

to the Commission Implementing Decision on the financing of the multi-country multiannual action plan in support of the Western Balkans Investment Framework 2021–2027 and the provisioning of the ELM legacy portfolio for past EIB operations for IPA beneficiaries

Action Document for “EU Contribution to the Western Balkans Investment Framework (WBIF) 2021-2023”

1. SYNOPSIS

1.1. Action Summary Table

ACTION IDENTIFICATION	
Title/	EU contribution to the Western Balkans Investment Framework (WBIF) 2021-2023 Multi-country multi-annual action plan in support of the Western Balkans Investment Framework 2021–2027 and the provisioning of the ELM legacy portfolio for past EIB operations for IPA beneficiaries
CRIS / OPSYS number	IPA III/2021/043-671/01
Basic Act	Financed under the Instrument for Pre-Accession Assistance (IPA III)
Team Europe Initiative	Yes, Western Balkans
Zone benefiting from the action	Western Balkans (Republic of Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Republic of North Macedonia, and Republic of Serbia) and the Republic of Türkiye ¹
Programming document	Commission Decision C(2021)8914 of 10.12.2021 on the Instrument for Pre-Accession Assistance (IPA III) Programming Framework for the period 2021-2027
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	3- Green agenda and sustainable connectivity Thematic Priority 1: Environment and climate change Thematic Priority 2: Transport, digital economy and society, and energy 4- Competitiveness and inclusive growth Thematic Priority 2: Private sector development, trade, research and innovation
Sustainable Development Goals (SDGs)	Main SDG Goal 9: Industry, Innovation, and Infrastructure Other Significant SDGs Goal 6: Clean Water and Sanitation

* 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

¹ Under the Action, Türkiye benefits from one activity only, namely the Joint Assistance to Support Projects in European Regions (JASPERS)

	<p>Goal 7: Affordable and Clean Energy</p> <p>Goal 8: Decent Work and Economic Growth</p> <p>Goal 11: Sustainable Cities and Communities</p> <p>Goal 12: Responsible consumption and production</p> <p>Goal 13: Climate Action</p> <p>Goal 17 Partnership for goals</p>
DAC code(s)	<p>140 – Water Supply & Sanitation</p> <p>14010 – Water sector policy and administrative management</p> <p>14015 – Water resources conservation (including data collection)</p> <p>14020 – Water supply and sanitation - large systems</p> <p>14021 – Water supply - large systems</p> <p>14022 – Sanitation - large systems</p> <p>14030 – Basic drinking water supply and basic sanitation</p> <p>14031 – Basic drinking water supply</p> <p>14032 – Basic sanitation</p> <p>14040 – River basins development</p> <p>14050 – Waste management/disposal</p> <p>210 – Transport & Storage</p> <p>21010 – Transport policy and administrative management</p> <p>21020 – Road Transport</p> <p>21030 – Rail Transport</p> <p>21040 – Water Transport</p> <p>220 – Communications</p> <p>22040 – Information and communication technology (ICT)</p> <p>230 – Energy</p> <p>23110 – Energy policy and administrative management</p> <p>23183 – Energy conservation and demand-side efficiency</p> <p>232 – Energy generation, renewable sources</p> <p>23210 – Energy generation, renewable sources - multiple technologies</p> <p>236 – Energy distribution</p> <p>240 – Banking & Financial Services</p> <p>24030 – Formal sector financial intermediaries</p> <p>250 – Business & Other Services</p> <p>25010 – Business Policy and Administration</p> <p>25040 – Responsible Business Conduct</p> <p>321 – Industry</p> <p>32130 – Small and medium-sized enterprises (SME) development</p> <p>32120 – Industrial development</p> <p>32182 – Technological research and development</p>
Main Delivery Channel	<p>42000 – European Investment Bank</p> <p>46015 – European Bank for Reconstruction and Development</p>

	44000 – World Bank Group 90000 – Other ²			
Markers ^[1] (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Social inclusion and human development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned 2021-2023	TOTAL EU budget contribution: EUR 1 149 582 253 for 2021-2023 Budget line: 15 02 02 01.02 ³ Total estimated cost: EUR 3 730 120 000 ⁴ Total amount of the EU budget contribution: EUR 938 530 000 Budget line: 15 02 02 03.01 Total estimated cost: EUR 1 020 029 402 ⁵ Total amount of the EU budget contribution: EUR 145 718 486			

² The WBIF is a cooperation platform of several bilateral donors, development banks and financing institutions (among others and in addition to the above referred IFIs; for example Agence Française de Développement (AFD), Council of Europe Development Bank (CEB), European Investment Fund (EIF), and Kreditanstalt Für Wiederaufbau (KfW).

