



Economic and Investment Plan  
for the Western Balkans 2021-2027

# **WBIF** **From Plan** **to Action** | **Key Achievements** **2021**



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# Contents

<b>Foreword</b>	<b>03</b>
<b>Western Balkans Economic Outlook</b>	<b>04</b>
<b>Endorsed Flagship Projects 2021</b>	<b>06</b>
<b>WBIF Facts &amp; Figures</b>	<b>08</b>
<b>Public and Private Sector Blending</b>	<b>12</b>
<b>Sector Overview</b>	<b>14</b>
<b>Beneficiary Overview</b>	<b>28</b>
<b>Glossary</b>	<b>44</b>

Kindergarten "Labudovi", Sarajevo, Bosnia and Herzegovina  
Regional Energy Efficiency Programme (REEP)



# Foreword

“  
**In these challenging times when a war is fought on the European continent just after the Covid-19 pandemic, safeguarding the stability and security of the Western Balkans is more important than ever.**”



**Olivér Várhelyi**  
 European Commissioner  
 for Neighbourhood  
 and Enlargement

In these challenging times when a war is fought on the European continent just after the Covid-19 pandemic, safeguarding the stability and security of the Western Balkans is more important than ever.

In the course of 2021, the European perspective of the Western Balkans and our dedicated commitment to the enlargement policy was reaffirmed, and a successful first year of implementing the Economic and Investment Plan (EIP) was concluded.

With this Plan, we are helping our Western Balkans partners build modern, better-connected, prosperous societies to bridge the socio-economic gap between our Western Balkan partners and the European Union. Over the following years, we expect up to €30 billion in investments generated through EU grants, representing around one-third of the current GDP of the entire region.

Due to the current energy crisis, reducing the dependence on Russian gas became an urgent priority. The Economic and Investment Plan, with its flagships on energy transition, has laid the ground for diversifying energy sources away from Russia.

In December 2021, the Western Balkans Investment Framework (WBIF) Strategic and Operational Board approved approximately €1.1 billion in investments and technical assistance grants for 21 high-impact and high-priority projects expected to generate €3.2 billion in investments. The investments will boost transport, energy, and digital connectivity within the region and with the EU.

As part of the new Energy Support Package designed for the entire Western Balkans, we are ready to invest further in gas and electricity. Building interconnectors, new storage facilities, and LNG terminals developing large-scale renewable energy generation projects and upgrading electricity transmission systems, district heating, and energy efficiency schemes, including for the old blocks-of-flats, will be all supported. These new investments will further contribute to the diversification of energy supplies, energy transition, and energy security to address the region's immediate, short-term, and mid-term energy needs.

All these investments are implemented through the well-functioning framework of WBIF. We will create the conditions for sustainable economic growth with new opportunities for businesses and new well-paid quality jobs for people.

These investments will help the region's youth to thrive in their homeland.

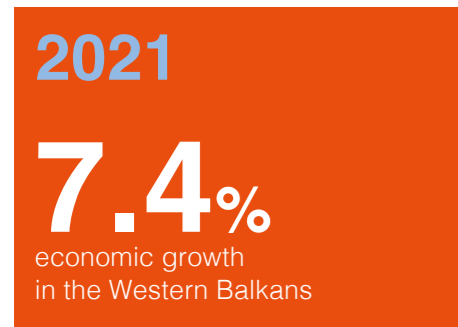
Henceforth, we must all look forward and maximise our efforts to speed up the rollout of the EIP. In this respect, I look forward to another year of successful EIP implementation so all the Western Balkans people can benefit from these projects' actual impact.

## Steering through crises

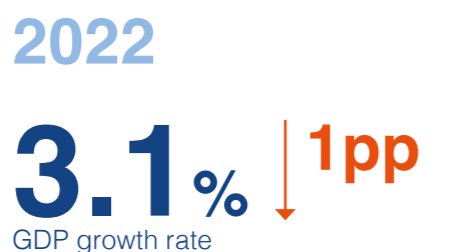
# Western Balkans Economic Outlook

The economies of the Western Balkans are facing an unprecedented series of economic shocks one after the other. The region's economy is only just beginning to bounce back from the Covid-19 induced recession, but now also needs to grapple with the fallout of the war in Ukraine, with a resurgence of inflation as well as an increasingly pressing climate and energy transition agenda. Steering through these crises will require policy support and careful choices.

Even before the outbreak of the war between Russia and Ukraine, economic growth in the Western Balkans was already slowing towards pre-crisis rates after recording an impressive rate of 7.4 percent in 2021. Similarly, inflation was already rising, as supply constraints across the world squeezed commodity prices.



The war in Ukraine exacerbates these two trends and pushes inflation in the Western Balkans to (meanwhile) projected 6.3% in 2022 on average, double the rate of 2021. Apart from being a key driver of inflation, energy supply disruption has also exposed vulnerabilities associated with the region's still heavy reliance on fossil fuels.



With rising oil, food and fertilizer prices and the negative impact this crisis has on business and consumer confidence, trade and tourism, the Western Balkans now faces an especially uncertain outlook. As a result, the World Bank has revised the expected GDP growth rate to 3.1% for 2022 - a downward revision by almost 1 percentage point.

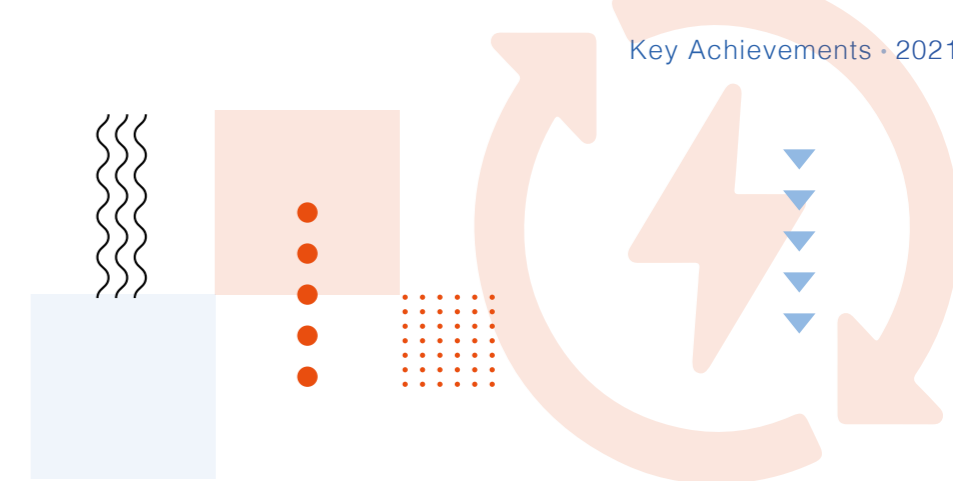
### Mitigate emerging risks

- expanding the tax base
- reducing tax exemptions
- foreign direct investment

Rebuilding fiscal space that has been greatly exhausted by Covid-19 support and maintaining fiscal prudence will help mitigate these emerging risks. The challenge for policymakers will be to carefully utilise limited fiscal resources and to protect those who need it most; especially the poorest households who spend a larger share of their income on food and energy, as prices of these two commodities continue to rise fast.



Source:  
**Western Balkans Regular Economic Report No. 21**  
Spring 2022



### Transition to clean energy

- diversify energy supply mix
- invest in storage
- foster regional energy integration and cooperation
- promote energy performance through sector reform

The climate imperative for transition to clean energy has been joined by the economic imperative of protecting economies from external price shocks. In the short-term, investment in energy efficiency, energy conservation and raising public awareness could have a significant impact. In the medium to long term, the region needs to diversify its energy supply mix, invest in storage, foster regional energy integration and cooperation, and promote energy performance through sectoral reforms.

In an environment of scarce resources, now is the time for governments to step up structural reforms that boost growth over the medium term and maximise fiscal returns in areas such as improving tax compliance, supporting labour market participation (especially of women) and increasing market competition.

