



Economic and Investment Plan Endorsed Flagship Investments



2020-2022

February 2023



About the Economic and Investment Plan for the Western Balkans

The Economic and Investment Plan for the Western Balkans (EIP) aims to spur the long-term recovery of the region, accelerate the twin green and digital transition, and foster regional cooperation and convergence with the EU. The Plan sets out a substantial financial package of up to **€9 billion** in EU funds, identifying 10 investment flagships to support sustainable transport, clean energy, environment and climate, digital future, human capital and private sector.

In addition to the EU's significant grant funding to the region, the EU can provide guarantees to help reduce the cost of financing for public and private investments as well as minimise risk for investors. Support through the new **Western Balkans Guarantee facility**,



under the EU External Action Guarantee and the European Fund for Sustainable Development Plus (EFSD+), is expected to mobilise investments of up to **€20 billion** in the next decade.

The EIP is also key to face the socio-economic impact of Russia's war of aggression against Ukraine and the current energy crisis. Through the EIP, the European Commission supports **investments in energy efficiency and renewable energy generation¹**, as well as reinforcing energy connectivity infrastructures. These investments will ultimately help to decrease the dependence on Russian fossil fuels, accelerate decarbonisation of the Western Balkans, and improve the energy security of the region.

Investment priorities

Sustainable transport 

Clean energy 

Environment & climate 

Digital future 

Private sector 

Human capital 



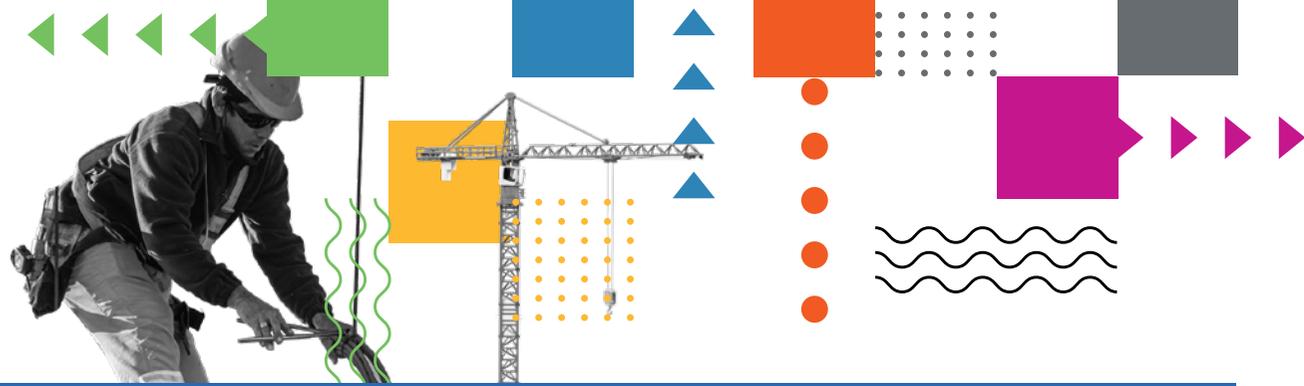
¹Selected flagship investment for Energy Support Package



About the Western Balkans Investment Framework

The **WBIF** is a joint financial platform of the European Commission, financial organisations, EU Member States and Norway aimed at enhancing cooperation in public and private sectors investment for the socio-economic development of the region, and contributing to the European perspective of the Western Balkans.

Due to its collaborative nature in line with the **Team Europe** approach, the WBIF is the main financial vehicle for implementation of the EU's ambitious policy priorities and investment flagships of the **Economic and Investment Plan for the Western Balkans**.



Public sector blending²

224
projects supported

€25.6bn
estimated investment

€2.6bn
grants awarded

€7.3bn
loans leveraged

Private sector blending

WB EDIF
Western Balkans Enterprise Development and Innovation Facility
€850m³
financing available for SMEs

GREEN FOR GROWTH FUND
€399m⁴
sub-loan investments

IFSE
€3.1bn⁴
loans from intermediate financing institutions

Western Balkans Guarantee Facility

12
guarantees

Up to
€729m
guarantee coverage

² Since the launch of WBIF in 2009 up to 4 November 2022
³ As of end 2021
⁴ As of end June 2022



EIP Flagship Investments 2020-2022

Since the adoption of the Economic and Investment Plan in October 2020, the WBIF endorsed **40 flagship investments for €5.6 billion investments⁵** 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, **12 guarantees will benefit from up to €729 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**.



40
flagships
endorsed

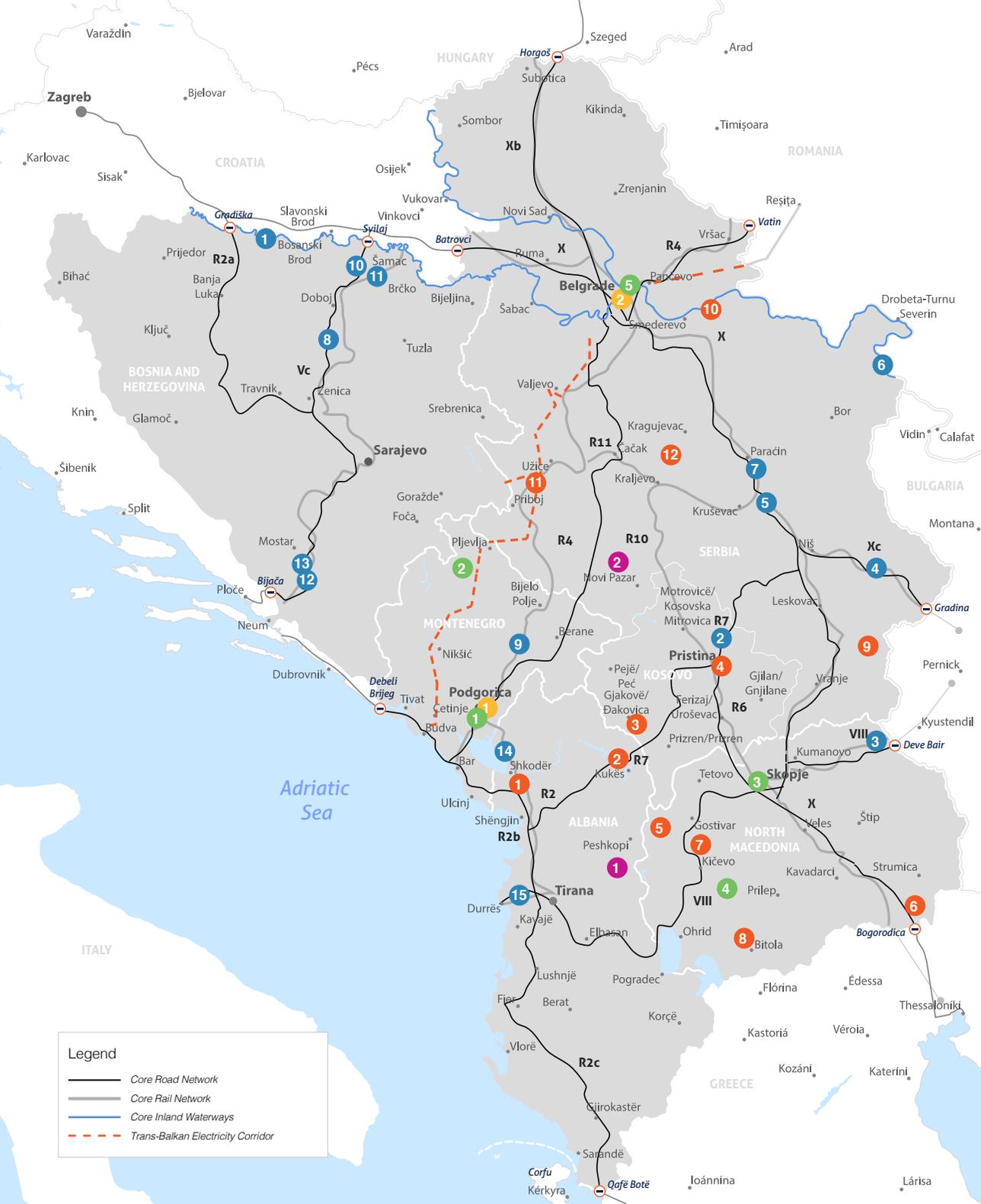
€1.8bn
WBIF EU grants

€5.6bn
estimated total
investment

⁵ The package includes investment projects submitted by Bosnia and Herzegovina, of which two for road and rail connections along Corridor Vc are located in Republika Srpska. The European Commission will sign the contribution agreements for those two investments only after the political crisis in Bosnia and Herzegovina is solved.