³ Since 2022 the extension .02 those no longer exist. Therefore from 2022 onwards the budget line for commitments is 15 02 02 01

⁴ Total cost is estimated based on previous experience and applicable co-financing rates (leverage: 4x)

⁵ Total cost is estimated based on previous experience and applicable co-financing rates (leverage 7x due to budgetary guarantees)

	<p>Budget line: 15 02 02 03.04 Total estimated cost: 261 335 068⁶ Total amount of the EU budget contribution: EUR 65 333 767</p> <p>The EU contribution is for an amount of: EUR 312 261 662 from the general budget of the European Union for 2021, EUR 380 682 942 from the general budget of the European Union for 2022 and, EUR 456 637 649 from the general budget of the European Union for 2023, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>
MANAGEMENT AND IMPLEMENTATION	
Type of financing and method(s) of implementation	<p>Project Modality</p> <p>Direct management through Procurement (CONNECTA)</p> <p>Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4 implementation arrangements</p> <p>Indirect management with EIB and KfW</p> <p>The contribution to the Western Balkans Investment Framework regional blending platform shall be implemented in indirect management with EBRD and EIB.</p> <p>Budgetary guarantees for which provisioning is set aside under this Action Document shall also be implemented in indirect management.</p>
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	<p>Priorities: Energy, Green Agenda, Digital Transition, Innovation Agenda, Private Sector Support</p> <p>Flagships;</p> <p>IV Renewable Energy, V Coal Transition, VI Renovation Wave, VII Waste and Wastewater VIII Digital Infrastructure, IX Support to Competitiveness</p>
Final date for concluding contribution / delegation agreements, procurement and grant contracts	<p>At the latest by 31 December 2022 for IPA 2021 At the latest by 31 December 2023 for IPA 2022 At the latest by 31 December 2024 for IPA 2023</p>

⁶ Total cost is estimated based on previous experience and applicable co-financing rates (leverage: 4x)

**Indicative
operational
implementation
period**

624 months following the adoption of the Financing Decision

1.2. Summary of the Action

In October 2020 the European Commission adopted a comprehensive **Economic and Investment Plan (EIP)** for the Western Balkans⁷, which 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.

The EIP is accompanied by the Guidelines for implementing the **Green Agenda for the Western Balkans (GAWB)**⁸, which further detail investments and actions that can foster the green transition in the region under the EIP and beyond. With the EIP, the Western Balkans Agenda on Innovation, Research, Education, Culture, Youth and Sport⁹ and the Green Agenda, the EU provides strong support for economic recovery and reform for a modern, greener and more prosperous Western Balkans delivering better to their citizens on the road to the EU.

The EIP also offers a path for a successful regional economic integration to help accelerate convergence with the EU and close the development gap between EU Member States and the Western Balkans region. The EIP will increase the competitiveness of the Western Balkans. Its implementation will have to be accompanied with the relevant reform measures.

The Western Balkans Investment Framework members include the European Commission, member states, bilateral donors, financial institutions who altogether in partnership share the objectives of the Economic and Investment Plan for Western Balkans and together contribute to achieve common goals to spur the socio-economic cohesion of the region. In this context, the Western Balkans Investment Framework contributes to support the Team Europe Initiative.

To achieve the aforementioned goals this action offers significant EU funding for the preparation and implementation of investment flagships in the areas of sustainable transport, clean energy, environment and climate, digital, innovation, competitiveness and private sector.

The action includes 4 components:

- Blending and technical assistance:
 1. EU4 Green and Digital Transition
 2. EU4 Green Growth
 3. EU4 Competitiveness and Innovation
- Budgetary guarantee:
 4. Western Balkans Guarantee Facility (EFSD+ Guarantee and External Lending Mandate legacy ELM) in support of the 3 above components, the Sustainable Transport Connectivity action, and cutting across windows 3 and 4 of IPA III.

⁷ COM(2020) 641 final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions An Economic and Investment Plan for the Western Balkans

⁸ SWD(2020) 223 final COMMISSION STAFF WORKING DOCUMENT Guidelines for the Implementation of the Green Agenda for the Western Balkans

⁹ Launched on 6 October 2021 at the EU - Western Balkan Summit in Brdo

2. RATIONALE

2.1. Context Analysis

This action will specifically support the implementation of the **Economic and Investment Plan for the Western Balkans** and the accompanying **Green Agenda for the Western Balkans**, as well as the **Western Balkans Agenda on Innovation, Research, Education, Culture, Youth and Sport** which aim to spur the long-term recovery of the region. Sustainable transport, clean energy, digital connectivity and enhanced links through sustainable infrastructures are key to economic integration and accelerated development within the region and with the European Union. Better connections facilitate regional trade, the integration of Western Balkans into EU industrial supply chains, drive investments and greatly improve the daily lives of people in the region.

To this end, the Western Balkans should take part – both institutionally and financially – in the Trans-European Networks and fully tap the potential of the Transport Community and the Energy Community.

The EIP communication identifies 10 flagships with the expectation that these would unlock significant investments in particular in the field of digital, sustainable transport, clean energy transition and environment.

To support the implementation of EIP flagship investments, this action foresees the provision of technical assistance and investment grants through the Western Balkans Investment Framework (WBIF) during the period 2021-2023. The action also provides for the provisioning of the Western Balkans Guarantee Facility.

EU4 Green and Digital Transition will support projects included in a single project pipeline (confirmed by the National Investment Committees), in strategies and in the EIP. Investment grant support through the WBIF blending platform started in 2015 with the launch of the **Connectivity Agenda**¹⁰ for the Western Balkans. Between 2015 and 2020 EUR 1 billion EU co-financing has been approved under IPA II for transport and energy investment projects. **The Digital Agenda for the Western Balkans**¹¹, launched in 2018, introduced amongst others the support for future digital infrastructure investments under the WBIF. The Western Balkans are also a priority region in the Digital Education Action Plan 2021-2027. Moreover, digitalisation will be a key enabler for the dual green and digital transition of the Western Balkans. Public sector investments will be steered to mirror objectives set in the **Green Agenda for the Western Balkans** (GAWB) and in the transport sector in the **EU Strategy for Sustainable and Smart Mobility**¹² towards a Western Balkans green transport sector transformation.

