



Western Balkans
Investment Framework

WBIF

BLENDING

PUBLIC
PRIVATE

BUILDING THE EUROPEAN FUTURE TOGETHER

GUARANTEES



Key
Achievements
2022

Economic and Investment Plan
for the Western Balkans 2021-2027

WBIF From Plan to Action

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Wind park Bogdanči, North Macedonia

Foreword

2022 has undoubtedly been a challenging year, yet the European Union has remained committed to the present and future European Perspective of the Western Balkans. Our actions and achievements match these commitments. In 2022 we opened accession negotiations with North Macedonia and Albania, the European Council in December granted candidate status to Bosnia and Herzegovina, as well as visa-free travel was granted to the people of Kosovo*.

As the EU's enlargement policy gained new momentum, together with the €30 billion Economic and Investment Plan, the EU supported the Western Balkans in an unprecedented manner. The central part of our economic and investment support is channelled through the WBIF, ultimately aiming to close the development gap and accelerate the accession of the Western Balkan partners to the European Union.



Olivér Várhelyi
European Commissioner
for Neighbourhood
and Enlargement

Following the COVID-19 pandemic and the Russian war of aggression against Ukraine, the European Union has stood alongside the Western Balkans and continues to do so throughout the energy crises. As energy prices, security of energy supplies, and the day-to-day prices for food, other goods, and services spun out of control, fast, firm, and joint efforts were needed by both the European Union and the Western Balkans.

In record time, the European Union pulled together an **Energy Support Package** worth over **€1 billion** for the Western Balkans partners. Half of these funds are for immediate measures; the other half is for short-term and medium-term targeted investments. €450 million have already been paid out, helping mitigate the impact of high energy prices for small and medium-sized businesses, keeping

energy prices affordable for vulnerable households, and supporting measures to accelerate the energy transition and secure energy supplies. This support was not the only one provided in 2022 by the EU. We have also progressed on our primary goal - advancing the European perspective for the Western Balkans - by implementing the second year of the **Economic and Investment Plan (EIP)**. Launched in October 2020, the EIP provides up to **€9 billion** in grants, generating up to €30 billion of investments over the coming years, representing around one-third of the current GDP of the entire region.

The figures are already outstanding: €1.8 billion in grants from EU IPA funds, and bilateral donors are financing 40 flagship projects in the region, with an estimated investment value of €5.9 billion. The grants are targeted to high-priority public and private sector

investments proposed by our Western Balkan partners in 10 flagship investment areas, such as sustainable transport, environment and climate, clean energy, digital future, private sector development, and human capital. The impact of these measures, channelled through the WBIF, evidently bridges the development gap and accelerates the accession of our Western Balkan partners to the European Union. I emphasize the need to continue the excellent cooperation in this direction, tackle the remaining regulatory stumbling blocks, and speed up the implementation of the projects which make a significant difference on the ground. There is no time to lose.



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

Western Balkans Economic Outlook



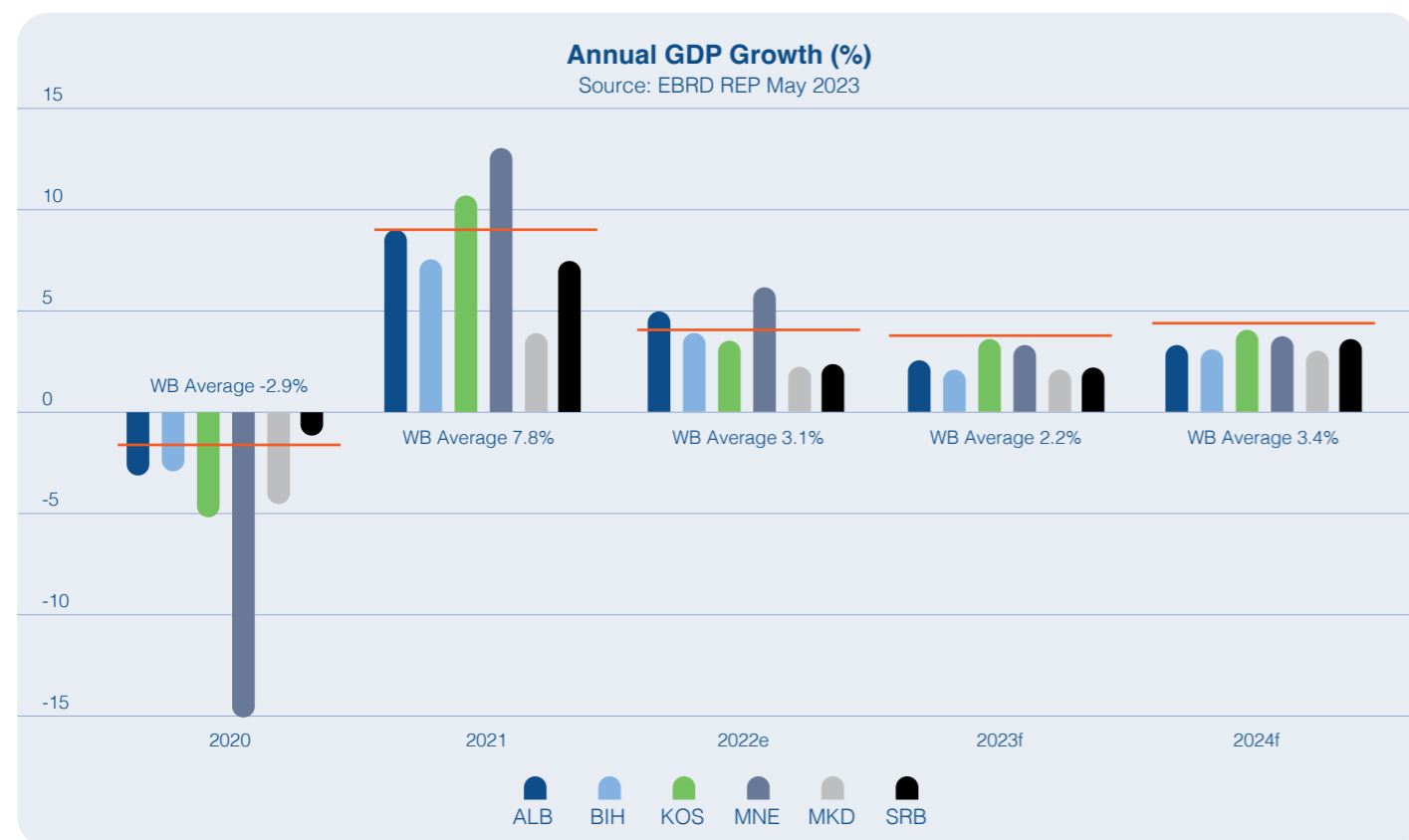
The economies of the Western Balkans have recovered relatively fast from the consequences of the Covid-19 pandemic and have been resilient to the fallout from Russia's war of aggression against Ukraine. The resurgence of inflation, however, has restrained household consumption, while long-standing structural problems remain a threat to long-term convergence with European Union standards of living. Policies focusing on improving public and corporate governance, strengthening the private sector, raising employability and supporting the green transition are essential to lift potential growth.

After a swift rebound in 2021, economic growth in the Western Balkans moderated to 3.1% on average in 2022. Growth slowed down further in the first months of 2023, as wage increases largely failed to keep up with inflation, which was at double-digit levels in most countries. The sluggish economic performance of key European trading partners adversely affecting Western Balkan exports, investment and remittances, but another successful tourism season could provide a boost to economic activity in some countries this year.

