

Practical Guidelines
For WBIF Project
Application and Submission

1. Purpose of this Document

This document aims to provide WBIF stakeholders, particularly officials from relevant institutions in WBIF beneficiaries, with a concise and user-friendly guide to preparing and submitting applications for grant support under the Western Balkans Investment Framework (WBIF).

The document's overall objective is to facilitate the WBIF's objective of financing key investments that contribute to socio-economic development in line with the EU accession process in the region by a) ensuring the most appropriate projects are submitted; and b) helping improve the quality of grant applications so enhancing the screening and assessment process. The result should be better quality applications with an increased likelihood of a grant award.

The guidelines will evolve to reflect emerging factors such as new measures or initiatives and to respond to external pressures through regular updating. The first edition was published in December 2012 to compliment Round 9; this revised edition is timed to complement Round 10 and its 19 September submission deadline. Over the period between the two editions important factors have emerged and are covered below; of particular note is the incorporation of "climate change (CC)" aspects into the WBIF.

Following its accession to the European Union on 1 July 2013 , Croatia is no longer a WBIF Beneficiary but will remain involved in the WBIF.

Information in this document is supplemented by additional information on the WBIF website - www.wbif.eu.

2. Focus of Round 10 call for proposals

Following near four years of implementation, the WBIF has successfully evolved as a unique platform to blend grant and loan financing to prepare and implement strategic investments in key sectors in the WBIF beneficiaries' economy. To date, a total of 160 grants¹ have been approved for 140 investment projects and these are at different stages of implementation with 30 under construction.

The most prominent change for Round 10 is the introduction of a "Climate Change Window (CCW)" into the WBIF in line with obligations for EU financed blending mechanisms. The main aim of a CCW is to allow financing that supports climate change related activities to be tracked. In addition it helps to raise awareness of the climate change aspects of proposed investments.. The CCW is covered in section 6.3 and its corresponding annex. Round 10 is very much a pilot and learning process to deal with CCW. Assistance with completing the CC elements of the PGAF is available from the lead IFI of the proposed project and from IPF1 technical support. It is important to note that the main responsibility for providing CCW related information lies with the IFIs during their assessment of positively screened applications.

One key issue highlighted in the Guidelines' first edition is still valid and needs reemphasising for Round 10. The pipeline of priority projects needs to be successfully implemented so the expected benefits are available to the citizens of the Western Balkans. Given the persistent challenging economic climate in the region and globally, the scarcity of financing and the on-going regulatory and administrative issues in the region, the WBIF continues to place an

¹ Adjusted for withdrawn grants

emphasis on ensuring that the current projects in the pipeline are progressing. To this end, in addition to considering new investment proposals for assistance, WBIF may consider applications to provide grant assistance, in particular cases, to priority investment projects that are facing obstacles to implementation that can be resolved through the availability of grant assistance. On-going priority investment projects that have not benefited previously from WBIF assistance are also eligible for WBIF assistance on the same basis.

In order to consider and justify WBIF support for faltering projects there must be a thorough analysis of the causes of blockages accompanied by a clear and logical use of grant support that will lead to progress. As a general principal, WBIF will not add more subsidy to an existing investment but rather will consider support that improves the policy/regulatory environment relevant to the investment, and/or helps the market to function more efficiently, for example through capacity building or new competencies brought in to strengthen management.

Given the current economic climate and consequent impact on investment affordability project proposals should be prioritised and demonstrate that the long-term sustainability of public debt and the impact of - especially large-scale - projects on public finances has been taken into account.

SME support should primarily be sought through the Western Balkans Enterprise Development and Innovation Facility, the “WB EDIF”. Additionally, should SMEs or private enterprises seek support for energy efficiency measures², they should be directed to the WBIF Regional Energy Efficiency Programme “REEP” managed by EBRD; the contact is: Daniela Diedrich-Ristic, diedricd@ebrd.com.

Beneficiaries need to be aware that the number of projects and size of contribution that can be supported is limited by the availability of resources in the WBIF Joint Grant funds and within IPF.

3. Overall Objective of the WBIF

The WBIF supports socio-economic development and EU accession across the Western Balkans through the provision of finance and technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development. It is a joint initiative of the EU, International Financial Institutions (IFIs), bilateral donors and the governments of the Western Balkans.

The essence of the WBIF process is the coordinated effort that goes into preparing and selecting investments for financial support, thereby “blending” internationally financed grants and loans with domestic finance to expedite the implementation of investments that leads to fulfilment of strategic priorities defined in national, regional and EU accession policies contributing to socio-economic development in the region.

Projects should contribute to competitiveness, growth and job-creation in the region.

A description of the WBIF governance structures is provided in Annex 1.

² For a comprehensive description of all finance facilities for energy efficiency measure in the Western Balkans readers are directed to the wbif website: <http://wbif.eu/documents/275>

4. WBIF Stakeholders

4.1 Eligible Beneficiaries

- Albania
- Bosnia and Herzegovina
- former Yugoslav Republic of Macedonia
- Kosovo*³
- Montenegro
- Serbia

For trans-national and/or regional projects involving one or more of the eligible Beneficiaries and another country, WBIF financial assistance will only be available for the investment relating to the WBIF Beneficiary.

4.2 Eligible project promoters

Current WBIF practice is that the project promoters of an investment proposal seeking WBIF support should be public entities at central or local government level and/or agencies and companies responsible for the provision of public utilities and services.

