dec 12	9 Jun 13	Total
Applicable TA grants	16	9	22	14	14	16	10	7	14	122
TA supporting construction stage	0	1	4	1	0	0	0	0	0	6
TAs for project preparation – project built	1		1							2
TAs for project preparation – at construction	2	3	5	4	3	0	1	0	0	18
TAs for project preparation – at tendering	4	1	1	1	1	3	0	1	0	12
Total (% of applicable TAs)	7 (43%)	5 (55%)	11 (50%)	6 (43%)	4 (29%)	3 (19%)	1 (10%)	1 (14%)	0	38 (31%)

It can be seen that approximately 50% of the grants in rounds 1 to 3 have progressed to construction after three to four years of project preparation. This figure is forecast to rise to over 70% in due course for this first third of the pipeline.

2.7 Sector development grants

Sector development grants have been awarded with the objective of providing information, analysis and where relevant recommendations that support the development of investments and/or improving the investment climate in the Western Balkans. The situation with respect to sector development studies is summarised in the table below:

Table 2.12 Sector development studies

Code	Title	Lead IFI	Grant (€)	Status
WB6-SER-SOC-09	Development of a concept for monitoring & evaluation of inclusive practice in Serbian education system	WB	350,000	ToR completed. Selection of consultants underway
WB7-REG-TRA-SD-02	Updating the Regional Transport Study (REBIS)	WB	600,000	Under execution. Consultant started 2 Oct 2013
WB7-REG-ENE-SD-14	Gas to Power Initiative and the Energy Community (EnC) Gas Ring in South East Europe	WB	1,000,000	Under execution. Consultant started end Oct 2013
WB7-REG-PSD-SD-02	PPP Institutional Strengthening in the Western Balkans	EIB	1,000,000	Under execution. Forecast to complete end 2013
WB8-KOS-SOC-06	Kosovo* education improvement project	WB	550,000	ToR under preparation
WB8-REG-ENV-03	Support to water resources management in Drina River Basin	WB	1,200,000	ToR completed. Recruitment of consultant launched and EoIs under evaluation
WB9-REG-ENE-SDP-01	Biomass heating in Western Balkans sector study	WB	875,000	Concept note approved Oct 2013. IA agreement in process.
WB9-REG-ENV-SDP-01	Klokot water source (Bihac) protection zone study	WB	750,000	Concept note and ToR under preparation

There have been eight sector development studies, with at least one per sector, of which seven are being implemented by the World Bank and one by EIB. The World Bank has had to set up a trust fund specifically to channel the EWBJF funds on the basis of an Administrative Agreement with the co-managers of the EWBJF (EBRD & EIB) and this was signed in March 2013. Following this, implementation agreements were set up and signed for each project during the summer of 2013. The initial set up process has taken considerable time but it should now be possible to mobilise future grants more rapidly. The EIB are implementing the PPP Institutional Strengthening project using their in house European PPP Expertise Centre (EPEC) and have recently extended both the duration of this project and its range of activities.

3 Investment and other grants

3.1 Investment grants

A total of nineteen investment grants have been awarded which are presented in Annexe 2 Part 3 for a total value of €95.7 million. The bulk of this investment is accounted for by the twelve Municipal Window grants which were put in place in 2009 for a total value of €84.5 million and these are reviewed as a separate group.

Municipal Window Investment Grants

The twelve Municipal Window grants have been put in place via contribution agreements between the EC and the lead IFI which were signed in the second half of 2009 with a finish date of December 2015. These agreements took between six and nine months to put in place. The information derived from the IFIs and the EC confirms that the twelve projects are progressing, despite some considerable delays, and are currently at the stages of development outlined in the table below:

Table 3.1 Progress of Municipal Window projects

Project code	Project title	Grant	Status	Comment
MW-KOS-ENE-KfW-02	Improvement of District heating Pristina	€14.0m	Construction	Construction began mid 2013. Additional €7m funding needed.
MW-ALB-ENV-CEB/KfW-03	Wastewater Pogradec	€3.5m	Construction	Construction contracts awarded April 2013 and going well.
MW-ALB-ENV-CEB/KfW-02	Water Supply & Sewage, Gjirokastra, Fier	€4.68m ⁴	Under construction	Construction contracts awarded end 2013. Tendering was delayed until financing was in place.
MW-ALB-ENV-CEB/KfW-06	Kamza Water and Sanitation	€5.5.0m	Project preparation	Delayed due to discussions over technical solutions. Construction forecast for end 2014. Extension of Contribution Agreement beyond 2015 will be needed.
MW-BIH-ENV-EIB-01	Water and Sanitation (Velika Kladusa, Orasje, Bosanski Petrovac, Posusje, Siroki Brijeg)	€5.0m ⁴	Construction	Contracts for two contracts awarded. Extension of Contribution Agreement beyond 2015 will be needed

⁴ Value of grant modified by EC as per contract

Project code	Project title	Grant	Status	Comment
MW-BIH-ENV-EBRD-02	Bijeljina Waste Water System Project - Phase II	€3.0m	Construction	Construction ongoing – contractor had to be changed on main WWTP.
MW-BIH-ENV-CEB/KfW-04	Water Supply and Sewerage Collection in Banja Luka	€2.0m ⁴	Construction	Construction started April 2013 and funds fully disbursed
MW-KOS-ENV-KfW-01	Rehabilitation of Pristina Water supply and sewage network	€11.0m	Construction	Construction began August 2013
MW-MNE-ENV-EIB-02	Rehabilitation and construction of water and waste water infrastructure in North	€5.0m	Tendering	Construction started in 2013. Extension to Contribution Agreement beyond 2015 will be needed.
MW-SER-ENV-CEB/KfW-01	Medium-sized towns Water Supply and Sewerage Systems – Kraljevo,..	€3.0m	Construction	Successful project with funds fully disbursed
MW-ALB-TRA-CEB/KfW-07	Feeder Roads	€9.0m	Construction	Construction started mid 2013
MW-SER-TRA-EIB-03	Reconstruction of the urban transport system (tramway and road) of the City of Belgrade	€6.0m	Construction	90% disbursed.

Disbursement of the grants has been considerably slower than would have been anticipated at their approval in 2009 and two have still to reach construction stage. A large part of the reason for the delays has been the time necessary to get the grant agreements signed following signature of the contribution agreements and the time necessary to have ratification of the planned loans. These two steps took two years for the Bijeljina Waste Water Project for example. The two projects still at project preparation stage are likely to need time extensions beyond December 2015.

It is noted that five of the investment grants have been awarded to projects which are also benefiting from WBIF TA grants and that this grant financing has proved to be important to justifying the financial viability of these projects. However, in several cases the fact that project preparation had not already been carried out meant that the projects were not mature and has been part of the reason for the delays. The counter argument in favour of an early allocation of grants is that the IFIs normally need grants to be approved at loan approval stage which is often quite early in the cycle.

Other investment grants

Seven investment grants have been awarded since the initial MW grants and these have been approved in rounds five to nine. The progress of these grants is as follows:

⁴ Value of grant to be verified

- The Pljevlja Renewable Energy Heating project has been cancelled as the private supplier of biomass was under a bankruptcy process and is being restructured.
- Three of them are related to social projects in the education and health sectors within the former Yugoslav Republic of Macedonia and it is noted that the full amounts had been disbursed by December 2012 one year after grant approval.
- One is a combined TA/Investment grant and the TA element for this is currently underway.
- The final two investment grants were awarded in rounds 8 and 9 and the projects are still at project preparation stage.

3.2 Interest rate subsidies

Interest rate subsidies (IRS) have been awarded on the following projects:

Code	Title	Total grant (TA + IRS)	Interest rate subsidy component	Lead IFI	Project status
WB4-BIH-SOC-02	Support to the construction of a Maximum Security State Prison	3,200,000	2,000,000	CEB	Tendering with contract award in early 2014
WB6-ALB-SOC-14	Master plan & feasibility study for communal infrastructure works in Albanian Alps area	3,000,000	2,000,000	CEB	ToR preparation
WB6-BiH-ENV-19	Water & sewerage - Mostar	2,500,000	2,000,000	CEB	Project preparation
WB7-BiH-SOC-04	Support for vulnerable persons living in collective accommodation	3,200,000	2,000,000	CEB	ToR preparation
WB7-BiH-SOC-05	Support for construction of Integra sport and cultural facility	2,550,000	2,000,000	CEB	Project preparation
WB7-KOS-ENE-09	Implementation of Energy Efficiency Measures in Public Buildings in the Municipality Level	2,500,000	1,500,000	KfW	Finalising implementation agreement
Total			11,500,000		

There have been six interest rate subsidies awarded for a total amount of €11.5 million and all are linked to TA grants for project preparation. None of these projects has yet reached construction stage when the loans will start to be drawn down and the interest rate subsidies would start to apply. The nearest to this stage is the State Prison in Bosnia and Herzegovina which is currently at evaluation of tenders stage.

3.3 Investment facilities

Two investment facilities have been approved namely the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) and the Western Balkans Regional Energy Efficiency Programme for the Western Balkans (REEPWB).

WB EDIF

The WB Enterprise Development and Innovation Facility was awarded funding in December 2011 totalling EUR 71 million (the largest grant awarded under WBIF) deployed over 2011-2013. EDIF was launched in December 2012 when the first Platform Advisory Group meeting took place. Under the first financing plan it mobilised a matching amount from other sources, including beneficiaries' own contributions. On the ground, the Facility is expected to leverage in excess of EUR 300 million of direct financing to SMEs. To this end, it pioneers three regional financial instruments: two equity funds and a guarantee facility. The European Investment Fund (EIF), as part of the EIB Group and the EU dedicated risk finance institution, manages the guarantee facility, represents the EU in the two equity funds and ensures overall coordination. All underlying contractual arrangements have been put in place in 2012-2013. The financial instruments are to be coupled with the beneficiary countries' reform agenda supported by a TA facility, under construction as at end 2013. First agreements between the Commission and OECD, World Bank and EIB (in this sequencing order) will be signed to launch TA operations as of 2014.

WB REEP

The WB Regional Energy Efficiency Programme grant (€23.35 million) was signed in June 2013 and is composed of three windows. Progress with each window is as follows:

Window 1 – Policy Dialogue

Country engagement has progressed well with formal expressions of interest received from most countries in the region. Consultants have started working under two framework contracts covering policy dialogue for Energy Service Companies (ESCOs) (theme 1) and energy efficiency policy (theme 2).

The kick-off meeting for theme 1 took place with the EBRD in May 2013 and with the Energy Community Secretariat in June. Country specific kick-off meetings took place in Bosnia and Herzegovina and in Serbia in June and in Montenegro in July. Currently the legal framework is still being analysed and meetings with stakeholders (private sector ESCOs, legislators, banks, public building owners) are on-going. Detailed discussions regarding regulatory barriers and recommended solutions were discussed in October 2013. In parallel, the EBRD is contracting consultants to prepare an ESCO energy efficiency project pipeline.

For Theme 2, following kick-off meetings in London and Vienna, the consultants have completed the inception phase. This involved inception missions to all countries to gauge the urgency and level of interest in technical assistance across the three Theme 2 domains. Three call-offs are now under development:

- assistance with EPBD transposition (Kosovo, Macedonia, Serbia Croatia, the Bosnian Federation and Albania);
- energy efficiency procurement (Croatia, Montenegro and Serbia and the Bosnian Federation); an assignment on energy efficiency and

- utilities (Serbia in Bosnia and Herzegovina and Croatia). TORs have been prepared. And country-level kick-off meetings commenced in October 2013.

Window 2 – Sustainable Energy Credit Lines

The official launch of WeBSEFF II was announced during a launch event in Zagreb on 23 October 2013. TC operations have started in Bosnia and Herzegovina and Croatia with one Bank on Board in each country. Operations in Serbia and FYR Macedonia were initiated right after the launch event. It was planned that a total number of eight banks would have signed a loan agreement under the Facility by year end 2013 for a total of EUR 74 million.

Window 3 – Sustainable Energy Direct Financing Facility

Projects totalling EUR 13.4 million have been signed (two small hydropower plants and one biomass project). There are five potential deals in the pipeline - Albania (1), BiH (2), Serbia (1), Montenegro (1) – and several projects are at exploratory stage. The facility has been designed not only to implement ESCO projects, but also to support projects featuring partnerships between private sector players and municipalities for use of renewable energy sources or implementation of energy efficiency measures. It was expected that an additional 2-3 hydropower projects in the region of EUR 12-15 million would be signed by year end 2013. Other project types are being explored as well.

4 Review by sector and by beneficiary

This chapter provides a review of WBIF pipeline when viewed by sector and also an analysis of the different stages of technical assistance that have been provided.

4.1 Review by sector

4.1.1 Overview

Each of the four infrastructure sectors has been reviewed to check progress during the stages of the project cycle and this is summarised in the table below. This presents the data for rounds 1 to 6 on the basis that subsequent rounds are not sufficiently developed to provide meaningful information.

Table 4.1 Review of progress of TA grants by sector (Rounds 1 to 6)

	TAs in rounds 1 to 6	TAs cancelled during ToR stage	TAs reporting problems during implementation	TAs reporting no progress with next stage	TAs not forecasting loans
Energy	30	5 (16%)	9 (28%)	4 (13%)	3 (9%)
Environment	31	3 (10%)	5 (16%)	1 (3%)	3 (10%)
Social	20	1 (5%)	6 (30%)	1 (5%)	2 (10%)
Transport	26	3 (11%)	6 (23%)	2 (8%)	2 (8%)

This quick overview demonstrates that the issues experienced with grant implementation are not only small in number but are spread reasonably evenly across all sectors.