Economic and Investment Plan

Endorsed Flagship investments 2020-2022



Sustainable transport

- 1 Rhine-Danube Corridor: Demining the Right Bank of the Sava River
- 2 Kosovo* – Serbia Road Interconnection: Peace Highway, Pristina – Merdare Section
- 3 North Macedonia – Bulgaria Rail Interconnection: Kriva Palanka – Border with Bulgaria Section
- 4 Serbia – Bulgaria Rail Interconnection: Niš – Dimitrovgrad Railway Line, Niš Bypass
- 5 Corridor X: Belgrade – Niš Railway Line, Stalać – Dunis Section
- 6 Rhine-Danube Corridor: Removal of WWII German Sunken Vessels from the Danube, Prahovo Sector
- 7 Corridor X: Belgrade – Niš Railway Line, Paraćin – Međurovo Section
- 8 Corridor Vc: Samac – Doboј – Rječica Railway Section
- 9 Montenegro – Serbia Rail Interconnection: Bar – Vrbnica Section
- 10 Johovac Interchange – Vukosavlje Interchange Motorway Section
- 11 Medakovo – Ozimice Motorway Subsection
- 12 Mostar South – Kvanj Tunnel Motorway Subsection
- 13 Kvanj Tunnel – Buna Motorway Subsection
- 14 Albania – Montenegro Rail Interconnection: Vorë – Hani i Hotit Section
- 15 Blue Highway: Tirana Bypass

Clean energy

- 1 Vau i Dejës Floating Solar Photovoltaic Power Plant
- 2 Rehabilitation of Fierza Hydropower Plant
- 3 Solar4Kosovo - Photovoltaic Plant
- 4 Solar4Kosovo II – Solar District Heating in Pristina
- 5 Rehabilitation of Six Hydropower Plants Phase 3
- 6 Bogdanci Wind Park Phase 2
- 7 Oslomej 1 Solar Photovoltaic Power Plant
- 8 Oslomej 2 and Bitola Photovoltaic Power Plants
- 9 Reconstruction of Vlasina Hydropower Plant
- 10 Kostolac Wind Farm
- 11 Trans-Balkan Electricity Corridor: Serbia – Montenegro – Bosnia and Herzegovina 400 kV Interconnection
- 12 Advanced System for Remote Meter Reading
- 13 Regional Energy Efficiency Programme

Environment & climate

- 1 Podgorica Waste Water Treatment Plant
- 2 Improvement of Waste Water and Water Supply Systems in the North of Montenegro
- 3 Skopje Waste Water Treatment Plant
- 4 Regional Waste Management System for Polog, Pelagonija, Vardar, Southwest and Southeast Regions
- 5 Construction of Palilula Sewage System

Digital future

- 1 Establishment of Smart Labs Network of ICT Laboratories for the Pre-university Education System
- 2 Rural Broadband Rollout Phase 2

Private sector

- 1 SMEs Go Green programme
- 2 Western Balkans Climate Programme
- 3 Green Finance for Inclusion

Human capital

- 1 Improvement of Montenegrin Education Infrastructure
- 2 University Children's Hospital Tiršova 2 in Belgrade

* 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.



Sustainable Transport



The EU prioritises projects and programmes on the indicative extension of the TEN-T core network which are of strategic interest to the region and to the EU. Action has been taken to speed up the construction of new transport infrastructure and the upgrading of existing infrastructure, with the objective of bringing the core transport network up to EU standards.

To further spur regional cooperation and integration, connecting capitals in the region and with the EU is an important priority, as well as promotion of multimodal transport solutions and modal shift, and reducing transport related pollution.



Flagship investments 2020-2022

15
flagships endorsed

€1.2bn
WBIF EU grants

€1.7bn
IFI loans

€3.3bn
estimated investment

Priorities

Flagship 1
Connecting East to West

Flagship 2
Connecting North to South

Flagship 3
Connecting the coastal regions



Flagship 1 · Connecting East to West

Bosnia and Herzegovina

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

WBIF EU grant	€8.3m
WB loan	€30m
Estimated investment	€38.3m
Expected completion	2025

The Rhine-Danube Core Network Corridor connects Germany to Ukraine and the Black Sea. Its extension into the Western Balkans is mostly associated with 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.



Flagship 1 · Connecting East to West

Kosovo

Kosovo – Serbia Road Interconnection: Peace Highway, Pristina – Merdare Section

WBIF EU grant	€79.1m
Previous EU grant	€5.4m
EBRD loan (est.)	€58m
EIB loan (est.)	€57.9m
Beneficiary contribution	€7.6m
Estimated investment	€208m
Expected completion	2025

The indicative extension of the TEN-T Core Network to the Western Balkans includes the road Niš – Merdare – Pristina on Route 7, also referred to as the Peace Highway. This investment project will rehabilitate and upgrade to motorway standards the 27 km-long section of the highway in Kosovo, from Pristina to the administrative border with Serbia at Merdare. Strategically linked to Corridor X, this road connection is essential for cargo and passenger transport in the Western Balkans. It is the region's shortest route from the Port of Durrës on the Adriatic to South-Eastern and Central Europe, as well as to the Black Sea.



Flagship 1 · Connecting East to West

North Macedonia

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

WBIF EU grant	€155.6m
Previous EU grant	€64.5m
EIB loan (est.)	€97.4m
EBRD loan (est.)	€97.4m
Beneficiary contribution	€4.2m
Estimated investment	€419.1m
Expected completion	2026

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.



Flagship 1 · Connecting East to West

Serbia

Serbia – Bulgaria Rail Interconnection: Niš – Dimitrovgrad Railway Line, Niš Bypass

WBIF EU grant	€35.8m
Previous EU grant	€78.3m
EIB loan	€134m
Beneficiary contribution	€30.6m
Estimated investment	€278.7m
Expected completion	2025

This investment project will construct a 22 km-long rail bypass at Niš. The investments are part of the overhaul of the railway line between Niš and Dimitrovgrad at the border with Bulgaria on Corridor Xc, which includes rehabilitation, electrification, signalling and telecommunication systems. This line is among the transport corridors covered by the indicative extension of the TEN-T Core Network to the Western Balkans. It is thus included in the long-term sustainable development plans of the European Union and its partners.



Flagship 1 · Connecting East to West

Serbia

Corridor X: Belgrade – Niš Railway Line, Stalać – Đunis Section

WBIF EU grant	€82.8m
Previous EU grant	€1.6m
EIB loan (est.)	€122.1m
Beneficiary contribution	€72.4m
Estimated investment	€278.9m
Expected completion	2026

Corridor X runs between Salzburg in Austria and Thessaloniki in Greece and accounts for 872 km of track in Serbia, i.e. approximately 23% of the entire railway network. It connects the country with Croatia, Hungary, Bulgaria and North Macedonia (and further south with Greece). This project concerns the construction of a 17.7 km long double-track section from Stalać to Đunis on the line between Belgrade and Niš. With a robust railway network, Serbia will boost its potential for increasing transit revenues and becoming a more competitive investment destination, concurrently with protecting the environment.