4.3 External Financiers

The international financiers are:

- European Commission
- International Financial Institutions (Council of Europe Development Bank – CEB, European Bank for Reconstruction and Development – EBRD, European Investment Bank – EIB, The World Bank Group – WB⁴, Kreditanstalt für Wiederaufbau - KfW)
- Bilateral Donors and Financial Institutions (Austria, Czech Republic, Denmark, Finland, Germany, Greece, Hungary, Italy, Luxembourg, Norway, Slovenia, Sweden, United Kingdom)

5. WBIF Support

5.1 Types of Financial Support Available – Grants, Loans and Financial Facilities:

The WBIF provides grants and loans to support investments in infrastructure or specialised financial assistance programmes.

Grants can be for:

- i) Technical assistance to prepare infrastructure investments (e.g. to carry out a feasibility study etc.). To date, most of the grants approved have been of this type⁵.
- ii) Technical assistance to overcome specific obstacles that are delaying the preparation or implementation (e.g. construction) of a priority investment project. However, it must be noted in order to consider and justify WBIF support for faltering projects there must be a thorough analysis of the causes of blockages accompanied by a clear and logical use of grant support that will lead to progress. As a general principal, WBIF will not add more

³ *“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”

⁴ The World Bank can act as lead financier for Kosovo, for “sectoral” studies and by exception, agreed by the PFG, elsewhere. For other beneficiaries it can co-finance investments with other IFIs or the EC.

⁵ Proposal promoters need to take care when specifying types of services requested; for example a feasibility study for an IFI is unlikely to cover national statutory licences that the promoter may expect.

- subsidy to an existing investment but will consider support to improve the policy/regulatory environment relevant to the investment, through capacity building.
- iii) Technical assistance to undertake research and analysis to facilitate the development of investments in a particular sector or sub-sector (see 5.2 (d) sector studies below)
 - iv) Technical assistance to support policy reforms and institution building required to improve the investment climate (usually as part of a large financing facility (e.g. the WBIF's Enterprise Development and Innovation Facility - EDIF – see <http://www.wbif.eu/Private+Sector+Development>).
 - v) Capital expenditure. For very particular cases where a funding gap is clearly identified.
 - vi) Incentive payments for financial intermediaries. For example with provision of SME financing.
 - vii) Interest rate subsidies. The cost of borrowing may be reduced where the need is justified; this is a facility provided by particular IFIs, notably the CEB
 - viii) Insurance premia. Funding of insurance premia necessary to implement a project.

Loans can be used for:

- i) Investments in infrastructure. Most of a loan will be used for capital expenditure; in addition amounts can be used for technical assistance and project implementation support. Loans under the WBIF are provided by the eligible IFIs.

Specialised Financial Assistance Programmes or Financing Facilities are complex assistance programmes that support implementation of government policies in particular sectors and that target specific, well defined end-user. To date these have been used for:

- i) EDIF – This provides equity and/or loan financing for innovative and high growth SMEs along with technical assistance to improve the regulatory environment.
- ii) Energy Efficiency - Provision of loan financing for governments, local municipalities and public companies for energy efficiency related investments along with technical assistance for government, municipalities and financial intermediaries.

5.2 Eligible sectors⁶:

WBIF support focuses on the following areas and sectors of activity:

- a) Infrastructure:
 - i) Transport
Road, rail, sea and water ways, air transport, urban transport, inter-modal terminals
 - ii) Energy
Generation (a preference is given to renewable technologies), electricity, gas and oil strategic transmission, storage, CHP/cogeneration, district heating and energy efficiency
 - iii) Environment
Water supply, waste water, sewerage, solid waste, hazardous waste, emission control
 - iv) Social
Education, judiciary, health, social housing, public buildings
- b) Private Sector Development
National or regional schemes to assist SMEs on a group basis. Applications from individual enterprises are not permitted by PGAF application. SME support can be sought through the WBIF Enterprise Development and Innovation Facility, "EDIF".
- c) Energy Efficiency

⁶ The sub-sector examples given are illustrative only and shouldn't be considered exhaustive or restricting.

Schemes for energy conservation and saving should be directed through the WBIF supported Regional Energy Efficiency Programme, "REEP".

d) "Sector Development" projects

Studies that will provide information, analysis and where relevant recommendations that support the development of investments and/or improve the investment climate in the Western Balkans. Such projects must have benefits for the wider region. Specific guidelines have been prepared for these and are attached in Annex 2.

5.3 Eligible Costs

All elements of the eligible cost⁷ of the investment projects are in principle eligible for grant financing subject to approval of the WBIF Steering Committee.

6. The WBIF Project Application Process

Project applications for WBIF support are triggered by calls for project proposals. These are sent by the WBIF Secretariat in DG Enlargement to all NIPACs and there are normally two calls (also known as rounds) each year timed to allow approval of grants at the WBIF Steering Committee meetings in June and December.

The frequency of rounds can be affected by the availability of funds.

6.1 Source of requests for WBIF support.

Applications for WBIF support can be submitted by:

- i) A NIPAC office. The majority of applications come from this source.
- ii) An IFI.
- iii) A regional sectoral organisation; for example SEETO, Energy Secretariat, RCC.

For regional projects, (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. They must indicate other supporters on the application form and formal expressions of support from a competent government authority must be attached to the application.

For all applications, the interested IFI **must** be indicated and consulted. See section 6.4 below.

Applications for WBIF support must be made on a Project Grant Application Form (PGAF) relevant for the particular round; the round number is prominently displayed on top of page 1. The correct PGAF can be downloaded from the WBIF website at:

<http://www.wbif.eu/Project+application+and+selection>

It is important to use only this source for blank PGAFs and not to alter the file format as this is the only format that will work in the supporting WBIF management information system (the WBIF-MIS).

