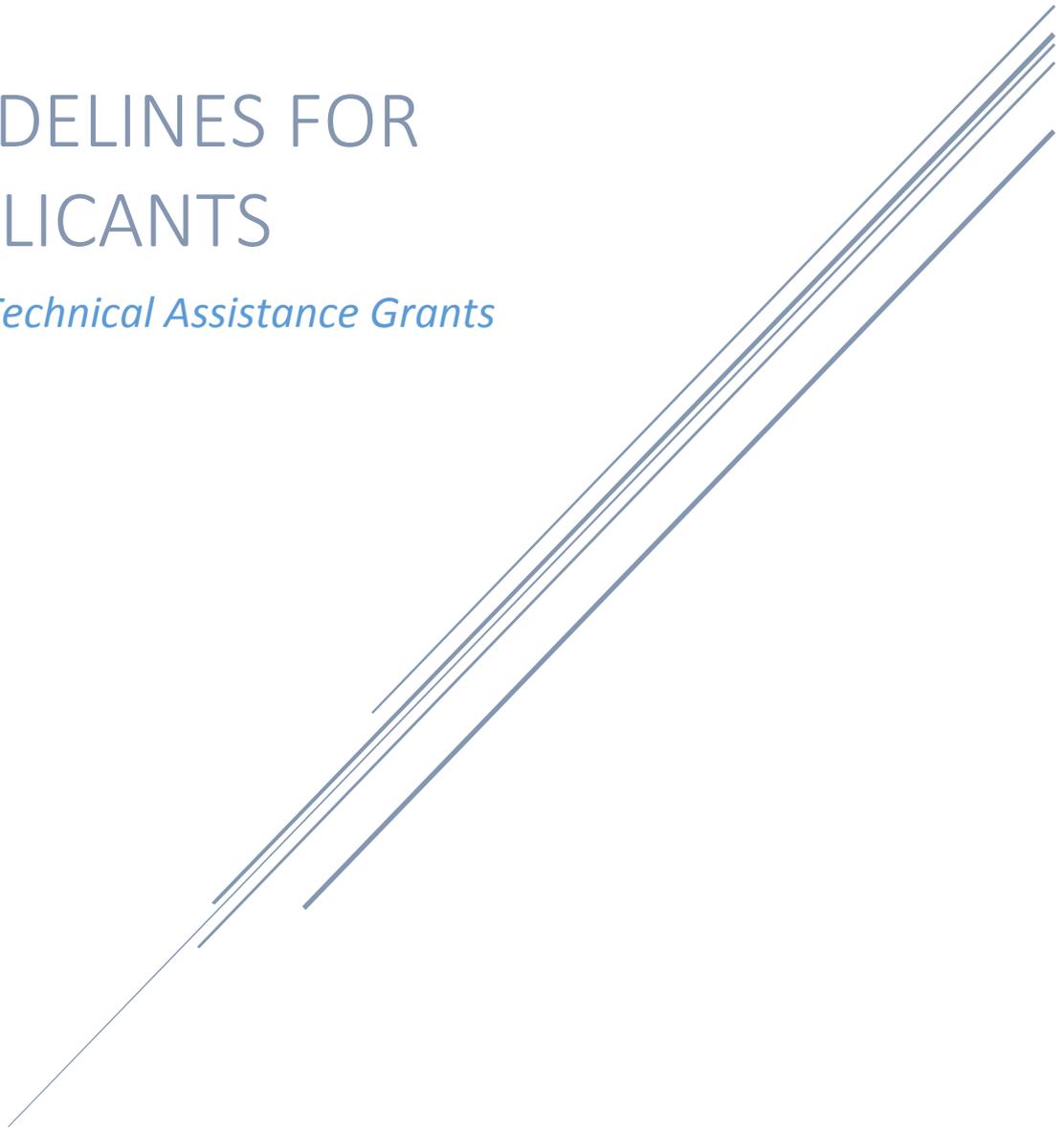


GUIDELINES FOR APPLICANTS

WBIF Technical Assistance Grants



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1. Purpose of the Guidelines

The Western Balkans Investment Framework (WBIF) is a joint initiative of the European Commission (Commission), the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB), the Kreditanstalt für Wiederaufbau (KfW), the World Bank Group (WBG), the Western Balkans beneficiaries and bilateral donors aimed to enhance harmonisation and cooperation in investments for the socio-economic development of the Western Balkans.

The WBIF pursues two main objectives: (1) the pooling of grants, loans, other forms of financing, contributions and expertise to prepare and finance a common pipeline of priority infrastructure and socio-economic development projects and, concurrently, support the EU accession process of the Beneficiaries; (2) to strengthen coordination among parties in order to improve the positive impact and visibility of these priority investments in the Beneficiary countries.

The aim of these Guidelines is to assist the WBIF stakeholders, in particular officials from relevant institutions in the Beneficiary countries, in preparing and submitting successful applications for grant support by a) ensuring that the most appropriate projects are submitted; and b) helping improve the quality of grant applications so enhancing the screening and assessment process.

Grants for the co-financing of investment projects are not dealt with in these Guidelines. Also, the financial assistance offered by the WBIF investment facilities (Western Balkans Enterprise Development & Innovation Facility (WB EDIF), and the Regional Energy Efficiency Programme (REEP) for the Western Balkans) is not addressed; for information regarding these facilities, those interested are invited to visit their websites¹.

In these Guidelines, the following terms have the meaning defined below:

- **Action:** means a part of a Project, in relation to which the Beneficiary seeks the financing of a Grant for that action from the WBIF resources.
- **Beneficiary(ies):** Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo*².
- **Lead Financial Institution:** means each Financial Institution eligible to implement Actions under the WBIF (i.e. EIB, EBRD, CEB, KfW and WBG).
- **Project:** means an overall investment project to be presented to the Steering Committee of the WBIF for financing under the WBIF.

This document is supplemented with information available on the WBIF website (www.wbif.eu).

2. Overall objective of the WBIF

The WBIF primarily aims at addressing the infrastructure investment needs of the Western Balkans region and at supporting the EU accession process of the Beneficiaries through provision of finance and technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development. Projects should contribute to competitiveness, growth and job-creation in the region with due regard to gender equality as well.

The essence of the WBIF process is the coordinated effort that goes into preparing and selecting priority projects for financial support, thereby “blending” internationally financed grants and loans with domestic finance to expedite the implementation of investments that lead to fulfilment of strategic priorities defined in national, regional and EU accession policies contributing to socio-economic development of the Beneficiaries. The WBIF also supports general sector studies and capacity building assistance that will facilitate investment in the Western Balkans region.

¹ <http://www.wbedif.eu/about-wb-edif/>; <http://www.wb-reep.org/eng/about>

² *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.

3. General principles for grant support

Key aspects that should be considered when preparing applications for WBIF financing are:

- Beneficiary ownership, long term sustainability and a clear financing perspective for the implementation of projects are the guiding principles of the WBIF.
- To ensure efficient use of resources, proposals should reflect the logical sequence of the project cycle and therefore should be confined to immediate needs. For example, if a feasibility study is required, assistance for tendering support should not be part of the Action but rather make the subject of a future proposal for financing should the feasibility study prove positive.
- Proposals should, as well as responding to the priority focus noted above, clearly demonstrate that the Project for which the WBIF assistance is sought is consistent with the EU Pre-Accession Strategy, Economic Reform Programme (ERP) and relevant adopted national sector strategies. In the case of sectors for which regional coordination mechanisms exist or may be established in the future, projects should also be consistent with the priorities identified by such mechanisms.
- The applications must demonstrate that the long-term financial sustainability and the impact of (especially large-scale) projects on public debt have been taken into account. Applications can be strengthened in this respect by ensuring that the Ministry of Finance is invited to comment on the proposal and that these aspects are reflected in the application.
- Projects proposals must be consistent with the specific policies, rules, procedures and standards (socio-environmental standards including the promotion of gender equality) of each source of funding.
- Projects selected for grant support from WBIF should generally be supported by loans from financial institutions (CEB, EBRD, EIB, KfW and WBG). Exceptionally, grants for technical assistance may be provided for standalone assignments not directly conditioned by the existence of loans from these institutions.
- The climate change window introduced in June 2013 to track the financing allocated to activities that have impact on climate change mitigation and/or adaptation and to raise awareness of the need to address such issues in the preparation and implementation of investment projects remains part of the application process.
- The number of projects that can be supported and size of the contribution thereto are contingent on the resources available in the European Western Balkans Joint Fund (EWBJF) and those made through the Infrastructure Project Facility (IPF).