Flagship 1 · Connecting East to West

Serbia

Rhine-Danube Corridor: Removal of WWII German Sunken Vessels from the Danube, Prahovo Sector

WBIF EU grant	€16.6m
EIB loan	€13.2m
Estimated investment	€29.8m
Expected completion	2028

The Danube is navigable throughout Serbia (588 km). Still, at the Djerdap gorge, downstream the Port of Prahovo, the fairway narrows significantly due to the presence of shipwrecks sunk at the end of World War II. Through this project, 21 shipwrecks will be removed from the Danube, which will eliminate the existing 5 km-long traffic bottleneck. Therefore, this investment will facilitate the shift from road to waterway transport, support economic growth, enhance connectivity in the region and with the EU, and strengthen regional cooperation.



Flagship 1 · Connecting East to West

Serbia

Corridor X: Belgrade – Niš Railway Line, Paraćin – Međurovo Section

WBIF EU grant	€175.9m
Previous EU grant	€6.3m
EIB loan (est.)	€188.3m
EBRD loan (est.)	€76.9m
Beneficiary contribution	€29.5m
Estimated investment	€476.9m
Expected completion	2027

This investment project will construct a 48.3 km long double-track section, including electrification and signalling and telecommunication systems, of the line from Belgrade to Niš on Corridor X in Serbia for traffic speed of up to 200 km/h. This is the second endorsement made by the EU for the same Corridor under the EIP, with the aim of establishing an interoperable core transport network compliant with the EU TEN-T standards in the region. These investments will enable efficient rail passenger and freight services, increase the Corridor's capacity, enhance the competitiveness of rail transport, and equalise and shorten travel time by rail compared to road, making the modal shift from road to rail transport possible in the region.



Flagship 2 · Connecting North to South

Bosnia and Herzegovina

Corridor Vc: Šamac – Doboj – Rječica Railway Section

WBIF EU grant	€86.6m
Previous EU grant	€2m
EBRD loan (est.)	€37.4m
EIB loan (est.)	€40m
Estimated investment	€166m
Expected completion	2026

This investment project will rehabilitate 80 km of railway line on Corridor Vc, from the town of Šamac to the town of Rječica. Corridor Vc is part of the indicative extension of the TEN-T Core Network to the Western Balkans and is the country's international railway link to regional and EU networks. The investments covered by this project contribute to the creation of a functional railway route along this Corridor and, thus, to the progressive integration into the EU transport market, as well as to opening new opportunities for integrated and sustainable economic and social growth in the region.



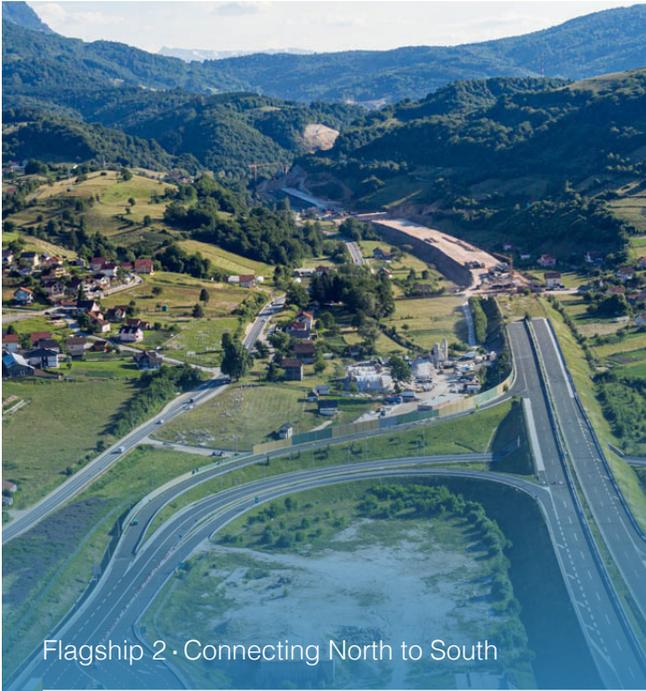
Flagship 2 · Connecting North to South

Montenegro

Montenegro – Serbia Rail Interconnection: Bar – Vrbnica Section

WBIF EU grant	€20.5m
Previous EU grant	€2.5m
EIB loan (est.)	€18m
Estimated investment	€41m
Expected completion	2025

The indicative extension of the TEN-T Core Network to the Western Balkans along Route 4 is approximately 580 km long and runs from Vršac (Serbia/Romania border) to Belgrade (Serbia) and then to Podgorica and Bar (Montenegro). Bar – Vrbnica is the most important railway line of the Montenegrin network, carrying about 20% of rail passengers and 60% of rail cargo. This project will rehabilitate 10 steel bridges and 8 tunnels on the northern section of the line. To date, the EU has allocated €71 million for urgent rehabilitation works, signalling and telecommunication systems as well as technical assistance for this line through the WBIF.



Flagship 2 · Connecting North to South

Bosnia and Herzegovina

Corridor Vc

Corridor Vc is part of the indicative extension of the TEN-T Core Network to the Western Balkans and connects Bosnia and Herzegovina to Hungary, Croatia 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. The motorway network, which is being built in accordance with modern transport standards, will improve road safety, increase access to tourism centres and industrial areas in the country and create more opportunities for trade flows within the region and with the EU.

Johovac Interchange – Vukosavlje Interchange Motorway Section

WBIF EU grant	€187.4m
Previous EU grant	€0.5m
EIB loan (est.)	€250.2m
Beneficiary contribution	€33.5m
Estimated investment	€471.6m
Expected completion	2027

This investment project will construct 36 km of motorway on Corridor Vc, from the interchange at Johovac to the interchange at Vukosavlje.

Medakovo – Ozimice Motorway Subsection

WBIF EU grant	€82.4m
EIB loan	€110m
Beneficiary contribution	€13.1m
Estimated investment	€205.5m
Expected completion	2025

This investment project will construct 21.7 km of motorway on Corridor Vc, from the village of Medakovo to the town of Ozimice.



Mostar South – Kvanj Tunnel Motorway Subsection

WBIF EU grant	€31.6m
EBRD loan	€40.2m
Beneficiary contribution	€10m
Estimated investment	€81.8m
Expected completion	2026

This investment project will construct 9.2 km of motorway on Corridor Vc, from the Mostar South interchange to the entrance to the Kvanj Tunnel.

Kvanj Tunnel – Buna Motorway Subsection

WBIF EU grant	€45.7m
EIB loan	€59.4m
Beneficiary contribution	€2m
Estimated investment	€107.1m
Expected completion	2026

This investment project will construct 5.2 km of motorway, including a 2.6 km-long twin tunnel, on Corridor Vc, from the entrance to the Kvanj Tunnel to the village of Buna.



Flagship 3 · Connecting the coastal regions

Albania

Albania – Montenegro Rail Interconnection: Vorë - Hani i Hotit Section

WBIF EU grant	€139m
Previous EU grant	€4.5m
EBRD loan (est.)	€62.9m
EIB loan (est.)	€62.9m
Beneficiary contribution	€3.3m
Estimated investment	€272.6m
Expected completion	2028

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 railway line is part of the indicative extension of the TEN-T Core Network to the Western Balkans. It is Albania’s international railway link to regional and EU railway networks. The new line will improve market access and substantially increase international freight and passenger traffic towards ports, terminals, capitals and airports by rail.



Flagship 3 · Connecting the coastal regions

Albania

Blue Highway: Tirana Bypass

WBIF EU grant	€69.4m
Previous EU grant	€2.7m
EBRD loan (est.)	€111.7m
Beneficiary contribution	€9.9m
Estimated investment	€193.7m
Expected completion	2026

This investment project will construct a 21.5 km-long bypass at Tirana, which will connect the Tirana – Durrës and Tirana – Elbasan motorways. The bypass will channel traffic away from the city and create a more efficient transport system, integrated into the regional and European road core networks. The Tirana bypass is part of the Adriatic-Ionian Highway, also referred to as the Blue Highway, which will create a seamless route from Trieste in Italy to Greece, while branching out to Slovenia, Croatia, Montenegro, and Albania.