A Round 10 (second semester 2013) version PGAF is shown as an example in Annex 4.

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 partner IFIs and the EWBIF will apply – see Project Grant Application Form – Annex 3.

Particular attention is drawn to the PGAF's Annex 1: the eligibility checklist. For a project to be considered eligible all the points on this list must be fulfilled. Ineligible applications are withdrawn from further assessment.

6.2 WBIF facilities according to EU Accession Status:

In line with the revised approach under the forthcoming IPA 2, WBIF resources are available for investments in all sectors to all Beneficiaries regardless of candidate status. However, projects currently receiving support under the Regional Component of IPA are not eligible for assistance.

6.3 Specific Sector Considerations

There are specific sector factors that project promoters should consider when preparing projects. First, after satisfying that projects meet the overall objective of the WBIF, to support priority investments in line with EU accession objectives, it is essential that projects also comply with relevant national and regional development plans and strategies, particularly those relating to the specific sector. Second, there are some specific sector criteria that should be born in mind.

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

Overall

- SEE 2020 – regional headline targets for integrated, smart, sustainable and inclusive growth as well as governance for growth that mirror those of the EU's 2020 Agenda but are adapted to the specific circumstances of the Western Balkans.
- Danube strategy.
- National development plans.
- Climate change issues. A Climate Change Window (CCW) was introduced to the WBIF in June 2013⁸. The aim of the CCW is 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 Financial Institution during the assessment phase. The assessment is based on the Rio Markers⁹ methodology that examines whether climate change is the principle objective of a project, one of the objectives (significant) or it is not an objective. The Lead FI may propose a specific percentage of project budget which contributes to climate change based on its own methodology¹⁰. Tracking climate finance commitments is the responsibility of the financiers, not the beneficiaries.

- In order to improve project design and implementation to minimise the impact of climate change risk on project and to make project more resilient to climate changes,

⁸ CCWs were required by the EC and introduced to all EU Blending Facilities worldwide.

⁹ For definitions of Rio Markers see Annex 6

¹⁰ It is the case of IFIs using the Multilateral Development Banks methodology (e.g. EBRD, EIB)

beneficiaries are asked to provide information in the PGAF on issues such as potential contribution of the project to GHG emissions reductions, any assessment of climate risks and whether measures to improve climate resilience of projects have been considered. The type of information to be provided and the level of detail required will depend on the sector and stage of maturity of the project (e.g. pre-feasibility, feasibility study, detailed design, supervision of works etc). See Annex 6 for some sample checklists that can assist beneficiaries to determine what information is required. It is important to note that these initial assessments should be done in consultation with the proposed Lead IFI as all IFIs have standard methodologies and tools to identify and assess the information. The Lead IFI can further elaborate the climate risks and resilience measures in the assessment phase when allocating Rio Markers.

Considering each sector:

6.3.1 Energy

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

Implementation of the Treaty by Beneficiaries is supported by the Energy Community Secretariat that 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.

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 a market distorting effect 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.

6.3.2 Transport

The relevant EU framework: Memorandum on the Development of the South East Europe Core Transport Network (see www.seetoint.org)

Implementation of this MoU is supported by the South East Europe Transport Observatory, SEETO. All Beneficiaries are represented on the Steering Committee that is co-chaired by the European Commission.

The SEETO Core Network is aligned with the EU Trans European Network in Transport (TEN-T) and SEETO, through its regular Ministerial Meetings and annual updates of its Five Year Multi-Annual Plan regularly highlights the priority investments as defined by the Western Balkan countries themselves in particularly in road, rail and inland waterways as well as supporting work on various aspects of transport policy.

WBIF projects, particularly regional ones, must be part of the SEETO Comprehensive Network and/or included in EC policies and SEETO Memorandum of Understanding. Exceptions to the Comprehensive Network may be considered for urban transport provision, with priority to public transport, or city/town bypasses that have significant positive economic and environmental benefit.

All modes of transport can be considered: passenger and freight.

6.3.3 Environment

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 investment. Directives that may require such investments include:

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

When trying to prioritise among environment related investments, there have been a number of regional environment related programmes and studies of relevance for 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 ECS Task Force on Environment. In several cases a prioritisation of investments has been carried out under these initiatives.

Given the extent of the investment requirements, project promoters could consider focusing on projects of a particular size. For example the Urban Waste Water Treatment Directive requires that agglomerations bigger than 2000 persons (equivalent) should be covered by the directive requirements. When the Directive entered into force the EU Member States had a gradual approach to implementing the requirements; by the end of year 2000 they had to cover agglomerations bigger than 15,000 persons and five years later other agglomerations.

6.3.4 Social

Unlike the other WBIF sectors, there are no specific EU directives or *acquis* for social sector infrastructure but investments should comply with *acquis* including under Chapter 19: Social Policy and Employment and Chapter 28: Consumer and Health Protection. 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 matters (see <http://www.rcc.int/>)

While the emphasis of WBIF projects is hard infrastructure, schools, hospitals, prisons etc, the WBIF facility of “Sector Development” projects (see annex 2) allows for studies on social policy and related issues which could be used to facilitate prioritisation of capital investments in this sector.

6.4 IFI involvement

All projects should have an interested “lead” IFI that is either expected to contribute to the financing of the eventual investment for which preparation support is sought or which has already allocated financing for an investment for which support is required to facilitate implementation.

There may be more than one interested IFI whereby projects can be co-financed and indeed co-financing is encouraged for suitable projects. The PGAF expressly asks all project promoters to note which IFI(s) is participating and to provide an IFI contact person.