### Reforms that boost growth

- improving tax compliance
- supporting labor market participation
- increasing market competition

“ Every project supported by the Western Balkans Investment Framework (WBIF) brings the region closer to the European Union and contributes to the common regional market. Our investments in the flagship initiatives,

as defined by the recent Economic and Investment Plan, support the Western Balkans in building the European future together. The Plan means immediate action, with the WBIF and its stakeholders as a driving force for the implementation.

## Endorsed flagship projects 2021

# WBIF: Main vehicle for the implementation of the Economic and Investment Plan for the Western Balkans 2021-2027

The Western Balkans Investment Framework (WBIF) is a joint initiative of the European Commission, financial organisations, bilateral donors and beneficiary economies. From its inception in 2009, the WBIF aims to enhance harmonisation and cooperation in investments for the socio-economic development of the region, contributing to the European perspective of the Western Balkans partners.

### 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

### WBIF flagship projects 2021

The investment package endorsed in 2021 is a step further in implementing the Plan and its flagship projects, thereby supporting the Global Gateway initiative. The WBIF is investing to deliver on the political commitment to spur the region's economic development, help to overcome the economic effects of the Covid-19 pandemic and make significant progress on connectivity, the Green Agenda and the Innovation Agenda.

### €3.2 billion investment package endorsed

In December 2021, the WBIF endorsed a substantial package of 21 projects supporting the Plan's investment flagships. This is a significant step in turning commitments into concrete action on the ground, taking forward the first EIP instalment approved in 2020.

→ Investments channelled through the Western Balkans Investment Framework

**21**  
flagship projects endorsed in 2021

**€3.2bn**  
total investment value

**€1.1bn**  
EU and bilateral donor grants

**Sustainable transport**

**12**  
flagship projects endorsed in 2021

**€2.7bn**  
total investment value

**€918.4m**  
EU grant





**Clean energy**

**5**  
flagship projects endorsed in 2021

**€127m**  
total investment value

**€26.5m**  
EU and bilateral donor grants

**Environment & climate**

**2**  
flagship projects endorsed in 2021

**€212m**  
total investment value

**€96.6m**  
EU grant


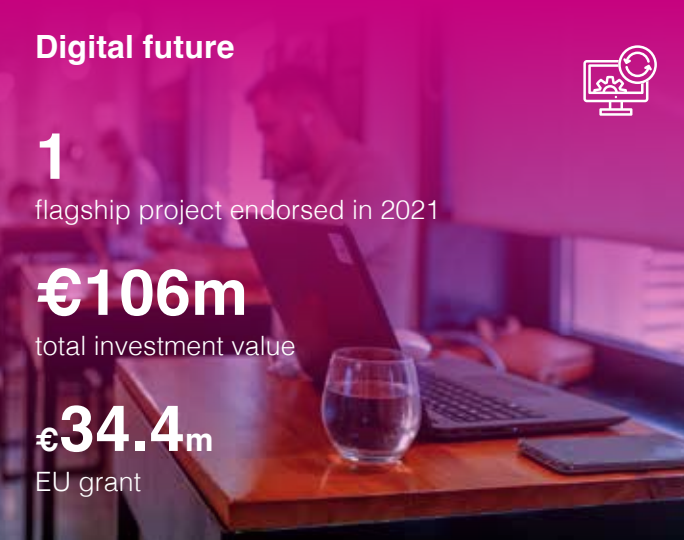



**Digital future**

**1**  
flagship project endorsed in 2021

**€106m**  
total investment value

**€34.4m**  
EU grant

**Human capital**

**1**  
flagship project endorsed in 2021

**€116m**  
total investment value

**€36.4m**  
EU grant




# WBIF Facts & Figures

## Achieved results

**217**  
public sector projects\*

**€24.7 bn**  
estimated project value

**€2.6 bn**  
grants awarded

**€4.2 bn**  
support to private sector

SME support      Energy efficiency and renewables

**WB EDIF**      **GREEN FOR GROWTH FUND**

Financing available to SMEs      Sub-loan investments

**€587 m**      **€360 m**

**IFSE**      **REEP/REEP Plus**

On-lent to final beneficiaries      Intermediated and direct financing to SMEs and households

**€3 bn**      **€217.7 m**


## WBIF milestones

- 16-17 December 2021**  
WBIF strategic orientations adopted; 1<sup>st</sup> package of EIP flagship projects endorsed
- 10-11 December 2020**  
WBIF new governance acknowledged; Connectivity Agenda pledge fully allocated; grants pass €1.4bn
- 6 October 2020**  
Economic and Investment Plan for the Western Balkans adopted
- 16-17 December 2019**  
WB EDIF reintegrated under WBIF; 5<sup>th</sup> Connectivity Agenda instalment / ENV grants (€189m)
- 6 December 2018**  
4<sup>th</sup> Connectivity Agenda instalment / ENV grants (€191m); total grants pass €1bn
- 13 December 2017**  
3<sup>rd</sup> Connectivity Agenda instalment / ENV grants (€110m); digital eligible sector
- 15 December 2016**  
2<sup>nd</sup> Connectivity Agenda instalment (€98m); total grants pass €600m
- 9 December 2009**  
Launch of WBIF; 26 grants approved
- 7 December 2011**  
WB EDIF – thematic SME platform launched; total grants pass €220m
- 14 June 2012**  
REEP – energy efficiency programme approved
- 1 July 2013**  
Accession of Croatia to the EU
- 28 August 2014**  
Berlin Process – new dynamics for EU path
- 27 August 2015**  
Western Balkans Summit, Vienna – €1 billion of EU funding pledge for Connectivity Agenda
- 16 December 2015**  
1<sup>st</sup> Connectivity Agenda grants approved (€150m)
- 16 June 2016**  
Overhaul of WBIF framework documents




### Sustainable transport

**987 km**  
of new roads


### Clean energy

**166 MW**  
electricity from renewables






### Environment & climate

**2.1 m**  
people benefiting from improved water/waste water services


### Digital future

**Broadband**  
deployment, data centres, edge and cloud infrastructures

### Private sector

**6,504**  
SMEs financed through WB EDIF




### Human capital

**96,600**  
students benefiting from better schools



\*Including regional projects and projects implemented in Croatia before accession

## Partner financial organisations\*

	27	6	€2.6bn	€9bn
European Commission	EU Member States	Stabilisation & Association Agreements	funds committed	funding under the EIP
	No. of projects	Grants as Lead IFI	Loans signed	Estimated project value
European Investment Bank	57	€1.1bn	€2.9bn	€11.3bn
European Bank for Reconstruction and Development	74	€1.1bn	€2.1bn	€9.2bn
CEB	15	€69m	€624m	€903m
KfW	47	€306m	€1bn	€2.8bn
WORLD BANK GROUP	17	€22m	€424m	€426m
AFD	4	€2m	—	€107m

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

## Western Balkans beneficiaries

	N° of projects	Estimated value of projects	Value of loans signed	Value of WBIF grants
Albania	40	€2.9bn	€658m	€342.5m
Bosnia and Herzegovina	30	€4.6bn	€1.9bn	€725.6m
Kosovo*	30	€1.7bn	€328m	€239.8m
Montenegro	20	€1.8bn	€250m	€177.5m
North Macedonia	26	€2.6bn	€673m	€419.2m
Serbia	45	€7bn	€2.8bn	€451.8m

\*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.

## Bilateral donors' contributions to EWBIF

Austria	€19.9m	Luxembourg	€2.0m
Czech Republic	€2.0m	Norway	€27.5m
Finland	€0.5m	Poland	€1.5m
France	€1.0m	Slovenia	€1.0m
Germany	€18.4m	Sweden	€23.3m
Greece	€0.5m	United Kingdom	€5.3m
Hungary	€0.3m	EBRD Fund	€5.2m
Italy	€6.3m		

“2021 brought again extraordinary developments and dynamics to our good collaboration. Although growth started to resume, the impact of the Covid-19 pandemic was still dominant. The call for a sustainable, green recovery remained at the core of the joint response efforts across Europe.”