Clean Energy



Through the Economic and Investment Plan, the support in the field of energy is reinforced. Strong emphasis is placed on energy market integration, decarbonisation and clean energy, just transition, increased digitalisation of the system and smart grids, energy efficiency, including modernisation of district heating, and energy security.

Decarbonisation is a key pillar of the Plan in line with the aims of the Green Agenda. The increased use of renewable energy sources is supported, in line with the region's potential and climate change adaptation plans.



Flagship investments 2020-2022

13
flagships endorsed

€216m
WBIF EU and bilateral donor grants

€828m
IFI loans

€1.2bn
estimated investment

Priorities

Flagship 4
Renewable energy

Flagship 5
Transition from coal

Flagship 6
Renovation wave



Flagship 4 · Renewable energy

Albania

Vau i Dejës Floating Solar Photovoltaic Power Plant

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

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-size hybrid floating solar and hydropower plant and the first application of pure-floats technology in the Western Balkans. The investments are expected to have a significant demonstration effect and be easily replicated on other hydro reservoirs in Albania and the region. The plant is expected to produce over 18 GWh of electricity and displace 8,700 tonnes of CO₂ annually.



Flagship 4 · Renewable energy

Albania

Rehabilitation of Fierza Hydropower Plant

WBIF EU grant	€8.7m
KfW loan	€40m
Estimated investment	€48.7m
Expected completion	2027

Albania is a net importer of electricity, and domestic generation is almost entirely dependent on hydropower. This project will rehabilitate the electro-mechanical components and supporting network of the Fierza hydropower plant, the country's second largest facility, to extend its operation lifespan by at least 30 years and increase output by 10%. The plant has an installed capacity of 500 MW and an average annual electricity production of 1,328 GWh.



Flagship 4 · Renewable energy

Kosovo

Solar4Kosovo - Photovoltaic Plant

WBIF EU grant	€33.1m
KfW loan (est.)	€29m
EIB loan (est.)	€32.6m
Beneficiary contribution	€10m
Estimated investment	€104.7m
Expected completion	2026

The electricity sector in Kosovo is almost entirely dependent on coal-fired power plants (97%). This investment project will install a solar photovoltaic plant of up to 100 MW installed capacity on former ash dump fields in the vicinity of Kosovo A thermal power plant. This will be the first large-scale solar photovoltaic plant in Kosovo and will increase installed capacities from 10.1 MW to 110.1 MW. Likewise, it will increase the share of solar power in the energy mix of Kosovo from 0.2 to 2.3%. The plant is expected to produce around 152 GWh of electricity and displace 152,000 tonnes of CO₂ annually.



Flagship 4 · Renewable energy

Kosovo

Solar4Kosovo II – Solar District Heating in Pristina

WBIF EU grant	€22.5m
KfW grant	€31.6m
EBRD loan (est.)	€18.8m
Beneficiary contribution	€4.4m
Estimated investment	€77.3m
Expected completion	2027

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.



Flagship 4 · Renewable energy

North Macedonia

Rehabilitation of Six Hydropower Plants Phase 3

WBIF EU grant	€11.2m
KfW grant and loan (est.)	€25.2m
Estimated investment	€36.4m
Expected completion	2025

Despite moderate investments in maintenance and minimal modernisation, North Macedonia’s domestic production of electricity decreased by more than 25% over the last ten years. The country has an installed hydropower capacity of 1,500 GWh, accounting for 20% to 30% of the total domestic power generation. This project concerns the third phase of rehabilitation of 6 large hydropower plants organised into three hydropower systems with an overall installed capacity of 439 MW: Mavrovo, Crn Drim and Tikves. The investments will extend the lifetime of the plants, increase their generation capacity by 13.5 MW, and displace 38,000 tonnes of CO₂ annually.



Flagship 4 · Renewable energy

North Macedonia

Bogdanci Wind Park Phase 2

WBIF EU grant	€9.3m
KfW grant and loan	€18.2m
Beneficiary contribution	€2.9m
Estimated investment	€30.4m
Expected completion	2025

North Macedonia aims to decarbonise the energy sector by gradually phasing out fossil fuels and increasing the share of renewable energy sources in the energy mix. Phase 1 of this pilot project, with a 36.8 MW installed capacity, was successfully developed with WBIF technical assistance and produced 103 GWh or 1.95% of the country’s total electricity generation in 2021. This project will increase the capacity of the wind park by up to 15 MW, which is expected to produce 46 GWh of electricity annually, equivalent to the energy demand of around 6,000 households. In total, over 22,000 households will be supplied with more reliable and sustainable electricity.



Flagship 4 · Renewable energy

North Macedonia

Oslomej 1 Solar Photovoltaic Power Plant

WBIF bilateral donor grant	€1.6m
EBRD loan	€5.9m
Beneficiary contribution	€1.4m
Estimated investment	€8.9m
Completion	2022

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, equivalent to the energy demand of 2,800 households, and displace 12,177 tonnes of CO₂ 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.



Flagship 4 · Renewable energy

North Macedonia

Oslomej 2 and Bitola Photovoltaic Power Plants

WBIF EU grant	€5.2m
EBRD loan	€25m
Beneficiary contribution	€0.6m
Estimated investment	€30.8m
Expected completion	2025

This investment project will install two solar power plants with a combined capacity of 30 MW on the site of the exhausted coal mine in Oslomej and adjacent to the coal-fired thermal power plant in Bitola. The plants are expected to produce 50 GWh of electricity, equivalent to the energy demand of 8,500 households, and displace 34,000 tonnes of CO₂ annually. The project will directly address the inequality implications of the green energy transition and define reemployment and reskilling opportunities in the wider regional labour market to retrain the local workforce.



Flagship 4 · Renewable energy

Serbia

Reconstruction of Vlasina Hydropower Plant

WBIF EU grant	€16.1m
EBRD loan (est.)	€61.6m
Beneficiary contribution	€0.2m
Estimated investment	€77.9m
Expected completion	2028

Serbia produces 62% of the country's electricity from low-quality lignite and nearly 30% from hydropower, with a small percentage coming from wind and solar. Vlasina hydropower system was constructed in two stages, 1946-58 and 1972-77, with an installed capacity of 128 MW. Due to the long exploitation period and equipment malfunctioning, the cascade currently has an output of only 60-80 MW. This project will replace all generation units, electromechanical and hydromechanical systems and control equipment. These investments will ensure a reliable and safe operation of the cascade over the next 30 years, with an output of 136 MW, significantly improving the balancing and stability of the electricity system. The plants are expected to produce 309 GWh annually, equivalent to the energy demand of 93,000 households.



Flagship 4 · Renewable energy

Serbia

Kostolac Wind Farm

WBIF EU grant	€31.2m
KfW grant and loan	€81.8m
Beneficiary contribution	€32.3m
Estimated investment	€145.3m
Expected completion	2024

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.



Flagship 5 · Transition from coal

Serbia

Trans-Balkan Electricity Corridor: Serbia – Montenegro – Bosnia and Herzegovina 400 kV Interconnection

WBIF EU grant	€8.9m
Previous EU grant	€2.1m
KfW loan (est.)	€27.8m
Beneficiary contribution	€2.4m
Estimated investment	€41.2m
Expected completion	2027

This investment project will construct 84 km of double-circuit 400 kV overhead transmission line from Bajina Bašta to Bosnia and Herzegovina and Montenegro borders. It contributes to the development of a functional regional market and to the establishment of a Trans-Balkan Power Corridor that will connect the electricity transmission systems of Serbia, Montenegro and Bosnia and Herzegovina to those of Croatia, Hungary, Romania and Italy.