EU4 Green Growth will contribute to the implementation of the Green Agenda for the Western Balkans. It foresees activities focusing on the following areas: (i) climate action, including decarbonisation, energy and mobility, (ii) circular economy, addressing in particular waste, recycling, sustainable production and efficient use of resources including the improvement of sustainable production of critical raw materials needed for the green and climate-neutral economy, (iii), biodiversity, aiming to protect and restore the natural wealth of the region, (iv), fighting air, water and soil pollution and (v) sustainable food systems and rural areas. The WBIF will invest directly or through contributions to new or existing multi-donor platforms such as the Regional Energy Efficiency Programme (REEP) and the Green for Growth Fund (GGF).

EU4 Competitiveness and Innovation will help developing a robust private sector that is essential for the socioeconomic development of the region and underpins its competitiveness. The role of small and medium-sized enterprises (SMEs) is particularly important considering that they represent 99% of all enterprises and are accounting for between 50% and 80% of total employment in the Western Balkans. The Western Balkans private sector will play significant role in mobilising investments, creating jobs, contributing to the

¹⁰ <https://wbif.eu/sectors/connectivity-agenda>

¹¹ SWD(2018) 360 final COMMISSION STAFF WORKING DOCUMENT Measures in support of a Digital Agenda for the Western Balkans

¹² SUSTAINABLE AND SMART MOBILITY STRATEGY, incl. an Action Plan of 82 initiatives guides the EU green and digital transport system transformation and its future resilient to crises., Brussels, 9.12.2020

regional integration, the digital and green transition. The Green Agenda includes a private sector dimension, aimed at boosting private companies active in the green and circular economy and moving all sectors of the economy towards sustainability. The combination of grants and loans (blended finance), the development of innovative financial instruments and the provision of targeted technical assistance for entrepreneurial capacity and business-friendly ecosystem proved to be an efficient tool.

The **Western Balkans Enterprise Development and Innovation Facility (WB EDIF)** will continue to support the local business and ecosystem to become innovative and competitive. The platform will provide more targeted access to finance and capacity building for the companies and the local institutions in the region as to better contribute to the EU priorities related to innovation, green growth, youth employment and digitalisation. Since 2012 the platform mobilised ca. EUR 1 billion to support the Western Balkans private sector. In cooperation with IFIs and bilateral donors under the steer of WBIF the platform will further enhance its financial leverage and policy relevance to boost the local capacity for competitiveness and innovation.

Western Balkans Guarantee Facility (European Fund for Sustainable Development Plus – EFSD+) supports public and private sector investment across the EIP priorities addressed under EU4 Green and Digital Transition, EU4 Green Growth and EU4 Competitiveness and Innovation. This will be achieved through EIB-dedicated investment windows (succession of the EIB External Lending Mandate), as well as by “Open-architecture” investment windows available to European and International Partner Financial Institutions (IFIs) pillar-assessed for Financial Instruments. In addition, the contribution to the Western Balkans Guarantee Facility will as well cater for the provisioning of the **EIB External Lending Mandate (ELM) legacy** portfolio whose investment period was extended to end 2021 in order to ensure continuity between ELM and EIB-dedicated guarantee cover under the EFSD+.

In addition to the above four components of the Action Document, support to the region is also be provided through the **Legacy Macro-Financial Assistance (MFA) to support Western Balkans economies in the context of the COVID-19 pandemic**. The MFA assistance is not part of this financing decision and Action Document¹³. Macro-financial assistance (MFA) is a form of financial aid extended by the EU to partner countries experiencing a balance of payments crisis. It takes the form of medium/long-term loans and grants and is only available to countries benefiting from a disbursing International Monetary Fund programme. MFA is exceptional in nature and is mobilised on a case-by-case basis to help countries dealing with serious balance-of-payments difficulties such as the one generated by the COVID-19 pandemic. On 22 April 2020, the Commission adopted a proposal for a EUR 3 billion macro-financial assistance (MFA) to ten neighbourhood and enlargement economies. This package included EUR 750 million dedicated to five Western Balkan economies (all but Serbia which did not turn to the EU and the IMF for financial assistance). MFA assistance is paid in two instalments: the first was disbursed after the Memorandum of Understanding (MoU) of the relevant partner entered into force, while the second instalment, which can only be disbursed three months after the first one at the earliest, is subject to the fulfilment of policy conditions. All Western Balkan beneficiaries have received the first MFA instalment and four of them have also received the second tranche after fulfilling the policy conditions. Some provisioning is still needed to cover for the second instalment in Bosnia and Herzegovina.

Through the above four components the EU will contribute to creation of the Common Regional Market (CRM) in the Western Balkans. The EIP makes clear that through the significant support provided to connectivity investments increasing regional economic cooperation and trade, the Western Balkans will be brought closer to the EU’s Single Market. The establishment of the Common Regional Market is part of the EIP for the Western Balkans, aimed at paving the way to a deeper economic integration with the EU market.