Project promoters must consult with the lead IFI on the PGAF and IFI staff can contribute to the preparation of the PGAF.

The IFIs that can lead are:

- European Investment Bank – EIB
- European Bank for Reconstruction and Development – EBRD
- Council of Europe Development Bank – CEB
- Kreditanstalt für Wiederaufbau – KfW

In addition:

- World Bank – WB. As an associate IFI, the WB can be a lead IFI for projects in Kosovo and for Sector Development projects. It can co-finance investments with other lead IFIs in other beneficiaries.

6.5 Project readiness

Given the WBIF’s stated aim to expedite priority investments in key sectors, requests for support should only be submitted for proposed investments that are:

- a) Clearly indicated as part of a national or sectoral development plan in the relevant beneficiary(/ies).
- b) In accordance with EU policy and pre-accession programme.
- c) Comply with the beneficiaries’ commitments under relevant international and/or regional agreements for example the Energy Community Treaty or the SEETO Comprehensive Network.
- d) Deemed eligible for national co-financing (e.g. inclusion in the medium term expenditure forecast or other ministry of finance documents).

- e) Have a high expectancy that a realisable investment plan will be concluded as an output of the WBIF support.

Where projects are under preparation, for example where a feasibility study is underway, no new financing will be provided until the study is complete. Similarly, where a grant is awarded but not disbursed further support will not be considered.

The PGAF requires specific information on all of the above to be included in the application.

6.6 Complementary with other EU support

Projects must complement, and not duplicate or displace, other EU support mechanisms or indeed other donor support programmes. In particular projects must be considered with reference to national priorities and IPA support. Project promoters should be aware that EU Delegations will be asked to comment on individual project applications as part of the screening process and ideally should consult with EU Delegations in advance particularly where a potential investment is part of a nationally agreed strategy – see section 7 below.

6.7 Limit of a project's budget and scope of work

A project's budget and scope of works is defined in the PGAF. Once approved by the WBIF SC, grants can be spent only and exclusively for the scope of the project which has been screened and assessed positively. Grants cannot be used for a different scope.

A small variance in budget may be permissible where small, unforeseen items arise or when practical additions for the project's success are needed. For EU funded IPF projects such variances need prior approval from the IPF task manager and will be dealt with on a case by case basis following full consultation with relevant stakeholders.

Significant variations in budget and/or scope of works require the submission of a new PGAF for Steering Committee approval.

7. WBIF Screening and Assessment Procedure

There is a clearly defined review and approval process that PGAFs follow from submission through to Steering Committee decision. The six monthly round progresses through this cycle:

- Receipt of proposals recorded and reference code allocation by WBIF Secretariat.
- PGAFs uploaded and registered in the WBIF-Management Information System (WBIF-MIS)
- Screening consultation process launched by the WBIF Secretariat, through the MIS, seeking comments from EU Delegations, relevant Line Directorate Generals (e.g. DG MOVE, DG Environment etc), DG Enlargement Country Desks and the IPF1 Technical Assistance Key Experts. The first three provide opinion on strategic relevance, nationally and in the EU accession perspective, while the latter gives a technical opinion. The process is covered in the PGAF Annex 2.
- The Project Financiers Group considers the screening results and selects positively screened projects for further consideration – i.e. assessment.
- Assessment review is launched. Each positively screened project is allocated to a Lead IFI who assesses the PGAF for a range of criteria including: economic, financial, environmental etc. The process is covered in the PGAF Annex 3.
- The Project Financiers Group considers the assessment results and recommends positively assessed projects for submission to the Steering Committee for approval of a WBIF grant.

- In addition to recommending projects for grant award the PFG also reviews previously approved projects that have not progressed. As outlined in section 6.8 above, the Project Financiers Group may recommend the cancellation of grants where it is deemed that progress cannot be made as envisaged. The funding associated with these grants is then returned to the overall WBIF resources.
- The meeting of Steering Committee where projects recommended for grant award are presented by the respective NIPAC. The SC takes the decision on grant award. This concludes the project application cycle with approved projects progressing to the next phase e.g. technical assistance for investment preparation or actual investment and project progress is monitored via the WBIF MIS and reported to the Steering Committee.

8. WBIF grant management process following Steering Committee approval

Steering Committee approval signals the start of activity a grant was approved for. The majority of grants are for technical assistance and their general progression is covered below. Grants providing co-finance investments are not dealt with in the Guidelines.

8.1 IPF grant awards

Infrastructure Projects Facility (IPF) grants currently use exclusively European Union funds from the IPA budget¹¹ and are exclusively for technical assistance for project preparation or, in appropriate cases, supervision of works. The preparation work is done by three teams of consultants: IPF1, IPF2 and IPF3; all three teams are based in Belgrade¹².

Grant implementation goes through a common process (similar to the selection process, IPF grants are administered by a systematic procedure captured on the MIS):

- Terms of reference (ToR) are prepared by one of the IPF team sector experts for work to be done based on scope defined in the PGAF. The ToR are prepared in consultation with the project's promoter and lead IFI. When agreed with these stakeholders they are shared, via the MIS, with a wider stakeholder base for consultation.
- Once ToR are accepted an IPF consultant is charged with fulfilling the ToR defined tasks.
- The IPF consultant recruits a team of experts that for which approval is needed from DG-Enlargement.
- The team fulfil the ToR tasks, keeping the stakeholders informed. As well as project specific reporting as required the IPF teams report bi-monthly on all project activity through the Bi-monthly report.
- Upon work completion documents are presented to the project's promoter and IFI as necessary. A completion presentation and workshop are normally held to present and disseminate results.
- The IPF consultants secure acceptance or no-objection letters from the project promoter and lead IFI.