**Elisabeth Gruber**  
Head of Department for International Financial Institutions,  
Federal Ministry of Finance, Austria

WBIF Strategic Board took place and this certainly marked a turning point of the WBIF. The WBIF thus continues to be the best suited platform to address the Western Balkans investment needs to support the beneficiary economies towards EU accession. As bilateral donors we are looking forward to continue our active engagement in this best practice instrument together with the European Commission, the IFIs, all EU Member States, the Beneficiaries, the European Parliament and other observers.

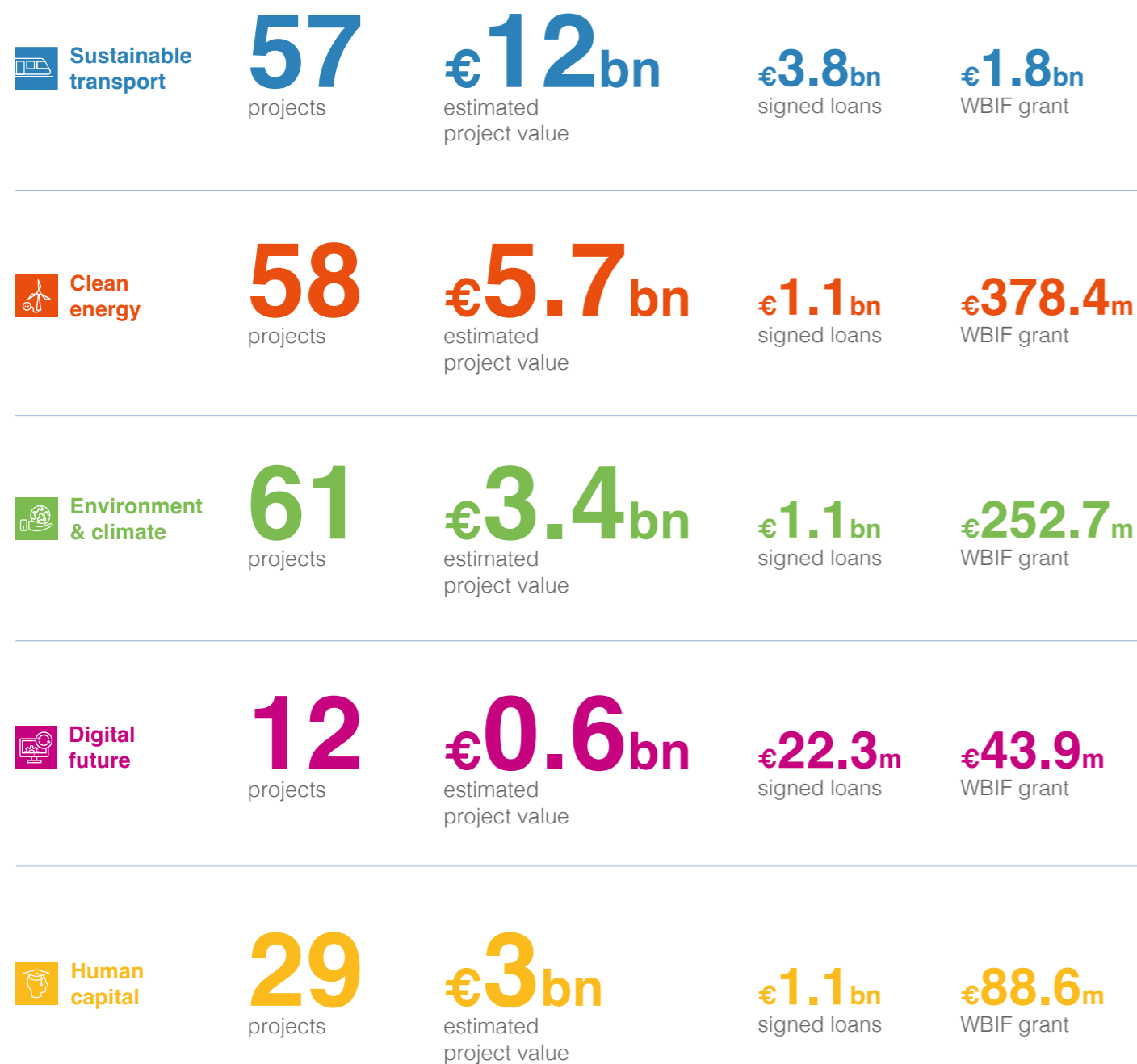
In our role as Steering Committee co-chair and chair of the Bilateral Donors group, we look forward to further building our shared European future together – and to safely re-unite in physical meetings as circumstances allow.

The Bilateral Donors are pleased to have pledged another €11.5 million of contributions to the Joint Fund and further approved €2.65 for two TA projects in the digital and environment sectors and another €4.31 million for two investment grants in the renewable energy sector in 2021.

Despite the virtual forms of convening, we managed to uphold an active dialogue among stakeholders that was essential for the WBIF's operations in 2021. This dialogue was also incremental for finally setting up the future of the WBIF governance structure. In December 2021 the first Meeting of the

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

## Public Sector Blending



## Private Sector Blending



### Western Balkans Guarantee facility EFSD+





# Sector Overview



# Sustainable Transport

Transport is the most active sector of the WBIF, accounting for 70% 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.



## 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

### Achieved results

2009 – 2021



843 km of local and regional roads upgraded



144 km of motorways, 1 cross-border bridge with border crossing facilities



93 km of railway lines rehabilitated

### Expected results

2022 – 2030



519 km of motorways, 1 cross-border bridge with border crossing facilities



1,417 km of railway lines rehabilitated



2 inland ports renovated and upgraded



Improved navigability on 45 km of waterways



## Fast and efficient transport links with the EU

### Sector overview

**57**  
projects

**134**  
grants

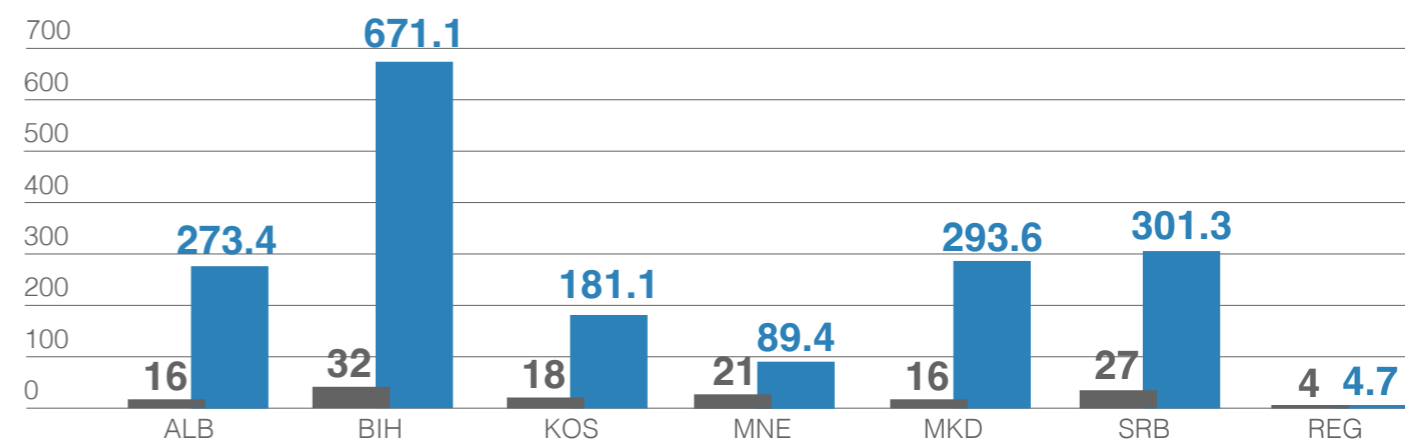
**€1.8bn**  
grant value

**€12bn**  
estimated project value

**€3.8bn**  
signed loans

**€921.1m**  
grant in 2021

### Grants per beneficiary



### Flagship 1 Connecting East to West

#### Reconstruction and modernisation of the river port of Brčko

This project concerns the first phase of a complex rehabilitation programme for Brčko Port, including 2.5 km of harbour crane track and new crane, asphalt plateau, railway link and access road. The investments aim at increasing the port's cargo volume by 25% and developing a competitive multimodal transport corridor along the Sava.