2022

3.1% ↑
economic growth
in the Western Balkans

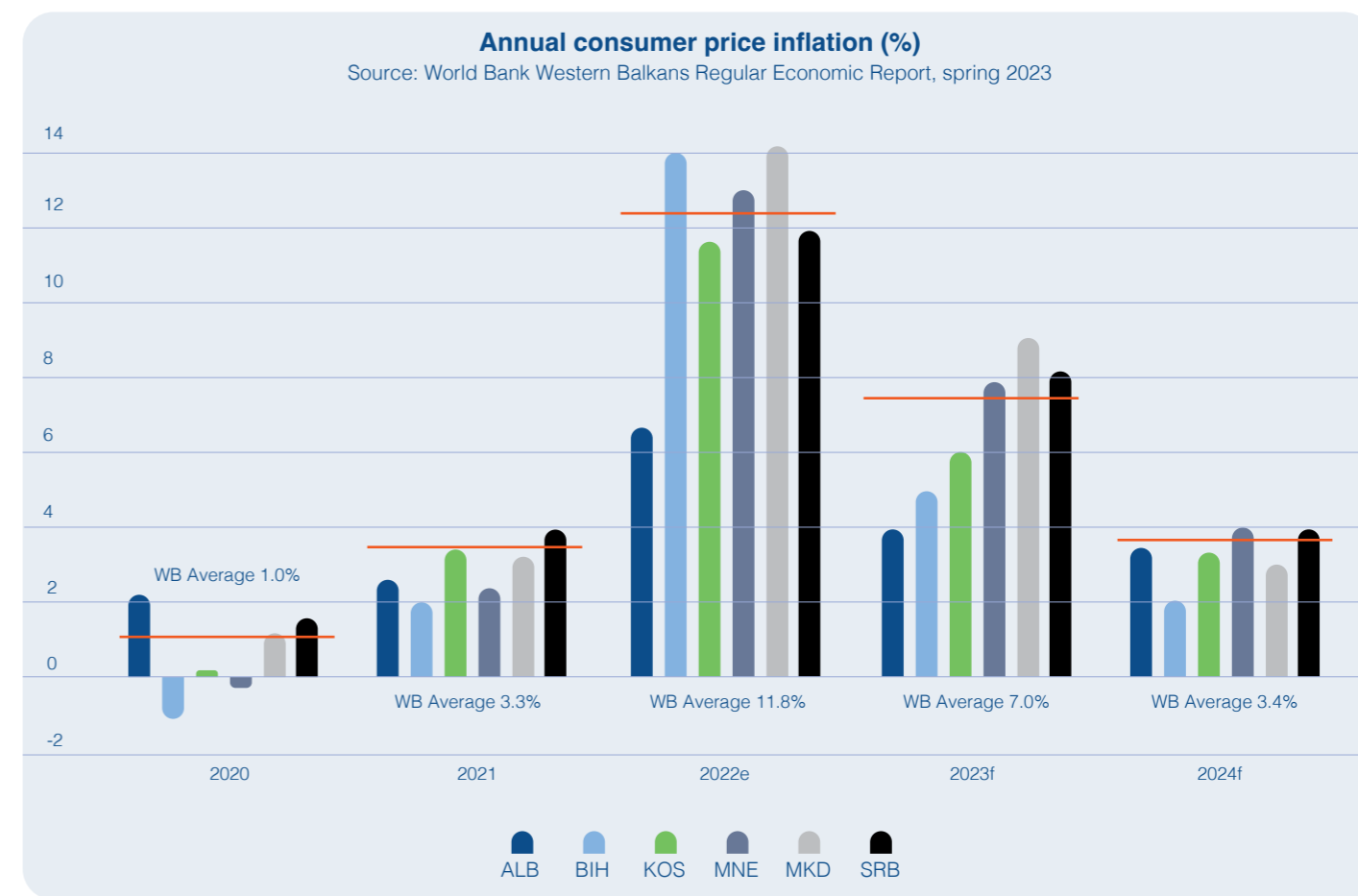
11.8% ↑
inflation
in the Western Balkans



After many years of low-single digit levels, inflation has surged in the past years, reaching a decade-high average level of 11.8% in 2022, mainly on account of rising energy and food prices.

Labour markets in the region are tight by historical standards, and robust wage growth may mean that inflation stays at elevated levels longer for some time to come.

Source: **EBRD Regional Economic Prospects** May 2023



How can this catch-up process be accelerated?

There are three broad challenges that the region must address.

The first is to **improve the quality of governance**; the region has gone backwards in governance standards in recent years, widening the gap with peer countries in Europe and elsewhere.

The second is to **strengthen competitiveness** by making the region more open to trade and investment, including through greater participation in global value chains.

And the third is to **revamp energy markets**, through investment and deep structural reforms, so that energy generation becomes greener and more resilient.

Longer-term energy security and sustainability issues have come to the forefront in the past year. Rising global energy prices have affected the Western Balkans, despite the reliance on locally produced coal and hydropower, due to the high share of imported electricity, poor hydrological conditions and technical problems in outdated power stations and mines.

The gradual introduction of the Carbon Border Adjustment Mechanism (CBAM) by the EU from 2026 onwards could weigh on the competitiveness of several carbon-intensive industries (mainly electricity, aluminium and steel), with potential negative effects on exports, employment and growth. Western Balkans partners, therefore, must step up efforts to strengthen and connect their electricity markets as well as introduce carbon pricing.

Prepare for the Carbon Border Adjustment Mechanism (CBAM)



Establish and link organised electricity markets



Introduce domestic carbon pricing



Accelerate (private) investment into renewable energy generation

Endorsed flagship investments 2020-2022

Implementation of the Economic and Investment Plan for the Western Balkans

2021-2027

Economic and Investment Plan for the Western Balkans: key facts

- Aims to spur the long-term economic recovery of the region, support a green and digital transition, foster regional integration and convergence with the European Union
- Ten investment flagships in the areas of sustainable transport, clean energy, environment and climate, digital future, private sector, and human capital
- Up to €9 billion in EU funding
- €1 billion in guarantees to mobilise investments of up to €20 billion over the next years
- Good governance and transparency are guiding principles
- A Common Regional Market as a stepping stone to integrate the region more closely with the EU Single Market

Since the adoption of the Economic and Investment Plan in October 2020, the WBIF endorsed 40 flagship investments for €5.9 billion in key railway, road and waterway interconnections, renewable energy, energy efficiency and power interconnectors, waste and water management, new health and education facilities, digital infrastructures and private sector development. The European Union and bilateral donors contribute €1.8 billion in grants to these investments.

Furthermore, 21 guarantees will benefit from up to €937 million in EU guarantee coverage. These guarantees aim to crowd in private investments in order to increase the investment capacity of the region across the Commission policy priorities.

This investment package is a step further in implementing the Plan and related flagship investments, thereby supporting the EU Global Gateway initiative. The WBIF is investing to deliver on the political commitment to spur the region's economic development, help to overcome the current energy crisis and the economic effects of the Covid-19 pandemic and to make significant progress in regard to the Connectivity, Innovation, Green and Digital Agendas.

Flagship investments endorsed in 2022

15 flagship investments endorsed

€454m
WBIF EU and bilateral donor grants

€1 bn
IFI loans

€1.7 bn
estimated investment

Sustainable transport 

1 flagship investment endorsed in 2022

€476m
estimated investment

€265m
IFI loans

€175m
EU grant



Clean energy 

6 flagship investments endorsed in 2022

€476m
estimated investment

€269m
IFI loans

€123m
EU grants



Environment & climate 

3 flagship investments endorsed in 2022

€179m
estimated investment

€74m
IFI loans

€83m
EU grants



Digital future 


1 flagship investment endorsed in 2022

€34m
estimated investment

€20m
IFI loan

€10m
EU grant



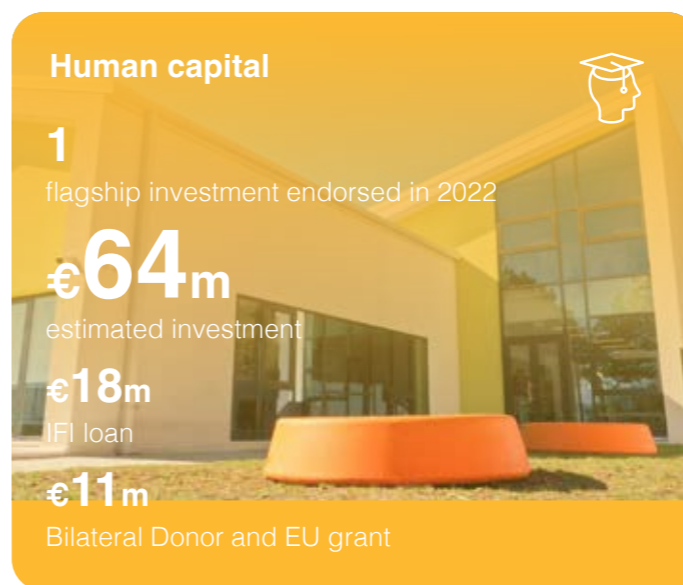
Human capital 

1 flagship investment endorsed in 2022

€64m
estimated investment

€18m
IFI loan

€11m
Bilateral Donor and EU grant



Private sector 

3 flagship investments endorsed in 2022

€445m
estimated investment

€360m
IFI loans

€52m
EU grants



Guarantees approved by 2022 (part of Energy Support Package)

€230m
EU funding

€419m
total guarantee coverage

WBIF Facts & Figures

€25.8bn

estimated investment

€3bn

grants awarded

€4.9bn

estimated investments to private sector

WBIF milestones

- 6 December 2022**
Western Balkan Summit in Tirana; Launch of Energy Support Package for Western Balkans, €1bn support
- 5 December 2022**
3rd WBIF Strategic & Operational Boards endorsed 1st Guarantee Facility and 2nd EIP package
- 21-22 June 2022**
2nd WBIF Strategic & Operational Board; 1st round of private sector blending approved
- 16-17 December 2021**
WBIF strategic orientations adopted; first package of EIP flagship projects endorsed
- 10-11 December 2020**
WBIF new governance; Connectivity Agenda pledge €1bn fulfilled
- 6 October 2020**
Economic and Investment Plan for the Western Balkans adopted
- 16-17 December 2019**
WB EDIF reintegrated under WBIF; last Connectivity Agenda instalment
- 9 December 2009**
Launch of WBIF; first 26 grants approved
- 2011-2012**
Launch of WB EDIF and REEP
- 28 August 2014**
Berlin Process – new dynamics for EU path
- 27 August 2015**
1st Western Balkans Summit; Vienna – €1bn in EU funding pledged for Connectivity Agenda
- 16 December 2015**
1st Connectivity Agenda grants approved (€150m)
- 15 December 2016**
2nd Connectivity Agenda instalment (€98m)
- 13 December 2017**
3rd Connectivity Agenda instalment / ENV grants (€110m); digital eligible sector
- 6 December 2018**
4th Connectivity Agenda instalment / ENV grants (€191m)