8.2 EWBIF grant awards

European Western Balkans Joint Fund (EWBJF) awarded grants, co-finance both investments and technical assistance, are administered by the IFIs.

The processing of EWBIF technical assistance grants will be presented in the Guidelines' next edition.

¹¹ This will change in the future as IPA funds are put into the general EWBIF pot

¹² See Annex 1 Description of WBIF Structures for further details of IPF

8.3 Extraordinary circumstances

Procedures are applied when a grant does not progress in line with the PGAF.

8.3.1 Project withdrawal due to inaction

WBIF grants that do not satisfactorily proceed will have support withdrawn. For technical assistance projects that have no ToR defined and approved within one year of SC approval and for grants to co-finance investments that have not disbursed funds within three years of SC approval, the PFG will be notified and, following their review, a recommendation made to the SC for withdrawal of WBIF support. The PFG may sanction a six month reprieve before proposing to the SC the project is withdrawn; this grace period offers the opportunity for action to be taken.

Where project loses the support and/or confidence of either the project promoter, beneficiary or lead IFI support will be withdrawn, following the above process.

Annexes:

- Annex 1 WBIF Structures and Related Bodies
- Annex 2 Guidelines for Sector Development Projects
- Annex 3 The WBIF application process from a Beneficiaries' perspective
- Annex 4 Sample Project Grant Application Form
- Annex 5 WBIF Regional offices and IPF support contacts
- Annex 6 Additional information on the WBIF CCW

Annex 1. WBIF Structures and Related Bodies

The WBIF Steering Committee

The Steering Committee takes all decisions related to the Joint Grant Facility including project approvals and provides strategic guidance for the WBIF. The Steering Committee brings together representatives of the beneficiaries, the EC, partner IFIs and bilateral donors) and meets every six months. It is co-chaired by the Commission (on a permanent basis) and one of the bilateral donors (on an annual rotating basis).

The Project Financiers' Group (PFG)

The PFG is responsible for screening and assessing requests for financial support from the Joint Grant Facility with the objective of establishing a pipeline of priority projects. It is also responsible for the coordination of approved grant operations. The Group is composed of representatives of the Commission (DG Enlargement coordinates the participation of all relevant Commission services), IFIs and bilateral donors. It is co-chaired by the Commission (on a permanent basis) and the partner IFIs (on a rotating basis every 6 months).

WBIF Secretariat, DG Enlargement

The WBIF Secretariat comprises five staff members of DG Enlargement who are responsible for the day to day management, coordination and administration of the WBIF. In particular, the Secretariat issues calls for proposals for projects and manages the screening and assessment process.

National IPA Coordinators (NIPACs)

Applications for grant support under the WBIF must be formally submitted by the NIPAC or NIPACs of the respective beneficiaries. In the case of regional sectoral projects, the application can be made by the relevant sectoral organisation¹³ but must be accompanied by official letters of support from relevant NIPACs. NIPACs are responsible for presenting applications supported by the PFG to the Steering Committee for approval.

Infrastructure Project Facility - IPF

The 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. For more information please see <http://www.wbif-ipf.eu>

IFI Coordination Office – IFI CO

The IFI Coordination Office is an EC-financed project that supports better coordination and communication among the EC, IFIs, bilateral donors and beneficiaries in the Western Balkans. It focuses on policy and strategy issues in the key sectors of energy, environment, transport, social issues and private sector development. It provides a range of services including research and analyses, technical assistance, communications and administrative support. In particular it supports the WBIF Steering Committee and manages the WBIF website. For more information please see <http://www.wbif.eu>

¹³ For example, the Energy Community Secretariat

Annex 2. Guidelines for Sector Development Projects

1. Introduction

The WBIF Steering Committee decided at its 4th meeting in June 2011 that projects comprising research and analytical studies would be eligible for funding under the WBIF up to an indicative limit of €2 million per annum. In order to guide applications for such projects and to facilitate their assessment by WBIF structures, the following guidelines have been agreed.

2. Overall Objective of a "sector development project" 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.

3. 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, PPPs 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, RENA, SEETO, SEE Investment Committee, RCC etc.).
- The results of any projects are to be made available to all WBIF stakeholders.

4. 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. Other NIPACs will have to support the proposals like for regional projects.
- Applications must be endorsed by a lead IFI (or other competent body, EC or bilateral donor as may be necessary) before submission. This lead IFI will take overall responsibility of the project if it is approved.
- On approval, a project will enter the standard WBIF monitoring process and relevant information on implementation must be provided via the WBIF MIS system and to WBIF PFG and/or SC meetings as necessary.
- Project developers and implementers will liaise with the IFI Coordination Office 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 WBIF events and relevant sectoral meetings.

Annex 3. The WBIF application process from a Beneficiary's perspective

There is a common sequence of events and activities that Beneficiaries will follow through a WBIF cycle. While each country will have its own internal compliances, procedures and administration there is a generic framework that fits within WBIF deadlines. The cycle can be broken into a five stages:

1. Notification to relevant organisations calling for project applications.

Once the NIPAC has received a new call for project proposals from the WBIF Secretariat, this information should be circulated to bodies that are sources of projects and/or responsible for national borrowing, typically line ministries, ministries of economy/finance/EU integration, municipalities, state institutions and companies.

As well as seeking proposals, this notification should provide: a) guidelines on eligible projects; b) guidance on any national priorities that would benefit from WBIF participation; c) instruction on WBIF timing and administration – deadlines and use of template PGAF; deadlines must take account of internal administration and procedures; d) information and contact details for technical and administrative support available from IPF1 - see Annex 1.