4.1.2 Energy sector

The distribution by sub-sector of the grants within the energy sector over all ten rounds has been:

Electricity transmission	14
Renewable energy	13
Gas transmission	9
District heating	9
Energy efficiency	5
Oil	1
Total	51

An overview of the development of the WBIF energy sector portfolio has been provided by the Energy Community Secretariat (ECS) who have attended PFG and Steering Committee

meetings. In 2013 the ECS adopted a list of Projects of Energy Community Interest (PECI) with the purpose of highlighting those projects of regional importance which would benefit from additional interventions such as those possible under WBIF. This review noted that investment needs in energy in the Western Balkans are high but that the current electricity markets are too small to be attractive and that more market integration and un-restrained cross border flow of energy is needed. The WBIF portfolio has been compared with the recently published PECI list of projects and a high proportion of the PECI projects in gas and electricity transmission are in fact projects already approved under WBIF. However, none of the renewable energy projects WBIF are included in the PECI electricity generation list.

A significant achievement of WBIF has been the consensus achieved over the last five years with respect to the priority transmission line interconnections in the Western Balkans. Studies have been undertaken to rehabilitate and modernise transmission networks in almost all countries and these have led to approval of several major investments. This process culminated in a transmission line workshop held in Vienna in October 2013 at which all beneficiaries were represented and there was agreement on the key next steps. A similar process is happening in the gas sector with the implementation of several very influential studies which will shape the future of the gas networks in the region.

A striking feature of the energy portfolio is that whilst it represents some 32% of the total capital value of the pipeline, second only to transport, it has the lowest proportion of projects that have achieved signed loans (11%). The reasons behind this have been examined and include the following: a relatively small number of grants were approved in the early rounds; a significant number of these early studies were transmission line projects which have since failed to progress; greater numbers of energy projects have been approved from the fifth round onwards but a significant proportion of these have been for large regional projects which have a long gestation period and are often complex (energy accounts for 9 out of a total of 17 regional projects). Overall there is no reason to expect the energy sector portfolio of grants to have a lower conversion rate to loans than the other sectors and it is expected that the pipeline will evolve positively in the near future.

An important issue with respect to certain energy projects that has been raised on several occasions has been the extent to which they justify public subsidies when they might be suitable for private sector investments. While no clear guidelines have yet been produced, the trend has been to approve projects where they serve as pilot projects for further investment (e.g. wind farms) but not to approve investments such as oil pipelines. Given that the WBIF is now looking at ways to stimulate private sector investments the opportunity exists within the energy sector to develop PPP type models which would help realise these projects.

4.1.3 Environment sector

The distribution of grants by subsector within environment over all ten rounds is:

Water and wastewater	43
Waste management	6
Flood protection	2
River basin management	1
Total	52

The portfolio is dominated by grants to improve water and wastewater in municipalities (>80%). These subsectors represent the highest priorities in the environmental sector for the beneficiary countries in terms of socioeconomic welfare of the population. The subsectors are also a priority in the Pre-accession process and compliance with the EU Drinking Water and Urban Wastewater Treatment Directives. In some cases a single grant is assisting to improve conditions in several villages or towns and overall the portfolio is addressing the needs of over 70 municipalities. This includes some large cities, such as Podgorica and Novi Sad, but it is noticeable that the largest city in the region (Belgrade with population of over 2 million) has no wastewater treatment plant and has not been part of any application to date. The issue of operations and maintenance of the planned waste water treatment plants continues to be an important factor due to their high cost.

The waste management sub-sector has received a small number of grants and it could be argued that this might have been expected to be higher. However, there has been a disproportionate number of problems associated with waste management projects which have included: a lack of institutional organisation; changes in strategy; site location issues; and the poor quality of preceding studies.

The large number of environment projects is in part due to the large number of water and wastewater projects selected for the Municipal Window investment projects (9 out of 12). The review has highlighted that these investment grants have been very important to the successful implementation of the projects by significantly improving their financial sustainability.

There are two regional environmental projects, one river basin study and one regional aquifer study, and in addition a number of the planned national projects have positive regional impacts.

4.1.4 Social sector

The distribution of grants by subsector within the social sector over all ten rounds is:

Education	13
Justice	9
Social housing/infrastructure	6
Health	5
<u>Culture</u>	<u>1</u>
Total	34

The social sector differs from the other sectors in that it does not have one EC Directorate General to support it with responsibilities being shared between several DGs. On the other hand the sector is fortunate to have one IFI, the CEB, which is almost entirely focussed on providing assistance to this sector.

In practice, in the context of the WBIF, social sector projects have been synonymous with the development of buildings with a social function such as schools, hospitals, prisons, courts of justice, social housing, and leisure and cultural facilities. Investment needs in the sub sectors are all high with a backlog that has accumulated over several decades. These projects have the potential to be developed relatively quickly and are not as complex in terms of their requirements for investigations and environmental impact assessments as some other sectors.

Nevertheless there have been some recurring issues such as ownership issues, delays arising from location permits and difficulties caused by changing or weak PIUs.

The social sector is seldom prioritised by governments in times of hardship and the sector has been hit hard by the impact of the economic crisis. This has been reflected within the WBIF by a reduction in the number of social sector applications and also by a reduction in requests for financing. The CEB recommends that the creation of a Social Sector Window to help support the sector in view of these developments.

4.1.5 Transport sector

The distribution of grants by subsector within transport over all ten rounds is:

Road	18
Rail	17
Urban transport	3
<u>Sector master plan</u>	<u>1</u>
Total	39

The main criteria used in the screening of transport projects has been that they should be consistent with the SEETO (South East Europe Transport Observatory) Comprehensive Network and its priorities. This criteria has been adhered to with 34 grants falling within the SEETO network. Those approved outside the SEETO network consist of 3 urban transport projects and 2 city by-pass projects, which are allowed as exceptions under the WBIF guidelines provided that they have significant positive economic and environmental benefit. Nevertheless, there have been a number of applications received which were refused on the grounds that they were not part of the SEETO Comprehensive Network.

It is interesting that the portfolio does not include any airport, port or inland waterway projects all of which are allowable under the guidelines. The reason advanced for this to date has been that airports and ports have proved suitable for private sector investment and indeed there have a number of airport expansion projects recently implemented under concession type contracts. However, there is nothing to exclude WBIF from supporting such projects provided that a combination of public and private funding is involved and IFI loans are required.

The transport sector portfolio stands out as dominating the WBIF pipeline as it represents some 43% of the total pipeline capital value. This is due to several huge road and railway corridor projects (Corridor Vc, Corridor X and Corridor VIII) and is to be expected given the nature of transport infrastructure projects. These projects are seen as very important regional projects which will promote significant economic development through improved linkages. The WBIF grants supporting these projects have all been reviewed and the importance of their contribution has been confirmed.

There is one further gap that is apparent in the current portfolio and that is the lack of multi-modal transport projects. This type of project is seen as very relevant to the region and is something that has been actively promoted by the EC within the context of the EU Trans European Network in Transport (TEN-T). It is recommended that the opportunity for multi-modal investments is highlighted in any beneficiary training and contacts.

The currently on-going REBIS (Regional Balkans Infrastructure Study) update, which is financed by WBIF, will point towards the main priorities for investment in the next 20 years. However, it is expected that most of the top priorities will be no different to the existing ones, which are already under financing agreements, or under some stage of development.

There is clear need for horizontal issues support and soft measures, apart from hard infrastructure development support. In particular, support to the development and update of national and regional master plans is crucial, as well as coordination of all these at regional level. PIU support would be another element of projects worth supporting further, more than the level of support received until today.

Development of sub-sector priorities, together with a multimodal approach (as mentioned above) and national master plans is also crucial for facilitating development of transport infrastructure in the region. Governments are in urgent need of support in developing these strategies as well as policies for the transport sector.

4.1.6 Private sector development

The development of SMEs has been supported by the WBIF's largest grant which was provided for the investment facility EDIF already described above. This is due to become fully operational in 2014.

One additional grant was provided under this sector heading and this was for regional support to provide institutional strengthening for PPP projects. The work undertaken is being used to assist in the review being undertaken by the Task Force on the introduction of PPPs within the WBIF.

4.2 Review by beneficiary

A review has been undertaken of the difficulties encountered during project preparation for the TA grants when viewed by Beneficiary and this is presented in the table below. This presents the data for rounds 1 to 6 on the basis that subsequent rounds are not sufficiently developed to provide meaningful information.

Table 4.2 Review of progress of TA grants by Beneficiary (Rounds 1 to 6)

	TAs in rounds 1 to 6	TAs cancelled during ToR stage	TAs reporting problems during implementation	TAs reporting no progress with next stage	TAs not forecasting loans (med-low prob)
Albania	19	2 (10%)	3 (16%)	5 (31%)	4 (25%)
Bosnia and Herzegovina	23	1 (4%)	6 (26%)	0 (0%)	0 (0%)
Croatia	6	3 (50%)	2 (33%)	0 (0%)	0 (0%)
Former Yugoslav Republic of Macedonia	7	0 (0%)	2 (28%)	0 (0%)	0 (0%)
Kosovo	6	0 (0%)	2 (33%)	1 (8%)	0 (0%)
Montenegro	17	2 (12%)	5 (29%)	1 (9%)	1 (9%)
Serbia	23	3 (16%)	4 (17%)	2 (10%)	1 (5%)
Regional	6	1 (25%)	1 (17%)	0 (0%)	0 (0%)
Total	107	12 (11%)	25 (23%)	9 (8%)	6 (6%)

The following issues have been identified from this review:

- Croatia has a high proportion of cancellations but detailed analysis shows these to be individual issues on a small pool of projects.
- The railway sector in Serbia has suffered two cancellations due to changes in government strategy. There are a further four TAs in this sector one of which is targeted at master planning.
- The transmission sector in Albania has a total of four TA grants for feasibility studies but none have progressed to the next stage and they have all been assigned low probabilities for financing.
- Albania has the highest proportion of projects which look unlikely to achieve financing in the near future. This is consistent with the very limited fiscal space.

4.3 Overview by TA stage

An overview of the breakdown of services requested is provided in the table below including: Identification (I); Pre-Feasibility Study (PFS); Feasibility Study (FS); Environmental Impact Assessment (EIA); Detailed Design (DD); Project Implementation Unit (PIU); Supervision of Works (SofW); and Technical and Management Services (TMA).

Table 4.3 Breakdown of services requested by sector

() = completed projects

	I	PFS	FS	EIA	DD	PIU	SofW	TMA
Energy	2 (2)	3 (3)	30 (10)	20 (6)	3 (1)	1 (-)	2 (-)	7 (1)
Environment	3 (3)	- (-)	22 (11)	5 (-)	8 (3)	2 (-)	5 (-)	7 (2)
Social	3 (2)	- (-)	15 (4)	5 (2)	8 (2)	3 (-)	5 (1)	19 (3)
Transport	2 (1)	2 (1)	13 (10)	8 (3)	11 (1)	- (-)	5 (-)	12 (2)
Total	10	5	80	38	30	6	17	45

There is a broadly similar distribution of services requested across all sectors with the main demand being for feasibility studies. This confirms the view that one of the main strengths of WBIF is to be able to formulate bankable projects. There are less than half the number of requests for detailed designs which is explained by the fact that in some cases the design can be part of a design/build contract whilst for others the design may be included within the loan and or covered by a specific implementation consultancy. There would appear to be relatively few PIU assistance request but on the other hand there a significant number of Technical and Management Assistance (TMAS) requests which also cover the similar services.

A brief analysis and discussion is provided below on each of the different TA stages:

Identification – only ten have been requested and the eight completed to date have all been the first stage of several stages of a grant which has since progressed successfully towards loan signing. Interesting examples are the reviews of the transmission systems in Albanian and Montenegro each of which identified viable projects which have since been studied at feasibility level.

Pre-feasibility studies – a few applications only have been received in the energy and transport sectors. However, these studies are required under the legislation in most beneficiary countries as the step which evaluates the alternative options. In this sense it corresponds closely to what an IFI would normally require from a feasibility study. The studies completed for transmission lines and rail and road corridors have been lengthy with a duration of around a year.

Feasibility studies – care has to be taken over the definition of a feasibility study. An IFI will consider it to be a technical appraisal of alternative options with an evaluation of the economic and financial benefits and an analysis of the environmental and social impacts whilst under legislation in most beneficiary countries requires a preliminary design of one option selected at

pre-feasibility level and an environmental impact assessment. The amount of work required will differ according to the sector with much longer studies (duration around a year) required in road, rail or transmission line projects for example than for environmental projects (duration of around six months). Nearly half the feasibility studies have been completed to date (35) and of these 18 have already progressed to signature of loans.

EIA – the EIA are normally linked to feasibility studies as explained above and also normally include a social impact assessment. Of the 11 completed, 3 have progressed to the construction stage.

Detailed design – detailed designs have been completed for seven projects which include: a railway; a prison; a research and development facility; a centre for the elderly; and three wastewater related projects. All of these projects have funding in place with one completed and two under construction.

PIU – projects which have specifically requested PIU assistance are: Energy efficiency in public buildings in Kosovo; water and sanitation in FBiH; water and sanitation in RS BiH; Mostar sport and cultural facility; Palace of Justice in Serbia; and post-earthquake housing reconstruction in Kraljevo. A number of other projects have received the same service through a request for Technical and Management Assistance (see below). A number of projects which have not included this service have suffered because of weak PIUs. The set up of an effective and well managed PIU has been a critical factor in a number of projects.

Technical and Management Assistance – this service is commonly also used for providing assistance to PIUs. Some 15 projects which this service was requested have been completed but not all of these have been entered into the MIS as completed deliverables.