4. Eligibility conditions

4.1. Geographical coverage

Projects may be eligible for selection for financing under the WBIF if they will be implemented on the territory of one or more of the following Beneficiaries: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo.

For trans-national or regional projects involving one or more of the Beneficiaries but also other non-eligible countries, the support provided through the WBIF will cover only the investment part pertaining to the Beneficiary.

The legal entity benefiting from the grant must be registered within the Beneficiary country. For trans-national or regional projects involving also non-eligible countries, the institution or body in charge of the investment may be based in a non-eligible country, but the support through the WBIF will cover only the part of the investment implemented on the territory of the participating Beneficiaries.

4.2. Eligible project promoters

Projects selected for WBIF financing may benefit:

- a) public entities;

- b) private entities such as for example, without limitation, entities established within the context of public private partnerships (PPPs), joint ventures or mutual joint ventures; or
- c) other entities with mixed public-private capital,

in each case responsible for the management, construction and provision of public utilities and services.

4.3. Eligible sectors

Eligible projects are envisaged to support any sector that contributes to the economic, social and environmental development of the Western Balkans, including:

- a) Infrastructure:
 - i) Transport including *inter alia* railways and inland waterways and further including river ports, roads, seaports, airports, border facilities, inter-modal terminals and urban transport;
 - ii) Energy including *inter alia* generation (with preference to renewable technologies), co-generation, transmission (electricity, gas and oil), interconnection systems, storage, hydro, gas pipelines, district heating;
 - iii) Environment including *inter alia* water supply, wastewater treatment, sewage systems, solid waste and hazardous waste management, emission control, flood prevention and mitigation measures;
 - iv) Social projects including *inter alia* schools and education centres, hospitals and health centres, social housing, employment centres and other facilities promoting employability, reclusion centres and other public buildings;
- b) Sector development studies: studies which provide information, analysis and, where relevant, recommendations that support the development of investments and/or improve the investment climate in the Western Balkans. The impact on gender equality of the developments proposed for the selected sector should also be analysed as part of these studies. Such projects must have benefits for the wider region and specific instructions applying to these are provided in Annex 2.
- c) Private sector development: national or regional schemes to assist small and medium-sized enterprises (SMEs) on a group basis. Applications from individual enterprises are not permitted and should be sought through the Western Balkans Enterprise Development & Innovation Facility (WD EDIF).
- d) Energy efficiency and savings: programmes to support Beneficiaries' efforts to reach their energy savings targets under the Energy Community Treaty. Applications from the private sector or municipalities for individual energy savings projects should be directed through the Regional Energy Efficiency Programme (REEP) for the Western Balkans.

4.4. Eligible costs

All elements of the eligible costs of a project are in principle eligible for grant financing contingent on the approval of the Steering Committee. When calculating the eligible costs of a project that may benefit from grant financing, the rules and procedures of the Commission, CEB, EBRD, EIB, KfW, WBG and EWBJF will apply. As a rule, the following costs related to any Action are not eligible:

- the cost of purchase of land or buildings, except where justified and necessary for the implementation of the action and expressly set out in the grant application form as approved by the Steering Committee;
- value added tax (VAT) to the extent that VAT is recoverable.

4.1. Specific conditions for Round 16

Following the 14th WBIF SC meeting (Oslo, 16 - 17 June 2016), the following additional criteria apply to Round 16:

- Overall funding for technical assistance in Round 16 is capped with the available funds (approximately € 10 million), thus only high priority projects should be submitted;

- Applications will be accepted only if the grant would “unblock” an existing project where identified problems can be solved by targeted technical assistance;
- The call is open to all eligible sectors (energy, environment, social and transport) and priority will be given to high quality applications;
- Specific condition for transport sector: projects must be on or clearly linked to the Core Network.

5. WBIF support

The WBIF grant financing can be used for the following activities:

- i) Technical assistance to prepare investment projects (e.g. feasibility studies, impact assessments, detailed design, etc.), project supervision and targeted capacity building and implementation support.
- ii) Technical assistance to overcome specific obstacles delaying the preparation or implementation of projects. For faltering projects, a thorough analysis of the causes thereof as well as a clear and logical use of the grant to drive their progress must be provided in the grant application. As a general principal, the WBIF will not add more subsidy to an existing investment but will consider support for improving the policy/regulatory environment of that investment through capacity building.
- iii) Technical assistance for research and analysis facilitating the development of investments in a particular sector or subsector (sector development studies). The conditions applicable to sector studies are included in Annex 2 of this document.
- iv) Technical assistance to support policy reforms and institution building aimed at improving the investment climate (usually as part of a large financing facility).
- v) Interest rate subsidies. The cost of borrowing may be reduced where the need is justified; this is a facility provided by particular Financial Institutions, notably the CEB.
- vi) Insurance premia. Funding of insurance premia necessary to implement a project.

To provide the Beneficiaries with an integrated package, grant resources are usually approved for projects supported by loans. Loans can be used for investments in infrastructure, with most of the amount allocated for capital expenditure, followed by technical assistance and project implementation support. Under the umbrella of the WBIF loans are provided by the eligible financial institutions (CEB, EBRD, EIB, KfW, WBG, a.o.) as agreed with the national government of the Beneficiary country.

6. WBIF grant application process

The Steering Committee decides on a regular basis to call for proposals, setting the eligibility criteria and/or other specifications that may apply to individual calls for proposals and the deadline for submitting the applications. As a rule, there are two calls (rounds) per year, thus planned to allow the approval of grants at the Steering Committee meetings in June and December. The frequency of the rounds is contingent on the funds availability.

The calls are issued by the WBIF Secretariat, sent to all National IPA Coordinators (NIPACs), which are responsible for their further dissemination in the countries, and published on the WBIF website. The proposals are submitted to the Project Financiers’ Group (PFG) by the Beneficiaries through an eligible applicant by way of the grant application form (PGAF) and in observance of the deadlines set out by the Steering Committee (see also Annex 1: WBIF governance structure and related bodies).

Grant applications must be submitted online, using the Management Information System (MIS) accessible via the WBIF web page. The PGAF template is generated automatically by the MIS. For convenience a template of the PGAF is provided in Annex 3 of this document.

6.1. Eligible applicant for WBIF support

Project proposals may be identified by different stakeholders, including national and local authorities of the Beneficiaries, CEB, EBRD, EIB, KfW, WBG, bilateral donors, other participating multilateral or bilateral financial institutions and regional and local institutions and bodies. The applications for WBIF support can be submitted by:

- i) A NIPAC office, following consultations with the Lead Financial Institution (Lead IFI);
- ii) A financial institution (CEB, EBRD, EIB, KfW, WBG), following consultations with NIPAC(s);
- iii) A regional sectoral organisation (e.g. South East Europe Transport Observatory, Energy Community Secretariat, Regional Cooperation Council), following consultations with NIPACs and with the financial institution.

For regional projects, that is those that benefit two or more Beneficiaries and may include an EU Member State, a lead applicant (NIPAC, or regional sectoral organisation) is responsible for submitting the application. Other supporters must be indicated in the application, and formal expressions of support from a competent government authority must be attached thereto.