An ex-ante assessment for the financial instruments under EU4 Green Growth and EU4 Competitiveness and Innovation as well as for the Western Balkans Guarantee Facility (European Fund for Sustainable

¹³ The MFA is implemented by Directorate General for Economic and Financial Affairs (DG ECFIN) and the Commission Implementing Decision for MFA legacy 2021 was approved on 24.09.2021 with reference C(2021) 6786 final and *amending the Commission Decision C(2021) 1361 on the financing of Directorate General for Economic and Financial Affairs’ activities and adoption of a corresponding annual work programme for 2021*.

Development Plus – EFSD+) is being finalised in compliance with the new Financial Regulation. It was conducted in close cooperation and dialogue with stakeholders of the WBIF, beneficiary economies, local private sector representatives and EU Delegations. The study assesses market conditions in the Western Balkans (notably Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) in relation to the EU policy context, regional context, and beneficiary economy-specific needs. It also identifies the status quo of investment needs and barriers, reviews existing instruments addressing those barriers and proposes potential new instruments to be deployed.

2.2. Problem analysis by areas of support

The COVID-19 pandemic is having massive disrupting effects on the economies of the Western Balkans, which were already lagging behind in terms of economic convergence with the EU. The region faces continued challenges from weak competitiveness, high unemployment and significant brain drain. Convergence efforts need to be stepped up through implementing structural reforms, overcoming structural weaknesses, strengthening innovation potential, and embarking on swift green and digital transition. Given the fact that public funds are scarce, there is a clear need to concentrate investments, as well as policy and regulatory efforts. By injecting substantial additional funds, this action shall boost progress on the flagships identified in the EIP.

The action is in line with previous WBIF support to the public and private sectors in the Western Balkans. Under IPA III, the WBIF is expected to continue to serve as a forum for exchanging analysis on investment needs as well as the framework for blending and guarantee operations, thus achieving significant leverage of the scarce public funds and crowding in private financing.

WBIF has proven to be an appropriate mechanism for bringing priority projects to maturity and making them "bankable". The platform increases the region's capacity to finance priority investments, in line with its European perspective, and enhances overall coordination of assistance. It also maximises the impact of grant financing by using it to leverage lending by financial institutions on priority strategic investments as identified by Western Balkan partners and part of the Economic and Investment Plan for Western Balkans.

Area of support # 1: EU4 Green and Digital Transition

In a context of sustained extensive investments needs, restricted domestic budgets and limited borrowing capacities, the identification, selection and prioritisation of strategic infrastructure projects is key to ensure that those projects most relevant for sustainable economic development, growth and central and regional stability are the first ones prepared to the highest standards and subsequently timely implemented.

The central and local authorities (including their public utilities) still often lack the knowledge, expertise and experience to properly prepare major key infrastructure projects ready for implementation, and taking into account more recent requirements in terms of climate-proofing of investments, for instance.

Environment and climate

Embarking on the implementation of Green Agenda for the Western Balkans will be instrumental in addressing the following five broad areas, which are also covered by the Green Deal inside the European Union: decarbonisation of energy and transport and climate resilience, depollution of air, water and soil, circular economy, farming and food production, and protecting biodiversity. Promotion of a circular economy, conservation of scarce resources, better recycling and re-use of waste products and building on ecosystems sustainability are preconditions for success. In addition to investing in sustainable transport and clean energy, as outlined in the specific priorities, the WBIF will also support investments in the environment sector.

Sustainable and clean energy

Transition to sustainable and clean energy is key, as well as a continuous increase in better energy efficiency, in view of reducing both carbon dioxide emissions and air pollution. The shift to renewable sources of energy production is fundamental to achieve commitments under the Paris Agreement and the commitments of the region's leaders to climate neutrality by 2050, as outlined in the Sofia Declaration on

the Green Agenda for the Western Balkans. For this region, which today is still heavily reliant on coal, an option for moving away from coal and other unsustainable energy carriers in the short to medium term could be a switch to modern, low emission gas infrastructure as a transition fuel complementing developments on the introduction of renewable energy, and as part of a clear commitment to phasing out coal and a credible roadmap to climate neutrality. This path can offer the region a widely available, secure and affordable source of energy that will keep it competitive on an international scale, while significantly improving air quality and lowering emissions. Such approach will be complemented by increasing interconnection between beneficiaries and support to the development of renewable energy sources and energy efficiency. Investing in the clean energy transition is a critical pillar of the Green Agenda for Western Balkans, a transition from less sustainable energy sources, to more solar and wind energy production, coupled with energy efficiency is necessary.

Digital connectivity

Digitalisation represents an opportunity for the economies and societies in the region, with digital solutions contributing to a sustainable, climate-neutral and resource-efficient economy, and better governance and public services to the citizens. The significant gap of broadband coverage between rural and urban areas, as well as between income levels, is particularly challenging in the Western Balkans region. Few households have access to Internet connection speeds above 10 Mbit/s, and investments are needed across the region to catch-up and reach the EU's 2025 targets, and to increase regional competitiveness. Related investments must ensure that the developments of broadband infrastructure are future-proof and focused on the most pressing needs and challenges. They should target the overall internet penetration rate, rural-urban divide, low broadband speeds, and the digital connectivity of education, healthcare, municipal and government institutions.

Area of support #2: EU4 Green Growth

The European Green Deal¹⁴ main objective is to turn environmental and climate challenges into opportunities and making the transition just and inclusive for all, by decoupling growth from emissions and pollution as well as shift to a resilient, carbon neutral and circular economy. The Economic and Investment Plan for Western Balkans identifies policy and investment priorities to make effective the region green transition, notably, identifying by identifying the renovation wave and competitiveness investments flagship.