Estimated total project cost	€9.7m
WBIF grant	€3.1m
EBRD loan	€6.6m
Expected completion	2023



# Clean Energy

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. The focus is on energy efficiency and renewable energy sources, low carbon transition (e.g. future-proof gas pipelines), as well as performant electricity transmission lines and smart grids.



## 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**

### Achieved results 2009 – 2021



166 MW renewable energy generation capacity installed



376 buildings renovated and 1.6m MWh/year of energy saved



District heating systems upgraded in 23 cities and towns

### Expected results 2022 – 2030



1,169 km of electricity transmission lines upgraded and secure power supply



1,219 MW renewable energy generation capacity installed



727 km of gas pipelines



278 buildings renovated and 181,100 MWh/year of energy saved.



## Transition to sustainable and clean energy

### Sector overview

**58**  
projects

**86**  
grants

**€378.4m**  
grant value

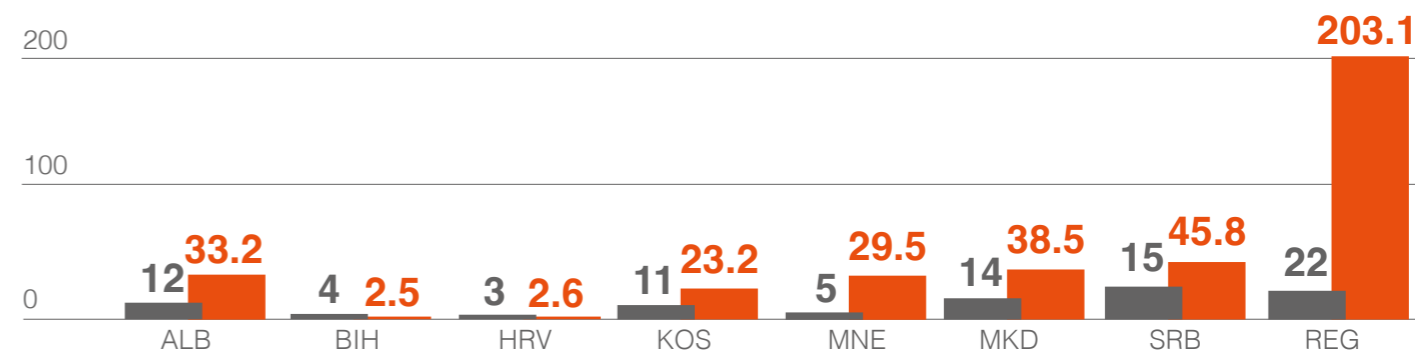
**€5.7 bn**  
estimated project value

**€1.1 bn**  
signed loans

**€131m**  
grant in 2021

### Grants per beneficiary

■ Number ■ Value (€m)



### 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.



<b>Estimated total project cost</b>	<b>€29.6m</b>
WBIF grant	€6.8m
KfW loan	€15m
Expected completion	2022



# Environment & Climate

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 waste water 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 tech-

niques 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.

## Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 7  
Waste and waste water management



### Achieved results 2009 – 2021



Improved water/waste water services for 2.1 million people



Flood forecasting and warning system for 5.4 m people in the Sava River Basin



Efficient solid waste services for 186,000 people

### Expected results 2022 – 2030



Improved water/waste water services for 6.4 million people



Efficient solid waste services for 1.2 million people



4.6 million people protected from floods

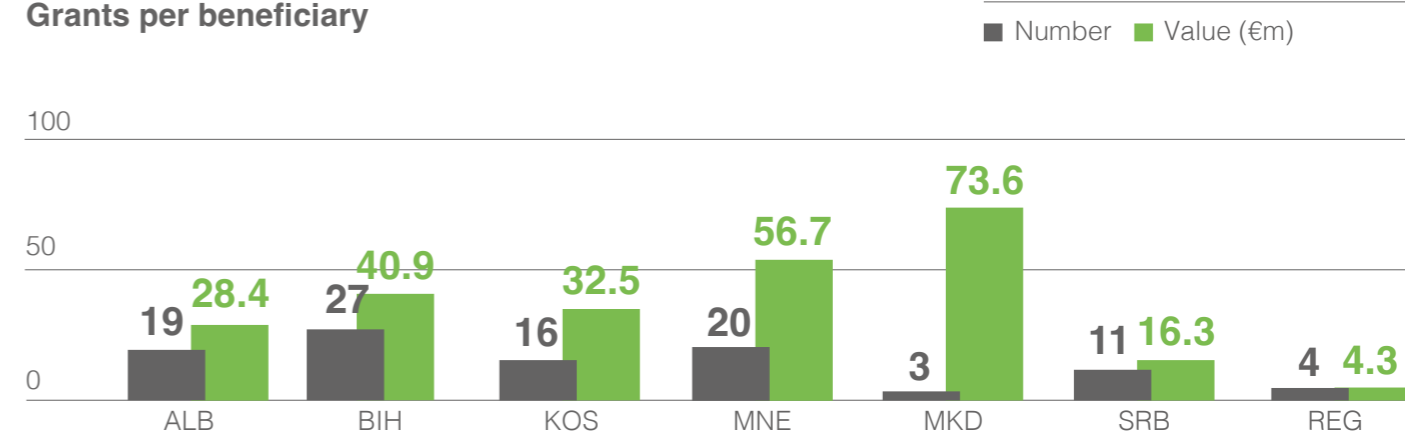


## Investing in the environment and climate

### Sector overview



### Grants per beneficiary



### Flagship 7 Waste and waste water management

#### Skopje waste water treatment plant

This project will build a central waste water treatment plant for Skopje. The plant will service nine of the ten municipalities of the city and will have a capacity of 625,000 population equivalent. The investment is expected to deliver significant environmental benefits, improve living standards, and contribute to the country's compliance with the EU acquis.



<b>Estimated total project cost</b>	<b>€136.7m</b>
WBIF grant	€73.2m
EIB loan & grant	€35.3m
EBRD loan	€29.7m
Expected completion	2025



# Digital Future

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 fo-

cus 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).



## Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 8 Digital infrastructure

### Expected results 2022 – 2030



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



Over 2,800 schools/public institutions connected to broadband internet in Albania



500 schools connected to highspeed broadband benefiting over 136,500 students/year in Kosovo



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



Rollout of backhaul connectivity to households and public institutions in rural areas in North Macedonia



60% of households with access to ultra-fast broadband networks in North Macedonia



Broadband connectivity for over 600,000 people and 1,200 schools/public institutions in rural areas in Serbia