All applications must be supported by and identify the interested Financial Institution (also refer to Section 6.4 below). Applications submitted by a financial institution or by a regional sectoral organisation should similarly have and demonstrate support from the relevant NIPAC(s).

6.2. WBIF support according to the EU accession status of the Beneficiaries

In compliance with the revised approach of the Instrument for Pre-accession Assistance for 2014-2020 (IPA II), the WBIF financial support is available for investments in all eligible sectors, provided that these are included in the Indicative Strategy Papers, and to all Beneficiaries regardless of their candidate status.

6.3. Specific sector considerations

There are specific sector factors that project promoters should consider in the preparation of proposals. First, after satisfying that projects meet the overall objective of the WBIF of supporting priority investments in line with the EU accession objectives, it is essential that projects also comply with the adopted national strategy for that sector and with relevant national and regional development plans and strategies, particularly those relating to the specific sector.

When preparing applications, promoters should take into consideration their relevance to the implementation of the following regional and national policies and strategies.

6.3.1. Overall

- The Connectivity Agenda that recognizes that well-developed and interconnected infrastructure for transport and energy is a key driver for economic growth and jobs as well as for attracting new investments in the region.
- South East Europe 2020 strategy, regional strategy that facilitates national efforts to improve integrated, smart, sustainable and inclusive growth as well as governance for growth. It mirrors the EU's 2020 Agenda but is adapted to the specific circumstances of the Western Balkans.
- EU Strategy for the Danube Region.
- National development plans and country strategy papers.
- Climate change issues. A Climate Change Window was introduced to the WBIF in June 2013³ with the aim to (i) assist in identifying the contributions to climate finance (mitigation and adaptation) from each project and (ii) to encourage improved design of infrastructure projects so that investments are made more resilient to current and future climate risks.

The assessment of contributions to climate finance (mitigation and adaptation) is done by the Lead IFI in the assessment stage. It is based on the Rio Markers methodology that examines if climate change is the principle objective of a project, one of the objectives (significant) or it is not an objective. The Lead IFI may propose a specific percentage of the project budget that contributes to climate change based on its own methodology. Tracking climate finance commitments is the responsibility of the financiers, not of the Beneficiaries.

In order to improve project design and implementation and, subsequently, minimise the impact of climate

³Climate Change Windows were requested by the European Commission and introduced to all EU Blending Facilities worldwide.

change risks on the project and make the project more resilient to climate change, the grant application should provide information on issues such as the potential contribution of the project to greenhouse emissions reduction, any assessment of climate risks and whether measures to improve the climate resilience of the project have been considered. The information to be supplied and the level of detail required will depend on sector and maturity of the project (e.g. pre-feasibility, feasibility study, detailed design, supervision of works, etc.). Annex 4 of this document provides checklists that can be used by the Beneficiaries in determining the information related to climate change mitigation/adaptation that must be provided in the grant application.

It is important to note that these initial assessments should be done in consultation with the proposed Lead IFI as all financial institutions have standard methodologies and tools to identify and assess the information; the Lead IFI can further elaborate the climate risks and the resilience measures in the assessment stage when it scores the Rio Markers.

6.3.2. Energy sector

The relevant EU framework: Energy Community Treaty (<https://www.energy-community.org>).

The implementation of the Treaty by Beneficiaries is supported by the Energy Community Secretariat (ECS), which has established working groups such as the Energy Efficiency Task Force, the Environmental Task Force and the Energy Strategy Task Force to advance work in the different areas. All Beneficiaries have representatives on these working groups who should provide information on the key issues arising and priority investment needs.

For WBIF financing, investment projects that feature on the list of Projects of Energy Community Interest (PECIs) adopted by the Ministerial Council of the Energy Community Treaty in October 2013 will receive particular attention⁴.

An important factor, particularly relevant in this sector, is to distinguish between projects that need EU grant intervention and projects that can, and should, proceed on a commercial basis using private finance. As an example of the latter, petroleum or gas distribution pipelines that add to an existing network are cases where private finance usually enables project preparation and implementation. However, where a transmission line fits within a national and EU strategy, support can be considered. Under no circumstance should a WBIF project have market distorting effects, whereby support gives an unfair commercial advantage. Some cases may be ambiguous, for example wind farms are normally not grant supported. However, WBIF has accepted a general principal that where a country has no such facility or established private sector provision “pilot projects” can be justified in order to pioneer and stimulate market participation.

6.3.3. Transport sector

The current relevant EU framework for the transport sector is the Memorandum of Understanding (MoU) on the Development of the South East Europe Comprehensive Transport Network. The implementation of the MoU is supported by the South East Europe Transport Observatory (SEETO). All Beneficiaries are represented on the SEETO Steering Committee, which is co-chaired by the European Commission.

The SEETO Comprehensive Network is aligned with the EU Trans-European Transport Network (TEN-T) and SEETO, through its regular Ministerial Meetings and annual updates of the Five Year Multi-Annual Plan, systematically highlights the priority investments as defined by the Western Balkan countries themselves, in particular in road, rail and inland waterways, and supports work on various aspects of transport policy. In June 2015 in Riga, the Commission and Ministers of the Western Balkan States agreed on the indicative extension of the TEN-T Core network and the TEN-T Corridors into the Western Balkan countries and on the extension of the mandate of the Corridor Coordinators into the region.

In principle, only projects situated on the Core Network may receive WBIF support (technical assistance

⁴ For additional relevant information, please refer to https://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/Instruments/Investments/PECIs

and investment grants included). Exceptionally, the WBIF might finance technical assistance for a project which is part of the TEN-T Comprehensive Network, if it is agreed by relevant stakeholders that the project has strong positive impact on the Core Network and/or has strong indication of being included in the revision on the Core Network.

All modes of transport can be considered, for both passenger and freight.

6.3.4. Environment sector

The relevant EU framework is set by a number of demanding and input intensive directives that must be transposed and implemented by the Beneficiaries. Implementation will in many cases require considerable investments. Directives that may require such investments include:

Water Supply / Wastewater Treatment	Waste Management
Urban Wastewater Treatment Directive Drinking Water Directive	Landfill Directive
Dangerous Substances into Water Directive	Waste Incineration Directive
Nitrates Directive	Waste Framework Directive (Hazardous Waste)
Bathing Water Directive	Sewage Sludge Directive
Floods Directive	
Air Pollution Control	Industrial Pollution Control
Large Combustion Plants Directive	Industrial Emissions Directive
Fuel Quality Directives	
Air Quality Directives	

To prioritise environment investments, a number of regional environment programmes and studies are of relevance to the WBIF. Current/on-going initiatives where investments are foreseen include the Danube Strategy, various River Basin Management Plans including the Danube River Basin Management Plan, the Sava River Basin Management Plan and the Task Force on Environment. In several cases, investments' prioritisation has been carried out under these initiatives.

Given the magnitude of the investments' requirements, project promoters may consider focusing on projects of a particular size. For example, the EU Directive on urban wastewater treatment requires that agglomerations of >2,000 population equivalents (p.e) are provided with collecting systems for urban wastewater. When the Directive entered into force, the EU Member States had a gradual approach in implementing its requirements; by the end of 2000, all agglomerations of >15,000 p.e. had to be provided with wastewater collecting system, and five years later those of 2,000 -15,000 p.e.

6.3.5. Social sector

Unlike the other WBIF sectors, there are no specific EU directives or acquis for social sector infrastructure but investments should comply with the provisions of Chapter 19 (Social Policy and Employment and Chapter) and Chapter 28 (Consumer and Health Protection) among others. Alignment with the Bologna process in education is also important.

There is no social sector specific dedicated regional body; however the Regional Cooperation Council (RCC) provides a regional focus for social matters⁵.

While the emphasis of WBIF projects is hard infrastructure (e.g. schools, hospitals, judiciary facilities, prisons), the WBIF facility of "sector development" projects allows for studies on social policy and related issues to facilitate the prioritisation of capital investments in this sector.