Supervision of Works – only one project has completed and that was the Municipal and Regional Infrastructure project in Serbia. In practice this project was more about providing assistance to the PIU in setting up procedures for disbursement of the signed loan with multiple small construction contracts and little time was spent on supervision.

5 Feedback from stakeholders and review of issues

The present chapter presents the feedback received from stakeholders and presents a review of the key issues.

5.1 Feedback from stakeholders

5.1.1 Beneficiaries

Feedback from Beneficiaries has been in general very positive but a number have highlighted some areas for improvement.

Positive factors highlighted that contributed to the success of WBIF were:

- WBIF made it easier to work on cross border (regional) projects
- Clear TA implementation procedures for the WBIF-IPF portfolio
- Relatively short time period between project proposal and start of project preparation activities on the WBIF-IPF portfolio

Areas for improvement were:

- Unclear procedures for the selection of projects at PFGs which the Beneficiaries found demotivating
- Unclear implementation procedures for EWBIF funded projects
- Lack of information on the status of implementation of EWBIF funded projects

5.1.2 IFIs

Feedback from the IFIs has highlighted the following points:

- Key factors important to success are seen to be: the prioritisation of the project by the Government and the EU; the need for the project to be mature for implementation; early consultation with the lead IFI to ensure adequate resource implementation
- The importance of having Ministry of Finance approval to the financing plan submitted in a PGAF
- The ownership by Beneficiaries is a positive factor compared to their experience of other Blending Facilities
- Some clients would like to have a stronger control over the IPF consultant who is contracted by the EC works to meet Beneficiary and IFI requirements.
- NIPACs, whilst the main counterpart for WBIF activities, are not IFI counterparts at the level of the projects. This makes inter-ministerial communication important to achieving an effective communication on projects.
- Feedback from IFI project managers is that the WBIF requirements for reporting (MIS updates and inputs to Projects Compendium and Annual Report) are onerous. Harmonization and alignment for reporting formats and content is considered necessary to avoid repetition.

5.1.3 IPF consultant teams

Possible ideas for improving efficiency were pooled by the IPF teams and include:

- IPF experts have been used to write Terms of Reference for some EWBIF funded projects to avoid the extra time required to procure a consultant. This practice could be expanded if appropriate whether by IPF or IFI CO.
- The number of applications per round has been steadily decreasing (see Monitoring report). This is partly due to an improved focus but also may be due to debt considerations. It may soon be more practical to switch to one round per year and to provide more time in the WBIF cycle for both preparation of applications and for their evaluation.
- Participation by the private sector is allowed under the WBIF Terms of Reference but in practice this is a grey area and there has to date been no direct private sector participation in infrastructure projects. It would be helpful to clarify the types of roles that the WBIF would encourage the private sector to take up.
- Very substantial investments are being made in the Western Balkans by Russia, China, Azerbaijan, the United Arab Emirates and Kuwait. It would be useful to engage in a dialogue with the beneficiaries on these investments.
- The experience of the TA teams is that the studies progress most successfully when there is an active participation by the lead IFI to steer the project.
- Including a risks and assumptions section in the PGAF might be way to highlight potential difficulties.
- Apply a governing ratio that would link grant awards to successfully performing projects. This has the benefit of being a single simple mechanism that discourages inappropriate/immature projects and encourages progressing projects to completion (or their removal from WBIF). A judgement can be made on the ratio applied and whether certain projects, for example Sector Development Projects, are exempt from the ratio calculation.

5.2 Review of issues

5.2.1 Introduction

The project sheets presented in Annexe have been reviewed to identify the full range of issues that have occurred during the development of the pipeline. The present section presents a broad inventory of these issues, an analysis of their causes and a discussion as to how improvements could be made in the future. The review is presented according to the different stages of the WBIF cycle defined in the Joint Grant Fund Terms of Reference:

- Overall objectives
- Upstream work and project identification (phase I)
- Submission of applications (phase II)
- Screening and assessment of applications (phases III & IV)
- Award of grants (phase V)
- Mobilisation of the TA/grant (phase VIa)
- Implementation of TA grants (phase VIb)
- Implementation of investment grants
- Financing
- Construction

5.2.2 Overall objectives

The grants that have been approved to date fall into the following broad categories in terms of their overall objective:

- Grants to support sector development studies (lead by the World Bank)
- Grants to support master plans and project identification
- Grants for project preparation to prepare project financing with a loan component
- Grants to support disbursement of loans that have already been signed
- Grants to support investment facilities (EDIF/REEP)

The JGF Terms of Reference and WBIF Guidelines are quiet on these different objectives which provides flexibility. However, in early rounds it was made clear that projects needed to be mature in the sense that the provision of loans could be anticipated and thus Master Plan type projects were generally discouraged. In recent rounds policy has shifted and some Master Plan studies have been approved. It is recommended: i) that these objectives should be clarified and that it should be decided if Master Plans are indeed appropriate for WBIF. If yes then it is proposed that they should be allocated as sector study. ii) that the PGAF form should identify the category of objective by providing them in a tick box list .

5.2.3 Upstream work and project identification

Announcement of rounds – the decision on launching a round is announced immediately after a Steering Committee with approximately two months for identification and preparation of Project Grant Application Forms (PGAFs). Typically there follows a flurry of activity with NIPACs implementing the procedures they have in place for consulting with all potential beneficiaries. This tight two month programme is often the reason why some applications are prepared too hurriedly. It is recommended that it would be better to plan for it to be a more continuous process with a given Steering Committee taking a decision not on the next round but the subsequent one thus allowing at least six months for the planning of applications.

Budgeting – the amount of budget available for each round is generally not known in advance. However, the IFIs and NIPACs would find it helpful to know approximately how many applications would be welcomed in order to avoid wasted effort. It is recommended that it would be helpful to announce the amount of budget available for each round at the time that the round is launched. If this planning could be done on an annual basis it would be even more helpful.

Prioritisation of applications – applications are expected to be for Government priority projects but Government priorities and strategies are often not transparent. The move to IPA II with the publication of sector strategies should solve this issue.

Regional versus national – WBIF is a regional instrument but in practice only a minority of projects can be deemed to be regional with the majority being national projects for which loans are seen as necessary. This means that the NIPACs have the option for seeking funding for national projects either via the EU Delegations with grant funding or via WBIF with a blending of grant and loan funding. It is understood that the move to IPA II will remove this overlap by seeking to create a single project pipeline.

Coordination in country– the IPF programme has provided training and support to NIPACs and beneficiaries during the identification process with coordination provided by WBIF country managers. This role will be taken over by the new IFI CO contract but the coordination mechanism will cease when the contracts for the country managers end in June 2014. It is recommended that a WBIF coordination role should be maintained on each country even if only on a part time basis.

5.2.4 Submission of applications

The quantity of applications has reduced from a peak of 89 in the third round to an average of between 20 and 30 four years later in 2013. The quality of applications has improved over time but weaknesses are still present. Ideas for improving this procedure are set out below:

Endorsement by lead IFI and Ministry of Finance – there is still sometimes confusion as to whether an application is supported by an IFI and it is not transparent in the PGAF as to the viewpoint of the Ministry of Finance. It is recommended that every application should be supported both by a letter/email from the lead IFI signed by the WBIF coordinator for that financier and by a letter of endorsement from the Ministry of Finance. Proposed drafts for these letters are attached in Appendix 3. Whilst the Ministry of Finance may not be able to confirm financial support for projects that have not yet completed the feasibility study stage they should still indicate their support even if it has to be qualified in these instances.

Project maturity – a number of projects have proved problematic during implementation because they had not yet reached an appropriate level of project maturity. It is recommended that the lead IFI should verify the level of maturity and confirm this in their letter of support (see Appendix 3).

Segmentation of services – the attitude towards applications applying for multiple services (i.e. feasibility study, design and supervision) has varied in the last four years with some being approved and some limiting it to one service only. The project sponsors argue that approval of several services speeds up project delivery while the EC considers it inefficient use of funds to tie up considerable grant sums that are not spent for years afterwards. It is recommended that a compromise would be to clarify in the guidelines that requests for multiple services should be justified and that, when a feasibility study (or pre-feasibility study) is requested, additional services will not be permitted because of the uncertainty over the project viability.

Terms of reference – it has been suggested that some of the problems encountered in implementation could be overcome by investing more in the application preparation stage and that, for example, terms of reference could be prepared prior to submission of applications. However, the input to prepare terms of reference to the required standard is substantial with consultation required with the beneficiary, the supporting IFIs and the EC all of which requires several months. It is not considered realistic to expect this effort to be made prior to submission of applications when possibly half may be wasted due to non approval.

Social sector window– consideration should be given to providing a social sector window which would offer incentive grants at time when the economic crisis has impacted the social sector particularly severely.

5.2.5 Screening and assessment of applications

Initially separate PFG meetings were devoted to the screening and assessment processes but for the last two years following the first WBIF review both processes have been undertaken in a single meeting.

Attendance by NIPACs – the NIPACs have repeatedly requested that they would like to attend the PFG meetings and a compromise has been reached whereby they attend the policy and strategy component of these meetings. The other stakeholders continue to hold the view that it is difficult to screen and assess the grants in the presence of those having submitted the applications. It is recommended to maintain the compromise solution with the NIPACs attending the policy and strategy meetings.

Transparency of processes – it is important that the results of the screening and assessment processes are communicated in a timely fashion. The current methodology is for the Secretariat to issue a summary table with the outcomes immediately following the PFG meeting and for the PGAF application forms with completed screening and assessment comments to be circulated with the documentation for the Steering Committee. It is recommended to strictly implement this methodology.

Use of governing ratio – one method of incentivising good applications would be to introduce a governing ratio which would link the number of grant awards by beneficiary to the number of successfully performing projects.

5.2.6 Award of grants

EWBJF, EC IPF or IFI – there are three separate implementation mechanisms depending on the source of the financing. If the IFI is financing the grant they implement it directly themselves in accordance with their own procedures. If the EC IPF mechanism is used the EC instructs one of the IPF framework contractors to undertake implementation. If the funds are from the EWBJF then firstly the funds need to be transferred to the lead IFI, secondly a funding agreement needs to be signed with the Beneficiary and thirdly either the beneficiary or the IFI will launch a procurement process. In the latter case the steps are different depending on the IFI. It is recommended that these three mechanisms are described in the WBIF procedures together with any particularities (i.e. investment grants have to be funded from the EWBJF). It is also recommended that the amount of budget available under each fund is made known at the launch of each round if possible.

5.2.7 Mobilisation of TA

The objective is rapid mobilisation of a TA following the award of a grant and the threat that the grant could be cancelled after one year if terms of reference have not been prepared has been implemented for this reason. There are two mechanisms for mobilising the TA grant depending on whether it is to be funded by the EC via the IPF TA framework contracts or by EWBJF via TAs procured by the lead IFIs. The issues experienced to date have included:

Method of implementation	Issues
IPF – EC led	<ul style="list-style-type: none"> • No lead IFI – project put on hold • Several projects awarded at once requiring prioritisation • Difficulty to satisfy all three stakeholders (Beneficiary, IFI, EC)

	<ul style="list-style-type: none"> • Disagreements within beneficiary • Delays in receiving comments from beneficiary • Budgets inadequate for services requested
EWBGF - IFI led	<ul style="list-style-type: none"> • Delays in signing Implementation Agreements to transfer funds to IFI • Delays in signing Funding Agreements to transfer funds to beneficiary • Complications during procurement of consultants • Delays in receiving commitment letter from beneficiaries to commence with ToR • Budgets inadequate for services requested

The steps using the IPF mechanism are:

- i) instruction by EC to respective IPF team to implement TA;
- ii) preparation of ToR and approval by beneficiary and lead IFI;
- iii) approval by EC;
- iv) preparation of TA team by IPF consultant and approval by EC.

The IPF mechanism is able to mobilise staff to write terms of reference immediately although in practice there have been some delays due to the need to activate multiple projects at the same time. Going forward responsibility for preparing terms of reference will be transferred to the new IFI CO contract with effect from the 11th round and this should represent an efficient way of achieving this objective. It is recommended that the IFI CO team should include consultation with the IPF team in order to agree issues that otherwise would be raised during the TA inception phase. It is also recommended that they consult with JASPERS if it likely that JASPERS will be called upon to comment on the project.

The mobilisation of grants funded by the EWBGF follows slightly different steps depending on the lead IFI but broadly these steps are:

- i) signature of the Implementation Agreement to transfer funds to the IFI
- ii) signature of a Funding Agreement with the Beneficiary
- iii) drafting of Terms of Reference
- iv) procurement of consultants.

The first step, namely the signature of the Implementation Agreement which allows transfer of the grant funds, incurred delays during negotiation of the original template and has continued to suffer delays as circumstances have changed a number of times and new negotiations have been required. The most recent change requiring negotiation has been the introduction of new EC financial regulations and this is currently holding up a number of projects. It was originally assumed that the process would become standardised and rapid but this has yet to materialise. It is recommended that a note on how to speed up mobilisation of EWBGF funded grants is prepared by the co-managers and the EC and presented to the PFG.