2. Priority project identification

When assessing potential projects, project promoters and/or NIPACs must ensure that the project complies with the eligibility criteria outlined in these guidelines and that they meet the eligibility checklist in Annex 1 of the PGAF.

3. Priority project preparation and submission

Once suitable projects are identified a Project Grant Application Form must be completed. Please note the only PGAFs downloaded from the WBIF website should be used. The requirements for each box to be filled is clearly defined in the boxes accompanying the guidance note (positioned to the top left of each box); these notes are very specific and comments should clearly respond to these requests.

IPF 1 can provide additional training to all beneficiaries on project application and PGAF preparation. Additionally, the four IPF1 sector experts can provide technical support and advice on individual or group portfolio projects and the IPF country manager can provide administrative and procedural instruction. Please note IPF 1 sector expert' views are sought by the PFG during the screening and assessment process. Lead IFIs must be consulted in the preparation of PGAFs.

4. Centralised project selection and prioritisation

Completed PGAFs need to be reviewed, assessed and prioritised from a national perspective; this is coordinated by the NIPAC. The review should check that all WBIF criteria are met and that administrative procedures are in order. The assessment and prioritisation requires a high degree of coordination between the NIPAC and all relevant governmental bodies including the Ministry of Finance.

5. Submission of chosen projects

The agreed, and preferably prioritised, projects should be sent to the WBIF Secretariat by the specified deadline. The submission should be accompanied by a letter from a competent authority, usually the nominated NIPAC, which lists the applications and confirms the government's support for the applications. For regional projects, the lead NIPAC or sectoral organisation must also provide the formal expressions of support from other beneficiaries.

Annex 4. Sample Project Grant Application Form (PGAF)

Project Grant Application Form – Round 10

Last update: 18/06/2013

Submission date: XX/XX/XXXXX

These boxes are filled by the WBIF Project Financiers Group of the WBIF

Contribution Request number:	WB10-XXX-XXX-XX
For submission to Project Financiers Group of:	13/11/2013
Proposal of the Project Financiers group:	
<p>Grant Contribution from WBIF: <i>from EC Budget:</i> <i>from other funds:</i></p> <p>Type of intervention:</p>	
<p>WBIF Screening <i>(cf. Screening list in Annex 2)</i></p>	
<p>WBIF Assessment <i>(cf. Assessment list in Annex 3)</i></p>	

PGAF and Annex 1 to be filled by the submitter

Title of the Operation:	XXXXX
Beneficiary(ies)/ Country(ies) ¹⁴	XXXXX
(Interested) Lead IFI ¹⁵	XXXXX
Eligible Sector ¹⁶	XXXXX
Sub-sector	XXXXX
DAC Sector ¹⁷	XXXXX
DAC code	XXXXX

¹⁴ Albania, Bosnia and Herzegovina, Croatia, 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) are the mandatory names that must be used when referring to the Beneficiaries in this introductory section as well as in the text body of the application form.

¹⁵ Lead IFI must get confirmed before submission.

¹⁶ Please see annex 1, point 2.

¹⁷ For guidance see: www.oecd.org/dac/stats/data

Geographical coverage

Borrower / Beneficiary(ies):
(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
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?

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

Conformity with the eligibility checklist: summary

(cf. list in Annex 1)

Financing Plan

Title of the Operation:	XXXXX		
Type of Contribution (type of grants) ^{18 19}			
Total Investment	EUR equivalent	In Project Currency	Curr.
	XXX	XXX	EUR

Sources of funding	Sources to be adapted case by case	Total (€ M)	Remarks (grants/loans)
	WBIF grant request Loan from IFIs ...		
	Beneficiary Contribution EC Contribution IPA		
	Total Financing (€)	100%	

Cost	Activities (possibly broken down in phases)		
	Project preparation (i.e. FS, DD...)		
	Investment (i.e. works, supervision, etc)		
	...		
	Total activities		100%
Total Grant requested			
Total Loan required			

Eligible Finance Institution Consortium

Lead IFI XXX	Contact person	Phone	email
Other Eligible IFI (EFI) member of the consortium XXX	Contact person	Phone	email

¹⁸ The grant financing to a specific investment project ("Grant operation") may take the form of:

- 1) Technical assistance: financing technical assistance including preparatory work for eligible investment projects such as impact assessments, feasibility studies, detailed design, project supervision and targeted capacity building and implementation support.
- 2) Investment grants: direct grants for specific project components, as well as incentive schemes based on performance of implementing institutions.
- 3) Incentive payments to financial intermediaries.
- 4) Interest rates subsidies: provision of a lump-sum amount to ensure that the loan finance needed for the investment project can be made available at reduced interest rates.
- 5) Insurance premia: funding of insurance premia necessary to implement the investment projects.

Annex 1: Eligibility checklist

- 1 Operations covered by the WBIF benefit one or more of the following Beneficiaries: Albania, Bosnia and Herzegovina, Croatia, 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 grant²⁰ for the investment projects are in principle eligible for grant financing
- 5 The project promoter’s application is submitted by a NIPAC²¹, or a Regional Sectorial Organisation or the partner IFIs 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 EWBIF)
- 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

	Yes	No

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 partner IFIs and the EWBIF 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.

⁸ NIPAC = National IPA Coordinator. The NIPAC is responsible for coordination of programming and monitoring the implementation of IPA in the Beneficiaries of the Western Balkans and Turkey. As IPA represent the biggest source of external aid and is linked to the progress and development needed in the EU accession process, and in line with the local ownership over donor funds and donor coordination as foreseen in the Paris declaration, the involvement of the NIPAC is of utmost importance for the effectiveness of the JGF and the WBIF.