Achieved results



Sustainable transport

1,010 km

of new roads



Clean energy

176 MW

renewable energy generation capacity installed



Environment & climate

2.4m

people benefitting from improved water and sanitation services



Digital future

Broadband

deployment, data centres, edge and cloud infrastructures



Private sector

4,585

SMEs financed through WB EDIF



Human capital

96,600

students benefitting from better schools

Partner financial organisations*

	Grants as Lead IFI	Signed loans
 European Investment Bank	€1.3bn	€3.2bn
 European Bank for Reconstruction and Development	€1.2bn	€2.4bn
 CEB CONSEIL DE EUROPE DEVELOPMENT BANK BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE	€81m	€611m
KFW	€398m	€1.1bn
 THE WORLD BANK IBRD - IDA WORLD BANK GROUP	€24m	€424m
 AFD AGENCE FRANÇAISE DE DEVELOPPEMENT	€2m	—
 #Believe InSmall	€348.5m	—
 IFC	€19.5m	—

Western Balkans beneficiaries

	Estimated value of investments	Signed loans	WBIF grants
 Albania	€3.2bn	€658m	€355.6m
 Bosnia and Herzegovina	€5.7bn	€1.9bn	€736m
 Kosovo	€2bn	€389m	€297m
 Montenegro	€1.9bn	€283m	€219.4m
 North Macedonia	€2.6bn	€789m	€462.4m
 Serbia	€8.5bn	€3.3bn	€714.6m

*EIF and IFC were welcomed as partner financial organisations with effectiveness of the WBIF Rules of Procedure in February 2022

Delivering the Economic and Investment Plan for the Western Balkans 2021-2027

Public Sector Blending



Private Sector Blending



WESTERN BALKANS GUARANTEE FACILITY

EFSD+

Guarantees endorsed

Guarantees

21

Guarantee coverage up to

€937m

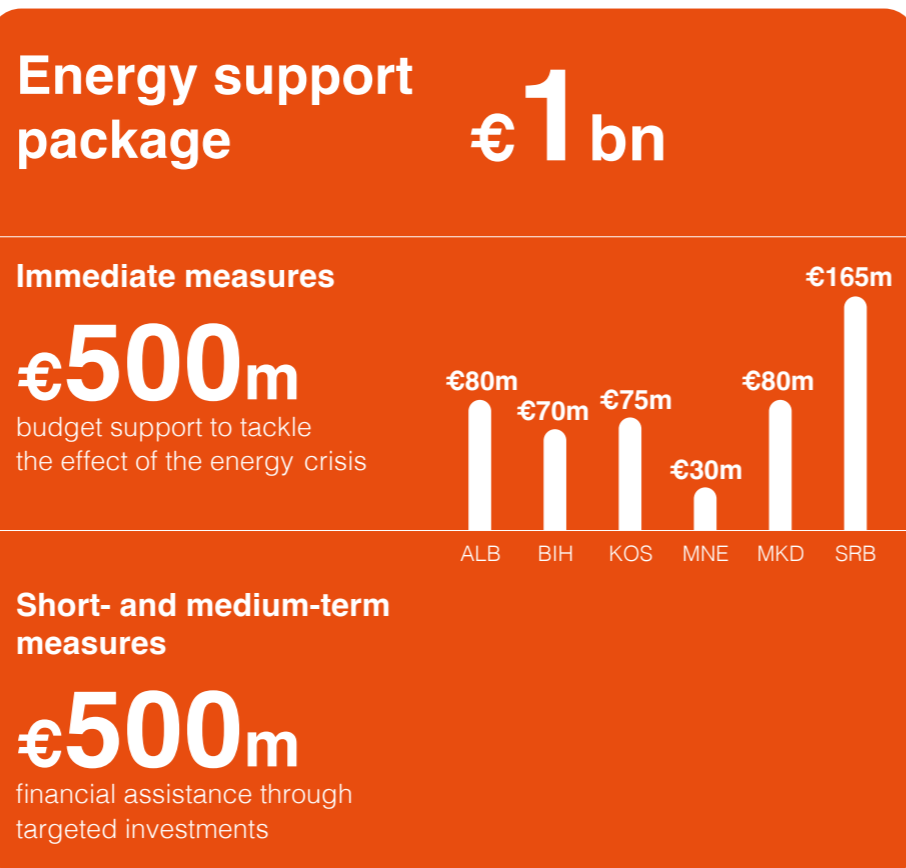
EU technical assistance grant up to

€47.1m

Energy Support Package for the Western Balkans



At the EU-Western Balkans Summit in Tirana on 6 December 2022, the European Commission put forward an Energy Support Package of €1 billion for the Western Balkans. The package aims at addressing immediate, short-term and medium-term needs in the region in the context of the ongoing energy crisis. With this substantial support, the European Commission will help the Western Balkans partners in the region to begin decreasing their dependence on Russian fossil fuels, accelerate decarbonisation, and improve the energy security of the region.



Regional Energy Efficiency Programme (REEP)



Since its inception, the integrated package of sub-loans, policy support and technical assistance, offered through REEP has reached 1,000 SMEs, over 12,700 households and 290 public buildings across 700 cities and towns. Related investments translate into 842,000 MWh/year energy saved, 540,000 tCO₂/year emissions avoided and 120 MW renewable energy capacity installed.

2022 replenishment

€100m
additional EU grant funding

€540m
expected investment

Up to end 2021

€78.8m
EU grant contribution

€630m
total investment generated

The European Commission already disbursed €450 million of the €500 million in immediate budget support to the Western Balkans partners to mitigate the impact of increased energy prices on small and medium-sized enterprises and vulnerable households.

With regard to short- and medium-term measures, a further €500 million was provided via the Western Balkans Investment Framework (WBIF) to advance the energy transition and energy security of the region.

Flagship investments 2022



The European Fund for Sustainable Development Plus (EFSD+) in the Western Balkans provides Open Access Guarantee aiming at mitigating the risks perceived by the private sector to crowd-in private investments.

6
guarantees

Up to
€22.2m
EU technical assistance grant

Up to
€419m
guarantee coverage

The Bilateral Donor Community

The WBIF Bilateral Donors reiterate their strong support for a sustainable and green transition of the Western Balkans. Within the WBIF, concerted efforts and coordination with all partners are more important than ever. The Bilateral Donors are actively involved in the WBIF governance and operations and continue to support small scale yet high impact projects.

18 investments co-financed by WBIF Bilateral donors	€450m estimated investment value
12 Environment & Climate projects	€60m investment grants
2 Clean Energy projects	
4 Human Capital Development projects	

Bilateral Donors contributions to European Western Balkans Joint Fund 2009 – 2022

(as of 31 December 2022)

Active Bilateral Donors

	Austria	€21m
	Croatia	€2m
	France	€2.1m
	Germany	€19.5m
	Italy	€10.3m
	Luxembourg	€2m
	Norway	€30.4m
	Poland	€1.5m
	Slovenia	€1m
	Sweden	€23.3m

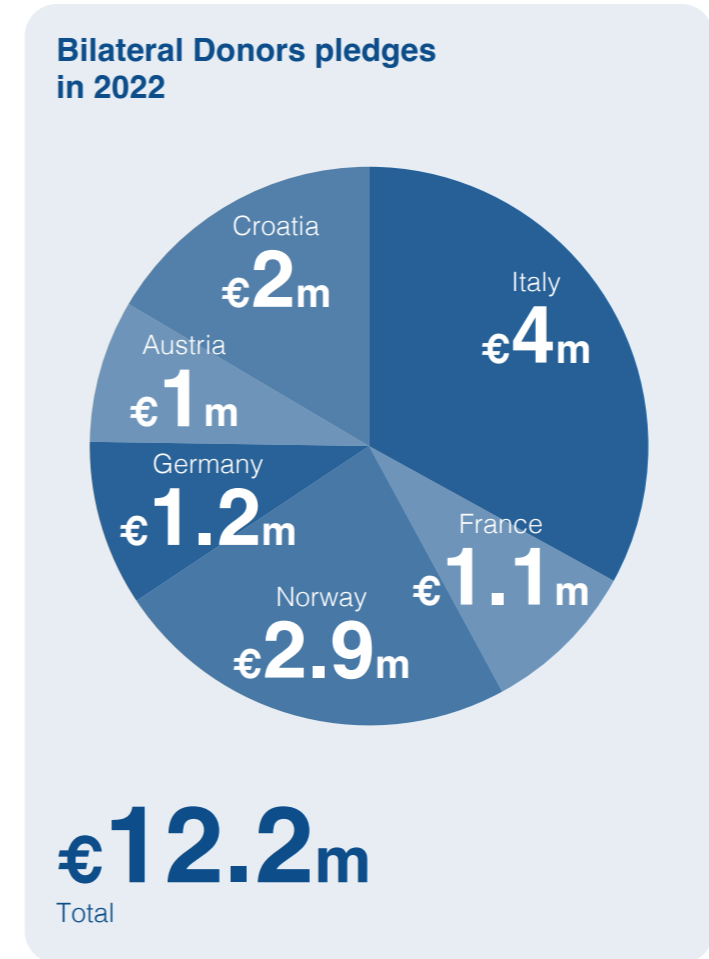
Former Bilateral Donors

	Czech Republic	€2m
	Finland	€0.5m
	Greece	€0.5m
	Hungary	€0.2m
	United Kingdom	€5.3m
	Transfer from EBRD Fund	€5.2m

Total EWBIF contributions by Bilateral Donors 2009 - 2022

€126.8m

The Bilateral Donor's Co-chair for 2023, Norway, and the 2022 Co-chair Italy, welcome Croatia as the latest member of the Bilateral Donor community.