6.4. Financial Institutions' involvement

All projects should have a "Lead Financial Institution" (Lead IFI) that is either expected to contribute in financing the investment for which preparation support is sought or which has already allocated funds to

⁵ For additional relevant information, please refer to <http://www.rcc.int/>

an investment for which support is needed to facilitate its implementation.

There can be more than one Financial Institution interested to co-finance projects and, indeed, co-financing is encouraged for suitable projects. The project promoters must indicate in the grant application form which Financial Institution(s) is participating and to provide a contact person thereof.

Project promoters must consult with the Lead IFI on the proposed project before its submission, and the Lead IFI can contribute in preparing the grant application.

The Financial Institutions that can lead are the EIB, EBRD, CEB and KfW. The WBG can act as lead financier for Kosovo and for “sectoral” development studies. For the other Beneficiaries, it can only co-finance investments with other Financial Institutions or with the Commission unless a specific decision of the PFG allows it to lead.

6.5. Project readiness

As the aim of the WBIF is to expedite priority investments in key sectors, proposals should be submitted only for investments that:

- a) are clearly indicated as part of a national or sectoral development plan/strategy adopted in the Beneficiary country(ies).
- b) comply with the EU policy and pre-accession programme.
- c) abide to the Beneficiaries’ commitments under relevant international and/or regional agreements. For example, the Energy Community Treaty, or the agreement between the Commission and Ministers of the Western Balkan States on the indicative extension of the TEN-T Core Network and the TEN-T Corridors into the Western Balkan countries.
- d) are eligible for national co-financing. For example, are included in the medium term expenditure forecast or other Ministry of Finance documents, are part of the the Single Project Pipeline developed by the National Investment Committee (NIC)⁶ or equivalent national structure.
- e) have a high expectancy that a realisable investment plan will be concluded as result of the WBIF support.
- f) For projects where preparatory studies are under development (e.g. the feasibility study is being prepared), new financing will not be provided until these studies are complete. Similarly, where a grant has already been awarded but not disbursed, additional support will not be considered.

Specific information on all the above must to be provided in the grant application form.

6.6. Additionality of the WBIF grant

The added value (or additionality) of the grant refers to the positive results the WBIF grant achieves above and beyond what could have been achieved without the grant. WBIF support is additional in that it

- i. makes the difference between a project going ahead or being blocked; and/or
- ii. improves a project’s design, quality, timing, sustainability, innovation, impact and/or scale.

The additionality of the grant should be identified among the categories listed in the table below. Some types of additionality are quantifiable, and every effort should be made by the Beneficiaries to do this. Other types may not be quantifiable and these should be addressed in a qualitative manner. Where a qualitative method is chosen, the reasons for such choice should be properly explained and substantiated. Evidence should be provided to support claims of additionality where possible. As the difference between the benefit of the overall project and the additionality of the specific EU grant contribution is what should be demonstrated, only selected and relevant types of additionality should be described.

⁶ Set up in 2015, the purpose of the NIC is a) to increase transparency in the selection process of the investment projects, b) ensure the highest level political commitment for priority investments; and c) improve the coordination of the various actors involved in financing and implementing priority projects.

Type of additionality	Aspects to be considered
Economic	What are the economic benefits of the grant funding proposed? Why is the proposed grant funding necessary for the project?
Financial	What are the financial benefits of the EU's contribution to the project? How will this impact the end beneficiaries? E.g. through broadening access to finance to target groups; lowering end-user tariffs thereby increasing affordability of the services etc.
Project scale	How will the grant funding increase the scale of the project? Will it widen the results of the project; or extend the benefits to more people?
Project timing	In what way does the grant element have a positive effect on the timing of the project and/or the benefits it is expected to deliver?
Project quality, standards, social	How will the grant funding improve the quality of the project's expected outcomes? How will the grant funding improve the project's chances of success? How will the grant enable promotion of higher standards (socio-environmental standards including the promotion of gender equality) and more substantial social or global public good returns than would otherwise be possible?
Innovation	What are the innovative aspects of the project that could not be generated by or within the target environment without grant support? Why is the proposed innovation important?
Sustainability	Does the grant funding help support further or parallel activities to ensure that benefits continue beyond the life of the project? For example does the grant funding contribute to structural reforms, support changes to legislation, regulation or policy? Does the grant finance enable demonstration effects to other participants in the market place?
Other benefits	Other benefits/positive externalities may be realised by the project (or negative externalities avoided), which would not happen without the presence of the grant component. Are there any significant benefits outside of the main/primary objectives of the loan operation that grant funding could bring?

The use of scarce grant funding is only justified when significant additionality is demonstrated. The added value of the grant must be demonstrated in the section "Grant award justification" of the grant application form.

6.7. [Complementarity with other EU support](#)

Project proposals must complement and not duplicate or displace other EU support mechanisms or other donor programmes supported or planned. In particular, projects must be considered with reference to national priorities and support from the Instrument for Pre-accession Assistance (IPA). The EU Delegations will be consulted on the individual grant applications in the screening phase and, ideally, they should be consulted by Beneficiaries in advance in the preparation of proposals, especially where a potential investment is part of a nationally agreed strategy.

6.8. [Budget and scope of the project](#)

The budget and scope of the project must be defined in the application. Once approved by the Steering Committee, grants can be spent only and exclusively for the scope of the project for which they have been approved.

As regards grants awarded to support technical assistance actions, exceptionally low variances in budget are permissible and only on a case by case basis and in justifiable conditions. These require prior approval as provided for by the policies, rules and procedures of the funding source of the grants. For significant variations in budget and/or scope of the project, a new submission and its approval by the Steering Committee are required.

6.9. [New submission modus](#)

Following the respective discussion at the 21st PFG in May in Brussels and the endorsement of the 14th WBIF Steering Committee meeting in Oslo, a revised submission modus of proposals will forthwith apply.

Under this new modus, the NIPACs enter into an early dialogue with the Financial Institutions and apply, at least two weeks ahead of the submission deadline, to the WBIF Secretariat, for a preliminary project code (the MIS/IFICO will issue this code). Then, the NIPAC submits the grant applications at the traditional submission deadline, followed by a second deadline, for the Financial Institutions to endorse the application.

The WBIF key dates for the 15th Round are as follows:

- Dialogue NIPAC & WBIF stakeholders: 2 - 3 months prior to submission
- NIPAC pre-submission notification to WBIF Secretariat: 12 August 2016
- IFICO issues preliminary project codes to NIPACs: 19 August 2016
- NIPAC submission deadline: 2 September 2016
- Financial Institutions endorsement deadline: 9 September 2016
- Screening: 9 - 29 September 2016
- Paris Group in Brussels: 30 September 2016
- Assessment: 3 - 28 October 2016
- PG and 22nd PFG in Pristina: 7 - 8 November 2016
- 15th WBIF SC meeting in London: 15 December 2016

7. WBIF screening and assessment process

The grant requests follow a clearly defined review and approval process from submission through to the Steering Committee decision:

- 1) Receipt of applications online through the MIS by the Project Financier's Group.
- 2) Project screening: the grant requests presented by the Beneficiaries are analysed under the lead of the Commission (DG NEAR) with the aim of drawing a list of eligible projects ready for assessment. The analysis/consultation is launched by the WBIF Secretariat via MIS and involves the EU Delegations, relevant line Directorates General (e.g. DG Move, DG Energy, DG Environment), Directorate General for Economic and Financial Affairs (DG ECFIN), international/regional sectoral organisations (e.g. Energy Community Secretariat, South East Europe Transport Observatory), DG NEAR geographical teams, IFICO and IPF. Pursuant to their competency, with the exception of IFICO and IPF, they comment on each project's consistency with national (sector) and regional strategies, national and regional investment plans, with the IPA priorities and relevant EU policies (pre-accession agenda, ERP, sector priorities, competition rules, etc.), potential for IPA support (outside the WBIF) and other donor funding, and appropriateness of the mix of funding sources. IFICO comments on each project's support by the Beneficiaries and NIPACs as priority investments and provides technical advices on the urgency and maturity of the grants requested, on the clarity of the proposed use of the grants and on the amounts requested. IPFs are consulted on different technical aspects of the grants requested, in particular where they have been involved in previous phases of the projects.