Infrastructure sharing via the Balkans Digital Highway initiative

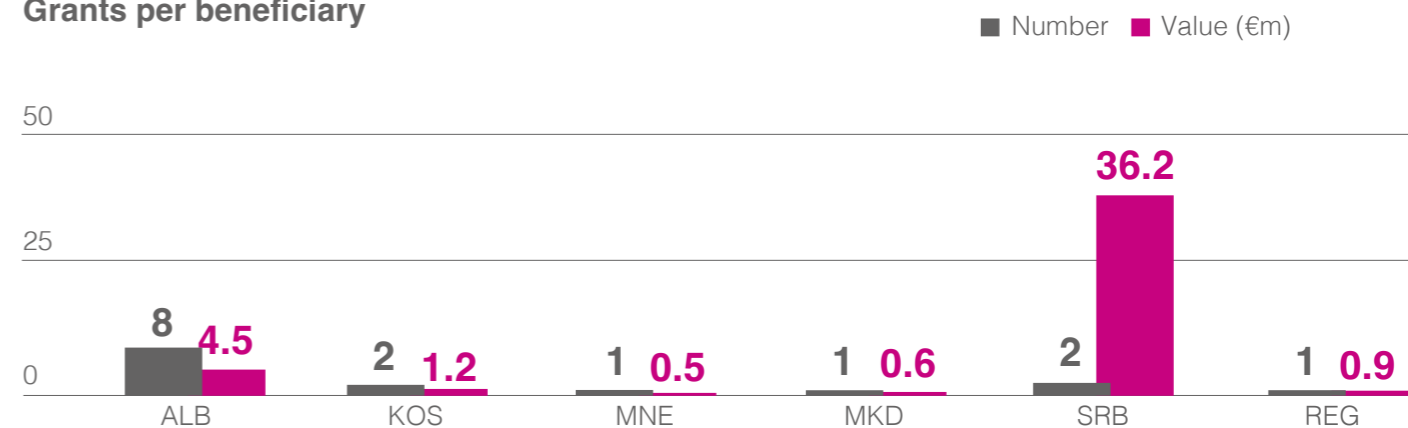


## Universal access to fast and secure broadband

### Sector overview



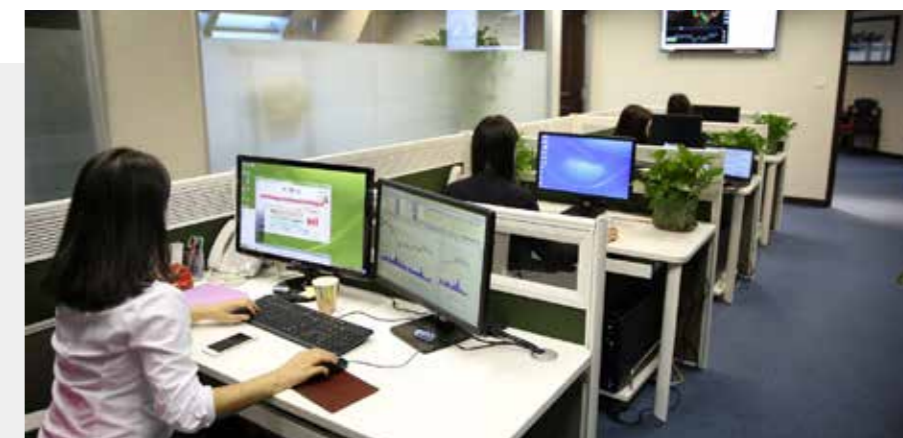
### Grants per beneficiary



### Flagship 8 Digital infrastructure

#### Rural broadband rollout phase 2

This project enables Serbia to connect up to 1,200 settlements, 400 schools/public institutions and pass at least 145,000 households in rural areas. These investments will create new economic opportunities and skills in less developed regions, through increased connectivity and training, and advance a competitiveness-focused policy engagement in the telecommunications sector.



Estimated total project cost	€106.5m
WBIF grant	€34.4m
EBRD loan (est.)	€70m
Expected completion	2025



# 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/ REEP Plus), and European Fund for Southeast Europe (EFSE).



## Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 9  
**Investing in the competitiveness of the private sector**

## Achieved results 2009 – 2021



415 technical assistance projects (EFSE)



1,218 GWh/yr energy savings (GGF)



370,158 tCO<sub>2</sub>/yr emissions reduction (GGF)

### Flagship 9 Investing in the competitiveness of the private sector

#### Helping a local retailer bolster business

EBRD and ENEF assistance through financing helped Viva Fresh boost their operational capacity, efficiency, and employment growth. The results are reflected in the company's shining performance records. Viva Fresh exceeded its planned targets with over €171 million in turnover, and revenues growing by over 50%.

<b>Financing</b>	€6.5m
Instrument	WB ENEF
Employees	3,200 (2,140 at investment)
Completion	2021



## Boosting the private sector competitiveness



€850m

available financing to SMEs via EDIF's financial instruments

€587m  
total funds deployed via financial instruments

500 TA  
for capacity building

6,504

SMEs supported\*

28  
WB EDIF Partners

143,265

jobs sustained\*\*

### Financial Instruments

- Enterprise Innovation Fund (ENIF)
- Enterprise Expansion Fund (ENEF)
- Guarantee Facility
- Competitiveness Programme

\* projected 4,600  
\*\*SMEs and jobs supported include the estimates under the support services programmes



# Human Capital

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 rec-

ognising 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.



## Investment priorities

Economic and Investment Plan for the Western Balkans 2021-2027

Flagship 10 Youth guarantee

### Achieved results

2009 – 2021



Better schools for 96,600 students/year



6 higher education and research facilities



Healthcare and treatment facilities for 1.8 million people

### Expected results

2022 – 2030



Better schools for 150,000 students/year



35 higher education and research facilities for 158,500 students/year



Healthcare and treatment facilities for 8 million people



Social housing solutions for at least 8,200 people



## Reforming social policies and infrastructure

### Sector overview

29 projects

50 grants

€88.6m grant value

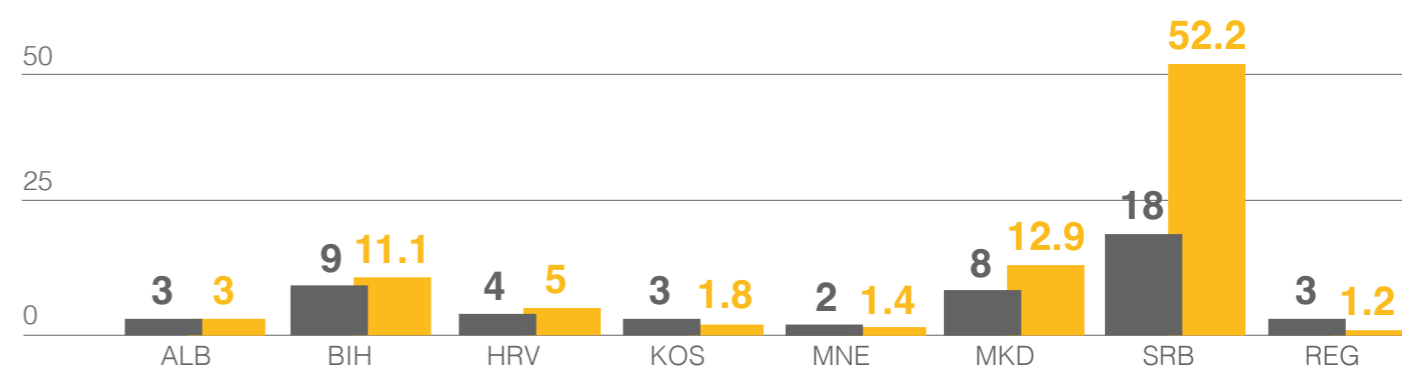
€3bn estimated project value

€1.1bn signed loans

€36.4m grant in 2021

### Grants per beneficiary

■ Number ■ Value (€m)



### Human capital development

#### Investments in the development of Albanian Alps and coastal areas

This large-scale investment programme has supported sustainable and cohesive socio-economic development in urban and rural areas of the Albanian Alps and South Coast. The developments included the construction and rehabilitation of roads, sewage networks, water supplies and waste management systems, recreational facilities and green spaces.



<b>Total project cost</b>	<b>€36.6m</b>
WBIF grant	€1m
CEB loan and grant	€29.7m
Completion	2020



# Beneficiary Overview





# Albania



WBIF supports Albania in achieving key objectives of the Economic and Investment Plan. In 2021, 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 on Route 2, linking the capitals of Tirana and Podgorica, and construction of the Tirana bypass. Furthermore, technical assistance was allocated for the preparation of waste water investments for Durrës, assessment of reservoirs, and digital infrastructure.