 Better schools and innovative learning environments	 Renewable energy driving decarbonisation
 Efficient water and sanitation services	 Reduced impact on the environment

Flagship 7 Waste & wastewater management

KFW

Podgorica Wastewater Treatment Plant

Podgorica is served by a wastewater plant built in the 1970s, performing well below the capacity needed for present demand. This investment project builds new wastewater collection and treatment facilities for the city.

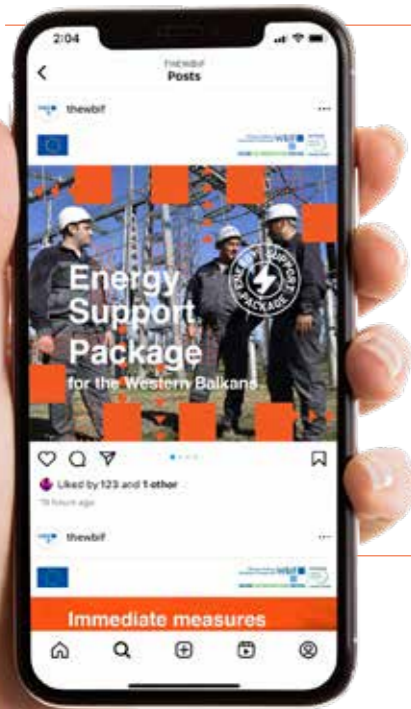
€10.1m

WBIF Bilateral Donor grants

Francesca Utili
Director-General
International Financial Relations Directorate, Department of the Treasury, Ministry of Economy and Finance, Italy

"2022 was a year of further consolidation of WBIF's inclusiveness and solid partnership principles. Joint efforts continue to pursue the common goal for a strong and resilient socio-economic development of the Western Balkans."

Communication and Visibility Highlights 2022



Social Media Campaign

50

posts prepared

LinkedIn
Twitter
Facebook
Instagram
YouTube



Videos

11

produced



WBIF website

29,430

visitors

Newsflashes

45

published and distributed

Success Stories

5



Publications

13

produced and updated



WBIF Partners Channels

- EU Delegations websites, social media, events
- EIB International blog, social media
- EBRD website, social media
- Webalkans.eu website



Event highlights

February 2022
Start of Works on the EU-supported North Macedonia - Albania transmission line

March 2022
Modernisation of Brčko Port

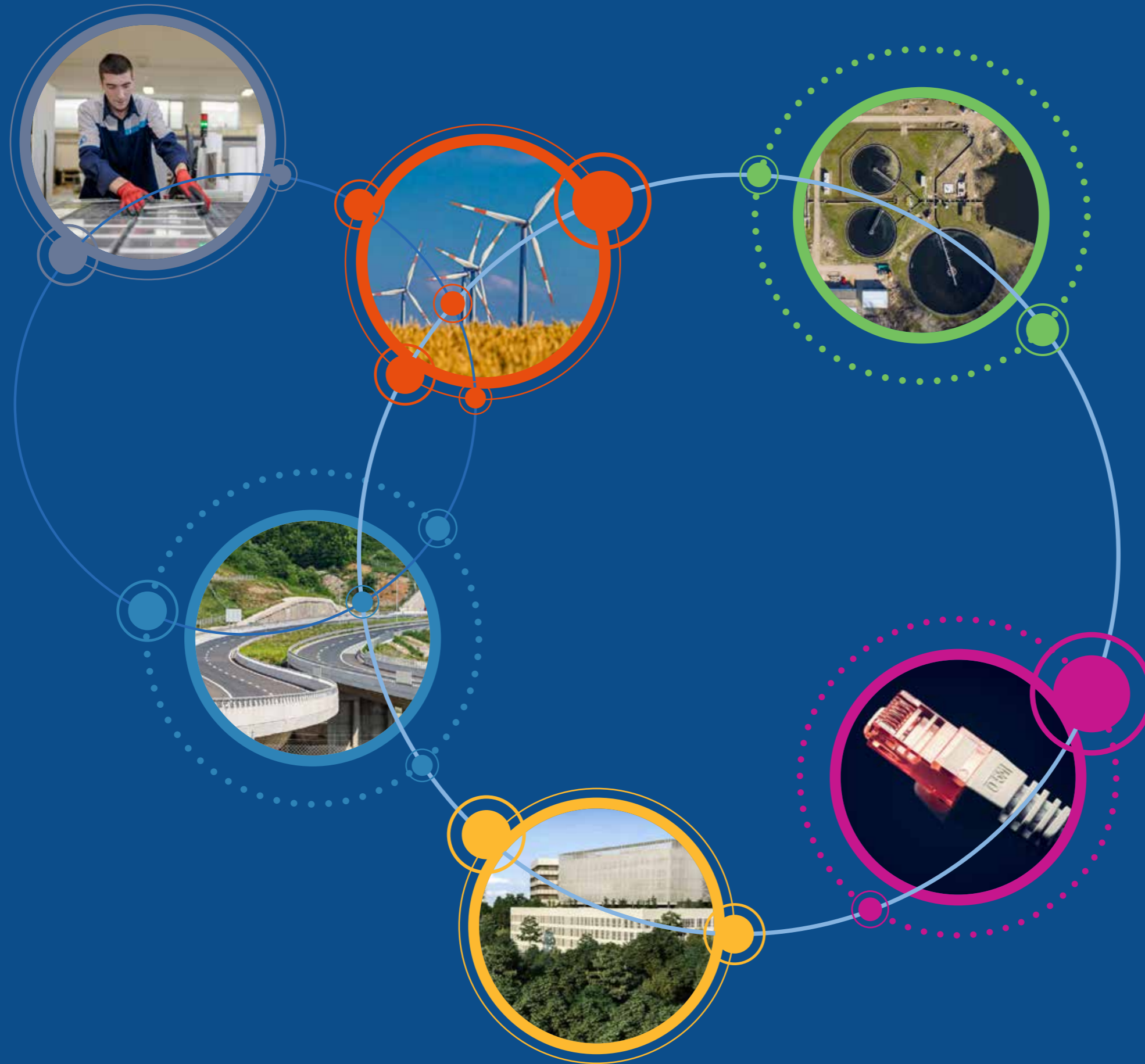
July 2022
Gradiška Bridge in BIH completed: EU contributed with €3.2 million in grants

26-29 October 2022
European Commission's President Ursula von der Leyen mission to the Western Balkans

December 2022
€1 billion Energy Support Package for the Western Balkans



Sector Overview



Sustainable transport



Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 1
Connecting East to West

Flagship 2
Connecting North to South

Flagship 3
Connecting the coastal regions


Transport is the most active sector of the WBIF, accounting for 67% of the portfolio. To overcome the legacy of fragmented networks, a considerable part of the region's transport network still requires rehabilitation and upgrading. To facilitate regional trade and deliver sustainable economic growth, the implementation of technical standards and connectivity reform measures, as well as the promotion of multimodal transport solutions, have become a priority for the Western Balkans economies.

The Economic and Investment Plan sets out a substantial investment package for sustainable transport infrastructure. The projects supported by the WBIF follow the priorities of the Plan.

Key areas of intervention are (i) rehabilitation and construction of resilient and smart transport infrastructure, especially rail; (ii) deployment of digital technologies; (iii) implementation of urban rapid transit systems, green multimodal solutions, and investments that facilitate cross-border mobility.


Achieved results 2009 - 2022


 843 km of local and regional roads upgraded


 167 km of motorways and 2 cross-border bridges with border crossing facilities built

 163 km of railway lines rehabilitated

Expected results 2023 - 2030

 500 km of motorways built

 1,457 km of railway lines rehabilitated

 2 inland ports and 45 km of waterways upgraded

Trans-European Transport Network



TEN-T addresses the development of a Europe-wide network of railways, roads, waterways, maritime routes, ports and airports. Extending the core network corridors to the Western Balkans ensures closer integration with the EU as well as the basis for leveraging investment in infrastructure.