The screening results/conclusions are considered in the Paris Group (PG) meeting, an informal meeting of the CEB, EBRD, EIB, KfW, WBG and the Commission and with possible participation of concerned bilateral donors, and the grants screened positively are selected for further consideration (assessment).

- 3) Project assessment: the grant requests considered eligible are assessed online via MIS, under coordination of the Lead IFI, against technical quality, compliance with environmental and social standards including promotion of gender equality, and additionality of the grant, financial and economic sustainability, credit risks and legal aspects.

The following criteria are used to assess and prioritise the eligible projects: rationale for use of grant funds, including project maturity and urgency, regional/cross-border impact, conformity with socio-environmental standards, economic and financial soundness, capacity of Beneficiary institution, financing perspective, project's contribution to climate change mitigation and/or adaptation (including scoring of Rio Markers) and climate resilience issues, grant application form completeness.

A second PG meeting is held, with similar participation to the former, where the assessment conclusions are considered.

- 4) The Project Financiers' Group (PFG) considers the screening and assessment conclusions and recommends a list of projects which are eligible under the WBIF for approval to the Steering Committee.
- 5) Projects approval: Projects recommended for approval by the PFG are submitted to the Steering Committee and are presented by applicants and participating Financial Institutions at the Steering Committee meeting. The Steering Committee takes the decision of grant award. This concludes the grant application cycle, and the approved grants enter into the implementation phase.

8. Implementation of grants following approval by the Steering Committee

The implementation of grant support from the WBIF follows the policies, rules and procedures of the relevant funding source. The progress achieved is systematically monitored through the MIS and reported to the PFG and the Steering Committee through semi-annual monitoring reports.

8.1. IPF grants

The grants implemented via the IPF currently use only EU funds from the IPA budget and are for technical assistance in project preparation and/or implementation. The work is done by IPF contractors undergoes the following main steps:

- Terms of Reference (ToR) for the Actions supported by the grants approved are prepared by IFICO or by an IPF contractor, in cooperation with the Beneficiary and the Lead IFI. After completion, they are shared with a wider stakeholder base for consultation.
- Once ToR are accepted, an IPF consultant is assigned to carry out the tasks defined in the ToR.
- The progress achieved in implementing the Actions is reported bi-monthly and in meetings with relevant stakeholders.
- Upon work completion, the deliverables and outputs are presented by the IPF contractor to the Beneficiary and the Lead IFI. A presentation and workshop are usually held to communicate and disseminate results.
- The IPF consultants secure "no-objection letters" from the Beneficiary and the Lead IFI to the services rendered and deliverables provided/results obtained.

In addition, during the implementation of the grant, a semi-annual monitoring report based on information supplied by the IPF contractor is submitted to the WBIF Secretariat by 30 April and 31 October. The data are made available through MIS, whereby the data input is ensured by the relevant Contracting Authority of the IPF contractor.

8.2. EWBJF grants

For grants financed from the EWBJF, the Actions are implemented by the Lead IFI under the General Conditions of the EWBJF and in accordance with the applicable policies and procedures of that Lead IFI.

Each Lead Financial Institution provides, by 31 March each year, an annual implementation report for each Action (including each completed and/or each ongoing Action) implemented in the preceding calendar year. The annual implementation report is submitted by each Lead IFI to the EIB who will consolidate the provided data into a summary implementation report for the Assembly of Contributors. A copy of the summary implementation report is provided to the WBIF Secretariat.

In addition, each Lead IFI updates relevant data in the MIS with key progress data relating to the implementation of each Action which are used as an input into the semi-annual monitoring report produced by the WBIF Secretariat. Such data are updated by each Lead IFI by 30 September and 31 March each year.

8.3. Extraordinary circumstances

Specific procedures have been agreed upon and put in place for those situations where an approved grant

does not progress in accordance with the grant application.

The WBIF grants which do not evidence satisfactory implementation progress will be withdrawn. Following the WBIF 12th Steering Committee meeting in Rome, the following procedure has been adopted for the “Monitoring of the WBIF pipeline of projects in close cooperation with the Lead Financial Institutions”. The WBIF Secretariat, with the support of IFICO, will annually consult and meet with the Financial Institutions, DG NEAR and the IPF contractors at one of the Lead IFIs’ headquarters. The purpose of this exercise is verification of the information found in the MIS (i.e. correct and up-to-date information) as well as highlighting projects with slow progress that may be subject to cancellation. The EU Delegations will also be consulted with a view of identifying problems. A list of pre-identified (slow moving) projects will be sent to the Lead IFIs one month ahead of the review meeting. This list will be based on the following criteria:

- a) when the preparation of the ToR has not started one year after the approval of the grant by the Steering Committee;
- b) when the implementation of the Action has not started two years after the approval of the grant by the Steering Committee;
- c) when the Action has not reached completion by the end date indicated in the grant application form or four years after the approval of the grant by the Steering Committee

The PFG reviews the list of projects that have not progressed and recommends the cancellation of grants where it is deemed that progress cannot be achieved as envisaged. The financial allocations of these grants is then returned to the overall WBIF resources.

[Annexes](#)

Annex 1: WBIF governance structure and related bodies

Annex 2: Sector development projects

Annex 3: Contents of the Grant Application Form

Annex 4: Additional information on the WBIF Climate Change Window

Annex 1: WBIF governance structure and related bodies

The governance bodies of the WBIF are the Steering Committee and the Project Financiers' Group.

The Steering Committee

The Steering Committee provides strategic orientation on the WBIF and takes decisions related to the selection of projects eligible for grant support. An approval by the Steering Committee is a precondition for any financial support under the WBIF.

The Steering Committee is composed by representative of the Commission, CEB, EBRD, EIB, KfW, WBG and contributors to the EWBJF. The Beneficiaries, EU member states not contributing to the EWBJF as well as the Regional Cooperation Council and other expert bodies associate with the regional networks (e.g. Energy Community Secretariat, South East Europe Transport observatory) participate at meeting as observers. It is co-chaired by the Commission (permanent) and one of the contributors to the EWBJF (on a rotating basis every 12 months) and meets at least twice a year.

Project Financiers' Group

The Project Financiers' Group (PFG) provides a single entry point for requests for grant support under WBIF and is responsible for screening and assessing the requests for financial support. It is also responsible for the coordination of approved grant operations.

The PFG is composed of representatives of the Commission (DG NEAR coordinates the participation of all relevant Commission services), CEB, EBRD, EIB, KfW, WBG and bilateral financial institutions of development agencies of EWBJF contributors. The Group is co-chaired by the Commission (permanent) and by the EIB, EBRD or CEB (on a rotating basis every 6 months).

WBIF Secretariat

The WBIF Secretariat is hosted by the Commission (DG NEAR) and its main role is to prepare, support and implement decisions of the PFG and the Steering Committee. In particular, the Secretariat issues calls for proposals for projects and manages the screening and assessment process. It is supported by technical assistance:

- Infrastructure Project Facility (IPF): is a substantial EC-financed facility for the WBIF that provides teams of technical experts, to assist beneficiaries and financiers with the preparation of infrastructure projects that have been identified as a priority by WBIF stakeholders. IPF assistance is also made available to assist with investment implementation where approved by the WBIF Steering Committee and IPF supports the operation of the PFG.
- IFI Coordination Office (IFICO): an EC-financed project that supports better coordination and communication among the EC, Financial Institutions, bilateral donors and beneficiaries in the Western Balkans. In particular it supports the Steering Committee through horizontal advisory and logistical tasks and manages the WBIF website and MIS.