Flagship 5 · Transition from coal

Serbia

Advanced System for Remote Meter Reading

WBIF EU grant	€8.2m
EBRD grant and loan	€32.3m
Estimated investment	€40.5m
Expected completion	2026

This investment project supports the introduction of smart meters in the electricity distribution system in Serbia. It covers the first phase of smart meters deployment in Kraljevo, Čačak and Niš. The roll-out of smart metering will significantly contribute to the ongoing grid modernisation programme, which aims to develop smart grids, reduce technical and commercial losses, and integrate renewable generation sources into the system.



Regional Energy Efficiency Programme

The building sector accounts for over 40% of total energy consumption in the Western Balkans. Renovating public and private buildings to meet energy performance standards can make a significant contribution to energy savings, displace greenhouse gas emissions and improve living standards.

In 2013, jointly with the European Commission, the Energy Community Secretariat, WBIF and bilateral donors, the EBRD established the **Regional Energy Efficiency Programme (REEP)**. The programme blends policy support with loans, technical assistance and incentives to support **energy efficiency and renewable energy investments** in the public and private sectors in the Western Balkans.

The EBRD and the KfW implement the programme, which operates both directly and through intermediaries and is a key instrument for the implementation of the Economic and Investment Plan.

Since its inception, the integrated package 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.

Regional Energy Efficiency Programme



Up to end 2021:

€630m

total investment mobilised

€78.8m

EU grant contribution

2022 replenishment:

€102.6m

additional EU grant funding

€541 m

expected leverage



Western Balkans Guarantee Facility

The Western Balkans Guarantee Facility is the name provided to the European Fund for Sustainable Development Plus (EFSD+) in the Western Balkans. The **EFSD+ Open Access Guarantee** aims at mitigating the risks perceived by the private sector to crowd-in private investments in order to increase the investment capacity of the region across **six thematic areas for investments**. These thematic areas are: (1) Micro, Small and Medium Enterprises (MSMEs), (2) Connectivity: Energy, Transport and Digital, (3) Sustainable Agriculture, Biodiversity, Forests and Water, (4) Sustainable Cities, (5) Sustainable Finance and Impact Investing (6) Human Development. Six guarantees contribute to the clean energy investment priorities.



Investment priority

Clean energy

6
guarantees

Up to
€419^{m7}
guarantee coverage

Up to
€22.2^m
EU technical assistance grant

⁷ The provisioning rate of EFSD+ guarantees is 50%, allowing for less IPA grants to be set aside.



GUARANTEE ENERGY TRANSITION



Investment Priority · Clean Energy

HI-BAR EFSD+ Guarantee for Energy Transition

Guarantee coverage (up to)	€50m
TA EU grant (up to)	€2.5m
Expected funding made available	tbc*
Lead IFI	EBRD

The HI-BAR EFSD+ Guarantee aims at supporting the acceleration of investments in the next generation of required climate mitigation measures and business models in the energy and energy-intensive industrial sectors to support REPowerEU efforts of faster green energy transition and enhanced energy security. This includes investments into large (utility-scale and corporate) renewable energy and energy storage infrastructure, grid and network investments, zero/low-carbon fuels (including green hydrogen), low carbon materials, development of critical raw materials value chains, e-mobility technology and carbon capture, utilisation or storage.

GUARANTEE INFRASTRUCTURE RESILIENCE



Investment Priority · Clean Energy

Municipal, Infrastructure and Industrial Resilience Programme

Guarantee coverage (up to)	€50m
TA EU grant (up to)	€2.5m
Expected funding made available	tbc*
Lead IFI	EBRD

The Resilience EFSD+ Guarantee responds to a context where financing flows for an ambitious green transition remain limited, at levels much below what is required to shift corporate and infrastructure development pathways in line with the Paris Agreement objectives. The guarantee shall support utilities and other municipal actors by financing investments linked to the green transition (energy, energy efficiency, sustainable urban transport and sustainable food production) in the areas of municipal infrastructure, urban transport and logistics, industries and commercial activities, construction and tourism, and agribusiness and food-value chain.

GUARANTEE CONNECTIVITY



Investment Priority · Clean Energy

Connectivity

Guarantee coverage (up to)	€34m
TA EU grant (up to)	€1.7m
Expected funding made available	tbc*
Lead IFI	EIB

The Connectivity EFSD+ Guarantee aims at supporting municipalities, including utilities, independent power producers, local and international corporates, SMEs and commercial banks with investments in the renewable energy, energy efficiency, transport and digital sectors. The Guarantee will also support the creation of the Global Gateway Fund, a Fund-of-Funds to support high impact-oriented investments aligned with the Global Gateway strategy. The Guarantee will support the different market needs providing to its beneficiaries a broad range of financial instruments including loans, equity and guarantees.



GUARANTEE 4 BETTER FUTURE



Investment Priority · Clean Energy

Better Futures Programme (BFP)

Guarantee coverage (up to)	€40m
TA EU grant (up to)	€2m
Expected funding made available	tbc*
Lead IFI	IFC

The Better Futures Programme EFSD+ Guarantee aims to crowd-in private capital in various forms of equity, quasi-equity, debt instruments (loans and bonds) and guarantees, to promote innovation and scale up sustainable investments driving Paris Agreement alignment. Investments made available by the Guarantee shall support scaling new technology (including battery storage, green hydrogen and solar) for a clear and equitable energy transition and support sustainable energy security. The guarantee will also support innovating private sector solutions to industrial and agricultural decarbonisation, circular economy, and green hydrogen and low-carbon transportation.

GUARANTEE 4 GREEN TRANSFORMATION



Investment Priority · Clean Energy

Supporting a Market-Oriented Green Transformation in the Eastern Neighbourhood and Western Balkans

Guarantee coverage (up to)	€200m
TA EU grant (up to)	€10m
Expected funding made available	tbc*
Lead IFI	KfW

The EFSD+ Guarantee aims at supporting utilities in the energy sector that commit to the decarbonisation path and set a clear investment strategy in order to enable the green transformation in alignment with the Green Agenda for the Western Balkans. Concretely, the Guarantee shall support investments in renewable energy capacities for solar and wind power, the rehabilitation of hydropower plants, smart grids and storage, energy efficiency measures and other investments needed to strengthen a comprehensive green transformation. The guarantee shall also support building utilities management capacities and access capital markets with a clear long-term sustainability approach.

GUARANTEE 4 CONNECTIVITY



Investment Priority · Clean Energy

Risk Sharing Instrument for Energy Efficiency, Renewable Energy and Digital Project

Guarantee coverage (up to)	€45m
TA EU grant (up to)	€3.5m
Expected funding made available	tbc*
Lead IFI	EIB

The EFSD+ carry-forward Guarantee aims at boosting investments in energy efficiency, renewable energy and digital sectors promoted by Special Purpose Vehicles (SPVs), corporates and sub-sovereign entities (e.g. municipalities) in the six Western Balkans economies through a risk-sharing scheme to increase the financing provided by partner financial intermediaries (e.g. commercial banks) to project promoters. The guarantee shall support the materialisation of medium-sized projects costing circa €15-20 million, addressing a market gap - smaller projects are financed by commercial banks and very large projects are financed directly by International Financial Institutions (IFIs).



Environment and Climate



The **European Green Deal** is underpinned by policies designed to develop resource-efficient and competitive economies where growth is decoupled from greenhouse gas emissions, resource use and waste generation, where climate resilience is pursued. The Green Deal can only be fully effective if the EU's immediate neighbourhood also takes action at an early stage. This is all the more valid for the Western Balkans given their European perspective.

Therefore, the **Green Agenda for the Western Balkans** is embedded in the Economic and Investment Plan. This Agenda is informed by the five broad areas covered by the Green Deal: decarbonisation, depollution of air, water and soil, circular economy, farming and food production, and protecting biodiversity.