Fast and efficient transport links with the EU



Sector overview

15
EIP flagship investments endorsed in 2020-2022

€4.1 bn
signed loans

€184.6m
grant in 2022

€13.8bn
estimated investment

€2bn
grant value

Flagship 2 Connecting North to South

Corridor Vc: Tarčin - Ivan Motorway Section



Corridor Vc is part of the indicative extension of the TEN-T Core Network to the Western Balkans. It connects Bosnia and Herzegovina to Hungary, Croatia and the Adriatic Sea and drives economic growth, jobs and investment. This project built a 7 km-long motorway section, including a 1.76 km-long twin tunnel, from Tarčin to Ivan along the corridor.

Estimated investment	€137.2m
WBIF EU grants	€23.8m
EIB loan	€57.1m
EBRD loan	€49.5m
Beneficiary contribution	€6.8m
Completion	2022

Clean energy



Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 4
Renewable energy

Flagship 5
Transition from coal

Flagship 6
Renovation wave

The energy sector in the Western Balkans is characterised by insufficient and aging infrastructure, high reliance on fossil fuels, late adoption of renewables beyond hydropower and residential biomass, limited energy efficiency, high rates of energy intensity, energy poverty despite usually high levels of direct and hidden energy subsidies (mostly targeted towards fossil fuels), limited market mechanisms and private sector participation.

Thus, it faces a unique dual transition: from centralised state-controlled systems to open and competitive markets, and towards decarbonisation. Participation in the Energy Community Treaty provides a clear policy framework and bears the potential for growth through enhanced energy connectivity and by tapping into the region's large renewable energy and energy efficiency potential.

Under the Economic and Investment Plan, the WBIF support in the field of energy is reinforced.

Achieved results 2009 - 2022



176 MW renewable energy generation capacity installed



192 km of electricity transmission lines upgraded



376 public buildings retrofitted and 1,600 GWh/year of energy saved



Energy Support Package for the Western Balkans

Expected results 2023 - 2031



2,330 MW renewable energy generation capacity installed



1,059 km of electricity transmission lines upgraded and power supply secured



727 km of future-proof gas pipelines built

The European Commission, in 2022, put forward a €1 billion EU Energy Support Package for the Western Balkans to address immediate and medium-longer term consequences of the energy crisis in the region.

Transition to sustainable and clean energy



Sector overview

13

EIP flagship investments endorsed in 2020-2022

€1.3bn
signed loans

€127.9m
grant in 2022

€5.5bn
estimated investment

€503.8m
grant value

Flagship 5 Transition from coal



Trans-Balkan Electricity Corridor: Kragujevac - Kraljevo Grid Section

This new 60 km-long 400 kV transmission line between Kraljevo and Kragujevac is part of the Trans-Balkan Electricity Corridor. Once operational, it will provide secure and stable power supply in Central and Western Serbia for 1 million consumers (15% of the total population of Serbia). Transmission losses are projected to decrease by 7,000 MWh/year, leading to savings of around €380,000/year.



Estimated investment	€29.8m
WBIF EU grant	€6.8m
KfW loan	€15m
Beneficiary contribution	€8m
Completion	2022

Environment & climate



Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 7
Waste and wastewater management

The Western Balkans faces a common set of environmental challenges. People move to cities and coastal regions resulting in habitat loss and uncontrolled urban sprawl. Air pollution in urban and industrial areas, substandard water and wastewater management, and increasing amounts of solid waste are taking a toll on human health and the environment. At the same time, the region has unique biodiversity, which needs to be conserved.

The Economic and Investment Plan and the embedded Guidelines for the Implementation of the Green Agenda set out that significant investment should be directed towards greening the Western Balkans, by investing in the environment and climate, and mainstreaming it in other sectors.

Key areas of intervention are upgrading basic infrastructure, investments in climate-smart technologies and techniques for solid waste management, water and sanitation, greening the built environment, pollution prevention measures, disaster preparedness and strengthening resilience to extreme climate events, nature-based solutions.

Achieved results 2009 - 2022



Improved water and sanitation services for 2.4 million people



Efficient solid waste services for 337,000 people



Over 660,000 people protected from floods

Green Agenda for the Western Balkans



Expected results 2023 - 2031



Improved water and sanitation services for 6.1 million people



Efficient solid waste services for 2.4 million people



5.7 million people protected from floods

The Agenda focuses on climate action, including decarbonisation of energy and transport, circular economy, addressing waste, recycling, sustainable production and efficient use of resources, fighting pollution, sustainable agriculture, and protection of nature and biodiversity.

Investing in the environment and climate



Sector overview

5
EIP flagship investments endorsed in 2020-2022

€1.2bn
signed loans

€88.6m
grant in 2022

€3.7bn
estimated investment

€341.6m
grant value

Flagship 7 Waste and wastewater management



Regional Waste Management System for Polog, Pelagonija and Southwest Regions

Current waste management practices in North Macedonia primarily focus on waste collection and disposal, mainly in non-engineered dumpsites; treatment of municipal solid waste and source-separation of recyclables and biowaste is basically non-existent. This investment project supports the introduction of EU-compliant solid waste services for a population of over 1 million residents across 45 municipalities and develops environmentally safe disposal practices.



Estimated investment	€60.6m
WBIF EU grant	€22.6m
EBRD loan	€29.3m
EBRD grant	€1m
Other sources	€7.7m
Expected completion	2025

Digital future



Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 8
Digital infrastructure

Accelerating the region's digital transformation through investments in digital infrastructures and services for businesses and governments is a priority under the Economic and Investment Plan to enable the twin green and digital transition.

Since 2017, the WBIF supports the deployment of ultra-fast and secure broadband with a view to ensuring universal access, with a particular focus on remote areas and lower-income populations, secure, energy-efficient and trustworthy data centres, edge and cloud infrastructures, linking to EU initiatives on high-performance computing and/or the GEANT programme, as well as exploring synergies with other connectivity areas such as energy and transport for infrastructure sharing (e.g. Balkans Digital Highway).

Expected results 2023 - 2030



70% of households with broadband connectivity in rural areas in Albania



71,900 people with access to next generation broadband networks in rural areas in Montenegro



627 schools equipped with smart labs for more than 198,000 students/year in Albania



Broadband connectivity for 152,000 households and 480 schools in rural areas in Serbia



500 schools connected to high-speed broadband benefitting over 136,500 students/year in Kosovo



Infrastructure sharing via the Balkan Digital Highway initiative

Digital Agenda for the Western Balkans



The Digital Agenda paves the way for the digital transition of the region. It focuses on the EU Digital Decade policy objectives of digital skills, secure and sustainable digital infrastructures, business and governments, digital transformation.

Universal access to fast and secure broadband



Sector overview

2

EIP flagship investments endorsed in 2020-2022

€122m
signed loans

€11.5m
grant in 2022

€620m
estimated investment

€54.2m
grant value

Flagship 8 Digital infrastructure



Establishment of Smart Labs - Network of ICT Laboratories for the Pre-university Education System

Preparing children and students for their future careers is one of the main goals in education. Albania is introducing ICT in elementary schools, with hands-on curricula taught in smart labs. This project will implement 684 smart ICT labs in 627 schools across the country, increasing the availability of computer labs for students in their pre-university cycles and enhancing computer programming skills.



Estimated investment	€34m
WBIF EU grant	€10.5m
CEB loan (est.)	€20.1m
Beneficiary contribution	€3.4m
Expected completion	2025

Private sector



Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027


Flagship 9
Investing in the competitiveness of the private sector

A robust, innovative, and competitive private sector is essential for the socio-economic development of the Western Balkans and its regional integration. As in most transition economies, small and medium-sized enterprises (SMEs) suffer from low competitiveness, difficult access to financing, lack of skills, and poor integration into global supply chains. The focus is on improving access to financing and business support to SMEs through the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) and its four complementary pillars (SME Equity financing, SME Loan Guarantee, SME Lending, and Policy and advisory services). Beyond WB EDIF, other programmes also support Western Balkans private sector development, including the Green for Growth Fund (GGF), Regional Energy Efficiency Programme (REEP), and European Fund for Southeast Europe (EFSE).


Achieved results 2009 - 2022


 4,585 SMEs supported


 97,490 jobs sustained

 1,301 GWh/yr energy savings (GGF)

Expected results 2023 - 2030

 5,500 MSMEs supported

 21,000 jobs supported

 16.5 MW in additional capacity from renewables and 100,000 t/yr avoided CO₂ emissions

Innovation Agenda



The Agenda on Innovation, Research, Education, Culture, Youth and Sport proposes actions that contribute to the region's economic and societal development through increased cooperation and investments on innovation.

Boosting the private sector competitiveness



Sector overview

3
EIP flagship investments endorsed in 2022

€60m
grant in 2022

€4.9bn
estimated investment

€451m
grant value

Flagship 9 Investing in the competitiveness of the private sector



SMEs Go Green Programme

Building on the EBRD's extensive experience supporting SMEs to finance green technologies, the Go Green Programme will provide an estimated €120 million of on-lend financing to around 3,400 SMEs for investments in climate-smart solutions. The EU grant financing aims to scale up green economy investments, including energy efficient, resource efficient and renewable energy investments among SMEs, contributing to the reduction of greenhouse gas emissions and providing a demonstration effect in the market.