## Flagship projects 2021



Flagship 3  
**Connecting the coastal regions**

- Tirana bypass
- Vorë – Hani i Hotit railway line



Flagship 4  
**Renewable energy**

- Vau i Dejës floating solar photovoltaic power plant



Flagship 7  
**Waste & waste water management**

- Durrës waste water management
- Optimisation of dams safety and resilience of irrigation systems



Flagship 8  
**Digital infrastructure**

- High performance computing for government data and secure regional interoperability

## Achieved results 2009 – 2021



843 km of new roads



Improved water/waste water services for 282,260 people



Better schools for 18,500 students/year

## Expected results 2022 – 2030



119 km of motorways



196 km of railway lines rehabilitated



513 MW renewable energy generation capacity installed



174 km of electricity transmission lines upgraded



207 km of gas pipelines



Improved water/waste water services for 975,000 people



Efficient solid waste services for 940,000 people



400,000 people protected from floods



Healthcare treatment and research facilities for 2.8 million people



70% of households with access to broadband networks in rural areas

**40**  
projects

**€2.9bn**  
estimated project value

**€342.5m**  
grants awarded

**2021**

**6**  
grants

**€181m**  
grant value

## WBIF grants by sector / €m

**273.4**  
Sustainable transport

**33.2**  
Clean energy

**28.4**  
Environment & climate

**4.5**  
Digital future

**3**  
Human capital

## Success story



Flagship 3  
**Connecting the coastal regions**

### Vorë - Hani i Hotit railway line

This investment project will rehabilitate 120 km of railway line and 12 stations for traffic speed of up to 120 km/h, including new signalling systems and safety improvements, from Vorë to the border with Montenegro. This interconnection is Albania's international link to regional and EU networks. Once in operation, it will improve market access and substantially increase international freight and passenger traffic towards ports, terminals, capitals and airports by rail.



Estimated total project cost	€267m
WBIF grants	€143.5m
EBRD loan (est.)	€62.9m
EIB loan (est.)	€62.9m
Expected completion	2028

## Private sector support



→ €60.2m in financing for SMEs  
→ 666 SMEs financed



→ €114.9m sub-loans  
→ 15,245 sub-loans provided  
→ 42 technical assistance projects



→ €32m sub-loan investments  
→ 11,540 MWh/yr energy savings  
→ 9,882 tCO<sub>2</sub>/yr emissions reduction



→ €1.2m in financing for residents  
→ €5.2m in direct financing

# Bosnia and Herzegovina



WBIF supports Bosnia and Herzegovina in achieving key objectives of the Economic and Investment Plan. In 2021, 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) and the rehabilitation of the Šamac – Doboj – Rječica railway section along the same corridor. Furthermore, technical assistance was allocated for the preparation of waste water investments for Mostar.

## Flagship projects 2021



### Flagship 2 Connecting North to South

- Corridor Vc motorway subsections:
  - Johovac – Vukosavlje
  - Medakovo – Ozimice
  - Mostar South – Kvanj Tunnel
  - Kvanj Tunnel – Buna
- Corridor Vc: Šamac – Doboj – Rječica railway section



### Flagship 7 Waste & waste water management

- Secondary sewerage network for Mostar

## Achieved results

2009 – 2021



51 km of motorways, 1 cross-border bridge with related facilities



Improved water/waste water services for 655,000 people



662,000 people protected from floods



Flood forecasting and warning system for 3.3 million people



New prison in line with European standards for 350 detainees

## Expected results

2022 – 2030



166 km of motorways, 1 cross-border bridge with related facilities



132 km of railway lines rehabilitated



1 inland port upgraded, improved navigability on 40 km of waterway



182 MW renewable energy generation capacity installed



129 km of electricity transmission lines upgraded



168 km of gas pipelines



Improved water/waste water services for 1.1 million people



Efficient solid waste services for 151,300 people



1.7 million people protected from floods



Healthcare treatment and research facilities for 1.4 million people



Social housing for 7,200 internally displaced people

**30**  
projects

**€4.6bn**  
estimated project value

**€725.6m**  
grants awarded

**2021**

**6**  
grants

**€413m**  
grant value

## WBIF grants by sector / €m

**671.1**  
Sustainable transport

**2.5**  
Clean energy

**40.9**  
Environment & climate

**11.1**  
Human capital

## Success story



### Flagship 2 Connecting North to South

#### Corridor Vc: Zenica Tunnel – Donja Gračanica motorway subsection

Corridor Vc connects Central Europe to Bosnia and Herzegovina and the Adriatic Sea. The longest section of the corridor lies in Bosnia and Herzegovina, and the country has embarked on a multi-billion motorway construction programme.

This investment project constructed a 3.9 km motorway subsection between Zenica Tunnel and Donja Gračanica. The new development includes two tunnels, four viaducts, an access road to Zenica and an interchange to Zenica North with tolling facilities.



Estimated total project cost	€62.6m
WBIF grant	€12.4 m
EBRD loan	€46.4m
Completion	2021

## Private sector support



- €44.2m in financing for SMEs
- 325 SMEs supported



- €751.1m sub-loans
- 199,262 sub-loans provided
- 143 technical assistance projects



- €29.1m sub-loan investments
- 142,262 MWh/yr energy savings
- 45,029 tCO<sub>2</sub>/yr emissions reduction

### REEP /REEP Plus

- €17.2m in intermediated financing
- €11.9m in financing for residents
- €6.0m in direct financing

# Kosovo



WBIF supports Kosovo in achieving key objectives of the Economic and Investment Plan. In 2021, additional funding was endorsed for co-financing the construction of the Peace Highway, from Pristina to the administrative border with Serbia at Merdare. Furthermore, technical assistance was allocated for the development of energy efficiency financial models for residential buildings and SMEs, flood risk and hazard mapping, as well as design and impact assessment for the Iber-Lepenc hydro system.

## Flagship projects 2021



### Flagship 1 Connecting East to West

→ Kosovo – Serbia road interconnection: Pristina – Merdare highway section



### Flagship 6 Renovation wave

→ Financial models for energy efficiency for residential buildings and SMEs



### Flagship 7 Waste & waste water management

→ Iber-Lepenc hydro system project phase 1  
→ Flood risk and hazard maps for all river basins

## Achieved results 2009 – 2021



9.7 MW renewable energy generation capacity installed



District heating system rehabilitated in Pristina for 13,500 customers



86 buildings renovated and over 750,000 MWh/year of energy saved



Safe drinking water for 550,000 people

## Expected results 2022 – 2030



23 km of motorways



213 km of railway lines rehabilitated



District heating systems for 1.2 million people



220 buildings renovated and over 150,000 MWh/year of energy saved



Improved water/waste water services for 1.3 million people



340,000 people protected from floods



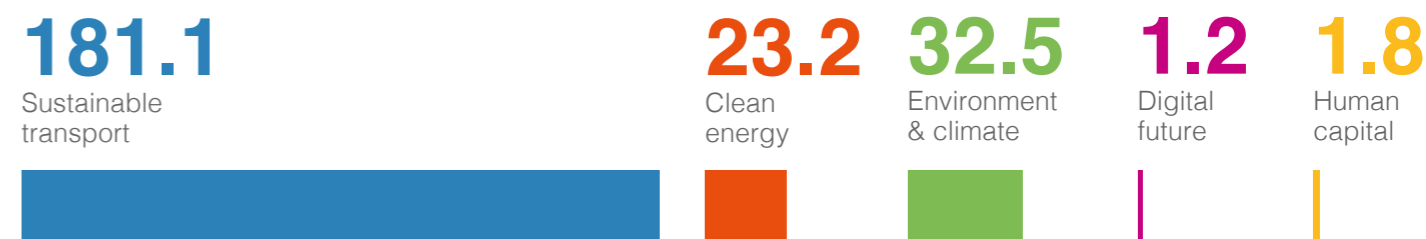
Healthcare treatment and research facilities for 1.7 million people



500 schools connected to highspeed broadband benefiting over 136,500 students/year



## WBIF grants by sector / €m



## Success story



### Flagship 7 Waste & waste water management

### Flood risk and flood hazard maps for all river basins in Kosovo

Kosovo is at risk from flooding in lowlands, flash flooding in upland areas and dam breaks. WBIF supports the development of flood risk and hazard maps, in addition to a previously conducted preliminary flood risk assessment. This technical assistance initiates a wider programme for rehabilitation and construction of flood protection infrastructure and river basin flood management.