Flagship investments 2020-2022

5
flagships endorsed

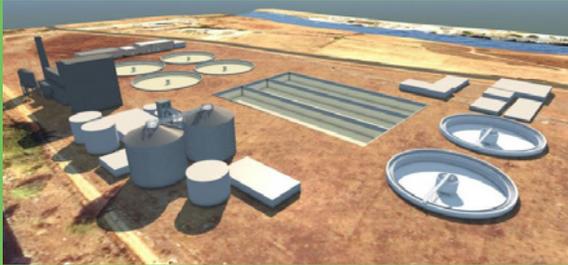
€180m
WBIF EU grants

€173m
IFI loans

€389m
estimated investment

Priorities

Flagship 7
**Waste and
waste water
management**



Flagship 7 · Waste and waste water management

Montenegro

Podgorica Waste Water Treatment Plant

WBIF EU grant	€23.9m
WBIF bilateral donor grant	€10.1m
KfW grant and loan	€35.3m
Beneficiary contribution	€7.5m
Estimated investment	€76.8m
Expected completion	2025

Podgorica is serviced by a waste water 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 waste water treatment plant for the city, a sludge incineration plant, and extend the sewerage network. These investments will make possible the collection and treatment of the waste water generated by the city in line with EU standards



Flagship 7 · Waste and waste water management

Montenegro

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

WBIF EU grant	€23.5m
Previous EU grant	€1.1m
EIB loan	€9.6m
Beneficiary contribution	€0.9m
Estimated investment	€35.1m
Expected completion	2027

This project concerns investments in waste water 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 waste water treatment plants and sewerage networks in Kolašin and Rožaje, and extension of the sewerage network and upgrade of the waste water 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.



Flagship 7 · Waste and waste water management

North Macedonia

Skopje Waste Water Treatment Plant

WBIF EU grant	€72.7m
Previous EU grant	€0.5m
EIB grant and loan	€35.3m
EBRD loan	€29.7m
Beneficiary contribution	€0.5m
Other grants	€0.9m
Estimated investment	€139.6m
Expected completion	2025

This investment project will design and build a central waste water treatment plant for Skopje, the capital of North Macedonia. The plant will service nine of the ten municipalities of the city and will have a capacity of 625,000 population equivalent. Currently, the waste water generated by the city is discharged without treatment into the Vardar River, a transboundary watercourse that flows into Greece. Therefore, this investment is expected to deliver significant environmental benefits, improve living standards, and contribute to the country's compliance with the EU acquis.



Flagship 7 · Waste and waste water management

North Macedonia

Regional Waste Management System for Polog, Pelagonija, Vardar, Southwest and Southeast Regions

WBIF EU grant	€22.7m
EBRD grant and loan	€30.3m
Estimated investment	€53m
Expected completion	2025

Current waste management practices in North Macedonia primarily focus on waste collection and final disposal, mainly in non-engineered dumpsites; treatment of municipal solid waste and source-separation of recyclables and biowaste is basically inexistent. This investment project is the first countrywide undertaking in the sector and an important step towards integrated solid waste services. It supports the introduction of EU-compliant solid waste services for a population of over 1 million residents across 45 municipalities and environmentally safe disposal practices.



Flagship 7 · Waste and waste water management

Serbia

Construction of Palilula Sewage System

WBIF EU grant	€37m
EIB grant and loan	€36.7m
Beneficiary contribution	€10.5m
Estimated investment	€84.2m
Expected completion	2027

The Municipality of Palilula is located in the northern part of the City of Belgrade, on the left bank of the Danube River. This project aims to provide vital infrastructure and reduce pollution of the Danube River and groundwater through rehabilitation and extension of the existing sewerage network and construction of a new waste water treatment plant for the municipality in line with EU standards. These investments will help provide better sanitation services and improve living conditions for over 81,240 people, as well as raise environmental and social standards in Serbia.





Digital Future



Digitalisation is an opportunity for the economies and societies in the region, with digital solutions contributing to sustainability, climate-neutrality and resource-efficiency, and better governance and public services. With the support of the EU and the Regional Cooperation Council, since 2018 the Western Balkans are implementing a **Digital Agenda**.

The region should take stock of implementation to date, identify where work needs to be accelerated and broaden the scope of digital transformation. Support provided for digital skills, e-government, e-procurement and e-health services would make public authorities more transparent and accountable, reduce costs and improve service delivery for citizens and businesses.

Flagship investments 2020-2022

2
flagships endorsed

€45m
WBIF EU grants

€90m
IFI loans

€142m
estimated investment

Priorities

Flagship 8
Digital infrastructure



Flagship 8 · Digital infrastructure

Albania

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

WBIF EU grant	€10.6m
CEB loan (est.)	€20.1m
Beneficiary contribution	€3.4m
Estimated investment	€34.1m
Expected completion	2025

Preparing children and students for their future careers is one of the most essential goals in education. Albania is working on introducing ICT in elementary schools. The curricula are planned to be hands-on and taught in smart labs. This project will implement 684 smart ICT labs in 627 schools across the country, aiming to increase the availability of computer labs for students in their pre-university cycles and provide the necessary tools to enhance computer programming skills. Overall, 198,323 students will benefit from the newly implemented labs annually.



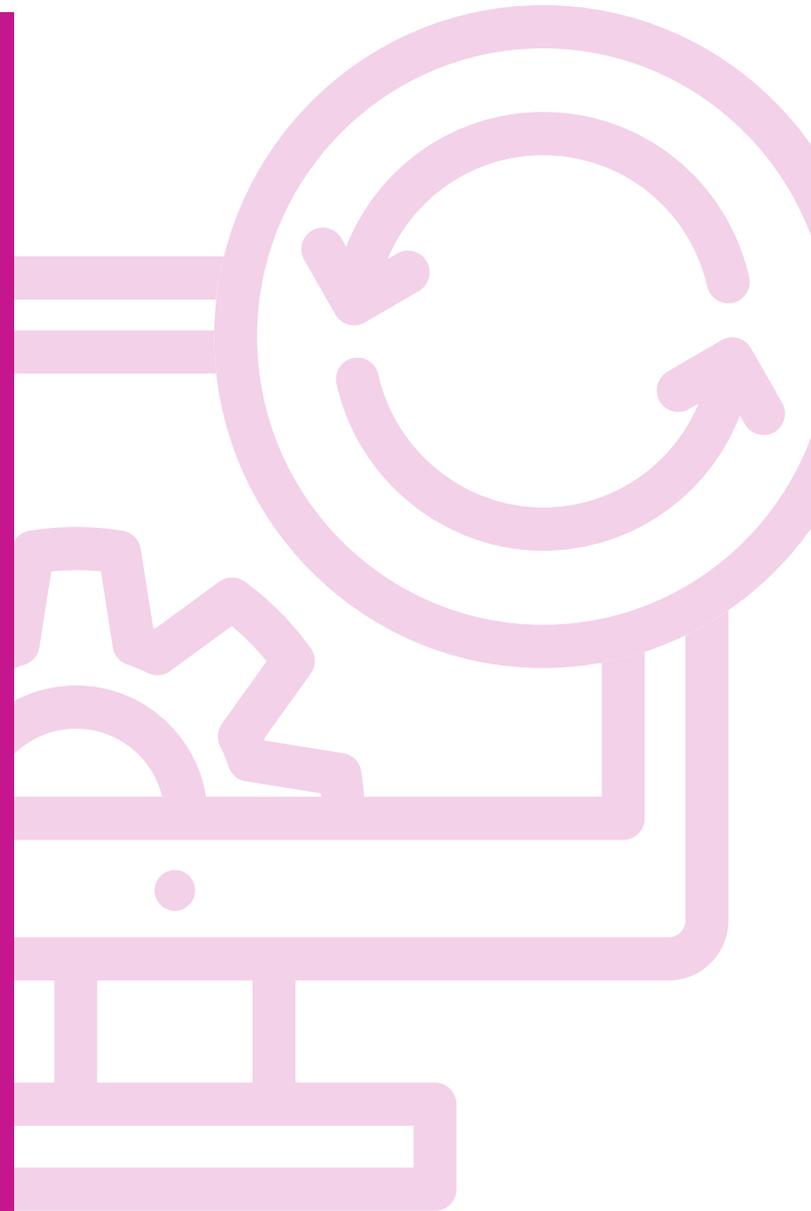
Flagship 8 · Digital infrastructure

Serbia

Rural Broadband Rollout Phase 2

WBIF EU grant	€34.4m
EBRD loan (est.)	€70m
Beneficiary contribution	€1.5m
Other grants	€2m
Estimated investment	€107.9m
Expected completion	2025