WBIF supports already a number of initiatives linked to the Green Agenda. This includes the Regional Energy Efficiency Programme (REEP) and the Green for Growth Fund (GGF). EU Contributions of EUR 60M and EUR 76M respectively have been used to leverage additional public and private resources to support energy efficiency and renewable energy projects in public buildings, private dwellings, and SMEs.

Still more need to be done in the region to achieve a sustainable and effective green transition of the economy. by focusing on: i) decarbonisation of heating and cooling; ii) energy poverty in worst-performing buildings (including residential buildings); and iii) renovation of public buildings such as schools, hospitals, and administrative buildings.

In line with the European Green Deal, and with the Economic and Investment Plan for Western Balkans, to trigger a long-lasting greening of the economy, EU standards have to be fulfilled and reforms put in place by the beneficiary economies, including in collaboration with the Energy Community Secretariat.

Area of support #3: EU4 Competitiveness and Innovation

The Western Balkans still need to undertake important efforts to meet the key economic requirements for EU membership: to ensure functioning market economies and demonstrate the capacity to cope with the competitive pressure while aligning with the EU legal framework. Although key factors for growth, there are shortcomings related to the competitiveness of the private sector and its innovation potential. The COVID-19 pandemic has further exacerbated those problems. More than before, there is also need to facilitate the identification, development and promotion of innovative entrepreneurial ideas and provide

¹⁴ COM(2019) 640 final

support to micro, small and medium sized enterprises in urban and rural areas in order to improve their adjustment capacity. This requires, in particular, increased investments in micro, small and medium sized enterprises' ability to modernise, innovate, scale-up and grow. It also offers options to enhance their competitiveness by the adoption of green and circular business practices, including resource efficiency and cleaner production, and promote eco-innovation, including addressing specific sectors and the contribution to the global value-chain. A possible way forward is to widen the access to finance tools available for the private sector, including through piloting financial diversification.

As response to the COVID-19 economic crisis, support to the vulnerable groups, social entrepreneurship, social innovation and financing diversification are also important to support the region competitiveness and green and digital transition of all economic actors. A good combination with tailor-made capacity support would include transfer of knowledge and information to reinforce open, innovative, green and circular business friendly ecosystems in the region. Building on its partnerships with key stakeholders (e.g. IFIs, regional organisations, business support organisations, microfinance intermediaries) the EU can play crucial role in mobilising investments and expertise for the private sector in the region, including in support of more economically vulnerable actors and facilitating finance diversification, especially via its dedicated thematic platforms or facilities, including the WB EDIF with whom the cooperation has been ongoing for several years.

Area of support #4 Western Balkans Guarantee Facility

To deliver on the EIP for the Western Balkans, which also includes the Innovation Agenda, the Green Agenda and the CRM in a context of sustained extensive investments needs, the Western Balkans Guarantee Facility will be mobilised to boost the investment capacity of the region, by crowding-in public and private investments to leverage additional funds across the priorities addressed under EU4 Green and Digital Transition, EU4 Green Growth, EU4 Competitiveness and Innovation and, under the Sustainable Transport Connectivity action.

2.3. Relevance and complementarity with strategies supported by key national stakeholders

EIP flagship investments have been identified in collaboration with the Western Balkans partners. Western Balkan economies are part of the WBIF governance structure and are closely involved in the preparation and appraisal of investments proposals. In addition, EU Delegations and relevant Commission Services take part in the screening of applications for EU co-financing to ensure alignment with relevant strategies and programmes. Moreover, EU Delegations also play a crucial role in monitoring the implementation of EU supported investments.

2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

The action will be implemented in line with the priorities identified in the EIP, which in addition includes reference to:

- the Staff Working Document setting out a Green Agenda for the Western Balkans, based on the European Green Deal and covering decarbonisation, depollution of air, water and soil, circular economy, sustainable food systems and rural areas, and protecting biodiversity;
- the Agenda for the Western Balkans on Innovation, Research, Education, Culture, Youth and Sport ("Innovation Agenda for the Western Balkans")¹⁵, a long-term strategy for cooperation with the Western Balkans around enhancing aspects of human capital development; encouraging brain circulation; fostering regional cooperation, supporting association to EU programmes, and

¹⁵ Joint Declaration "A Western Balkans Agenda on Innovation, Research, Education, Culture, Youth and Sport"

supporting the development of an innovation ecosystem, and the transition to a knowledge-based economy;

- the Western Balkans Common Regional Market, as a stepping-stone to integrate the region within itself and closer to the EU Single Market under the Accession perspective.

The action will also build on the EU's digital strategy¹⁶, as the guiding principle for a human-centric digital transformation of their economies and societies.