5.2.8 Implementation of TA grants

The inventory of issues identified in the project fiches presented in Annex is summarised below:

Issue	No of projects	Discussion
Change in government strategy	11	Cause of cancellation of majority of grants cancelled to date
Institutional set up	9	Lack of clear responsibility for waste management in Albania is example
Length of time to mobilise	9	Delays in getting Implementation Agreement or Funding agreement signed is reason in many cases
Limited fiscal space	8	Is affecting implementation of some projects and also rate of disbursement on others
Stakeholder conflict	7	i) IFIs not coordinating activities (1 no.) ii) EUD project not coordinated with WBIF project (1 no.) iii) Internal disagreement with beneficiaries (5 no.)
Transfer of TA funds	7	Related to both delays in Implementation Agreements and Funding Agreements
PIU capacity	7	Has delayed or weakened implementation in a number of cases
No lead IFI	4	Small number of projects in early rounds only
Permit issues	4	Examples include permits for geotechnical investigations and location permits
Project maturity	3	Number of projects not ready for implementation causing delays
Delays in receipt of comments	3	
Financing gap	3	Creating bottleneck to progress
Poor previous designs	3	Examples include poor design from previous project and supervision of designs that have been poor
Design revision	2	Has produced difficulties due to lack of government budget and also significant delays
No loan potential	2	Small number of projects in early rounds only

Despite the long list of issues there are no examples of TA projects which have not completed their deliverables with the exception of those grants cancelled due to changes in government strategy. There are cases, however, where implementation of the grants has been delayed. The issues are discussed with suggestions for potential improvements in the future below:

- Change in government strategy is a prerogative of every government and there will always be some project losses as a result although the development of sector strategies will go towards reducing this.
- Institutional weaknesses have been at the root of a number of problems. This is an issue which the EU Delegation would be best placed to advise on.
- The length of time to mobilise has been the cause of frustration on a number of projects and is closely linked in some cases to the difficulties in transferring funds.
- Limited fiscal space has become an issue as the economic crisis has developed and is likely to lead to the postponement of some projects
- There are a number of examples of stakeholder conflict impacting project development. One option to minimise these would be to increase the role of the EU Delegation in supervision of the project pipeline which may be an outcome of the “single pipeline”.

- The PIU capacity is something that the IFIs are very aware of and insist on in the loan agreements. Nonetheless it is a recurring problem and it is recommended that the project framework involving these types of project deserves special focus.
- The early projects not having a lead IFI or not being suitable to sustain loans are problems that are unlikely to be repeated under current tighter screening and assessment.
- Ensuring that difficulties with permit and other statutory issues are minimised could be achieved by adding a box to the PGAF to detail what issues the project is likely to face and the current situation.
- The lack of project maturity is proposed to be dealt with by asking the lead IFI to confirm that they are satisfied with project maturity in their letter of support for the PGAF.
- A financing gap has been identified on a small number of projects which is creating a bottleneck
- Poor previous designs could be checked during the maturity review.
- Design revision is specific to design projects and it is recommended that the planned implementation arrangements are clearly specified in the PGAF.
- Delays in commenting is an issue that has to be dealt with by the Project Task Force.

It is recommended that the best way to minimise a lot of the problems listed above would be to introduce a governing ratio which would link the number of possible grant awards to the number of successfully performing projects. This would serve to discourage inappropriate or immature projects.

One key issue that was raised by several IFIs with regard to the IPF framework was the feedback that they would like more control over the IPF consultant. The EC requires the IPF consultant to satisfy the Beneficiary (who approves the deliverables) and the lead IFI (who provides a no objection) and in principle this situation should be no different to that when consultants are procured under EWBJF arrangements. The experience of the IPF team is that pro-active management by the lead IFI produces the best results and the recommendation is that the Project Steering Committee (or Task Force) for each project should be chaired by the lead IFI. The justification for this is that the overall aim is to produce bankable projects.

A further key issue is the lack of any project reporting within WBIF on the EWBJF grants. There is no legal requirement for reporting within WBIF on EWBJF projects (excluding the MIS six monthly updates) and this is a weakness for which the IFIs should propose a solution. This situation is complicated by the feedback from IFI project managers that they already have a high workload of "project inputs to WBIF" which include the MIS updates, annual updates for the Project Compendium and consultation over the Annual Report. For purposes of comparison, the IPF consultant teams are obliged to produce bi-monthly reports which are circulated to all stakeholders. In addition the IPF team briefs each NIPAC and EU Delegation on the progress with their in country portfolio of projects at least every six months.

5.2.10 Implementation of investment grants

The key issues with respect to investment grants are the fact that some grants have taken a long time to start disbursement for a number of reasons. It is recommended to carefully check the maturity of any project requesting an investment grant to verify that it is

extremely likely that disbursement could begin within two years as well as the justification to meet the financing gap (Guidelines will need to be changed as they currently state three years).

5.2.11 Financing

One project has been cancelled to date because the Government was unable to provide the fifty per cent of funds required in addition to the loan. This project is likely to still go ahead but in a reduced specification and with a delayed timetable. A number of projects in several countries are citing the lack of fiscal space as a reason for delaying financing agreements on certain projects. It looks as though the impact will be a delay in the project financing for a limited number of projects which have not been prioritised. The prime example is the transmission line sector in Albania where roads have had a higher priority in recent years and several transmission line feasibility studies have not progressed to the next stage. It is recommended that the Ministries of Finance become more closely involved in the WBIF pipeline in the future by providing endorsement to new applications and through attendance at certain key WBIF meetings.

There has to date been no involvement of private sector finance in WBIF. All project preparation to date has been for public companies or entities although opportunities exist for public-private partnerships and this possibility has been discussed. The creation of a window for the preparation of key public-private partnership projects might be a way to catalyse this potential source of investment. WBIF technical assistance would be able to facilitate the institutional and technical framework which would be necessary for such projects to succeed.

5.2.12 Construction

Problems that are commonly experienced with many construction projects have been appearing as the pipeline moves increasingly into the construction phase such as: land expropriation; tendering issues; contractor performance etc. These are managed through the normal contract management processes. However, a key issue has also been the completion of the project financing when the tender results are known. There are several cases where projects have been held up due to tenders being higher than expected thus creating an additional financing gap.

6 Conclusions

6.1 Overview by type of grant

The review has examined the use of the 169 grants awarded by WBIF for rounds 1 to 9 by type of grant which have been distributed as follows: 150 TA grants; 19 investment grants (of which are 2 combined with TA grants); 2 investment facilities; and six interest rate subsidies (all combined with TA grants).

TA grants

The overview of the progress of the 150 TA grants during each of the stages of the project cycle may be summarised as follows:

- 8% of the grants have been cancelled due to difficulties during the first stage, namely the preparation of Terms of Reference and mobilisation of the TA. The reasons for these cancellations have been various but almost all are related to changes in government strategy, or that of the direct beneficiary.
- Mobilisation of grants, including all steps between grant award and consultant commencement, has taken on average 9 months under the EC IPF framework and 18 months for IFI led projects financed under the EWBIF. These times have improved to less than 6 months and 12 months respectively in recent rounds.
- Almost all TAs have progressed successfully to deliver the services requested with the exceptions being those that were cancelled (12 No), those under the written review procedure (2 No) and a few which have been delayed in start up. About one in seven have experienced problems during implementation which have been worked through and overcome.
- 90% of TAs which have been completed have continued to progress to the next stages of project preparation. Approximately 10% have reported no progress but may still progress.
- The first three rounds have seen a conversion rate of grants resulting in signed loans of 51%. It is forecast that a final conversion rate exceeding 70% can be expected for this first third of the pipeline.
- Over 50% of the projects in the first three rounds have progressed to construction stage and this forecast to rise to over 70%.
- Six of the eight sector development grants are at project preparation stage so that there is little report at this stage.

Investment grants

The grants account for 31% of all WBIF grants by value. The bulk of these grants (87%) are the Municipal Window grants that were awarded in 2009 and although the projects that they are supporting have generally progressed more slowly than initially anticipated the majority of these grants are advancing. The other investment grants awarded more recently since round 5 include one that has been cancelled due to restructuring of a project partner, three that have completed disbursements and three that are at project preparation stage.

Investment facilities

The two investment facilities EDIF and REEP have benefited from grants totalling €57.55 million or approximately 20% of the value of the current pipeline. The energy efficiency programme is already signing loans while the SME platform will become fully operational in early 2014. Both projects are planned to make a considerable impact in their targeted fields.

Interest rate subsidies

Six projects have been awarded interest rate subsidies. Four of these projects are social sector projects with CEB as lead IFI, one is an environment sector project and one is an energy project. All are twinned with a TA grant for project preparation. None of them have yet progressed to construction stage although one is now very close to achieving this.

6.2 Overview by sector and feedback from stakeholders

Overview by sector

The review carried out by sector and by beneficiary has confirmed that a reasonable balance has been maintained across all sectors and beneficiaries. The following issues have been highlighted:

- In Albania four Feasibility Studies have been carried out of transmission line projects all of which have demonstrated good rates of return with the lead IFI ready to provide a loan. However, none of these projects have yet progressed further pending a decision by the Government on financing.
- In Serbia two studies concerning the railway sector have been cancelled due to changes in government/beneficiary strategy. There remain three further grants under execution in this sector.
- No regional projects have yet progressed to financing stage.

Feedback from stakeholders

Feedback from stakeholders has been sought during the preparation of the review. The Beneficiaries provided generally very positive feedback highlighting in particular the speed with which WBIF was able to mobilise project preparation activities (in most cases) and the benefits of working on cross border projects. As to how things could be improved they reported that the implementation procedures for EWBIF grants were unclear to them and that they often had difficulty getting information on the status of these projects which had a long initiation process. It is likely that this situation has developed due to the length of time required to get Implementation Agreements signed in some cases and also the fact that the IFIs contract with the line Ministry and not the NIPAC.

The IFIs see the ownership by the NIPACs as positive compared to other blending facilities and emphasised the importance of the Ministries of Finance being involved developing the project financing plans. Whilst they are positive towards the EC financed IPF framework programme, they would like to have greater control over the IPF consultant. They also report that their project managers find the WBIF reporting requirements to be onerous.

The IPF teams have contributed a number of ideas for improving the efficiency of the WBIF process and provided the feedback that the TA projects under their implementation have progressed most successfully when the lead IFI has been closely involved.

6.3 Recommendations

Recommendations have been developed **by the consultant** for consideration by the Task Force and have been organised in line with the WBIF project cycle. Operational and systemic issues are presented under separate headings.

6.3.1 Operational issues

Overall objectives

- The objectives for project assistance should be clarified and it should be decided if Master Plans are indeed appropriate for WBIF. If yes then it is proposed that they should be allocated as a sector study.
- The PGAF form should identify the range of objectives by providing them in a tick box list.

Upstream work and project identification

- It would be better to plan for the preparation of project grant applications to be a more continuous process with a given Steering Committee taking a decision not on the next request for applications but the subsequent one thus allowing at least six months for the planning of applications.
- It would be helpful to announce the amount of budget available for each round at the time that the round is launched. If this planning could be done on an annual basis it would be even more helpful.
- WBIF coordination in country, as currently provided by the WBIF Country Managers, will cease when the contracts for the country managers end in June 2014. It is recommended that a WBIF coordination role should be maintained for each country although this may only be needed on a part time basis.

Submission of applications

- Every application should be supported both by a letter (or E Mail) from the lead IFI signed by the WBIF coordinator for that financier and by a letter of endorsement from the Ministry of Finance (see draft in Appendix 3).
- The lead IFI should verify the level of maturity and confirm this in their letter of support (see draft in Appendix 3).
- Requests for multiple services should be justified and, when a feasibility study (or pre-feasibility study) is requested, additional services should not be permitted because of the uncertainty over the project viability (but it should be noted that EIA and PD are often required as part of a FS in some countries).
- Consideration should be given to creating windows for social sector projects and PPP projects

Screening and assessment of applications

- Attendance of PFG meetings by NIPACs - it is recommended to maintain the compromise solution with the NIPACs attending the policy and strategy meetings but not the screening and assessment of grants.
- Communication of results - the current methodology is for the Secretariat to issue a summary table with the outcomes immediately following the PFG meeting and for the PGAF application forms with completed screening and assessment comments to be circulated with the documentation for the Steering Committee although application has varied in recent rounds. It is recommended to strictly implement this methodology.
- Introducing a governing ratio which would link the number of grant awards to the number of successfully performing projects

Award of grants

- The three funding mechanisms under which WBIF grants can be implemented (IPF, EWBJF and IFI) should be described in the WBIF procedures together with any particularities (i.e. investment grants have to be funded from the EWBJF). It is also recommended that the amount of budget available under each fund is made known at the launch of each round.

Mobilisation of TAs

- A note on how to speed up mobilisation of EWBJF funded grants should be prepared by the EWBJF co-managers and the EC and presented to the PFG

Implementation of TAs

- Not accepting projects without a lead IFI (as per current practice)
- Requiring the lead IFI to confirm that they are satisfied with project maturity in their letter/email of support for the PGAF (analysis of project maturity in line with local legislation is the responsibility of the Beneficiary).
- Solving or avoiding cases of stakeholder conflict, or institutional weakness, by involving the EU Delegation in supervision of the project pipeline
- Insisting on the development of sector strategies to reduce changes in government policy

Further recommendations are:

- The Project Steering Committee (or Task Force) for each IPF project should be chaired by the lead IFI. The intention is that the IFIs should feel that they control the TA.
- The IFIs should propose a solution for the reporting to the WBIF of the progress of EWBJF funded projects

Implementation of investment grants

- The maturity of projects requesting investment grants should be carefully justified by the NIPACs and Ministries of Finance to verify that it is extremely likely that disbursement could begin within two years as well as the justification to meet the financing gap (Guidelines will need to be changed to match as they currently state three years).

Financing

- The Ministries of Finance become more closely involved in the WBIF pipeline in the future by providing endorsement to new applications and through attendance at certain key WBIF meetings.
- All project preparation to date has been for public companies or entities. Opportunities exist for public-private partnerships and this possibility has been discussed. The creation of a window for the preparation of key public-private partnership projects might be a way to catalyse this potential source of investment. WBIF technical assistance would be able to facilitate the institutional and technical framework which would be necessary for such projects to succeed.