National IPA Coordinators

The National IPA Coordinators (NIPACs) represent the Beneficiaries under the WBIF and are the direct link between the WBIF stakeholders and the NICs or equivalent national structures for project prioritisation. Applications for grant support under the WBIF must be submitted by the NIPAC(s) of the Beneficiary country(ies). For regional sectoral projects, the applications can be submitted by the relevant sectoral organisation, but they must be accompanied by official letters of support from relevant NIPACs. The NIPACs also present the project proposals for financial support at the Steering Committee meetings.

Annex 2: Sector development projects

Introduction

Projects comprising research and analytical studies are eligible for funding under the WBIF up to an indicative limit of € 5 million per year. In order to guide applications for such projects and to facilitate their assessment by WBIF structures, the following guidelines have been agreed.

Overall objective of the “sector development projects” under WBIF

To provide WBIF stakeholders with information, analysis and where relevant recommendations that support the development of investments and/or improve the investment climate in the Western Balkans.

Characteristics of eligible projects

- Projects should address one or more of the WBIF sectors – energy, environment, transport, social issues (including infrastructure) and private sector development. Cross cutting/horizontal issues (e.g. fiscal policy, public-private partnerships, etc.) are also eligible.
- In general projects should be “multi-beneficiary” in nature, either in the form of a clear cross-border externality (often the case in infrastructure such as energy, transport) or by highlighting common features that are shared by a number of countries in the region due to their shared policy and institutional legacies (e.g. in environment or in socio-economic areas such as education and health).
- Where a project is proposed for one beneficiary it should have clear application for and support from other beneficiaries.
- Sectoral projects should be developed and undertaken in close cooperation with the relevant regional organizations/programmes (Energy Community Secretariat, South East Europe Transport Observatory, Regional Cooperation Council, Environment and Climate Regional Accession Network, etc.).
- An assessment of the gender impact within the selected sector should also be conducted.
- The results of any projects are to be made available to all WBIF stakeholders.

Project application and implementation

- In line with standard WBIF procedures, applications for study projects should be submitted as part of the regular calls for proposals.
- Applications can be submitted by NIPACs or by regional sectoral organizations with the support of NIPACs. All the NIPACs will have to support the proposals for regional projects.
- Applications must be endorsed by a Lead IFI (or other competent body, the Commission or bilateral donor as may be necessary) before submission. The Lead IFI will take overall responsibility of the project if it is approved.
- Upon approval, a project will enter the standard WBIF monitoring process and relevant information on implementation must be provided via MIS and to the PFG and/or Steering Committee meetings.
- Project developers and implementers will liaise with the IFICO to ensure greater coordination with WBIF policy and strategy activities and other related activities.
- All reports will be produced as WBIF Policy and Strategy Discussion Reports and will be presented as appropriate at the WBIF events and relevant sectoral meetings.

Annex 3: Contents of the Grant Application Form

The MIS allows applicants to create the grant application form (PGAF) online. Only proposals submitted through the MIS are eligible to be selected for financing. The PGAF and is composed of a series of sections, each in a dedicated screen, that the applicant fills on-line.

The Action described in the application contributes to an existing investment project, which the applicant selects from a list of registered ones, or a new one. In either case the investment project synopsis needs to be entered or updated, including the description of the estimated or incurred project costs, and the estimated or secured source of financing. The total value of the two must match.

The PGAF created in the MIS contains all the sections and annexes which must be filled-in by the applicants, including functionalities for entering pictures. The template of the PGAF is provided below, together with instructions related to the information that should be provided in each section. The application form and Annex 1 must be completed by applicants. Annexes 2 and 3 to the PGAF are not to be filled-in by applicant; they generally reflect the screening and assessment carried out by the WBIF and aim to help the applicants to double check that all relevant information has been provided.

For assistance with completing the grant application form in the MIS and submitting the grant requests, the applicants are advised to contact IFICO by sending an email to mis@ificoord.eu.



Project Grant Application Form – Round WB16

Title of the Operation

Project

Applicant

Geographical coverage¹

Lead Financial Institution

Eligible Sector

DAC Code²

CRS Purpose code

Grant application ref.

[Large grey rectangular area for application details]

-
1. Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Kosovo* (with a footnote reference stating: “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” the first time it is mentioned in the document).
 2. For guidance see: <http://www.oecd.org/dac/stats/data>

Description of the Action

Title

(indicate the title of the action; it should be identical with the title of the operation)

Planned start date of activities financed by the WBIF grant

(indicate the estimate date for the start of activities)

Planned end date of activities financed by the WBIF grant

(indicated an estimated completion date of the activities)

Borrower/Beneficiary(ies)

(provide contact points for both)

Project description

(description of the planned investment(s) and the present situation, including problems to overcome)

Outcome / Results to be achieved for the investment

(specify the foreseen results, indicate

- 1. the economic*
- 2. the social (including in relation to gender equality)*
- 3. the environmental benefits produced by the investment*
- 4. as well as the estimated number of direct beneficiaries)*

Strategic justification

(specify which strategy and/or investment plans both at national and regional level include the proposed project.

Can you describe how the project is in line with

- EU pre-accession strategy*
- National strategy*
- Other donors' strategy?)*

Additional comments on the project

(This part should focus on

- *constraints, partners/site availability, assumptions and risks appraisal, etc.*
- *provisional project chronology, including target date for loan signature.)*

Description of the Grant use

(This part should focus on:

- *what is concretely requested to be financed and the expected outcomes*
- *how the use of this grant is linked to eventual other existing grants)*

Grant request justification

(This part should focus on the value added of the grant:

- *Why a grant contribution is needed for the Project completion?*
- *How will the grant help remove barriers and accelerate project completion?*
- *How urgent is this grant request and why?*

Provide a quantitative and/or qualitative justification of the grant's additionality based on the categories listed in Section 6.6. of the Guidelines).

Contribution to climate (CC) change mitigation/Adaptation

(Describe any project components/ activities contributing to CC mitigation and/or adaptation and expected impact on GHG emissions reduction.

Indicate if potential CC risks were considered in the development of the project and whether measures have been taken to make the project CC resilient)

The proposal meets the Round priorities

It "unblocks" an existing project where identified problems are solved by the proposed targeted technical assistance;
and

The project is on or is clearly link to the Core Network (additional condition specific for transport sector only).

Project Financing Plan

Project costs

(broken down in phases)

ID	Component	Type	Estim.cost (€)	%/total	Remarks
1					
2					
3					
Total costs					

Sources of financing

(to be adapted case by case)

No.	Financier	Costs financed	Contribution (€)	%/total	Remarks
1					
2					
3					
4					
Total Financing (€)					

Project Financiers

Lead IFI	Contact person	eMail	Phone
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Other Financiers	Contact person	eMail	Phone
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Annex 1: Eligibility checklist

- 1 Operations covered by the WBIF benefit one or more of the following Beneficiaries: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo
- 2 Fall within one of the eligible sector: Environment | Energy | Energy efficiency and savings | Transport | Social | SME, private and financial sector support
- 3 The project is not supported by the Regional Development Component of IPA
- 4 All elements included under the activities covered by a WBIF grant⁷ for the investment projects are in principle eligible for grant financing
- 5 The project promoter's application is submitted by a NIPAC, or a Regional Sectorial Organisation or the CEB, EBRD, EIB, KfW or WBG and support is endorsed by all relevant parties
- 6 The project is consistent with the EU Pre-Accession Strategy and relevant sector policies and national investment plans
- 7 Grant requests explicitly mention any complementarities or coherence with projects supported or planned for support under the IPA National Programmes (for implementation by the EU Delegations or by the Beneficiaries authorities) and/or other donors activities
- 8 The borrower/beneficiary intends to use the leverage of a loan through the Joint Lending Facility for this project
- 9 Grant operation will be consistent with the policies, rules and procedures of each source of funds (Commission, EIB, EBRD, CEB and EWBJF)
- 10 The Lead IFI has been consulted on possible contribution of project to climate change mitigation/adaptation and on its climate resilience
- 11 An IFI is aware of this proposal and the IFI person, noted on page 4, agrees to being recorded as the IFI contact person
- 12 The application meets the Round 16 priority for submissions

Yes	No
Yes	

⁷ When calculating the eligible costs of a project that may benefit from grant financing or co-financing, the rules and procedures of the Commission, the CEB, EBRD, EIB, KfW, WBG and the EWBJF will apply.