This project builds on the Rural Broadband Rollout project launched in 2020. It will enable Serbia to connect existing fibre backbone to 815 additional settlements, 305 schools and pass at least 128,000 households in rural areas without access to a broadband network. The investments will create new economic opportunities and skills for local populations in less developed regions through increased access to connectivity and training, as well as advance a competitiveness-focused policy engagement in the telecommunications sector.





Private Sector



The development of a **robust private sector** is essential for socio-economic development and regional integration, and to improve the region's competitiveness and job creation. The Economic and Investment Plan focuses on the importance of supporting **start-ups, micro, small and medium-sized enterprises** (MSMEs) as a means to this end and directs significant investments towards innovation and green growth.

In order to unlock the potential of the private sector, increased EU financing for businesses is made available in the form of grants through **blending** and substantial allocations for **guarantees** under the **Western Balkans Guarantee Facility** (EFSD+). The combination of grants and guarantees aims to reinforce open, innovative, business friendly ecosystems in the region based on a triple helix model of innovation.

Flagship investments 2020-2022

3
 flagships endorsed

€52m
 WBIF EU grants

€395m
 estimated investment

Priorities

Flagship 9
Competitiveness of the private sector





Flagship 9 · Competitiveness of the private sector

SMEs Go Green Programme

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

Accelerating the adoption of green technologies and sustainable practices for the SME sector is a key element necessary for the growth, competitiveness and long-term sustainable recovery of the Western Balkans region. Building on the EBRD's extensive experience supporting SMEs to finance green technologies, the SME Go Green Programme will provide an estimated €120 million of EBRD financing to local Partner Financial Institutions (PFIs) for them to on-lend to approximately 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.



Flagship 9 · Competitiveness of the private sector

Western Balkans Climate Programme

WBIF EU grant	€17m
IFC loan	€150m
Estimated investment	€200m

This programme intends to finance climate change related sub-loans that will support the transition of economies in the Western Balkans - characterised by elevated levels of energy intensity, high pollution levels and an energy mix dominated by fossil fuels - from high carbon to low-carbon economies. Through this programme IFC will promote green financing to MSMEs and support the development of capital markets with green bond issuances. The programme will increase access to climate finance, including energy efficiency and clean energy production for sub-borrowers in the Western Balkans region. This will enable businesses to improve their environmental impact by implementing climate-smart investments.



Flagship 9 · Competitiveness of the private sector

Green Finance for Inclusion

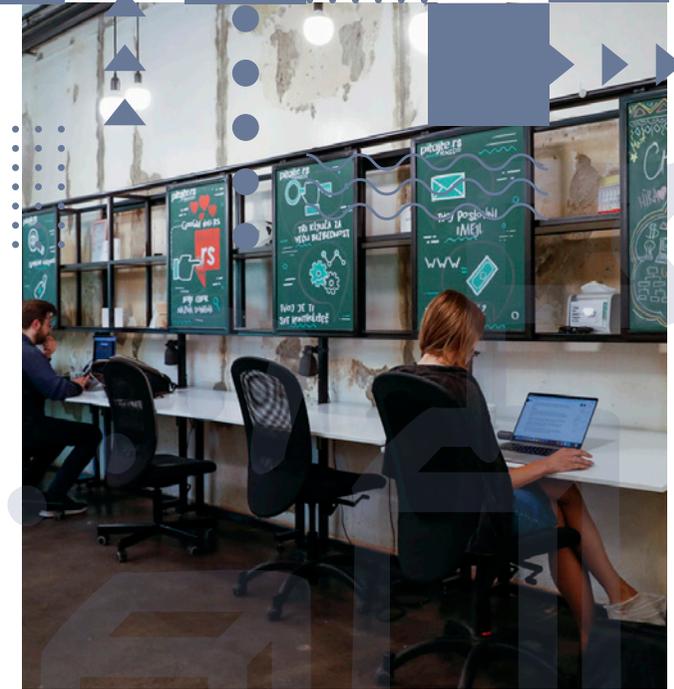
WBIF EU grant	€10m
CDP loan	€100m
Estimated investment	€50m

The programme aims to encourage and support underserved MSMEs in promoting innovative energy efficiency and climate resilient investments, such as measures to reduce consumption, promotion of renewable energy projects, energy efficiency of buildings, climate adaptation initiatives, by promoting access through local financial institutions. The investments will target the specific needs of the beneficiary economies to bridge the gap towards a sustainable and low carbon production system, respecting social, fiscal, ethical and environmental internationally recognised principles and standards, ensuring sustainability, resilience against natural hazards and climate change and efficient maintenance of investments.



Western Balkans Guarantee Facility

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Investment priority

Competitiveness of the private sector



6
guarantees

Up to
€310^{m7}
guarantee coverage

Up to
€14.5^m
EU technical assistance grant

⁷ The provisioning rate of EFSD+ guarantees is 50%, allowing for less IPA grants to be set aside.



GUARANTEE4 SMERESILIENCE



Flagship 9 · Competitiveness of the private sector

Guarantee4SME Resilience⁸

Guarantee coverage (up to)	€60m
Expected funding made available	€300m
Lead IFI	EIF

The Guarantee4SME Resilience has been launched with a guarantee coverage of €60 million to de-risking partner financial intermediaries (e.g. commercial banks) portfolios in order to increase the availability of affordable finance to MSMEs. The guarantee is expected to leverage about five times this value and will help MSMEs strengthen their capacities to make them more resilient while at the same time not to jeopardise the efforts to move towards a more sustainable, low-carbon economy. To ensure that the recovery supported under this Guarantee reflects the principles of sustainable recovery, MSMEs working in carbon intensive sectors shall not be eligible for financing covered by this guarantee.

GUARANTEE4 SMEGROWTH



Flagship 9 · Competitiveness of the private sector

EIBG Multi-Thematic (Uncapped Guarantee) Support for SMEs in the Western Balkans

Guarantee coverage (up to)	€120m
TA EU grant (up to)	€3.5m
Expected funding made available	tbc ⁹
Lead IFI	EIF

The EFSD+ Guarantee aims to de-risking partner financial intermediaries (e.g. commercial banks) portfolios in order to increase the availability of affordable finance to MSMEs in the Western Balkans. The guarantee will target key EU priorities in the region including supporting the competitiveness of MSMEs, farmers and SMEs active in the agricultural sector to improve the performance of the sector and foster its sustainability, innovative SMEs or SMEs undertaking digitalisation investments, and SMEs seeking to carry out green investments in the areas of climate change mitigation and adaptation as well as circular economy and sustainable management of natural resources.