6.3.2 Systemic issues

Mobilisation of TAs

- During preparation of Terms of Reference for IPF projects the IFI CO team should include consultation with the IPF team in order to agree issues that otherwise would be raised during the TA inception phase and should also consult with JASPERS if they are likely to advise on a given project.

Implementation of TAs

A number of common issues have arisen on projects and these could be minimised by:

- Checking previous designs as part of the maturity review
- Providing a careful review of the set up any PIUs.
- Ensuring that responsibility for design revision, when required, clearly specified in the PGAF
- Including in the PGAF form a box which highlights the statutory requirements to be fulfilled and the current situation (e.g. permits)

Appendix 1

Summary overview of WBIF pipeline

To be added

Annexe 1 Presentation of status of TA grants

Rnd	Project Code	Title of Operation	Country (ies)	Sector (s)	Lead IFIs	TA Management	Services requested	ToR status	TA Status	Post TA project prep status	Prob. of Sign.	Current stage	Review comments	Factors key to success/failure
1	TA-ALB-11	Upgrade of Transmission System	ALB	ENE	KfW	IPF 1	I;PFS	Completed	Completed	Additional WBIF grant	N/A	Study only	Study resulted in three WBIF FS (TA3-ALB-ENE-01, WB4-ALB-ENE-01, and WB6-ALB-ENE-03), and other KW-directly funded projects.	Arrival of KfW to take lead IFI role when none had been nominated.
1	TA-FYRMAC-02	Pilot Project – Windpark Development	MKD	ENE	KfW	IPF 1	FS	Completed	Completed	Completed	Signed	Construction	Construction ongoing with completion due March 2014	Consistent vision from ELEM (beneficiary) and KfW
1	TA-MON-02	Electricity Network Development Programme	MNE	ENE	EBRD	IPF 1	FS;PFS	Completed	Completed	Next stages ongoing	Signed	Project preparation	FS Lastva - Pljevlja is complete. Loan agreed. Construction of undersea cable is ongoing and construction Lastva - Pljevlja line now planned.	Decision to develop Italy - Montenegro underground sea cable rendered this study suddenly very important.
1	TA-SER-26	Uprating of transmission network in Western Serbia to 400kV operation	SER	ENE	EBRD	IPF 1	FS;PFS	Completed	Completed	In progress	High	Project preparation	EMS have recently stated that they now wish to go ahead with this project, and intend to seek financing for it with KfW.	Whether EMS will request loan
1	TA-BIH-03	Plava Voda Regional Water Supply Project	BiH	ENV	CEB;EBRD	IPF 1	DD	Completed	Under Execution		High	Project preparation	Financing has been agreed and design is complete. Was held up until five municipalities agreed on shares in project company. Solved end 2013.	Key regional project with backing of MoF Support by KfW, who at the start were the only IFI able to operate in Kosovo, and investment grant from EC to make project financially sustainable
1	TA-KOS-01	Regional Water Company Prishtina	KOS	ENV	KfW	IPF 1	FS;TMA	Completed	Completed	Completed	Signed	Tendering	Loan now in place and construction about to start. Additional WBIF grants supporting this project (WB5-KOS-ENV-06)	grant from EC to make project financially sustainable
1	TA-MON-07	Podgorica waste water project	MNE	ENV	EIB	IPF 1	FS	Completed	Completed	Next stages ongoing	High	Construction	Water supply and wastewater project prepared as one project with agreement of EIB and Beneficiaries. EIB framework loan.	Montenegro's ability to engage the loan
1	TA-MON-05	Podgorica Water Infrastructure Project	MNE	ENV	EIB	IPF 1	FS	Completed	Completed	Next stages ongoing	Signed	Construction	First water supply package has been agreed and is under implementation	
1	TA-SER-17	Feasibility study for collection and treatment of waste water in the municipality of Vranje and Uzice	SER	ENV	KfW	IPF 1	FS	Completed	Completed	Completed	Signed	Tendering	Vranje and Uzice are amongst part of KfW programme with loan and are at tendering stage	Decision by KfW to support these projects, which initially had no lead IFI, and investment grant from EC to make the project financially sustainable.
1	TA-ALB-10	Education, Excellence and Equity Project (EEE-P) and Rehabilitation of Tirana Schools – 2nd Phase	ALB	SOC	CEB;EIB	IPF 1	I;TMA	Completed	Completed	No progress	N/A	Study only	TA was input to health sector project. Updated loan request for CEB Board approval in June 2014 with MoF backing.	Ministry of Finance support for project
1	TA-ALB-04	Tirana University Hospital Centre Reform Programme in Albania- 2nd Phase	ALB	SOC	CEB	IPF 2	EIA;FS;O;TMA	Completed	Completed	No progress	High	Project preparation	TA completed. Call for Tenders published in February 2013, retendered end 2014 and offers under adjudication.	In MoF budget
1	TA-BIH-01	State Prison Project in Bosnia&Herzegovina	BiH	SOC	CEB	IPF 1	FS;PD;TMA	Completed	Completed	Completed	Signed	Tendering	Construction of Kumanovo prison almost completed. Works on Tetovo and Idrizovo prisons to start soon. There were some delays in TA implementation due to client procurement procedures.	Consistent support from CEB
1	TA-FYRMAC-01	Idrizovo Prison Reform Project in FYR Macedonia	MKD	SOC	CEB	IPF 2	DD;FS;TMA	Completed	Completed	Next stages ongoing	Signed	Construction	Tirana - Durres identified as key project. Next stage approved as WB4-ALB-TRA-09. Not prioritised by MoF.	Ministry of Transport prioritisation & MoF support
1	TA-ALB-06	Feasibility study for track renewal and signalling and communication systems in the whole network of Albanian Railway	ALB	TRA	EBRD	IPF 1	FS	Completed	Completed	Additional WBIF grant	Low	Project preparation	EIB and EBRD has signed loans for 421 million and further 60 million loan planned. Management support TA now nearing completion.	
1	TA-BIH-08	Corridor Vc – second phase	BiH	TRA	EBRD;EIB	IPF 1	FS;TMA	Completed	Completed	Next stages ongoing	Signed	Construction	EU Delegation are financing design stage of this regional road.	EU support when EBRD withdrew support
1	TA-BIH-06	Construction of Main Road Foca (Brod na Drini)-Hum	BiH	TRA	EBRD;EIB	IPF 1	FS	Completed	Completed	Next stages ongoing	High	Project preparation	EBRD now supporting the design phase under WB9-KOS-TRA-01	EU support during initial absence of lead IFI
1	TA-KOS-02	Rehabilitation of Railway Route 10 (Leshak – Mitrovicë – Fushë Kosovë – Ferizaj – Hani i Elezit)	KOS	TRA		IPF 2	PFS	Completed	Completed	Additional WBIF grant	Medium	Project preparation	FS completed but Serbian Railways changed strategy and follow up WBIF grant (WB4-SER-TRA-05) was cancelled.	
1	TA-SER-15	Reconstruction of the line Nis-Presevo-Macedonia border	SER	TRA	EBRD;EIB	IPF 1	EIA;FS	Completed	Completed	Additional WBIF grant	Low	Project preparation	All requirements of loan have been met and construction is ongoing. Land expropriation is causing delays.	
2	TA2-MKD-ENE-02	Construction of OHL 400kV FYRoM-Serbia	MKD	ENE	WB	IPF 1	EIA;O	Completed	Completed	Completed	Signed	Construction	An EU grant (€4.8) has been allocated to Kavaja WWTP. Construction from 16/10/2012 to end 2014. Component not supported by EU (Golemi) faces problems.	EU financing and support
2	TA2-ALB-ENV-03	Upgrading of Kavaja Waste Water Treatment Plant and completion of the sewerage network for Golemi	ALB	ENV	EC	IPF 2	DD	Completed	Completed	Completed	Signed	Construction	Long discussions on project eventually resulted in agreement on project FS. KfW supporting with loan and EC with investment grant MW-ALB-ENV-CEB/KfW	EU investment grant which helps to make project financially sustainable.
2	TA2-ALB-ENV-02	Project of Water Supply & Sewerage of Kamza	ALB	ENV	CEB;KfW	IPF 1	FS	Completed	Completed	Next stages ongoing	Signed	Tendering	Project financed by EU Grant of 3.6m. Contract signed on May 8, 2012 and construction is planned to end 2014	EU financing and support
2	TA2-ALB-ENV-01	Waste water sanitation in Lezha and Shengjin	ALB	ENV	EC;KfW	IPF 2	DD	Completed	Completed	Completed	Signed	Construction	Part of EIB framework loan agreement with the Government for Water and Sanitation. EU Delegation is supporting the next stage of project preparation.	IPA grant ensured sustainability
2	TA2-MNE-ENV-04	Wastewater treatment plant Berane	MNE	ENV	EIB	IPF 1	FS	Completed	Completed	Next stages ongoing	High	Project preparation	No IFI supported this project and EC delayed implementation. The design has been completed. Agreement with CEB to finance it under the RHP..	Grant required to fund construction.
2	TA2-MNE-SOC-08	Center for Elderly – Pljevlja	MNE	SOC		IPF 1	ATP;DD;O	Completed	Completed	Completed	Signed	Construction	TA supported disbursement of signed loan by assisting PIU. 50 million loan 85% disbursed at end 2013.	TA was important to initiating processes for loan disbursement
2	TA2-SER-SOC-04	Municipal and Regional Infrastructure	SER	SOC	EIB	IPF 1	ATP;O;SoFw; TMA	Completed	Completed	Completed	Signed	Construction	Long discussions at ToR stage on line speed. Framework loan agreement signed with EIB for the overhaul of entire Corridor Vc: 40 m euro in 11/6/2001 and 86m euro on 21/12/2005. Negotiations on going for third loan agreement, to be signed in 2013 for various sections.	Much time (1.5 years) was spent in agreeing the ToR. Once this was achieved it moved forward successfully.
2	TA2-BIH-TRA-02	Railway Sarajevo-Podlugovi	BiH	TRA		IPF 2	DD;TD	Completed	Completed	Next stages ongoing	High	Project preparation	Resulted in further WBIF grant TA3-MON-TRA-01 to support Preliminary design.	Convincing lead IFI that this can be a bankable project
2	TA2-MNE-TRA-03	Reconstruction of Main Road Scepan Polje-Pluzine (Bosnia and Herzegovina border)	MNE	TRA	EIB	IPF 1	FS;I	Completed	Completed	Additional WBIF grant	Medium	Project preparation		

LEGEND:

Stage progress Issues identified Serious problems

Rnd	Project Code	Title of Operation	Country (ies)	Sector (s)	Lead IFIs	TA Management	Services requested	ToR status	TA Status	Post TA project prep status	Prob. of Sign.	Current stage	Review comments	Factors key to success/failure
3	TA3-ALB-ENE-01	Feasibility Study for the Construction of 220/110 double circuit line - Tirana 2 (Razhbul) in replacement of existing line	ALB	ENE	KfW	IPF 2	DD;FS;O;TMA	Completed	Completed	No progress	Medium	Project preparation	KfW ready to finance if Albania requests loan. Fiscal space issue. Min of Energy undertaking project prioritisation.	Albania to request loan.
3	TA3-KOS-ENE-03	Improvement of District Heating, Phase 2 - CHP	KOS	ENE	KfW	IPF 2	FS	Completed	Completed	Completed	Signed	Tendering	EU providing MW grant of 14 million, German Gov grant of 6 million and Municipality 2 million. Loan signed and ratified. Construction tender awarded end 2012.	Sustained support by KfW and co-financing from the EU
3	TA3-ALB-ENV-03	Feasibility Study and Detailed Design for Improvement of Flood Protection Infrastructure in Albania	ALB	ENV		IPF 2	FS	Completed	Completed	No progress	Low	Project preparation	Project was not backed by an IFI and cannot support a loan.	Lack of lead IFI. Project needs grant financing for continuation.
3	TA3-ALB-ENV-02	Detailed Design for water supply and sewerage systems for Elbasan city	ALB	ENV	KfW	IPF 3	DD	Cancelled				ToR preparation	Institutional set up of water company needs to be changed. After three years of no progress the grant was cancelled at SC8	Institutional set up of beneficiary water company
3	TA3-BIH-ENV-05	Reconstruction of distribution networks in the municipalities connected to Plava Voda Regional Water Supply Project - 4 municipalities	BiH	ENV	EBRD	IPF 1	TMA	Completed	Under Execution	Not applicable	High	Project preparation	The project is linked to the Plava Voda pipeline design project and is expected to be funded by IPA contribution of €5m and beneficiary contribution of around €1. Financing gap of €2.5m	Finalisation of Plava Voda water project municipalities agreement. Investment grant of 2.5 million needed.
3	TA3-BIH-ENV-03	Bijeljina Waste Water Treatment Plant Implementation	BiH	ENV	EBRD	IPF 2	ATP	Completed	Completed	Completed	Signed	Construction	Assistance provided to initiating five contracts of which four are in advanced stage of implementation and one (WWTP) was started but terminated.	Good PIU
3	TA3-BIH-ENV-02	Water and Sanitation Federation FBiH - 16 municipalities	BiH	ENV	EIB	IPF 2	FS	Completed	Completed	Additional WBIF grant	Signed	Construction	Six municipalities have contracts in hand. The TA provided under IPF 2 has finished, although there were delays, and a new TA has been requested and approved.	Sustained EIB support, co-financing from EU (MW & IPA) and SIDA. PIU needs further strengthening.
3	TA3-BIH-ENV-01	Water and Sanitation in Republika Srpska - 15 municipalities	BiH	ENV	EIB	IPF 1	FS	Completed	Completed	Additional WBIF grant	Signed	Construction	for small projects already designed. Supports EIB Framework loan agreement with onlending financing agreements with twelve municipalities to date. Disbursing. TA will complete end 2013.	Innovative approach adopted by TA team is succeeding in rapidly utilising loan.
3	TA3-KOS-ENV-01	Project preparation Feasibility Studies for Waste Water Treatment Plants in Kosovo	KOS	ENV	EC;KfW	IPF 1	FS	Completed	Under Execution	Next stages ongoing	High	Project preparation	Pristina WWTP FS being taken forward by KfW and Gilan FS by EBRD. Ferizaj FS completed and Mitrovica ongoing.	KfW and EBRD are supporting the first two projects
3	TA3-MON-ENV-04	Wastewater treatment plant and network in Rozaje	MNE	ENV	EIB	IPF 1	FS	Completed	Completed	Completed	Signed	Tendering	EIB are providing loan and EU is providing IPA grant.	EU grant funding has made possible the financial sustainability of the project.
3	TA3-MON-ENV-02	Wastewater treatment plant and network in Kolasin	MNE	ENV	EIB	IPF 1	FS	Completed	Completed	Next stages ongoing	Signed	Project preparation	IPA funding planned in conjunction with EIB loan. This has been reviewed and confirmed by JASPERS.	EU grant funding to ensure financial sustainability of the project
3	TA3-MON-ENV-03	Wastewater treatment plant and network in Danilovgrad	MNE	ENV	EIB	IPF 1	FS	Cancelled			N/A	Cancelled	Lead IFI was EIB and Municipality signed an agreement with EBRD to undertake FS which was service requested from WBIF. WBIF grant was then cancelled.	Municipality decision to take up EBRD loan
3	TA3-SER-ENV-01	Municipal Water - Nis and Novi Sad Municipalities	SER	ENV	EIB	IPF 1	TMA	Held up	Held Up	Not applicable	N/A	ToR preparation	Held up for three years and eventually beneficiary opted not to use WBIF for specified services and has requested change in scope of services. This is currently under evaluation by WBIF under written procedure.	Delays on Beneficiary side to taking up WBIF grant
3	TA3-HR-SOC-01	Construction of a penitentiary/prison complex in Sibenik	HR	SOC	CEB	IPF 1	FS;TMA	Completed	Cancelled	Not applicable	Low	Cancelled	TA produced Feasibility Report on basis of which CEB offered 50 m loan. But Croatia could not raise 50 m government financing and WBIF grant was cancelled 2013	Fiscal space. Difficulty for Croatia to raise 50% counterpart funding
3	TA3-MKD-SOC-01	Health Provider Institutions (HPIs)	MKD	SOC	CEB	IPF 2	DD;FS;PD;TMA	Completed	Under Execution		High	Project preparation	Financing in place but difficulty in agreeing project formulation has slowed project preparation. Design ongoing. Phase II loan approved by CEB.	Changes on Beneficiary side and lack of clear priorities have slowed project preparation
3	TA3-SER-SOC-04	Social Housing - Serbia	SER	SOC	CEB	IPF 1	TMA	Completed	Completed	Next stages ongoing	Signed	Project preparation	Additional TA approved by CEB to support project implementation. CEB preconditions for disbursement are almost fulfilled but held over issue of social housing standards.	
3	TA3-SER-SOC-03	Modernization of prison facilities / providing humane and safe prison system	SER	SOC	CEB	IPF 1	DD;FS;TMA	Completed	Under Execution	Additional WBIF grant	High	Project preparation	CEB Admin Board approved loan of 18m for Pancevo on 27/1/2012 and 17m for Kragujevac on 03/2012. The National contribution is included in the National Budget for 2014..	Government has included project in 2014 budget
3	TA3-SER-SOC-02	Modernization of Judiciary Facilities	SER	SOC	EIB	IPF 2	DD;FS;i;TMA	Completed	Completed	Additional WBIF grant	Signed	Cancelled	Two buildings designed with tender docs but change in government priorities have meant tenders will not be launched. One of the two plots never received a building permit.	Change in government and change in government priorities. Land ownership problems meant no permit for one project.
3	TA3-SER-SOC-01	Building the knowledge economy of Serbia, Research and Development Infrastructure Initiative/Teaching Infrastructure Investment Programme	SER	SOC	EIB	IPF 2	FS;TMA	Completed	Completed	Completed	Signed	Construction	WBIF grant continued work initiated by EU Delegation. Facility designed in 2010 and built by mid 2012.	Good political support and excellent PIU.
3	WB1-ALB-TRA-01	Regional and Local Roads	ALB	TRA	EBRD;EIB	EBRD	DD;SofW;TMA	Completed	Under Execution	Not applicable	Signed	Construction	Good example of cofinancing and use of WBIF to support an existing loan. EBRD and EIB both have signed loans of EUR 50 million. IPA contribution of EUR 34 million.	
3	WB1-BIH-TRA-03	Mahovljani Interchange: Assistance with Institutional Strengthening of RS Motorways	BiH	TRA	EBRD	EBRD	TMA	Completed	Completed	Not applicable	Signed	Construction	The related investment project is co-financed by the EU IPA grant in the amount of €5.0 million.	
3	WB1-BIH-TRA-01	Corridor Vc Motorway	BiH	TRA	EIB	EIB	SofW;TMA	Completed	Under Execution		Signed	Construction	Corridor Vc motorway (phase II) under construction. TA Funding Agreement signed in 2012 and ratified in 2013. Design TA contracted Oct 2013.	
3	TA3-MON-TRA-01	Construction of the main road Scepan Polje-Pluzine (Bosnia and Herzegovina border)	MNE	TRA	EIB	IPF 1	EIA;PD	Completed	Under Execution		High	Project preparation	Preliminary design complete. Awaiting final approval by the Ministry of Transport.	Financing of first phase and ability of Montenegro to borrow funds
3	WB1-SER-TRA-03	Sava Bridge Loan Extension: Performance-Based Maintenance and Management ("PMMR") of Roads and Bridges	SER	TRA	EIB	EIB	TMA	Completed	Cancelled	Not applicable	Signed	Cancelled	Cancelled due to institutional difficulty in agreeing set up of maintenance company with Municipality	Institutional arrangement for project.
3	WB1-SER-TRA-02	Belgrade Rail Modernisation Project - Procurement, Implementation Support and Contract Supervision & and Urban Transport Public Service Contracting and Route Structuring Preparation	SER	TRA	EBRD	EBRD	TMA	Cancelled	Held Up			Cancelled	Cancelled June 2013 due to change in priorities in Belgrade Railways	Change in priority in Belgrade Railways priorities
3	WB1-SER-TRA-01	Corridor X Serbia	SER	TRA	EIB	EIB	DD;PD;SofW; TMA	Completed	Under Execution	Not applicable	Signed	Construction	TA consists of project management and special studies on two sections of corridor X.. Planned to complete end 2015. Projects are under construction.	Coordination of this 1.6 billion project is by World Bank.

LEGEND:

Stage progress Issues identified Serious problems

Rnd	Project Code	Title of Operation	Country (ies)	Sector (s)	Lead IFIs	TA Management	Services requested	ToR status	TA Status	Post TA project prep status	Prob. of Sign.	Current stage	Review comments	Factors key to success/failure
4	WB4-ALB-ENE-01	FS for construction of new Substation Tirana3 with 120MVA capacity for reinforcement of Tirana Ring	ALB	ENE	KfW	IPF 2	FS	Completed	Completed	No progress	Low	Project preparation	KfW ready to finance if Albania requests loan. Fiscal space issue. Min of Energy undertaking project prioritisation.	Albania to request loan
4	WB4-KOS-ENE-05	Energy Efficiency Measures in Public Buildings	KOS	ENE	KfW	IPF 1	FS	Completed	Completed	Additional WBIF grant	High	Project preparation	TA successful and grant for implementation support were granted in WBIF round 7.	
4	WB4-SER-ENE-04	Interconnection with Bulgaria Gas Transmission Pipeline	SER	ENE	EBRD	IPF 2	EIA;FS;SIA	Completed	Completed	No progress	Medium	Project preparation	EU funding on both sides of this regional project eventually achieved agreement between Serbia and Bulgaria. But next stage requires restructuring of Serbia Gas.	EU focus and funding from both sides of this regional project. Restructuring is pre-condition.
4	WB4-ALB-ENV-05	FS & DD Regional landfill	ALB	ENV	CEB;KfW	KfW	DD;FS	Cancelled			Nil	Cancelled	ToR completed after delay but no agreement between Government and IFI on FS. Conflicted by PPP project.	Institutional organisation for waste. World Bank PPP project conflict.
4	WB4-MNE-ENV-11	Construction of Regional Landfills in Plijevlja and Zabljak	MNE	ENV	EIB	IPF 2	EIA;FS;SIA	Completed	Under Execution		Low	Project preparation	Problems with decision making on project related parameters have delayed project preparation. FS results do not justify IFI loan.	Poor financial rate of return
4	WB4-MNE-ENV-12	Construction of Regional Landfills in Montenegro	MNE	ENV	EIB	IPF 2	EIA;SIA	Completed	Under Execution		High	Construction	Project has six components of which four are completed and two ongoing. Construction component is progressing (Livade leachate plant)	Sustained EIB and PIU support Close coordination between CEB and EU
4	WB4-BIH-SOC-02	Support to the construction of a Maximum Security State Prison	BiH	SOC	CEB	IPF 1	ATP;DD;IRS;O	Completed	Completed	Completed	Signed	Tendering	Tenders have now been received and are under evaluation. There are two WBIF grants for this project plus 2m Interest Rate Subsidy.	Delegation, as well as other donors, to maintain the project focus.
4	WB4-SER-SOC-05	TA for School modernization Programme	SER	SOC	EIB	EIB	TMA	Completed	Under Execution		Signed	Construction	With TA, Ministry has developed an education strategy and a methodology for investment planning. Current project under construction. Next investments in schools under preparation.	Ministry of Transport prioritisation & MoF support
4	WB4-ALB-TRA-09	Detailed Design for Tirana-Durres Railway Section and economic financial appraisal for whole rail network	ALB	TRA	EBRD	EBRD	DD;EFA	Completed	ToR Completed		Medium	Project preparation	Project has taken 2.5 years to get to ToR completed status. Not prioritised by MoF.	
4	WB4-ALB-TRA-08	TA for Project Implementation Roads Sector	ALB	TRA	EIB	EIB	TMA	Completed	Under Execution	Not applicable	Signed	Construction	WBIF technical assistance under execution. EIB loan signed. Project under construction with finish end 2015.	
4	WB4-SER-TRA-06	TA for Railways infrastructure	SER	TRA	EIB	EIB	TMA	Completed	Under Execution	Not applicable	Medium	Project preparation	Funding agreement for the TA signed in 2011. A revised railway strategy and action plan identify sections for potential investment and loan financing.	
4	WB4-SER-TRA-04	TA for Railways rehabilitation II	SER	TRA	EBRD;EIB	EIB	TMA	Completed	Under Execution	Not applicable	Signed	Construction	EIB loan 80,000,000; EBRD loan 60,000,000. Under construction with finish end 2015.	
4	WB4-SER-TRA-05	Documentation for Modernisation of Railway Nis to former Yugoslavia Republic of Macedonia	SER	TRA	EBRD	EBRD	EIA;FS;PD;SIA	Cancelled	Held Up		N/A	Cancelled	TA cancelled when Serbian Railways changed priorities	Change in Government strategy
4bis	WB4bis-MKD-ENE-03	Electricity production Zletovica	MKD	ENE	EIB	EIB	EIA;FS	Completed	Under Execution		Medium	Project preparation	TA under execution prior to project appraisal.	Outcome of FS
4bis	WB4bis-REG-ENE-01	Albania – FYR Macedonia 400 kV Interconnection	REG	ENE	EBRD	IPF 2	EIA;FS	Completed	Completed	Additional WBIF grant	Low	Project preparation	Further WBIF grant approved for design of part of project in FYROM with EBRD support. KfW ready to fund section in Albania.	Funding the section of line in Albania depends on Albania requesting loan.
4bis	WB4bis-SER-ENE-05	Rehabilitation District Heating Systems – Phase IV	SER	ENE	KfW	KfW	FAA;TMA	Completed	Under Execution		Signed	Tendering	Investment Plans prepared and construction works for most contracts have started; Further tender procedures planned for spring/summer 2014 and spring 2015	
5	WB5-BIH-ENE-05	Wind Farm Poklecani	BiH	ENE	EIB	IPF 1	EIA;FS	Completed	Under Execution		High	Project preparation	FS due to complete Apr 2014. Loan will need FBIF to raise borrowing limit	Fiscal space constraint
5	WB5-HR-ENE-01	LNG Regasification Vessel	HR	ENE	EBRD	IPF 2	EIA;FS;PD	Completed	Under Execution		Medium	Project preparation	Project is delayed due to changed priorities in Croatia	
5	WB5-HR-ENE-02	LNG Evacuation Gas Pipelines Omišalj-Zlobin-Rupa(Slovenia)	HR	ENE	EBRD	IPF 2	EFA	Completed	Completed		Medium	Project preparation	Delayed due to changed priorities on regasification vessel project	Depends on regasification FS
5	WB5-HR-ENE-03	Wind and solar projects in Splitsko-dalmatinska County	HR	ENE	KfW	KfW	EFA;EIA;FAA;FS;PD	Cancelled	Held Up		Nil	Cancelled	Cancelled in June 2013. Project not included in county plans.	
5	WB5-HR-ENE-04	Small hydro-electric power plant Ozalj	HR	ENE	KfW	KfW	EFA;EIA;FAA;FS;PD	Cancelled	Held Up		Nil	Cancelled	Cancelled in June 2013. Site location changed and Beneficiary not following it any further.	
5	WB5-MKD-ENE-04	National gasification system	MKD	ENE	EBRD	EBRD	EIA;FS;SIA	Completed	Under Execution		N/A	Project preparation	Detailed policy dialogue with the government on implementation of the project is currently ongoing; this is needed before loan (agreement expected by end 2014) negotiations can take place on this large scale and strategic investment project.	
5	WB5-MNE-ENE-04	Plijevlja renewable energy heating	MNE	ENE	EBRD	EBRD	ATP;CF;TMA	Cancelled	Under Execution		Signed	Cancelled	Biomass project partner went into bankruptcy. Grant has been cancelled. This project has developed from WBIF studies in Serbia and Montenegro. It will be important to utilising the capacity of the new undersea cable	
5	WB5-REG-ENE-02	400 kV Interconnection Serbia – Montenegro – BiH - Regional Project	REG	ENE	EBRD	IPF 1	EIA;FS	Completed	Under Execution		Medium	Project preparation	Very large and complex regional project involving gas pipeline in four countries	Agreement between regional partners which is coordinated by interstate committee
5	WB5-REG-ENE-03	Regional Project Ionian Adriatic Pipeline	REG	ENE	EBRD	IPF 2	EIA;FS	Completed	Under Execution		Medium	Project preparation		
5	WB5-SER-ENE-06	Rehabilitation of the District Heating Systems in Serbia – Phase IV” - Program implementation – SECOND STAGE	SER	ENE	KfW	KfW	FAA;TMA	Completed	Under Execution	Additional WBIF grant	Signed	Construction	This TA developed detailed investment plans for each DH company. Tendering was initiated in Dec 2012 and completion forecast for Dec 2015 World Bank appraisal for water supply in 2013. But Albania will not take loan for wastewater components considered for EIB cofinancing.	
5	WB5-ALB-ENV-06	Durresi Water and Sanitation	ALB	ENV	EIB	EIB	ATP;DD;EIA;FS; TMA	Completed	Held up		Nil	Project preparation	Recommended for cancellation.	Fiscal space constraint
5	WB5-BiH-ENV-15	Water Leakage Reduction Plan for the Municipality of Tuzla	BiH	ENV	KfW	IPF 2	I;TMA	Completed	Completed		High	Project preparation	Water supply Master Plan approved in March 2013 and leakage detection ongoing with positive results.	Sustained support by KfW and Municipality. MoF to review debt capacity limit.
5	WB5-BiH-ENV-16	Construction of sewage collectors and wastewater treatment & disposal plant in Cazin	BiH	ENV	EBRD	EBRD	ATP;DD;FS;PD	Completed	Completed		Signed	Project preparation	FS completed end 2012. Selection of the consultant for the detailed design launched in May 2013. Loan signed in July 2013.	
5	WB5-BiH-ENV-17	Flood Risk Management for the Republic of Srpska	BiH	ENV	EIB	IPF 2	FS;MD;SoFW; TMA	Completed	Under Execution		Signed	Tendering	Services include FS, design and tender documents for substantial list of investments rehabilitating existing structures. Overall supervision contract tender completed.	Excellent PIU and good support from Ministry and EIB.
5	WB5-BiH-SOC-03	Designing the Medical Faculty, Medical Research Center and secondary Medical School	BiH	SOC	EIB	IPF 2	FS;MD;PD	Completed	Completed		High	Project preparation	FS & PD completed and approved. MoF positive but had received no request.	Sustained support from EIB and good PIU
5	WB5-REG-SOC-01	Construction and Development of the Centre for Entrepreneurial Learning and Strengthening Competitiveness Economy (Entrepreneurial Learning)	REG	SOC	EIB	IPF 2	ATP;DD;FS;i;PD;TMA	Completed	Under Execution		High	Project preparation	FS completed and approved. Architectural competition for concept design completed and preliminary design underway.	Interstate steering committee with high priority assigned by Croation government.
5	WB5-BiH-TRA-14	Corridor Vc Railways, Track overhaul Bos. Šamac/Šamac – Sarajevo, Sections: Doboj – Maglaj, Jelina-Zenica	BiH	TRA	EIB	IPF 2	ATP;DD;FS	Completed	Under Execution		High	Project preparation	FS completed in Dec 2012. Main design and tender documents ongoing. Framework loan signed with EIB for overhaul of entire Corridor Vc. FS was done with EC support due to lack of IFIs able to operate in Kosovo.	Role of railway corporation instrumental to achieving through good collaboration between Federation and RS railways
5	WB5-KOS-TRA-06	Feasibility Study for the key railway links (East – West)	KOS	TRA	EC	IPF 2	FS;PD	Completed	Completed	No progress	Low	Project preparation	This situation has now improved and North-South FS has passed to design stage.	Lead IFI to support project still missing
5	WB5-MKD-TRA-01	Construction of railway line Kumanovo-Deve Bair, border with Republic of Bulgaria, Eastern part of Corridor VIII, section Kumanovo-Beljakovce	MKD	TRA	EBRD	EBRD	ATP;DD	Completed	Completed		Signed	Project preparation	Project progressing as originally envisaged. The consultancy contract was awarded in March 2012 for the duration of a year but extended until September 2013 to facilitate the finalization of the detailed design and the works contract procurement selection process;	