*“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”

PFG Technical Advice and conclusions

Annex 2: Screening	<i>(coordinated by DG Enlargement)</i>	PROJECT_CODE
<p><i>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</i></p>	<p>IPF_TA_COMMENT</p>	
<p><i>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?</i></p>	<p>COUNTRY_DESK_AND_EUD_AND_DGREGIO_COMMENT</p>	
<p><i>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?</i></p>	<p>LINE_DG_AND_ECFIN_COMMENT</p>	
<p><i>Conclusion</i></p>	<p>SCREENING_CONCLUSION</p>	

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

GRANT_FUNDS_COMMENT

Regional / Cross Border Impact

BORDER_IMPACT_COMMENT

Conformity with socio-environmental standards

ENVIRONMENT_COMMENT

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

ECONOMIC_FINANCIAL_COMMENT

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

BENEFICIARY_COMMENT

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

BENEFICIARY_CONTACT_COMMENT

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

CONFIRM_FINANCIAL_PLAN_COMMENT

²² As per ToR the Lead IFI has checked the following aspects:

- *Technical aspects, environmental and social standards, procurement, financial and economic profitability, credit risk, legal aspects.*
- *Consistency with IFIs' policies and procedures*
- *Analysis and estimation of TA/grants needs*
- *Financial structuring/identification of lending under the Joint Lending Facility (only IFIs)*
- *Identification of lead IFI and possible mutual reliance*
- *Link with project borrowers and promoters on technical and financial aspects*
- *Exchange of information among Finance Institutions (e.g. pricing, conditionality)*

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

Rio Markers' record²³

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

CONFIRM_CLIMATE_COMMENT				
Rio Markers	Mitigation ²⁴		Adaptation ²⁵	
	Project	EU grant	Project	EU grant
0				
1				
2				

²³ 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.

²⁴ Rio marker for mitigation: <http://www.oecd.org/dataoecd/18/31/44188001.pdf>

²⁵ Rio marker for adaptation: <http://www.oecd.org/dataoecd/1/45/45303527.pdf>

Annex 5. WBIF Regional offices and IPF support contacts

Belgrade

Danko Gavrilovic | danko.gavrilovic@wbif-ipf.eu
Koce Kapetana 47, 11000 Belgrade, Serbia
Tel: + 381(0)11 78 56 655

Podgorica

Veljko Karadzic | veljko.karadzic@wbif-ipf.eu
Moskovska 7/ent.IV/app.35g 81 000 Podgorica
Tel: + 382(0)20 234 298

Pristina

Alush Grosha | alush.grosha@wbif-ipf.eu
Rr. Andreja Gropa Br.7, 10000 Pristina
Tel: + 381(0)38 247 960

Sarajevo

Svjetlana Vukmirovic | svjetlana.vukmirovic@wbif-ipf.eu
Dženetića Cikma 1/5, 71000 Sarajevo
Tel: + 387(0)33 941 272

Skopje

Aleksandar Zdravev | aleksandar.zdravev@wbif-ipf.eu
Bul:"Kliment Ohridski" br: 21/1 1000 Skopje
Tel: + 389(0)2 32 12 582

Tirana

Agron Hetoja | agron.hetoja@wbif-ipf.eu
Str. Ismail Qemali, Pall. 34/1, 5th Floor, 1000 Tirana
Tel: + 355(0)42 259 637

Zagreb For informatoin only. Croatia not longer eligible for WBIF grant support

Dario Markanović | dario.markanovic@wbif-ipf.eu
Ulica grada Vukovara 269G, IV kat, 10000 Zagreb, Croatia
Tel: +385 (0)1 38 42 433

Annex 6 . Additional Information on the WBIF CCW

This annex provides guidelines to the beneficiaries providing information on climate change issues in the PGAF.

The **beneficiaries** are requested to provide information on climate change in two places in the PGAF:

Page 3	Contribution to climate change mitigation/ adaptation
Page 5	Annex 1: Eligibility checklist