The action addresses the EU Enlargement Strategy objectives, as it improves competitiveness of micro, small and medium enterprises, as well as the overall business and investment environment and encourages regional approaches to boost job creation, halter brain drain, target vulnerable segments of the population and improve competitiveness. The objective of the action is furthermore to improve the entrepreneurial capacity, the investment readiness, and the competitiveness of the Western Balkan entrepreneurs, with focus on start-ups and regional business expansion, social enterprises as well as on rural development and agriculture. Therefore, it contributes directly to Flagship 9 of the Economic and Investment Plan "Investing in the competitiveness of the private sector" and indirectly, by supporting regional approaches, regional collaboration, and exchange of good practices, the action also contributes to the objectives of the strategy linked to reconciliation and good neighbourly relations, as well as the creation of regional market. The action is also aligned with the priorities defined in the respective Economic Reform Programmes, and more concretely when it comes to creation of an SME-friendly business environment, promotion of an entrepreneurial culture and the raise of the competitiveness of SMEs in the regional market.

The action is also in line with and complementary to the EU macro-regional strategies, such as the EU Strategy for the Danube Region (EUSDR) and the EU Strategy for the Adriatic-Ionian Region (EUSAIR) which both identify better connections within the Western Balkans and between this region and neighbouring Member States as key priorities.¹⁷

When implementing the action, the Commission will ensure complementarity with existing and future instruments and EU funds by closely coordinating the activities with relevant stakeholders including regional actors (e.g. Transport Community, Energy Community, Chambers of Commerce, Regional Cooperation Council), the Western Balkans IPA III Beneficiary Economies, IFIs and other relevant WBIF partners.

2.5. Lessons learned and links with previous financial assistance

The action is in line with previous financing provided under the WBIF umbrella. This includes:

- WBIF financing of infrastructure projects in the Western Balkans, namely under the Connectivity Agenda including technical assistance (preparatory studies), further expanded since 2015 to co-financing of investments (construction).
- WB EDIF financing the competitiveness of the local private sector which started in 2011. With more than EUR 200 million of EU contribution provided, WB EDIF has helped leveraging more than EUR 1 billion for SME competitiveness in the Western Balkans.
- Successive EU contributions into the multi-donor Green for Growth Fund (GGF) since 2009, and into the multi-donor Regional Energy Efficiency Programme (REEP) since 2013.

WBIF continues to serve as a forum for exchanging analysis on investment needs as well as a framework for blended operations, thus achieving significant leverage of the scarce public funds into infrastructure and private sector development. It is confirmed as the appropriate mechanism to link beneficiary strategies to

¹⁶ COMMUNICATION on Shaping Europe's digital future COM/2020/67 final

¹⁷ REGULATION (EU) 2021/1059 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments

regional and macro-regional strategies and to provide technical assistance and financing support to projects in order to bring them to maturity and to make them "bankable".

Moving ahead with the Connectivity Agenda, different mechanisms have been put in place during 2020 to mitigate the risk of delays and to address issues hindering smooth advancement of project implementation.

In order to identify potential root causes of delays in implementation of projects that have received financing under the Connectivity Agenda, both internal reviews and external assessments were conducted. Findings regarding the causes of delay include:

- Delays in procurement are mainly caused by longer than expected administrative procedures, tendering, contracting, and when the outcome of a procurement procedure is legally challenged;
- Lack of project maturity occurs when the scope of a technical assistance assignment or the project definition for an investment grant, are not sufficiently stable leading to subsequent changes of scope/design, or when a project still requires substantial preparation before starting construction;
- Changes of investment priorities and lack of political support for the project.

Large project infrastructures need strategic long-term planning and budgeting, thus mitigating risks of project immaturity and delays in implementation. This leads to higher certainty, which is crucial for the successful involvement of both WBIF international financial institutions and bilateral donors.

In this context, the proposed multiannuality of this Action has the advantage to:

- offer continuity and higher certainty, opening up the possibility to plan for longer-term investments (in particular allowing committing to larger sections of transport corridors rather than approval of small stretches);
- allow for more projects to start at an early stage with grant disbursement taking place in tranches over the duration of the decision, in line with spending requirements;
- allow to front load a higher number of mature flagship investments.

The forthcoming Western Balkans Guarantee Facility is a new feature of the WBIF. However, it builds on previous experiences such as implementation of past and ongoing guarantee schemes, blending and equity operations under WB EDIF, the External Lending Mandate of the EIB, sectoral EU guarantees (i.e. COSME, InnovFin and EaSI), the Western Balkans Guarantee pilot and the European Fund for Sustainable Development (EFSD). The new Western Balkans Guarantee Facility will be framed within the WBIF structures, allowing to consult WBIF stakeholders and governance structures, to ensure ownership of beneficiaries and the strategic prioritisation of investments. The grant component dedicated to Technical Assistance (TA) will help the implementation of the guarantee by enhancing additionality where needed. Blending a grant component inside the guarantee shall support the achievement of more ambitious goals of the financial instruments in terms of targeted groups, innovativeness of the services provided and achieving higher policy objectives. In this particular case, the TA, blended with the guarantee (and not as a stand-alone TA) is instrumental to roll out the guarantees and could be used at different levels as follows; i) assist guarantee beneficiaries (e.g. local financial intermediaries) design and/or adapt their products to ensure a more tailored-made service; ii) help guarantee final beneficiaries (e.g. SMEs, entrepreneurs) strengthen viable projects through the provision (usually by the IFIs) of business development services that will make them creditworthy; iii) fast-track reforms or support institutional capacity necessary to unlock private investment and thus maximise the leverage and impact of the guarantee.