LEGEND:

Stage progress Issues identified Serious problems

Rnd	Project Code	Title of Operation	Country (ies)	Sector (s)	Lead IFIs	TA Management	Services requested	ToR status	TA Status	Post TA project prep status	Prob. of Sign.	Current stage	Review comments	Factors key to success/failure
6	WB6-ALB-ENE-03	Feasibility study for 220kV double-circuit line Elbasan1-Fieri (including Kucova substation)	ALB	ENE	KfW	IPF 3	EIA;FS	Completed	Under Execution		Low	Project preparation	This is fourth WBIF FS for transmission line in Albania. Final report due Q2 2014. Fiscal space issue.	Albania to request loan
6	WB6-BiH-ENE-07	Hydro-electric power plants - Krusevo & Zelenci Vir	BiH	ENE	EIB	IPF 3	EIA;FS	Completed	Held Up		N/A	Project preparation	Site had to be demined. Clearance certificate provided Oct 2013	Outcome of FS
6	WB6-BiH-ENE-08	Hydro-electric power plant - Caplje	BiH	ENE	EIB	IPF 3	EIA;FS	Completed	Cancelled		Nil	Project preparation	Project has started but there was difficulty over Urban Permit for geotechnical investigations. Grant cancelled.	
6	WB6-MNE-ENE-05	Biomass district heating system Kolasin	MNE	ENE	KfW	IPF 3	FS	Completed	Under Execution		N/A	ToR preparation	ToR were subject of long discussions but now agreed. KfW asked for commitment from Min of Finance before launching study. Now about to start.	Outcome of FS
6	WB6-MNE-ENE-06	Electricity network expansion for the development of RES	MNE	ENE	EBRD	EBRD	FS;PD	Completed	ToR Completed		N/A	ToR preparation	Held up while EBRD focussed on loan for Pljevlja-Lastva transmission line. Loan agreement expected by mid 2015	Outcome of FS
6	WB6-REG-ENE-07	Gas Interconnection Brod (BiH) - Slavonski (Croatia) (Licka Jesenica-Rakovica-Trzac-Bosanska Krupa & branches to Bihać & Velika Kladusa)	REG	ENE	EBRD	IPF 3	EIA;FAA;FS;SIA	Cancelled			Nil	ToR preparation	BiH RS Entity changed priority with recent agreement for South Stream gas pipeline. Cancellation likely in Dec 2013	Political factors linked to South Stream gas pipeline
6	WB6-REG-ENE-08	South Gas Interconnection of BiH and Croatia (Option 1: Zagvozd-Posusje-Travnik; Option 2 Ploce-Mostar)	REG	ENE	EBRD	IPF 2	EIA;FS;PD	Completed	Completed		Medium	Project preparation	TA completed in November 2013	Good collaboration between Croatia and BiH stakeholders
6	WB6-ALB-ENV-10	Feasibility study for construction of sanitary regional landfill - Vlora region	ALB	ENV	KfW	KfW	FS	Completed	Under Execution		Medium	Project preparation	FS started early 2014 and will finish April 2015.	Outcome of FS
6	WB6-BiH-ENV-19	Water & sewerage - Mostar	BiH	ENV	EIB	IPF 3	ATP;IRS;SofW	Completed	Under Execution		Medium	Project preparation	Project team approved and mobilised in June 2013	Municipality borrowing capacity & MoF approval
6	WB6-MNE-ENV-17	Reconstruction of water supply system in Old Royal Capital of Cetinje	MNE	ENV	EIB	EIB	ATP;MD	Completed	Under Execution		High	Project preparation	Design is currently ongoing with completion scheduled for Dec 2014. EIB framework loan signed.	
6	WB6-SER-ENV-03	Construction of collectors II & VII and water well in Subotica and preparation of tech.docs. for sludge management	SER	ENV	EBRD	EBRD	ATP;CF;SofW;TMA	Completed	Under Execution		Signed	Tendering	The implementation of the TA began in Q3 2013. PIU support and FS both ongoing.	
6	WB6-ALB-SOC-14	Master plan & feasibility study for communal infrastructure works in Albanian Alps area	ALB	SOC	CEB	CEB	FS;IRS;O	ToR completed			Medium		Terms of Reference are under discussion. Project is in MoF budget.	In MoF budget. Strongly supported by ADF
6	WB6-HR-SOC-03	New campus & University Learning Resource Centre	HR	SOC	EIB	IPF 3	ATP;EIA;FAA;FS;PD	Completed	Under Execution		Medium	Project preparation	FS approved by beneficiary in June 2013	
6	WB6-SER-SOC-08	Extended TA for Judiciary facilities	SER	SOC	EIB	IPF 2	MD;PD;TMA	Completed	Under Execution		Signed	Project preparation	Study in progress but due to policy change with respect to earlier WBIF grant a FS for new building has been requested and is ongoing	EIB continued support despite changes
6	WB6-SER-SOC-09	Development of a concept for monitoring & evaluation of inclusive practice in Serbian education system	SER	SOC	WB	WB	SD;TMA	Completed	ToR Completed		N/A	Study only	TOR completed	
6	WB6-BiH-TRA-15	Technical assistance during construction of Brcko bypass	BiH	TRA	EBRD	IPF 2	ATP;TMA	Completed	Under Execution		High	Tendering	Three components under execution and on track. Risk of delay due to bypass design under preparation contracted separately	
6	WB6-BiH-TRA-18	Study on toll collection & system design for RS motorways	BiH	TRA	EBRD	IPF 3	TMA	Completed	Completed	Next stages ongoing	N/A	Study only	Best Tolling Option Report completed March 2013. FS and Implementation Plan to be submitted May 2013	
6	WB6-MNE-TRA-14	Preparation of a SEETO road route 4 investment plan for Montenegro	MNE	TRA	EIB	EIB	EIA;FAA	Completed	Completed	Next stages ongoing	High	Project preparation	Montenegro is negotiating 800 million loan with Chinese consortium. The overall project was restructured but remains within the scope of the approved fiche. The first of three assignments is currently at selecting consultants (PIU assistance)	
6	WB6-SER-TRA-10	Belgrade road & tram network upgrade - Phase 2	SER	TRA	EBRD	EBRD	ATP;DD;O;SofW;TMA	Completed	Under Execution		Signed	Project preparation		
7	WB7-BiH-ENE-09	50 MW Wind Farm VLASIC-TRAVNIK	BiH	ENE	EIB	EIB	EIA;FAA;FS;O;PD	Completed	Under Execution		Medium	Project preparation	FS due to complete end 2015	Outcome of FS
7	WB7-KOS-ENE-08	Energy Efficiency measures in Central Public Buildings	KOS	ENE	WB	WB	FAA;FS;TMA	Under preparation	ToR Completed		N/A	Tendering	The TOR has been finalized and issued. Five proposals have been submitted and the Evaluation Committee is reviewing them. The parallel IDA credit loan, for US\$32.5m is under preparation and expected to go to the Board in Q3.	
7	WB7-KOS-ENE-09	Implementation of Energy Efficiency Measures in Public Buildings in the Municipality Level	KOS	ENE	KfW	KfW	CF;PIU;TMA	Completed	Under Execution		N/A	Project preparation	This is a follow on from earlier WBIF supported FS. MoF forecast loan signature mid 2014	Overlap with EU Delegation project
7	WB7-REG-ENE-11	Strengthening of main Croatian transmission North-South axis	REG	ENE	EBRD	EBRD	EFA;EIA;FS	Under preparation	ToR Under Preparation		N/A	ToR preparation	ToRs prepared, tendering for consultants to start shortly.	
7	WB7-REG-ENE-SD-14	Gas to Power Initiative and the Energy Community (EnC) Gas Ring in South East Europe	REG	ENE	WB	WB	SD	Completed	Under Execution		N/A	Study only	TA forecast to complete 2Q 2015	
7	WB7-KOS-ENV-05	Strengthening Waste Management	KOS	ENV	WB	WB	EIA;FAA;FS;I	Completed	Under Execution		N/A	ToR preparation	World Bank Concept Note approved; under implementation. TOR completed	
7	WB7-KOS-ENV-06	Feasibility Study for Protection of Iber Canal	KOS	ENV	WB	WB	FS	Completed	Under Execution		N/A	Study only	ToR/RFP has been finalized, and a TA Consortium has been awarded the contract to help the World Bank team prepare the Feasibility Study	
7	WB7-MNE-ENV-24	TA for waste water and water supply in Montenegro	MNE	ENV	EIB	IPF 3	ATP	Completed	Under Execution		N/A	ToR preparation	TA started implementation July 2013	
7	WB7-REG-PSD-SD-02	PPP Institutional Strengthening in the Western Balkans	REG	PSD	EIB	EIB	SD	Completed	Under Execution		N/A	Study only	TA under execution with EPEC network and databases extended to WB countries; training with 2 secondees, assessment of current PPP legal and institutional frameworks; conferences; PPP project readiness assessment.	
7	WB7-BiH-SOC-04	Support for vulnerable persons living in collective accommodation	BiH	SOC	CEB	CEB	IRS;SofW	Under preparation			High		Implementation Agreement with EBRD under preparation. Signature in 2Q 2014. UNHCR to implement. MoF forecast loan signature 2Q 2014	
7	WB7-BiH-SOC-05	Support for construction of Integra sport and cultural facility	BiH	SOC	CEB	IPF 2	ATP;IRS;O;PIU	Completed	Under Execution		High	Project preparation	Operational Plan and feasibility agreed. Project initiating revision of main design. MoF not informed.	Sustained agreement between the communities in Mostar
7	WB7-HR-SOC-04	Student Accommodation Infrastructure at universities of Rijeka and Osijek	HR	SOC	EIB	EIB	EFA;FS	Under preparation	ToR Under Preparation		Medium	Project preparation	TA expected to start mid 2014.	Structural funds
7	WB7-REG-SOC-03	Pilot Project for Higher and Professional Education Finance in Southeast Europe	REG	SOC	KfW	KfW	FS;O;TMA	Completed	Under Execution		N/A	Project preparation	WBIF financed Feasibility Study and pilot Project preparation. Start of consultancy service 30.01.2013	
7	WB7-ALB-TRA-12	Tirana By-pass	ALB	TRA	EBRD	IPF 2	EFA;EIA;FS;PD	Completed	Under Execution		Medium	Project preparation	Feasibility study and preliminary design will complete May 2014. MoF commented that financing will depend on Min of Transport prioritisation.	Results of FS and ability of Albania to take a loan
7	WB7-MKD-TRA-02	Railway line Eastern part of Corridor VIII, Beljakovce - Deve Bair section	MKD	TRA	EBRD	EBRD	ATP;MD	Completed	Under Execution		High	Project preparation	TA started mid 2013 and forecast to finish early 2015.	
7	WB7-MKD-TRA-03	Railway line Eastern part of Corridor VIII, section Kumanovo-Beljakovce	MKD	TRA	EBRD	EBRD	SofW	Completed	Under Execution		Signed	Project preparation	Selection process at the advanced stage, the contract is expected to be awarded by the end of October.	
7	WB7-REG-TRA-SD-02	Updating the Regional Transport Study (REBIS)	REG	TRA	WB	WB	SD	Completed	Under Execution		N/A	Study only	TA contract has been tendered and is under adjudication	