Estimated investment	€145m
WBIF EU grant	€25m
EBRD loan	€120m

Human capital



Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 10
Youth guarantee

Social policy development and reform are priorities in the region. Efforts focus on education, healthcare and pension systems, poverty reduction, social inclusion and strengthening social safety nets. Accompanying infrastructure measures include social housing, education, health and judicial facilities.

The Economic and Investment Plan shifts focus from social infrastructures to investments in human capital recognising the importance of education and skills, health and social protection to unleash economic growth.

Key areas of intervention under WBIF are investments in digitalisation and energy-efficient infrastructures in the fields of education and health that are instrumental to achieving the objectives of related strategies and plans.

Achieved results 2009 - 2022



Better schools for 96,600 students/year



1,026 social housing units built



Healthcare and treatment facilities for 1.8 million people

Expected results 2023 - 2030



Better schools for 152,000 students/year



Higher education and research facilities for 158,500 students/year



Healthcare and treatment facilities for 7.6 million people

European Pillar of Social Rights



The European Pillar of Social Rights supports fair and well-functioning labour markets. It promotes equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion.

Reforming social policies and infrastructure



Sector overview

2
EIP flagship investments endorsed in 2020-2022

€1.1bn
signed loans

€13.5m
grant in 2022

€2.2bn
estimated investment

€96.9m
grant value

Flagship 10 Youth guarantee



Education Infrastructure Improvement

Schools and education facilities in Montenegro are affected by a lack of funding and investment for maintenance. This project contributes to upgrading the pre-university school system by constructing, renovating, and equipping education facilities and kindergartens in Podgorica and nine municipalities across the country. As a result, by 2026, 8,000 students will learn in better conditions and 2,100 new students will be accommodated in schools.



Estimated investment	€64.3m
WBIF Bilateral Donor and EU grant	€11.4m
EIB loan	€18m
EIB grant	€2.5m
Beneficiary contribution	€32.4m
Expected completion	2027

Beneficiary Overview



Albania



WBIF supports Albania in achieving key objectives of the Economic and Investment Plan. In 2020-2022, funding was endorsed for co-financing the first medium-size hybrid floating solar and hydropower plant in the region at Vau i Dejës, rehabilitation of the Vorë – Hani i Hotit railway line, linking the capitals of Tirana and Podgorica, construction of the Tirana bypass, and smart labs for schools.

Furthermore, technical assistance was allocated in 2022 for the preparation of investments in renewable energy, energy efficiency and digital connectivity.

Flagship investments 2020-2022



Flagship 3 Connecting the coastal regions

- Blue Highway: Tirana Bypass
- Rail Route 2: Vorë - Hani i Hotit Railway Section



Flagship 5 Transition from coal

- Rehabilitation of Fierza Hydropower Plant



Flagship 4 Renewable energy

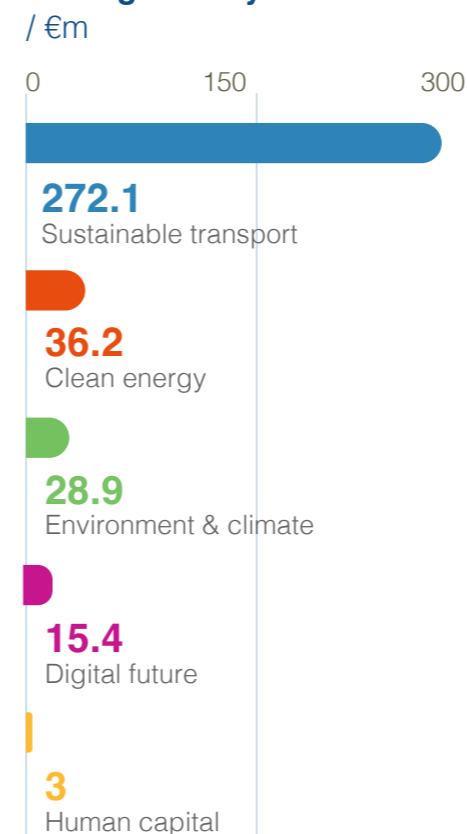
- Vau i Dejës Floating Solar Photovoltaic Power Plant



Flagship 8 Digital infrastructure

- Establishment of Smart Labs – Network of ICT Laboratories for the Pre-university Education System

WBIF grants by sector / €m



Achieved results 2009 – 2022

- 843 km of local and regional roads upgraded
- 11 km of railway lines rehabilitated
- Improved water and sanitation services for over 280,000 people
- Better schools for 18,500 students/year

Expected results 2022 – 2031

- 713 MW renewable energy generation capacity installed
- 185 km of railway lines rehabilitated
- 627 schools equipped with smart labs for 198,000 students/year
- 70% of households with broadband connectivity in rural areas

Public sector

€355.6m
WBIF grant

€3.2bn
estimated investment

€529m
regional guarantee coverage to support infrastructure projects

€1.5bn
IPA bilateral funding

Private sector

€219.4m
estimated financing for SMEs
(incl. EDIF, EFSE and GGF)

€408m
regional guarantee coverage to support access to finance for SMEs

654 SMEs and
10,768 jobs supported

Energy support package



€80m
in budget support to Albania

Success story

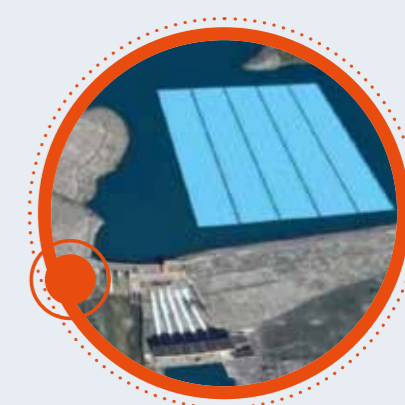


Flagship 4 Renewable energy

Estimated investment	€12.1m
WBIF Bilateral Donor grant	€2.7m
EBRD loan	€7.5m
Beneficiary contribution	€1.9m
Expected completion	2025

Vau i Dejës Floating Solar Photovoltaic Power Plant

This investment project will install a 12.9 MW floating solar photovoltaic power plant at Vau i Dejës, a reservoir that hosts one of the largest hydropower plants in Albania. This will be the first medium-sized hybrid floating solar and hydropower plant and the first application of pure-float technology in the Western Balkans. The investments are expected to have a significant demonstration effect and be easily replicated on other reservoirs in Albania and the wider region. The plant is expected to produce over 18 GWh of electricity and displace 8,700 tonnes of CO₂ annually.



Bosnia and Herzegovina



WBIF supports Bosnia and Herzegovina in achieving key objectives of the Economic and Investment Plan. In 2020-2022, funding was endorsed for co-financing the upgrade to motorway standards of four sections of the main north-south road corridor that links Central Europe through Sarajevo to the port of Ploče on the Adriatic coast - Corridor Vc, rehabilitation of the Šamac – Doboj – Rječica railway section along the same corridor, and demining works along the Sava.

Furthermore, technical assistance was allocated in 2022 for the preparation of investments in road transport, water supply and sanitation.

Flagship investments 2020-2022



Flagship 1 Connecting East to West

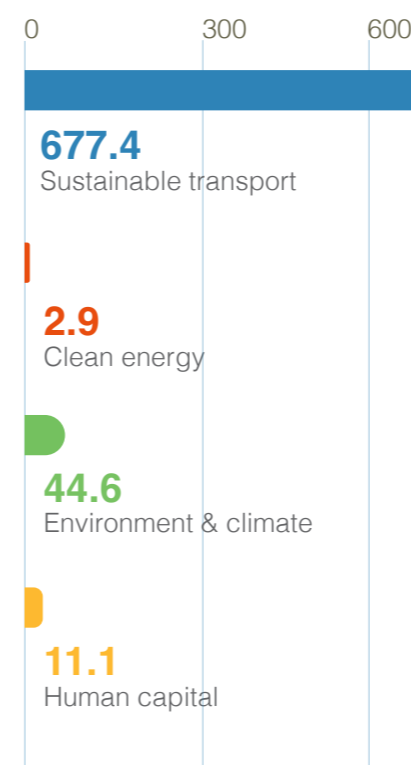
- Rhine/Danube Corridor: Demining the Right Bank of the Sava River



Flagship 2 Connecting North to South

- Corridor Vc: Medakovo – Ozimice Motorway Section
- Corridor Vc: Mostar South – Kvanj Tunnel Motorway Section
- Corridor Vc: Kvanj Tunnel – Buna Motorway Section
- Corridor Vc: Johovac Interchange – Vukosavlje Interchange Vc Motorway Section
- Corridor Vc: Šamac – Doboj – Rječica Railway Section