3. DESCRIPTION OF THE ACTION

3.1. Planned results and intervention logic

Area of support #1 EU4 Green and Digital Transition

The **Green Agenda** for the Western Balkans is a new growth strategy for the region. It aims at adapting to the region the initiatives of the European Green Deal in a proportionate manner taking into account the realities on the ground and the needs of the region. In addition to support for clean energy transition, focus will be put on the environmental pillars of the GAWB, amongst others, on water and wastewater, air pollution and chemicals, solid waste, river basin management, flood protection, biodiversity protection including through green infrastructures and new potential sub-sectors in line with future Green Agenda priorities.

In the field of clean **energy**, more emphasis will be put on **energy security, energy transition**, including work on smart grids, energy efficiency, modernisation of district heating. The increased use of diversified energy sources and the prioritisation of renewable energy sources should facilitate the energy transition to renewable sources (including in some cases the use of gas in a transition phase, as part of clear and well-defined roadmaps towards climate neutrality) and energy efficiency.

In the digital sector, work on the **Digital Agenda for the Western Balkans**, assisted by the Regional Cooperation Council and in line with the CRM will be intensified. Support for investments in **digital infrastructure** will increase aiming at deploying ultra-fast broadband, creating secure, energy-efficient and trustworthy data centres, edge and cloud infrastructures, as well as linking to EU initiatives on high performance (so-called super) computers, digital incubators and innovation hubs. Digital technologies solutions can also fight the effects of climate change, including with better utilisation of data and resources, use of AI tools and state-of-the-art sensors, gathering and analysing information for a better understanding of the challenges (including regarding energy efficiencies, sustainable mobility and logistics solutions, smart grids, trust and security in digital environment or for businesses digital solutions for circular business models).

The decision on future investment grant projects should also respect the EU EIA and SEA legislation. The EU Green infrastructure strategy, the EU biodiversity strategy and EU best practices and recommendations should also be taken into account for the investment decisions, and the ‘Do No Significant Harm’ principle. Once finalised, the Guidelines on the Climate Proofing of Infrastructure should also be taken into account, as appropriate and relevant for the region.

Area of support #2 EU4 Green for Growth

The WBIF directly or through contributions to new or existing multi-donor platforms such as REEP and GGF will contribute to the implementation of the **Green Agenda for the Western Balkans** focusing its efforts in increasing the energy efficiency of buildings and businesses. WBIF will support the expansion of the “**EU Renovation Wave**” to the Western Balkans. The Area of support #2 EU4 Green for Growth will prioritise investments in three areas: i) decarbonisation of heating and cooling; ii) energy poverty in worst-performing buildings; and iii) renovation of public buildings such as schools, hospitals and administrative buildings.

Area of support #3 EU4 Competitiveness and Innovation

Under the WBIF umbrella, WB EDIF is the main EU-led platform for private sector development in the Western Balkans, where IFIs active in the region, bilateral donors and investment/finance institutions of the Western Balkans are joining forces (including organisations such as the OECD, the Regional Cooperation Council and the Western Balkans Chamber Investment Forum). Contributions through the WB EDIF shall contribute to increase investments into the **competitiveness of the private sector as per Flagship 9 of the Economic and Investment Plan for the Western Balkans**. Investing in the competitiveness of the private sector entails ensuring the availability and reliability of affordable and diversified access to finance for businesses, including start-ups and Micro, Small and Medium-sized Enterprises (MSMEs), which shall

support them to grow and expand. A robust private sector is essential for creating jobs and strengthening socio-economic development and regional integration.

The EU4 Competitiveness and Innovation area of support will prioritise investments in five areas: i) green energy and environment; ii) financial inclusion (including microfinance and social entrepreneurship); iii) digital and innovation; iv) trade and value-chains and; v) financial diversification.

A part of the support under EU4 Competitiveness and Innovation will also be dedicated to provide the Technical Assistance component of the Western Balkans Guarantee Facility. This will help ensure more ambitious goals of the financial instruments in terms of targeted groups, innovativeness of the services provided and achieving higher policy objectives.

Area of support #4 Western Balkans Guarantee Facility

The Western Balkans Guarantee Facility will be mobilised to boost the investment capacity of the region, by crowding-in public and private investments to leverage additional funds across the priorities addressed under EU4 Green and Digital Transition, EU4 Green Growth, EU4 Competitiveness and Innovation, and under the Sustainable Transport Connectivity action, including the mobilisation of private funds to tackle well identified challenges (including social challenges and impact investment). This will be done through the EIB dedicated investment windows (succession of the External Lending Mandate Guarantee) and the “Open-architecture” investment windows, open to European and International Partner Financial Institutions (IFIs) pillar-assessed for Financial Instruments as further developed in the following section. In addition, the contribution to the Western Balkans Guarantee Facility will as well cater for the **EIB External Lending Mandate (ELM) legacy** portfolio whose investment period was extended to end 2021 in order to ensure continuity between ELM and EIB-dedicated guarantee cover under the EFSD+.

3.2. Indicative type of activities

Area of support #1 EU4 Green and Digital transition

The EU contribution provided under this component will finance both project preparation (feasibility studies, designs, environmental and social impact assessments, climate proofing, etc) and investment grants as blending component. In addition to project preparation, technical assistance might be provided to support capacity building, the preparation of studies and the implementation of the projects.