LEGEND:

Stage progress Issues identified Serious problems

Rnd	Project Code	Title of Operation	Country (ies)	Sector (s)	Lead IFIs	TA Management	Services requested	ToR status	TA Status	Post TA project prep status	Prob. of Sign.	Current stage	Review comments	Factors key to success/failure
8	WB8-BIH-ENE-11	Smart metering/AMR system design & implementation support	BiH	ENE	EIB	IPF 3	EFA	Completed	Under Execution		Medium	Project preparation	TA started Sept 2013 with completion Oct 2014	Outcome of FS
8	WB8-HR-ENE-11	FS, ESIA & CBA – regulation & development of the Sava river	HR	ENE	EBRD	IPF 3	EIA;FS;SIA	Completed	Under Execution		Medium	Project preparation	TA started Sept 2013. Forecast to complete end 2014.	
8	WB8-KOS-ENE-11	FS - Fuel switching & system expansion for district heating in Gjakove	KOS	ENE	KfW	IPF 2	FS	Completed	Completed	Additional WBIF grant	High	Project preparation	Pre-FS study started in July 2013 and completed end 2013.	Sustained support from KfW
8	WB8-SER-ENE-11	EE Programme in public buildings – Serbia EEP	SER	ENE	KfW	KfW	ATP;DD;FS;SofW	Completed	On hold		High	Project preparation	On hold pending decision on Financing and Loan agreement.	Fiscal space constraint
8	WB8-BIH-ENV-27	Water and Sanitation Project in Republika Srpska	BiH	ENV	EIB	IPF 1	ATP;FS;PIU	Completed	Under Execution		Signed	Project preparation	EIB has a framework loan agreement with Republika Srpska. This project is an extension of the ongoing project for 24 municipalities in Republika Srpska, which is nearing completion. The extension started Oct 2013	Innovative approach adopted by TA team is succeeding in rapidly utilising loan.
8	WB8-BIH-ENV-29	Optimization of sewerage collectors & WWTPs in Modrac Lake basin	BiH	ENV	EBRD	EBRD	DD;EFA;EIA;FS; PD	Under preparation	ToR Under Preparation		Medium	ToR preparation	The Feasibility Study will begin in Q1 2014.	Outcome of FS
8	WB8-MNE-ENV-31	Montenegro solid waste – TA in preparation of project implementation	MNE	ENV	EIB	IPF 3	TD	Held up	ToR Under Preparation		N/A	ToR preparation	Delay in preparation of ToR delayed as a result of lack of maturity of the project.	
8	WB8-REG-ENV-03	Support to water resources management in Drina River Basin	REG	ENV	WB	WB	RBMP;SD	Completed	ToR Completed		N/A	ToR preparation	Progress on hold pending Implementation Agreement	
8	WB8-KOS-SOC-06	Kosovo* education improvement project	KOS	SOC	WB	WB	SD;TMA	Under preparation	ToR Under Preparation		N/A	ToR preparation		
8	WB8-SER-SOC-13	Extended TA for improvement of prison facilities	SER	SOC	CEB	IPF 1	ATP;MD;PD	Completed	Under Execution		N/A	Project preparation	CEB Admin Board approved loan of 17m for Kragujevac Prison construction on 03/2012.The National contribution is included in 2014 budget. Design started Sept 2013	Government has included project in 2014 budget
8	WB8-ALB-TRA-13	FS & preliminary design of two tram lines in Tirana	ALB	TRA	EBRD	EBRD	EFA;EIA;FS;PD	Held up			N/A	ToR preparation	Scope being revised under written procedure	
8	WB8-SER-TRA-14	Reconstruction & modernisation of existing railway track & construction of second track on the Belgrade – Nis; Stalac – Djunis section	SER	TRA	EBRD	IPF 3	EIA;FS;PD	Completed	ToR Completed		High	Project preparation	ToR under review by Serbian railways	
9	WB9-BIH-ENE-01	HHP Babino selo	BiH	ENE	EBRD	EBRD	CD;EIA;FS;SIA	Under preparation			N/A	ToR preparation	ToR under preparation	Outcome of FS
9	WB9-BIH-ENE-02	HPP Vinac	BiH	ENE	EBRD	EBRD	CD;EIA;FS;SIA	On hold			N/A	ToR preparation	Municipality has changed priorities. At risk of cancellation.	
9	WB9-HR-ENE-01	JANAF oil pipeline upgrading	HR	ENE	EBRD	EBRD	ATP;EFA;EIA;PD;SIA;TM A	Under preparation			Medium	ToR preparation	ToR under preparation. Negotiations ongoing for loan.	
9	WB9-MKD-ENE-01	400kV interconnection from part of Bitola (fyrom) - Elbasan (Albania) line & substation	MKD	ENE	EBRD	EBRD	DD	Under preparation	ToR Under Preparation		Medium	ToR preparation	Draft ToRs prepared, final review underway. Tendering for consultants launched in Nov 2013.	
9	WB9-REG-ENE-SDP-01	Biomass heating in Western Balkans sector study	REG	ENE	WB	WB	SD	Under preparation	ToR Under Preparation		N/A	ToR preparation	ToR under preparation	
9	WB9-SER-ENE-01	400kV OHL from sub-stations Bajina Basta to Kraljevo	SER	ENE	KfW	KfW	EIA;FS;PD;SIA	Under preparation			Medium	ToR preparation	Switched to IPF implementation in Jan 2014 to speed up mobilisation	
9	WB9-BIH-ENV-03	Water supply & sanitation in FBiH	BiH	ENV	EIB	IPF 3	PIU	Completed	Under Execution		Signed	ToR preparation	TA mobilised February 2014	
9	WB9-REG-ENV-SDP-01	Klokot water source (Bihac) protection zone study	REG	ENV	WB	WB	SD	Under preparation	ToR Under Preparation		N/A	ToR preparation	ToR under preparation	
9	WB9-HR-SOC-01	Health institutions reconstruction & construction of depts & centres	HR	SOC	CEB	CEB	ATP;DD;EIA;FS; PD;SIA	Under preparation	ToR Under Preparation		Medium	ToR preparation	ToR under preparation. TA to start 4Q 2014	Structural funds
9	WB9-HR-SOC-02	Zadar University: new campus & Learning Resource Centre	HR	SOC	EIB	IPF 3	ATP;TMA	Under preparation	ToR Under Preparation		Medium	ToR preparation	ToR under preparation	
9	WB9-REG-SOC-SDP-01	Higher and Professional Education Finance in Southeast Europe - pilot project	REG	SOC	KfW	KfW	FS;TMA	Held up	ToR Under Preparation		Medium	ToR preparation	Held up pending Implementation Agreement.	
9	WB9-SER-SOC-01	Palace of Justice	SER	SOC	EIB	EIB	PIU;SofW	Under preparation	ToR Under Preparation		Signed	Project preparation	ToR under preparation	
9	WB9-KOS-TRA-01	Railway Route 10 rehabilitation	KOS	TRA	EBRD	EBRD	ATP;DD	ToR completed			High	ToR preparation	Ministry of Finance have programmed loan	
9	WB9-MKD-TRA-01	Motorway A4 Skopje - Blace, section Stenkovec interchange Blace	MKD	TRA	EBRD	IPF 3	DD;EIA;FS;PD; SIA	Completed			High	Project preparation	ToR completed	

LEGEND:

Stage progress
 Issues identified
 Serious problems

Appendix 2

IFI	Process for mobilisation of EWBJF grant
CEB	<ul style="list-style-type: none"> - Signature of IA between CEB and co-managers and transfer of funds to CEB. - Signature of Contribution Agreement between CEB and beneficiary and transfer of funds to beneficiary (not in all cases). - Procurement of consultants by beneficiary with no objection by CEB. - Disbursement by beneficiary subject to no objection by CEB.
EBRD	<ul style="list-style-type: none"> - Signature of IA between EBRD and the EIB as co-manager, and transfer of funds from the EWBJF to a separate account from which EBRD operations are conducted. - For TA, procurement process launched by the EBRD according to the Bank's Procurement Policies and Rules. Winning consultant contracted by beneficiary. - For investment grants, signature of Grant Agreement between EBRD and beneficiary required to govern the terms by which the grant will be disbursed alongside the loan. - For TA, donor funds are held in-house at the EBRD and disbursed upon receipt of invoices 'signed off' by the beneficiary according to the successful completion of agreed deliverables stipulated in the consultancy contract.
EIB	<ul style="list-style-type: none"> - Signature of IA between EIB and EWBJF co-managers, and transfer of funds to EIB. - Signature of Funding Agreement between EIB and beneficiary. - Procurement of consultants/contractors by beneficiary with no objection by EIB. - Transfer of funds from EIB to beneficiary in line with progress of implementation. - Disbursement by beneficiary to consultant/ contractors subject to no objection by EIB.
KfW	<ul style="list-style-type: none"> - Signature of IA between KfW and co-managers and transfer of funds to KfW. - Signature of Financing Agreement between KfW and beneficiary. - Procurement of consultants by beneficiary or project implementing unit (according to KfW procurement guidelines and national law where applicable) with no objection by KfW. - Disbursement by KfW upon request by beneficiary or project implementing unit and payment directly to consultants.
WB	<ul style="list-style-type: none"> - Signature of Master Agreement between WB and co-managers applicable to type of grant (2 No). - For each grant internal approval of Project Concept Note used as basis for preparing the IA. - Signature of IA between WB and co-managers and transfer of funds to WB. - Procurement of consultants by WB. - Disbursement by WB.

Appendix 3
Western Balkans Investment Framework (WBIF)
IFI endorsement of grant request

To: WBIF Project Financiers' Group

From:

.....
.....
.....
.....

Date:

Dear Sirs,

Concerning the proposed project titled:

.....
.....;

We confirm that we are aware of the project, have discussed it with relevant local stakeholders and support its submission for grant support.

We also confirm that we have satisfied ourselves concerning the maturity of the project

Additionally, we make the following comment:

Yours sincerely,

Name

Position

WBIF coordinator

Appendix 3 continued
Western Balkans Investment Framework (WBIF)
Ministry of Finance endorsement of grant request

To: WBIF Project Financiers' Group

From:

.....
.....
.....
.....

Date:

Dear Sirs,

Concerning the project submitted to the WBIF for grant funding titled:

.....
.....
.....;

We confirm that the Ministry of Finance has no objection to its submission and that, in principle and subject to all national approvals and administrative procedures, it can be considered for loan finance in the short to medium term.

Additionally, we make the following comment on the submission:

Yours sincerely,

Name

Position



An initiative funded by the European Union

Western Balkans
Investment Framework **WBIF** ■

Connecting projects with investment funds