WBIF grants by sector / €m



Achieved results 2009 – 2022

2009 – 2022



64 km of motorways and 2 cross-border bridges with related facilities built



Improved water and sanitation services for 840,000 people



660,000 people protected from floods



1,026 social housing units built

Expected results 2023 – 2030

2023 – 2030



152 km of motorways built



1 inland port and 40 km of waterways rehabilitated



182 MW renewable energy generation capacity installed



Improved water and sanitation services for 770,000 people

Public sector

€736m
WBIF grant

€5.7bn
estimated investment

€529m
regional guarantee coverage to support infrastructure projects

€1.4bn
IPA bilateral funding

Private sector

€858.8m
estimated financing for SMEs
(incl. EDIF, EFSE and GGF)

€408m
regional guarantee coverage to support access to finance for SMEs

160 SMEs and
5,096 jobs supported

Energy support package



€70m
in budget support to Bosnia and Herzegovina

Success story



Flagship 1 Connecting East to West

Estimated investment	€38.9m
WBIF EU grant	€8.3m
World Bank loan	€30m
World Bank grant	€0.6m
Expected completion	2026

Rhine/Danube Corridor: Demining the Right Bank of the Sava River

The Rhine-Danube Corridor provides the main east-west navigation link across Continental Europe. One branch connects Germany to the Black Sea; a second branch leads to Ukraine. Its extension into the Western Balkans is via the Sava River. This project involves the demining of 40 km on the right bank of the River Sava in Bosnia and Herzegovina to comply with safety and navigability requirements. The investments are part of the Sava and Drina River Corridors Integrated Development Programme, which aims at strengthening integrated river basin



management and development through connectivity, flood protection and landscape management.

Kosovo



WBIF supports Kosovo in achieving key objectives of the Economic and Investment Plan. In 2020-2022, funding was endorsed for co-financing investments in renewable energy and construction of the Peace Highway, from Pristina to the administrative border with Serbia at Merdare.

Furthermore, technical assistance was allocated in 2022 for the preparation of a social housing programme.

Flagship investments 2020-2022



Flagship 1 Connecting East to West

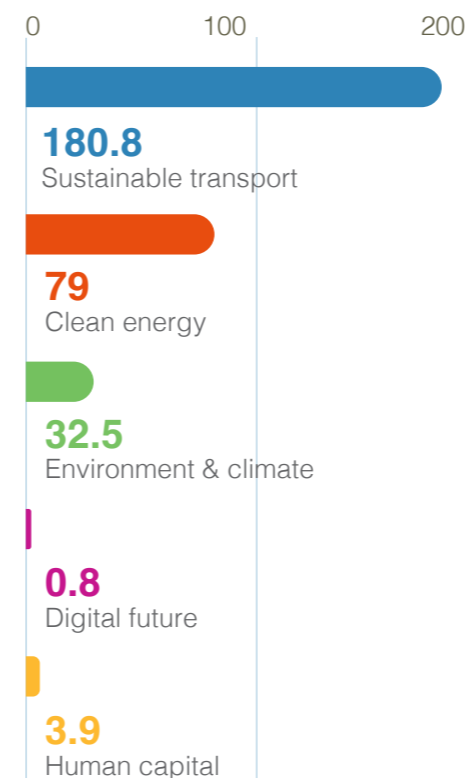
- Peace Highway: Pristina – Merdare Section



Flagship 4 Renewable energy

- Solar4Kosovo: Photovoltaic Plant
- Solar4Kosovo II: Solar District Heating for Pristina

WBIF grants by sector / €m



Achieved results 2009 – 2022



9.7 MW renewable energy generation capacity installed



District heating system rehabilitated in Pristina for 13,500 customers



49 km of railway lines rehabilitated



Safe drinking water for 550,000 people

Expected results 2022 – 2030



27 km of motorway built



165 km of railway lines rehabilitated



130 MW renewable energy generation capacity installed



Improved water and sanitation services for 1.3 million people

Public sector

€297m
WBIF grant

€2bn
estimated investment

€529m
regional guarantee coverage to support infrastructure projects

€1.4bn
IPA bilateral funding

Private sector

€512.2m
estimated financing for SMEs
(incl. EDIF, EFSE and GGF)

€408m
regional guarantee coverage to support access to finance for SMEs

962 SMEs and

17,036
jobs supported

Energy support package



€75m
in budget support to Kosovo

Success story



Flagship 4 Renewable energy

Estimated investment	€81.5m
WBIF EU grant	€22.3m
KfW grant	€31.6m
EBRD loan	€23.2m
Beneficiary contribution	€4.4m
Expected completion	2027

Solar4Kosovo II – Solar District Heating for Pristina

The heating sector in Kosovo consumes more energy than any other segment of the energy sector. The heat supply in Pristina is particularly inefficient, CO₂-intensive and predominantly covered by two coal-fired power plants, while the district heating system meets only around 25% of the demand. This investment project will introduce solar energy in the district heating sector in Kosovo. The facility will have a capacity of 50 MW including storage. The immediate beneficiaries of the project are up to 38,000 residents who will be connected to Pristina's district heating system as part of the network expansion measures.



Montenegro



WBIF supports Montenegro in achieving key objectives of the Economic and Investment Plan. In 2020-2022, funding was endorsed for co-financing the construction of wastewater treatment facilities and extension of the sewerage network in Podgorica, water and sanitation systems in the north of the country, improvement of schools, and modernisation of the railway connection to Belgrade.

Furthermore, technical assistance was allocated in 2022 for the preparation of investments in road transport, wastewater collection, and digital connectivity.

Flagship investments 2020-2022



Flagship 2 Connecting North to South

- Rehabilitation of Rail Route 4: Bar – Vrbnica Section



Human capital

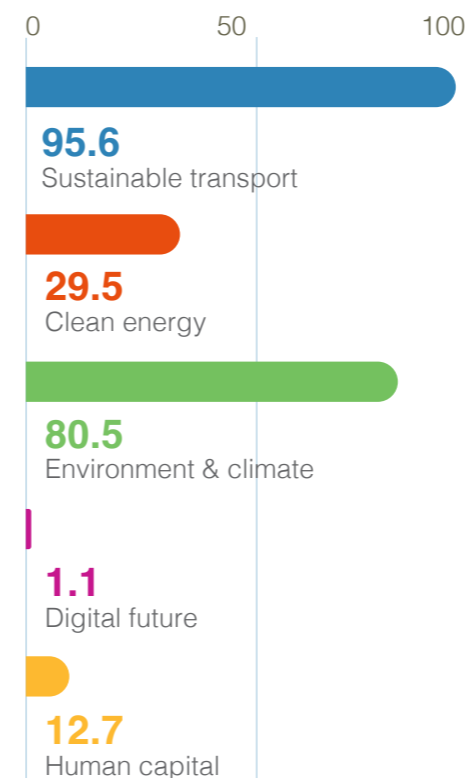
- Education Infrastructure Improvement



Flagship 7 Waste & wastewater management

- Podgorica Wastewater Treatment Plant
- Wastewater and Water Supply System Improvement in Kolašin, Rožaje and Mojkovac

WBIF grants by sector / €m



Achieved results 2009 – 2022



10 km of railway lines rehabilitated



Improved water and sanitation services for 70,000 people



Efficient solid waste services for 186,000 people



Flood forecasting and warning system for 192,000 people in the Sava River Basin

Expected results 2023 – 2030



183 km of railway lines rehabilitated



230 km of electricity transmission lines upgraded



Improved water and sanitation services for 400,000 people



71,900 people with broadband access in rural areas

Public sector

€219.4m
WBIF grant

€1.9bn
estimated investment

€529m
regional guarantee coverage to support infrastructure projects

€605m
IPA bilateral funding

Private sector

€300.5m
estimated financing for SMEs
(incl. EDIF, EFSE and GGF)

€408m
regional guarantee coverage to support access to finance for SMEs

941 SMEs and

9,499 jobs supported

Energy support package



€30m
in budget support to Montenegro

Success story



Flagship 7 Waste & wastewater management

Estimated investment	€34.9m
WBIF EU grant	€23.3m
EU TA grant	€1.1m
EIB loan	€9.7m
Beneficiary contribution	€0.8m
Expected completion	2027

Improvement of Wastewater and Water Supply Systems in the North of Montenegro

This project concerns investments in wastewater and water supply compliant with EU standards in three municipalities in the north of Montenegro: upgrade of the water supply system in Kolašin, construction of two wastewater treatment plants and sewerage networks in Kolašin and Rožaje, and extension of the sewerage network and upgrade of the wastewater treatment plant in Mojkovac. These investments will bring sustainable water services to 29,250 residents, improve environmental services and enhance the region's attractiveness for tourism.



North Macedonia



WBIF supports North Macedonia in achieving key objectives of the Economic and Investment Plan. In 2020-2022, funding was endorsed for co-financing the construction of the last section of the rail interconnection between Skopje and the border with Bulgaria, renewable energy generation, wastewater treatment, and solid waste management.

Furthermore, technical assistance was allocated in 2022 for the preparation of regional waste management systems for the Vardar and Southeast regions.