Eligibility of IFI Grant financing should be confirmed with co-financiers. According to the IPA Regulation the following expenditures are not eligible: a) taxes, including value added taxes (in principle); b) customs and import duties, or any other charges; c) purchase, rent or leasing of land and existing buildings; d) fines, financial penalties and expenses of litigation; e) operating costs (can be allowed on a case-by-case basis); f) second hand equipment; g) bank charges, cost of guarantees and similar charges; h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as purely financial expenses; and i) contributions in kind.

In addition, any leasing costs or depreciation costs are not eligible. In the case of revenue-generating projects, meaning a project involving an investment in infrastructure, which is subject to charges borne directly by users, the eligible cost is calculated according to a funding gap method deducting the value of the net revenue over a specific time from the value of the investment cost.

PFG Technical Advice and conclusions

Annex 2: Screening *(coordinated by DG NEAR)*

How this project is supported by beneficiaries and NIPACs (National IPA Coordinators) as a priority investment? This part should also offer a technical advice on the urgency and maturity of the grant requested, on the clarity of the proposed use of grant and on the amounts requested

How the project is consistent with national (sector) strategies, national investment plans and with the IPA priorities and the project potential for IPA support (not allocated via the JGF) or other donor funding?

How the project is consistent with relevant EU policies? How the project is consistent with regional strategies and investment plans? Is it the project presenting the appropriate mix of funding?

Conclusion

Annex 3: Assessment (coordinated by Lead IFI)

Rationale for use of grant funds, including assessment of project maturity and urgency

Regional / Cross Border Impact

Conformity with socio-environmental standards including gender equality

Economic and Financial justification, including assessment of TA/grants needs and leverage aspect

Capacity of Beneficiary institution, including how the grant support will help capacity building

If assessment has been done in consultation with beneficiary, indicate the contact person, institution and when consultation took place

Confirm Financial Plan, as shown above in main text body, is valid & correct. Insert new/revised plan here if necessary

Describe or comment on project's contribution to climate change mitigation and/or adaption and climate resilience issues

Rio Markers' record⁸

/Mark "X" in appropriate box(es) if project and/or grant's contribution to climate change mitigation/adaptation has:

No objectives

A significant objective

The principal objective

Rio Markers	Mitigation ⁹		Adaptation ¹⁰	
	Project	EU grant	Project	EU grant
0				
1				
2				

⁸ It is possible that the project contributes to both mitigation and adaptation in which case both parts need to be marked. In general the contribution assigned is: 100% of EU contribution for Rio Marker 2; and 40% EU contribution for Rio Marker 1. Specific expenses related to climate change may over-ride this value.

⁹ Rio marker for mitigation: <http://www.oecd.org/dataoecd/18/31/44188001.pdf>

¹⁰ Rio marker for adaptation: <http://www.oecd.org/dataoecd/1/45/45303527.pdf>

Annex 4: Additional information on the WBIF Climate Change Window

This annex provides guidelines to the Beneficiaries providing information on climate change aspects in the application form. The Beneficiaries are requested to provide information on climate change in the following two sections of the application form:

- Contribution to climate change mitigation/ adaptation; and
- Eligibility checklist.

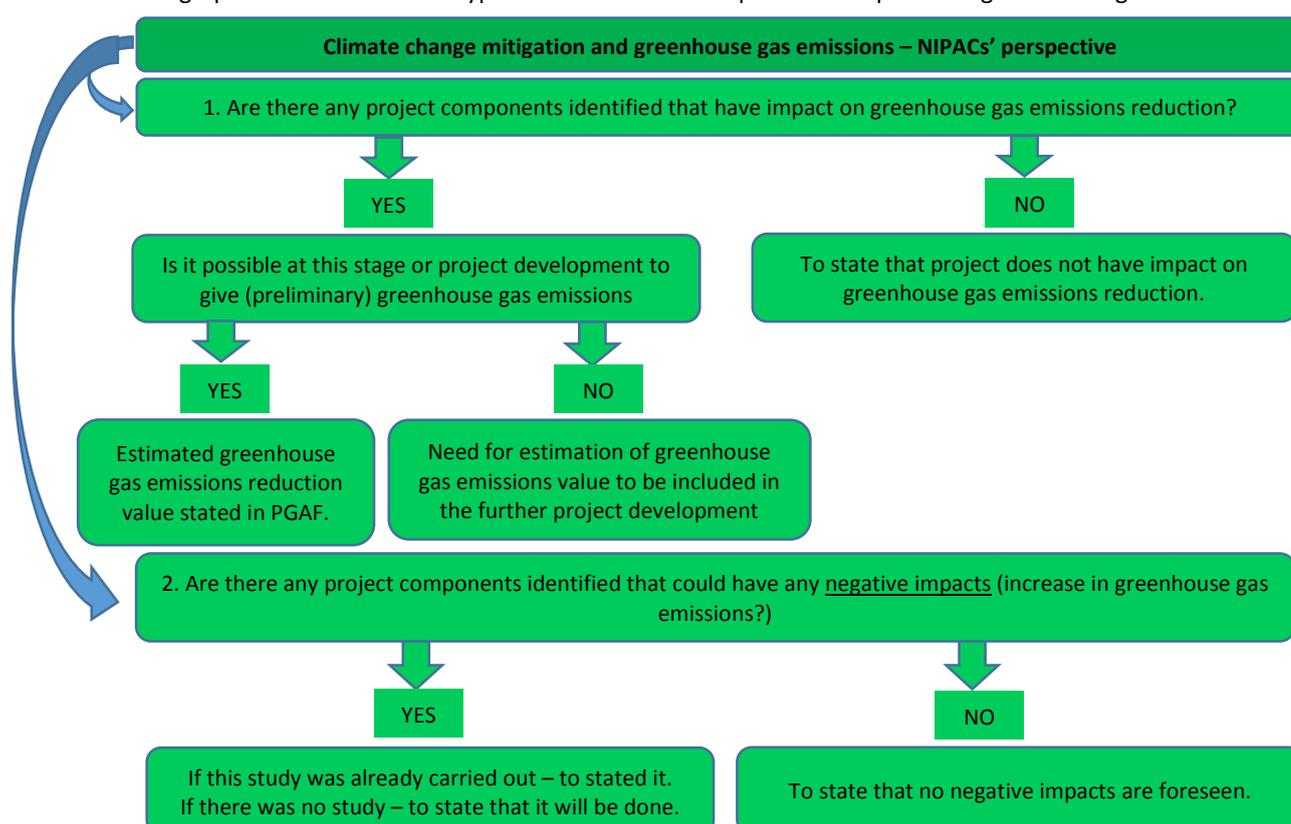
Contribution to climate change mitigation/ adaptation

The Beneficiaries should provide information on potential contributions of the project to climate change mitigation/adaptation and on potential climate risks which can influence the project and measures to make project climate resilient. For some projects climate change aspects might not be that relevant (e.g. assistance to private sector development). If climate change aspects are not relevant for the project this should be stated after consulting with the Lead IFI.