Estimated total project cost	€28.9m
WBIF grants	€3.3 m
EIB loan (est.)	€11.8m
CEB loan (est.)	€11.8m
Estimated completion	2024



## Private sector support



→ €115.9m in financing for SMEs  
→ 975 SMEs supported



→ €320.0m sub-loans  
→ 95,045 sub-loans provided  
→ 87 technical assistance projects



→ €23.5m sub-loan investments  
→ 31,461 MWh/yr energy savings  
→ 8,689 tCO<sub>2</sub>/yr emissions reduction



→ €8.7m in financing for residents  
→ €18.0m in direct financing  
→ Improved energy efficiency

# Montenegro



WBIF supports Montenegro in achieving key objectives of the Economic and Investment Plan in the areas of sustainable transport, clean energy, environment and climate, digital infrastructure and the private sector. Efforts focus on Rail Route 4 linking Belgrade to Podgorica and the port of Bar, the parallel road corridor, regional waste management systems and broadband connectivity. In 2021, funding was endorsed for co-financing the construction of waste water treatment facilities and extension of the sewerage network in Podgorica.

## Flagship projects 2021



Flagship 7  
**Waste & waste water management**

→ Podgorica wastewater treatment plant

## Achieved results 2009 – 2021



Improved water/waste water 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 2022 – 2030



95 km of motorways



193 km of railway lines rehabilitated



219 km of electricity transmission lines upgraded



95 km of gas pipelines



Improved water/waste water services for 390,000 people



Efficient solid waste services for 112,100 people



71,900 people with broadband access in rural areas



New prison facility in line with European standards for 200 detainees

**20**  
projects

**€1.8bn**  
estimated project value

**€177.5m**  
grants awarded

**2021**

**1**  
grant

**€23.9m**  
grant value

## WBIF grants by sector / €m

**89.4**  
Sustainable transport

**29.5**  
Clean energy

**56.7**  
Environment & climate

**0.5**  
Digital future

**1.4**  
Human capital

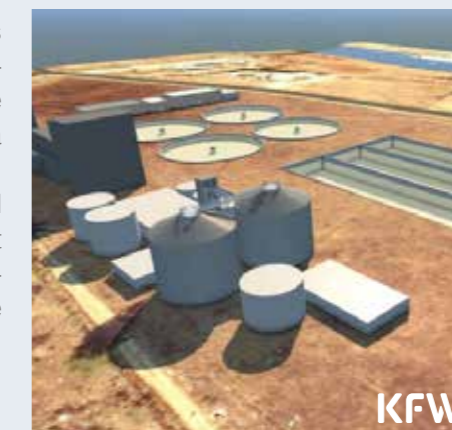
## Success story



Flagship 7  
**Waste & waste water management**

### Podgorica waste water treatment plant

Podgorica is serviced by a wastewater plant built in the 1970s, which is well under the capacity and the level of treatment required by present demand. About 50% of the effluent is discharged untreated into the Moraca River and then, further on, into the Skadar Lake - a Ramsar wetland area jointly managed by Montenegro and Albania. This investment project will build a new wastewater treatment plant for the city, a sludge incineration plant, and extend the sewerage network.



Estimated total project cost	€75.6m
WBIF grants	€34m
KfW loan	€35m
KfW grant	€0.3m
Estimated completion	2025

## Private sector support



→ €28.1m in financing for SMEs  
→ 943 SMEs supported



→ €252.2m sub-loans  
→ 40,455 sub-loans provided  
→ 47 technical assistance projects



→ €4.8m sub-loan investments  
→ 9,479 MWh/yr energy savings  
→ 3,013 tCO<sub>2</sub>/yr emissions reduction



→ €0.26m in financing for residents  
→ €4.2m in direct financing

# North Macedonia



WBIF supports North Macedonia in achieving key objectives of the Economic and Investment Plan. In 2021, funding was endorsed for co-financing the construction of the last section of the rail interconnection between Skopje and the border with Bulgaria, three solar power plants with an overall installed capacity of 40 MW, and a central waste water treatment plant for Skopje. Furthermore, technical assistance was allocated for feasibility and impact studies for the North Macedonia – Serbia gas pipeline.

## Flagship projects 2021



### Flagship 1 Connecting East to West

→ 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



### Flagship 5 Transition from coal

→ North Macedonia – Serbia gas interconnection



### Flagship 7 Waste & waste water management

→ Skopje waste water treatment plant

## Achieved results 2009 – 2021



36.8 MW renewable energy generation capacity installed



70 km of transmission lines upgraded



Better schools for more than 78,000 students/year



Healthcare research and treatment facilities for 1.8 million people

## Expected results 2022 – 2030



39 km of motorways



206 km of railway lines, 1 joint border station built



168 km of transmission lines upgraded



524 MW renewable energy generation capacity installed



107 km of gas pipelines



Improved water/waste water services for 580,000 people



Better schools for over 100,000 students/year



Healthcare treatment and research facilities for 200,000 people



Backhaul connectivity to households and institutions in rural areas



60% of households with access to ultra-fast broadband networks

**26**  
projects

**€2.6bn**  
estimated project value

**€419.2m**  
grants awarded

**2021**

**5**  
grants

**€236m**  
grant value

## WBIF grants by sector / €m

**293.6**

Sustainable transport

**38.5**

Clean energy

**73.6**

Environment & climate

**0.6**

Digital future

**12.9**

Human capital

## Success story



### Flagship 4 Renewable energy

#### Oslomej 1 solar photovoltaic power plant

The energy sector of North Macedonia relies predominantly on fossil fuels and hydropower and is dependent on electricity imports. This investment project has installed a 10 MW solar power plant on the site of the exhausted coal mine in Oslomej. The plant is expected to produce nearly 15 GWh of electricity and displace 12,177 tonnes of CO<sub>2</sub> annually. The Oslomej 1 photovoltaic power plant is part of the country's effort to clean up the site, diversify energy sources and support decarbonisation.



European Bank for Reconstruction and Development

Estimated total project cost	€8.8m
WBIF grant	€1.6m
EBRD loan	€5.9m
Other	€1.4m
Expected completion	2022

## Private sector support



→ €21.9m in financing for SMEs  
→ 118 SMEs supported



→ €216.0m sub-loans  
→ 10,919 sub-loans provided  
→ 39 technical assistance projects



→ €40.2m sub-loan investments  
→ 177,986 MWh/yr energy savings  
→ 52,107 tCO<sub>2</sub>/yr emissions reduction



→ €11.9m in intermediated financing  
→ €19.5m in financing for residents  
→ €2.2m in direct financing

# Serbia



WBIF supports Serbia in achieving key objectives of the Economic and Investment Plan. In 2021, funding was endorsed for co-financing the upgrade of Corridor X, improved navigability on the Danube, Trans-Balkan Corridor and smart meters deployment, broadband connectivity, and a new health facility in Belgrade. Furthermore, technical assistance was allocated for the Stalać – Kraljevo rail section and the North Continental South East Corridor.