Flagship investments 2020-2022



Flagship 1 Connecting North to South

- North Macedonia – Bulgaria Rail Interconnection: Kriva Palanka – Border with Bulgaria Section



Flagship 4 Renewable energy

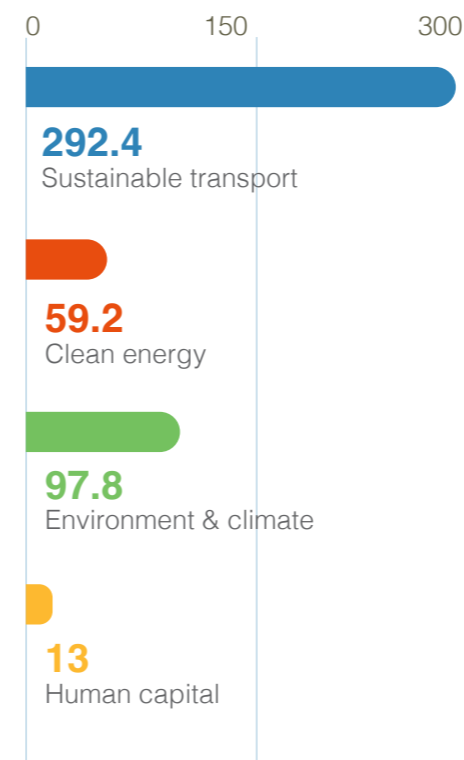
- Oslomej 1 Solar Photovoltaic Power Plant
- Oslomej 2 and Bitola Solar Photovoltaic Power Plants
- Bogdanci Wind Park Phase 2
- Rehabilitation of Six Hydropower Plants Phase 3



Flagship 7 Waste & wastewater management

- Skopje Wastewater Treatment plant
- Regional Waste Management System for Polog, Pelagonija and Southwest Regions

WBIF grants by sector / €m



Achieved results 2009 – 2022



46.8 MW renewable energy generation capacity installed



70 km of transmission lines upgraded



Better schools for more than 78,000 students per year



Healthcare research and treatment facilities for 1.8 million people

Expected results 2023 – 2030



957 MW renewable energy generation capacity installed



107 km of future-proof gas pipelines built



205 km of railway lines rehabilitated



Efficient solid waste services for 1.4 million people

Public sector

€462.4m
WBIF grant

€2.6bn
estimated investment

€529m
regional guarantee coverage to support infrastructure projects

€1.5bn
IPA bilateral funding

Private sector

€288.5m
estimated financing for SMEs
(incl. EDIF, EFSE and GGF)

€408m
regional guarantee coverage to support access to finance for SMEs

53 SMEs and
2,718 jobs supported

Energy support package



€80m
in budget support to North Macedonia

Success story



Flagship 1 Connecting East to West

Estimated investment	€418m
WBIF EU grant	€154.5m
EU grant	€64.6m
EIB loan (est.)	€97.4m
EBRD loan (est.)	€97.3m
Beneficiary contribution	€4.2m
Expected completion	2029

North Macedonia – Bulgaria Rail Interconnection: Kriva Palanka – Border with Bulgaria Section

The eastern segment of Rail Corridor VIII, from Kumanovo to the border with Bulgaria, is part of the indicative extension of the TEN-T Core Network to the Western Balkans. This investment project will construct 23.4 km of railroad, the last stretch of the interconnection, and install electrification systems on the entire railway line. The investments will create more than 200 new jobs, significantly decrease the travel time from Skopje to Sofia, increase the annual freight volume and allow for modal shift, reduce air and noise pollution caused by diesel operations and road transport on this route, and improve trade flows with economies in the region and with the EU.



Serbia



WBIF supports Serbia in achieving key objectives of the Economic and Investment Plan. In 2020-2022, funding was endorsed for co-financing investments in rail and water transport, renewable energy and power interconnections, rural broadband, wastewater treatment, and health facilities.

Furthermore, technical assistance was allocated in 2022 for investments in renewable energy.

Energy support package



€165m

in budget support to Serbia

Public sector

€714.6m

WBIF grant

€8.5bn

estimated investment

€529m

regional guarantee coverage to support infrastructure projects

€3.2bn

IPA bilateral funding

Flagship investments 2020-2022



Flagship 1

Connecting East to West

- Corridor X: Belgrade – Niš Railway Line, Paraćin – Međurovo Section
- Corridor X: Stalać – Đunis Section
- Corridor Xc: Niš – Dimitrovgrad Railway Line, Niš Bypass
- Rhine-Danube Corridor: Removal of Sunken WWII German Vessels from the Danube, Prahovo Sector



Flagship 4

Renewable energy

- Kostolac Wind Farm
- Reconstruction of Vlasina Hydropower Plant



Flagship 5

Transition from coal

- Trans-Balkan Corridor: Serbia – Montenegro – Bosnia and Herzegovina 400 kV Interconnection
- Advanced System for Remote Meter Reading Phase 1A



Flagship 7

Waste & wastewater management

- Sewerage System for Palilula, Belgrade



Flagship 8

Digital infrastructure

- Rural Broadband Rollout Phase 2



Human capital

- University Children's Hospital Tiršova 2 in Belgrade

Private sector

€1.9bn

estimated financing for SMEs (incl. EDIF, EFSE and GGF)

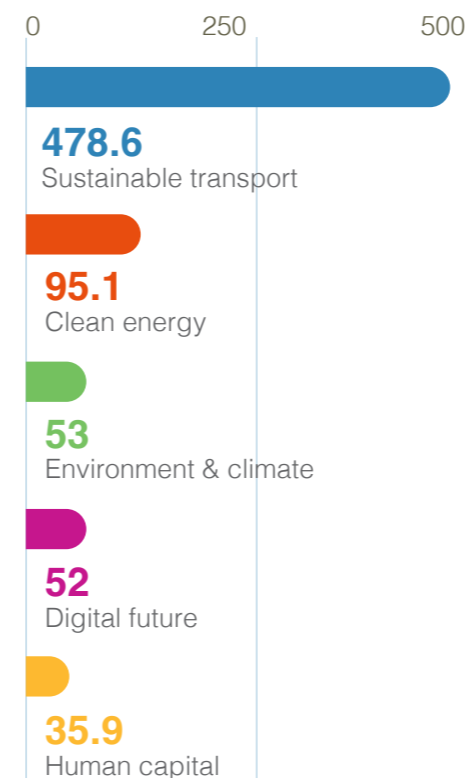
€408m

regional guarantee coverage to support access to finance for SMEs

1,815 SMEs and **52,373** jobs supported

WBIF grants by sector

/ €m



Achieved results

2009 – 2022



93 km of motorways built



93 km of railway lines rehabilitated



60 km of electricity transmission lines upgraded



Improved water and sanitation services for 585,000 people

Expected results

2023 – 2030



77 km of motorways built



586 km of railway lines rehabilitated



353 MW renewable energy generation capacity installed



Improved water and sanitation services for 2.1 million people

Success story



Flagship 4 Renewable energy

Estimated investment	€145.1m
WBIF EU grant	€31m
KfW loan	€80m
KfW grant	€1.8m
Beneficiary contribution	€32.3m
Expected completion	2024

Kostolac Wind Farm

This project will install a 66 MW wind farm in Kostolac, in eastern Serbia, on the site of depleted open-cast mines. The plant is expected to produce 187 GWh of electricity, equivalent to the energy demand of 45,000 households, and displace 174,000 tonnes of CO₂ annually. The investments are part of the country's effort to diversify the energy mix, increase renewable electricity generation, reduce dependence on fossil fuels, support decarbonisation, and clean up and reuse the site of the exhausted coal mine.

KfW



Glossary

AFD	Agence Française de Développement	GGF	Green for Growth Fund
ALB	Albania	ICT	Information and Communication Technology
BIH	Bosnia and Herzegovina	IFC	International Finance Corporation
CBAM	Carbon Border Adjustment Mechanism	IFI	International Financial Institution
CEB	Council of Europe Development Bank	IPA	Instrument for Pre-Accession Assistance
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations	KfW	KfW Development Bank
EBRD	European Bank for Reconstruction and Development	KOS	Kosovo
EFSD+	European Fund for Sustainable Development Plus	MKD	North Macedonia
EFSE	European Fund for Southeast Europe	MNE	Montenegro
EIB	European Investment Bank	REEP	Regional Energy Efficiency Programme for the Western Balkans
EIF	European Investment Fund	SME	Small and Medium-sized Enterprise
EIP	Economic and Investment Plan for the Western Balkans 2021-2027	SRB	Serbia
ENV	Environment	TA	Technical Assistance
EU	European Union	TEN-T	Trans European Transport Network
EWBJF	European Western Balkans Joint Fund	WB	Western Balkans
GDP	Gross Domestic Product	WB EDIF	Western Balkans Enterprise Development and Innovation Facility
GEANT	Gigabyte European Academic Network	WBIF	Western Balkans Investment Framework

Rail Corridor X, Serbia

Partner financial organisations



Donors



Economic and Investment Plan
for the Western Balkans 2021-2027

WBIF
From Plan
to Action **2022**
Key
Achievements