The availability of information on climate change depends on the maturity of the project:

- If project is in the early stages of development (e.g. it asks for technical assistance for a pre-feasibility study or a feasibility study) information on climate change aspects might not be yet available. In such cases the application should note that climate change aspects such as: expected impact on greenhouse gas emissions; identification of climate change risks and identification of measures to make project climate resilient will be analysed as part of the requested technical assistance.
- If project is at an advanced preparation stage (e.g. it asks for technical assistance for construction, assistance to the Project Implementation Unit; capital expenditure, interest rate subsidies or insurance premia) it is assumed that the project preparation studies analysed the relevant information on climate change aspects. A summary of key facts from the project preparation studies such as: project expected impact on greenhouse gas emissions; identified climate change risks and measures to make project climate resilient should be stated in the application.

The graph below outlines the type of information to be provided on potential greenhouse gas emissions:



The following check lists can assist the beneficiaries in identification of potential climate change impacts on the project:

Checklist to identify climate – influenced projects¹¹	
Questions	If yes, insert ‘y’
Is the lifetime of the project 20 years or more? (It is on these timescales that climate change impacts will increasingly be felt.)	
Are the project options in climatically-exposed locations? (As detailed in the next table)?	
Is water an integral part of operations, products or services? (Integral part refers to the use of water as major component of the operation (e.g. cooling water in the production/manufacturing process, hydropower generation.)	
Are there problems due to disruption of energy supply for the project?	
Do project components depend on other supplies or services which are sensitive to climate conditions or weather events?	
Are transport routes for the project options vulnerable to weather disruption (e.g. by storms, floods, landslides, etc.)?	
Are the project facilities or operations negatively affected by higher temperatures? Can this lead to reduced productivity, higher costs, or equipment failure?	
Will the project workforce be exposed to temperature stress or weather events (non-air conditioned or poorly ventilated buildings / working outside)?	
Is demand for the project’s products/services sensitive to weather or climate conditions?	

The following table assists in determining if the project location is likely to be exposed to climate change hazards:

Is project location exposed to climate change?¹¹	
Changing climate hazard	Particularly exposed locations
Average temperature rise and increased risk of heat waves	Regions where average temperature is already high; Urban centres, where the ‘urban heat island effect’ will exacerbate high temperatures; Regions with limited freshwater supplies.
Mean sea level rise, coastal flooding and erosion	Coastal areas and islands.
Decreased seasonal precipitation, increased risks of drought, wildfire.	Regions where rainfall is already scarce; Locations where current demand for water almost matches supply or outstrips; Locations where water quality is poor; Regions prone to wildfire; Trans-boundary river basins where tensions over water use already exist.
Increased seasonal precipitation and more rapid snow melt – increased risk of river flooding, flash floods, or soil erosion.	Regions with high rainfall; Estuaries, deltas, river floodplains; Mountainous regions; Locations prone to landslips; Urban centres with storm water systems not designed to manage intense rainstorms; Contaminated environments (land, water).
Possible increase in storm intensity and frequency	Areas at risk of storms; Urban centres at risk from storms.

Certain types of projects financed through WBIF might be more likely to be exposed to climate risks. Those are exemplified in the table below.

¹¹ Adapted from Guidelines for Project managers: Making vulnerable investments climate resilient (Non paper, EC 2012)

Project category	Example of project type
Energy	Electricity production (thermos power plants, gas turbines, hydropower, wind, solar); District heating, cogeneration; Electricity transmission (power transmission/distribution networks); Gas pipelines and facilities.
Buildings (social sector relevance)	Public buildings (educational infrastructure, hospitals, healthcare facilities, prisons); Commercial facilities / tourism infrastructure.
Transport	Railways, roads, bridges, airports, harbours, inland waterways.
Environment	Drinking water supply, wastewater treatment; Solid waste management; Flood protection.

Eligibility checklist

The Lead IFI has been consulted on possible contribution of project to climate change mitigation/adaptation and on its climate resilience (Yes/ No)
If Yes, please state the name of Lead IFI and the name of person consulted
If No, please state the reasons why the Lead IFI was not consulted

During the assessment phase the Lead IFIs allocate the Rio Markers to the application and comment on project's contribution to climate change (mitigation and adaptation) aspects.

Tracking climate finance is an obligation of the donors not the beneficiaries. The tracking is based on Rio Markers methodology developed by the Organisation for Economic Co-operation and Development (OECD). The Rio Markers on climate indicate a donor's policy objectives in relation to each aid activity. They allow for approximate quantification of aid flows that target climate objectives. There are three values of Rio Markers to be used: 2, 1 and 0 (see table below for explanation).

Rio Marker	Description
2	Tackling climate change (mitigation, adaptation) is the principle objective of the project (it's explicit, prime objective); It is a principal reason for undertaking this project; If project is marked as "2" 100% of the project budget is counted as climate finance.
1	Tackling climate change (mitigation, adaptation) is a significant objective. Project has other prime objectives. If project is marked as "1" 40% of project budget is counted as climate finance.
0	Project does not have objectives related to climate change (mitigation, adaptation).

Rio Markers can be allocated for climate change mitigation and climate change adaptation. See table below for key concepts.

Climate change mitigation marker	Project contributes to the objective of reducing or limiting greenhouse gas emissions and/or stabilisation of greenhouse gas concentrations in the atmosphere; Typical sectors include: water and sanitation, transport, energy, agriculture, forestry and industry; Examples of projects include: greenhouse gas emission reduction in the energy/transport sectors; Application of new and renewable forms of energy, machinery and equipment; Methane emission reduction through waste management or sewage treatment; Introduction of new technologies and know-how that reduce greenhouse gas emissions (in waste management, transport, energy).
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Climate change adaptation marker	<p>Project contributes to reducing vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience;</p> <p>Typical sectors include: health, water and sanitation, agriculture, forestry, fishing, flood protection, disaster prevention and preparedness;</p> <p>Examples of projects include: promoting water conservation in areas of high water stress; implementing measures for flood prevention and management (watershed management, wetland restoration), water saving irrigation methods.</p>
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The Lead Financial Institution may propose a specific percentage of project budget which contributes to climate change based on its own methodology; for example IFIs who use the Multilateral Development Banks Methodology (e.g. EBRD, EIB)

The allocation of Rio Markers to a specific project does not influence its scoring or prioritisation during the WBIF decision making process on grant allocation. It is done to allow donors including the EU to report on their commitments to climate finance.

Annex 5: WBIF regional support contact points

Albania

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Tel: + 381 (11) 308 22 19

Abbreviations and acronyms

CEB	Council of Europe Development Bank
DG ECFIN	Directorate-General for Economic and Financial Affairs
DG Energy	Directorate-General for Energy
DG Environment	Directorate-General for Environment
DG Move	Directorate General for Mobility and Transport
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECS	Energy Community Secretariat
EIB	European Investment Bank
EPR	Economic Reform Programme
EU	European Union
EWBJF	European Western Balkans Joint Fund
IFI	International Financial Institution
IFICO	IFI Coordination Office
IPA	Instrument for Pre-Accession Assistance
IPA II	Instrument for Pre-Accession Assistance for 2014-2020
IPF	Infrastructure Project Facility
KfW	Kreditanstalt für Wiederaufbau
Lead IFI	Lead Financial Institution
MIS	Management Information System
MoU	Memorandum of Understanding
NIC	National Investment Committee
NIPAC	National IPA Coordinator
OECD	Organisation for Economic Co-operation and Development
PECI	Project of Energy Community Interest
PFG	Project Financiers' Group
PG	Paris Group
PGAF	Grant Application Form
PPP	Public–Private Partnership
RCC	Regional Cooperation Council
REEP	Regional Energy Efficiency Programme for the Western Balkans
SEETO	South East Europe Transport Observatory
SME	Small and Medium-sized Enterprise
TA	Technical Assistance
TEN-T	Trans-European Transport Network
ToR	Terms of Reference
VAT	Value added tax
WB EDIF	Western Balkans Enterprise Development and Innovation Facility
WBG	World Bank Group
WBIF	Western Balkans Investment Framework