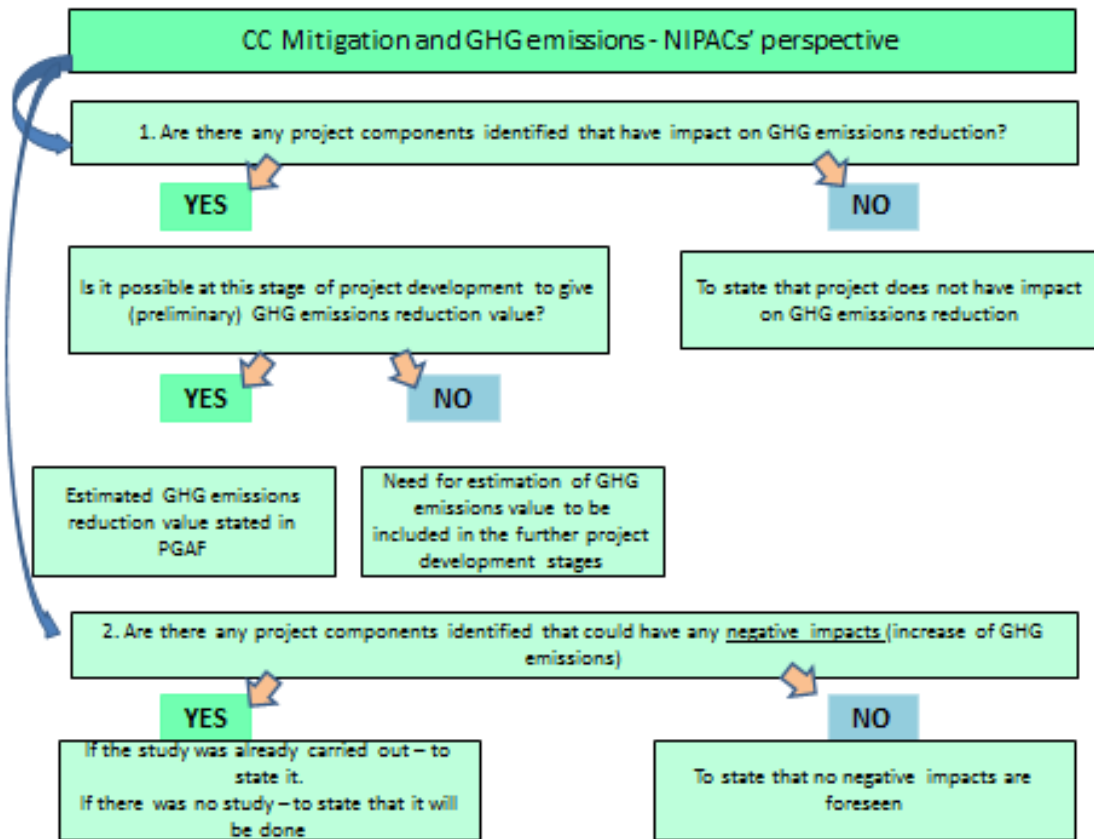
1. Contribution to climate change mitigation/ adaptation (Page 3)

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. PGAF 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 PGAF should note that climate change aspects such as: expected impact on GHG 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. PGAF asks for technical assistance for construction, assistance to PIU; 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 GHG emissions; identified climate change risks and measures to make project climate resilient should be stated in the PGAF.

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



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

Checklist to identify climate- influenced projects*

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? (next slide)	
Is water an integral part of operations, products or services? Integral part refers to the use of water as a major component of the operation (e.g. cooling water for a production process, manufacturing, hydropower generation)	
Are there problems with disruption of energy supplies 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's facilities or operations negatively affected by higher temperatures? Can this lead to reduced productivity, higher cost 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?	
* Adopted from <i>Guidelines for Project managers: Making vulnerable investments climate resilient</i> (EC 2012)	

The following table assists to determine if the project location is likely to be exposed to climate change risks:

Is project location exposed to climate change?*

Changing climate hazard	Particularly exposed locations
Average temperature rise and increased risk of heat waves	<ul style="list-style-type: none"> Regions where average temperature is already high; Urban centers (effect of Urban Heat Island – pool of warm air that frequently builds up over towns and cities); Regions with limited freshwater supplies.
Mean sea level rise, coastal flooding and erosion	<ul style="list-style-type: none"> Coastal areas and islands
Decreased seasonal precipitation, increased risks of drought, wildfire	<ul style="list-style-type: none"> Regions where rainfall is already scarce Locations where current demand for water almost matches supply Locations where water quality is poor Regions prone to wild fire Trans-boundary river basins where tensions already exist over water use
Increased seasonal precipitation and more rapid snow melt – increased risk of river flooding or flash floods or soil erosion	<ul style="list-style-type: none"> Regions with high rainfall Estuaries, deltas, river floodplains Mountainous regions Locations prone to landslide Urban centers (storm water system not design to manage intense rainstorms) Contaminated environment (land, water)
Possible increased storm intensity	<ul style="list-style-type: none"> Areas at risk of storms Urban centers storms
* Adopted from <i>Guidelines for Project managers: Making vulnerable investments climate resilient</i> (EC 2012)	

Certain types of WBIF projects might be more likely exposed to climate risks:

Types of WBIF project likely to be exposed to climate risks

Project category	Example of project type
Energy	<ul style="list-style-type: none"> • Electricity production (TPPs, gas turbines, hydropower, wind, solar) • District heating, cogeneration • Electricity (power transmission/ distribution networks) • Gas pipelines and facilities
Buildings (social sector relevance)	<ul style="list-style-type: none"> • Public buildings (educational infrastructure, hospitals, healthcare facilities, prisons) • Commercial facilities/ tourism infrastructure
Transport	<ul style="list-style-type: none"> • Railways, roads, bridges, airports, ports, inland waterways
Environment	<ul style="list-style-type: none"> • Wastewater treatment • Drinking water supply • Solid waste management • Flood protection

2. Annex 1: 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 IFI and the name of person consulted
If No , please state the reasons why the lead FI was not consulted

During the assessment phase²⁶ the 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 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	<ul style="list-style-type: none"> • Tackling climate change (mitigation, adaptation) is the principle objective of

²⁶ Page 8 of PGAF for Round 10

	<p>the project (it's explicit, prime objective);</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Project contributes to the objective of reducing or limiting greenhouse gas (GHG) emissions and/or stabilisation of GHG concentrations in the atmosphere • Typical sectors include: water and sanitation, transport, energy, agriculture, forestry and industry; • Examples of projects include: GHG 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 GHG emissions (in waste management, transport, energy)
Climate change adaptation marker	<ul style="list-style-type: none"> • 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. • Typical sectors include: health, water and sanitation, agriculture, forestry, fishing, flood protection, disaster prevention and preparedness; • 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.

The Lead FI may propose a specific percentage of project budget which contributes to climate change based on its own methodology²⁷.

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.

²⁷ It is the case of IFIs using the Multilateral Development Banks methodology (e.g EBRD, EIB)



An initiative funded by the European Union

Connecting projects with investment funds