GUARANTEE4 FINANCIALINCLUSION



Flagship 9 · Competitiveness of the private sector

EIF Inclusive Finance for the Western Balkans

Guarantee coverage (up to)	€30m
TA EU grant (up to)	€2m
Expected funding made available	tbc*
Lead IFI	EIF

The EFSD+ Guarantee aims to de-risking partner financial intermediaries (e.g. microfinance institutions and social finance providers) portfolios in order to increase the availability of affordable finance for those furthest away from the labour market. The guarantee will focus on supporting the financial inclusion of social enterprises, self-employed and micro-businesses, helping them in their effort to employ vulnerable people. It builds on the successful implementation and deployment by EIF of the Programme for Employment and Social Innovation (EaSI) and, therefore, will provide similar support to the one provided in the EU Member States under the InvestEU Programme for microfinance and social entrepreneurship.

⁸ This guarantee is not part of EFSD+.

⁹ Leverage will only be confirmed at contract negotiation, following the Operational Board positive opinion and cannot be estimated at this stage.



GUARANTEE 4 INCLUSIVE GROWTH



Flagship 9 · Competitiveness of the private sector

EIF-UNDP Inclusive Growth Initiative for the Western Balkans

Guarantee coverage (up to)	€20m
TA EU grant (up to)	€3m
Expected funding made available	tbc*
Lead IFI	EIF

The EFSD+ Guarantee aims to de-risking partner financial intermediaries (e.g. commercial banks) portfolios in order to increase the availability of affordable finance to MSMEs that will support investments reducing the gap between the Western Balkans and the EU on SDG 4 “Quality Education”, SDG 8 “Decent Work and Economic Growth” and SDG 9 “Industry, Innovation and Infrastructure”. The guarantee will support access to finance for SMEs that target inclusive employment, skills development through vocational training or other training to employees, and cohesion/territorial development through supporting job creation in rural areas. The guarantee will be implemented together with the UNDP.

GUARANTEE 4 AGRICULTURAL DEVELOPMENT



Flagship 9 · Competitiveness of the private sector

Western Balkans Agricultural Risk Sharing Facility

Guarantee coverage (up to)	€40m
TA EU grant (up to)	€3m
Expected funding made available	tbc*
Lead IFI	IFC

The EFSD+ carry-forward Guarantee aims at increasing the availability of affordable finance to agribusiness clients for sector modernisation and digital transformation. The guarantee particularly focus on agri-businesses and farmers and shall i) de-risk agri-finance; ii) promote digitalisation of the agri-sector to enhance farm productivity improving linkages between producers and markets; iii) introduce climate smart agriculture concepts and machinery; iv) focus on the MSMEs that have the potential to grow and/or are export oriented; and v) address demographic trends whereby youth, among others, are moving from rural to urban areas.

GUARANTEE 4 INCLUSIVE FINANCE



Flagship 9 · Competitiveness of the private sector

Growth4All

Guarantee coverage (up to)	€40m
TA EU grant (up to)	€3m
Expected funding made available	tbc*
Lead IFI	EBRD

The EFSD+ carry-forward Guarantee aims to increase partner financial intermediaries' (e.g. commercial banks) availability of affordable finance to MSME to support their short-term and longer-term financing needs. Thanks to the Guarantee, EBRD will provide liquidity (loans) and de-risking instruments (guarantees) to partner financial intermediaries in support of loans to women-led MSMEs in order to address the gender access to finance gap, youth-led MSMEs, underserved due to shorter track-records of experience, MSMEs in the agri-business and tourism sectors, underserved by financial institutions, as well as MSMEs operating outside big cities.



Human Capital



Fairness and inclusiveness are important in ensuring that the benefits of recovery and growth are shared by everyone and that no one is left behind. A well-functioning labour market and a well-trained and productive workforce are crucial for a resilient economy.

The European Commission has strengthened the dialogue with the Western Balkans to foster the implementation of the European Pillar of Social Rights in the region. The EU aims to support the development of human capital by increasing IPA funding, in particular as regards the reform priorities identified in the Economic Reform Programme process and joint policy guidance in the areas of education and skills, employment, and social protection and inclusion. Emphasis is also placed on youth, health, culture and sports.



Flagship investments 2020-2022

2
flagships endorsed

€47.9m
WBIF EU and bilateral donor grants

€72m
IFI loans

€229m
estimated investment



Montenegro

Improvement of Montenegrin Education Infrastructure

WBIF EU and bilateral donor grant	€11.5m
EIB grant and loan	€20.5m
Beneficiary contribution	€32.4m
Estimated investment	€64.4m
Expected completion	2026

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. The focus is on increasing the country's schooling capacity by creating 2,100 places and around 530 new full-time jobs, mostly for teachers. These investments will help alleviate overcrowding in schools and increase children's access to better learning tools, thereby enhancing youth employability. As a result, by 2026, 8,000 students will learn in better conditions and 2,100 new students will be accommodated in schools.



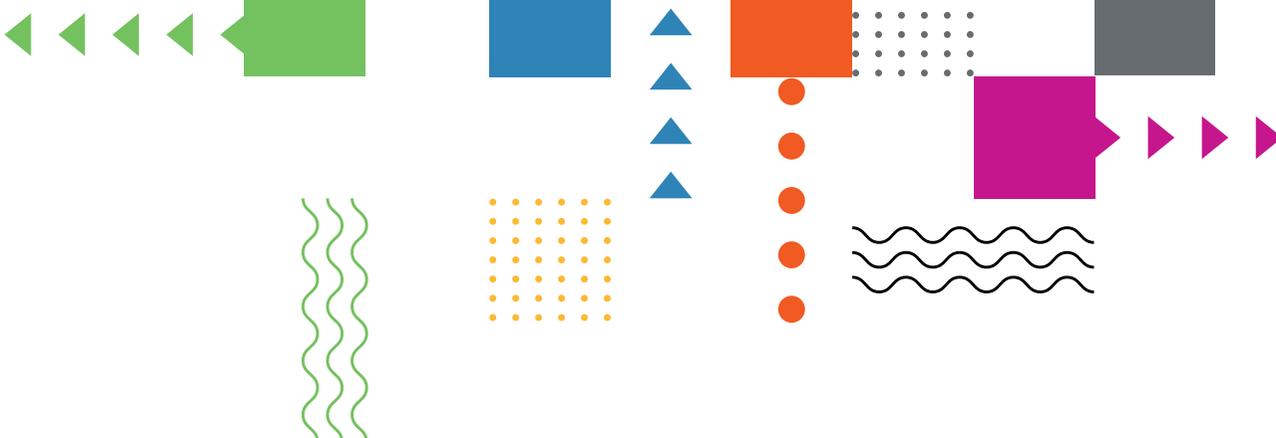
Serbia

University Children's Hospital Tiršova 2 in Belgrade

WBIF EU grant	€36.4m
CEB loan and grant	€54.4m
Beneficiary contribution	€73.6m
Estimated investment	€164.4m
Expected completion	2026

The University Children's Hospital is a representative paediatric health centre in Serbia. For more than 85 years, it has provided top-quality care for over 14,500 children a year. 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. The new hospital will provide healthcare services for young patients in Serbia in line with European standards and will cater to specific, complex paediatric needs of neighbouring economies.





Abbreviations

AFD	Agence Française de Développement
BFP	Better Futures Programme
CDP	Cassa Depositi e Prestiti
CEB	Council of Europe Development Bank
EBRD	European Bank for Reconstruction and Development
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
EIF	European Investment Fund
EIP	Economic and Investment Plan for the Western Balkans 2021-2027
EU	European Union
ICT	Information and Communications Technology
IFC	International Finance Corporation
IFI	International Financial Institution
IPA	Instrument for Pre-accession Assistance
KfW	KfW Development Bank
MSMEs	Micro, Small and Medium-Sized Enterprises
REEP	Regional Energy Efficiency Programme
SDG	Sustainable Development Goals
SME	Small and Medium-Sized Enterprise
TA	Technical Assistance
TEN-T	Trans-European Transport Network
UNDP	United Nations Development Programme
WB	World Bank
WBIF	Western Balkans Investment Framework



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