## Flagship projects 2021



### Flagship 1 Connecting East to West

- Removal of WWII German sunken vessels from the Danube, Prahovo sector
- Corridor Xc: Niš rail bypass
- Corridor X: Stalać – Đunis railway section



### Flagship 2 Connecting North to South

- Stalać – Kraljevo railway section



### Flagship 5 Transition from coal

- Trans-Balkan Electricity Corridor
- Remote meter reading systems
- North Continental South East Corridor



### Flagship 8 Digital infrastructure

- Rural broadband rollout phase 2



### Human capital

- University Children's Hospital Tiršova 2

## Expected results 2022 – 2030



77 km of motorways



477 km of railway lines rehabilitated



1 inland port, improved navigability on 5 km of waterway



479 km of electricity transmission lines upgraded



150 km of gas pipelines



58 buildings renovated and 31,100 MWh/year of energy saved



Improved water/waste water services for 2.1 million people



2.2 million people protected from floods



Healthcare treatment and research facilities for 1.9 million people



Rural broadband connectivity

## Achieved results 2009 – 2021

93 km of motorways



93 km of railway lines rehabilitated



Enhanced urban mobility for 1.4 million people in Belgrade



District heating systems upgraded in 22 cities and towns



Improved water/waste water services for 585,000 people



Flood forecasting and warning system for 1.8 million people



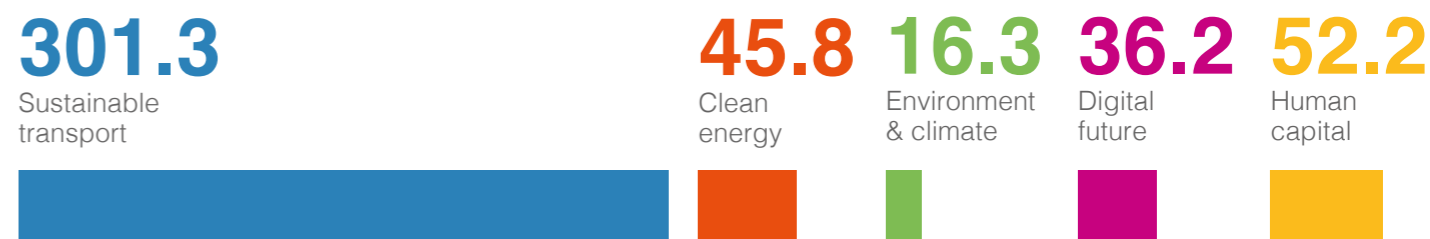
6 higher education and research facilities



6 higher education and research facilities



## WBIF grants by sector / €m



## Success story



### Human capital development

#### University Children's Hospital Tiršova 2

The University Children's Hospital is a representative paediatric health centre in Serbia. For over 85 years, it has provided top-quality care for over 14,500 children a year from Serbia and neighbouring countries.

This investment project will construct a new building for the hospital to increase its capacity and bring new diagnostic and treatment technologies, robotic surgery facilities, more sophisticated patient monitoring and new fields of therapeutic diagnosis.



Estimated total project cost	€116.5m
WBIF grant	€36.4m
CEB loan	€54m
Expected completion	2025

## Private sector support



→ €342m in financing for SMEs  
 → 1,895 SMEs supported



→ €1,332.1m sub-loans  
 → 120,831 sub-loans provided  
 → 57 technical assistance projects



→ €230.4m sub-loan investments  
 → 845,835 MWh/yr energy savings  
 → 251,438 tCO<sub>2</sub>/yr emissions reduction



→ €90.7m in intermediated financing  
 → €12.4m in financing for residents  
 → €8.3m in direct financing

# Regional Grants



Regional projects, i.e. projects benefiting more than one economy and facilitating regional cooperation, are an essential part of the WBIF portfolio. The Regional Energy Efficiency Programme (REEP) accounts for the bulk of the portfolio, followed by transport and energy interconnections, the Balkans Digital Highway initiative, and river basin management efforts.

Eleven sector studies, research projects that prepare the ground for future investments, have also been financed. Examples include the strategy for sustainable hydropower in the Western Balkans, the connectivity networks gap analysis, regional studies on renewable energy potential and biomass-based heating.

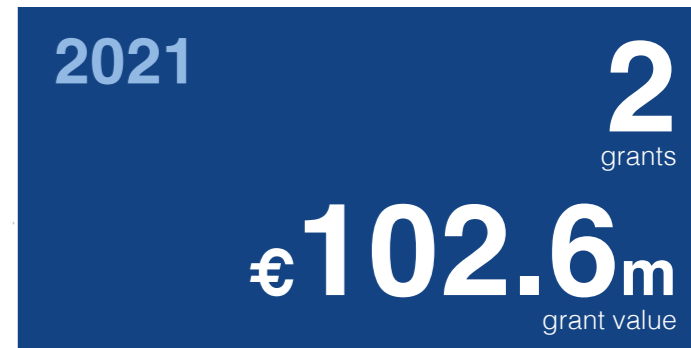
## Flagship projects 2021



### Flagship 6 Renovation wave

→ Regional Energy Efficiency Programme for the Western Balkans (REEP) – Extension to EBRD Programme Implementation

→ Regional Energy Efficiency Programme for the Western Balkans (REEP) – Extension to KfW Programme Implementation



## WBIF grants by sector / €m



## REEP results to date



€297m in credit lines signed



842,000 MWh/yr energy saved



€143m direct lending signed (public & private)



540,000 tCO2/yr avoided



> 75 policy deliverables



120 MW renewable energy installed

## Looking ahead 2022 – 2027



Scale-up construction of new green buildings and residential sector



Scale-up of energy efficiency investments in public buildings



Pilot commercial scheme for residential buildings renovation



Focus on sustainable district heating and cooling



nZEB / plus energy houses – development of national requirements and pilot projects

## Success story



### Flagship 6 Renovation wave

#### Ecoloans

Following the success of the Regional Energy Efficiency Programme (REEP), the second phase of the programme (REEP Plus) was launched in 2017 to continue supporting energy efficiency investments in the Western Balkans, particularly in the residential sector.

As part of the REEP Plus, KfW has introduced special purpose loans, so-called "ecoloans", available to micro, small and medium-sized enterprises and municipalities aiming to support modernisation and greening of the economy, reduce the costs of energy for SMEs and contribute to saving the climate.



<b>Ecoloans</b>	<b>€120m</b>
REEP project financing	€512m
EU grants	€78.8 m
Other grants	€25.9 m

## Beneficiaries

- 1,000 SMEs
- > 12,700 households
- 290 public buildings
- across 700+ cities and towns



# Glossary

AFD	Agence Française de Développement	GGF	Green for Growth Fund
ALB	Albania	HRV	Croatia
BIH	Bosnia and Herzegovina	IFC	International Finance Corporation
CEB	Council of Europe Development Bank	IFI	International Financial Institution
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations	KfW	KfW Development Bank
EBRD	European Bank for Reconstruction and Development	KOS	Kosovo
EC	European Commission	LNG	Liquefied Natural Gas
EFSD+	European Fund for Sustainable Development Plus	MKD	North Macedonia
EFSE	European Fund for Southeast Europe	MNE	Montenegro
EIB	European Investment Bank	nZEB	Nearly Zero Energy Buildings
EIF	European Investment Fund	REEP/REEP Plus	Regional Energy Efficiency Programme for the Western Balkans
EIP	Economic and Investment Plan for the Western Balkans 2021-2027	REG	Regional
ENEF	Enterprise Expansion Fund	SME	Small and Medium-sized Enterprise
ENIF	Enterprise Innovation Fund	SRB	Serbia
ENV	Environment	TA	Technical Assistance
EU	European Union	WB EDIF	Western Balkans Enterprise Development and Innovation Facility
EWBJF	European Western Balkans Joint Fund	WBIF	Western Balkans Investment Framework
GDP	Gross Domestic Product		

Road Corridor Vc, Bosnia and Herzegovina  
Počitelj - Zvirovići Subsection

## Partner financial organisations



## Donors





Economic and Investment Plan  
for the Western Balkans 2021-2027

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**From Plan to Action** **Key Achievements 2021**



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