The main activity will consist in the **construction of infrastructure supported by investment grants through projects in clean energy, environment, transport, digital and social infrastructure sectors** via grant-loan arrangements between the European Commission and the IFIs involved in the WBIF and in line with the list of flagship projects included in the EIP. These will be accompanying and linked to the implementation of the connectivity reform measures and other policy objectives related to the green and digital transformation of the region. The investment support will be channelled through the European Western Balkans Joint Fund blending platform. Eligible projects will have to show their alignment to sector strategic plans that have been subject to Strategic Environmental Assessments. Projects should be screened for their environment and climate risk and a decision made on the need for environmental and social impact assessments, appropriate assessment under the Birds and Habitats Directives, as well as climate risk assessments, in accordance with the environment and social safeguards of the lead financial institution and respecting the minimum EU requirements.

The additional technical assistance will be provided through different arrangements;

1. Technical Assistance for infrastructure investment projects preparation through Infrastructure Project Facilities (IPFs) or through the European Western Balkans Joint Fund
2. Technical Assistance to Connectivity in the Western Balkans (CONNECTA)
3. Joint Assistance to Support Projects in European Regions (JASPERS)

Area of support #2 EU4 Green for Growth

The EU will provide, through WBIF investments or contributions to new or existing multi-donor platforms such as REEP, TA grants and blended grants to support the implementation of refurbishing of public buildings, energy efficiency in residential sectors and in the private sector, policy support and policy reforms.

The EU can also provide through multi-donor platforms such as GGF additional financing in the form of C-share (1st loss piece) equity contributions into the fund for investments in energy efficiency and renewable energy to SMEs, households and municipal entities via local financial institutions on a revolving basis.

Area of support #3 EU4 Competitiveness and Innovation

The EU support through WB EDIF, in the form of technical assistance, studies, investment grants and financial instruments risk sharing mechanisms, will address financial gap of innovative companies, start-ups and micro, small and medium enterprises in strategic sectors aligned to the Smart Specialisation strategies priorities, as long as the priorities of the EIP, and including tourism, ICT, agri-food, global value-chain/trade. Particular attention will be paid in the selection to innovation and green growth, labour market inclusion, social entrepreneurship, impact finance, trade development, financing diversification. The COVID-19 crisis has shown, there is a need to support transition towards digitalisation (including digital services and digital infrastructures) in line with the policy objectives of Europe's Digital Decade for 2030¹⁸.

WB EDIF may attract private funds, including through impact investment (social, governance, environment), in partnership with International Financial Institutions (IFIs) and bilateral donors. The support will be provided in a way to ensure complementarity with ongoing and planned assistance at central level.

Finally, support in the form of Technical Assistance grants for the Western Balkans Guarantee Facility can be provided to:

- Assist guarantee beneficiaries (e.g. local financial intermediaries) design and/or adapt their products;
- Help final beneficiaries (e.g. micro, small and medium enterprises, entrepreneurs) to strengthen viable projects through the provision of business development services;
- Fast-track reforms or support capacity building and create adequate business climate, necessary to unlock private investment and pilot financing diversification.

Area of support #4 Western Balkans Guarantee Facility (WBGF)

The WBGF has the following windows:

1. EIB dedicated investment windows (succession of the External Lending Mandate Guarantee) through which the EU shall provide guarantees for EIB financing operations:
 - with central governments or public entities financially dependent on them (“sovereign and non-commercial sub-sovereign”)¹⁹
 - with sub-sovereign entities that do not need sovereign guarantees (“commercial sub-sovereign”)²⁰
 - for local private sector development (e.g. SME portfolios)²¹
2. “Open-architecture” investment windows, open to European and International Partner Financial Institutions (IFIs) pillar-assessed for Financial Instruments that shall provide financing:

¹⁸ COM(2021)118 final 2030 Digital Compass: the European Way for the Digital Decade

¹⁹ Definition set out in Article 2(11) of the NDICI – Global Europe Regulation: “‘operation with sovereign counterparts and non-commercial sub-sovereign counterparts’ means any operation where the counterpart is either directly a State or a public entity fully backed by an explicit guarantee of the State because it does not have the legal capacity or the financial autonomy or ability to benefit from necessary direct financing.”

²⁰ Definition set out in Article 2(12) of the NDICI – Global Europe Regulation: “‘operation with commercial sub-sovereign counterparts’ means any operation where the counterpart is a public entity which is not backed by an explicit guarantee of a State and that is financially able to borrow at its own risk and has the legal capacity to do so.”

²¹ In the sense of Article 36(2)(b) of the NDICI – Global Europe Regulation: EU guarantee cover for EIB “operations for the promotion of foreign direct investment, trade and the internationalisation of partner countries’ economies, providing a political risk cover for private sector operations.”

- to sub-sovereign entities that do not need sovereign guarantees (“commercial sub-sovereign”)
- for local private sector development (e.g. SME portfolios)

TA can be instrumental part for implementing the guarantees and could be used when necessary.

3.3. Risks and assumptions

Main risks related to the implementation of WBIF action include i) the identification and implementation of necessary institutional and regulatory reform measures; ii) maturity of the projects and iii) implementation time. To mitigate these risks reform policy dialogues and monitoring mechanisms already in place will be reinforced and continued.

Assumptions related to the implementation of the action include:

- the beneficiaries will remain politically committed;
- local ownership of the action outputs;
- financial sustainability through and efficient operation and maintenance of the infrastructures;
- governments' commitment towards the European perspective;
- sufficient administrative capacity of beneficiaries;
- sufficient fiscal space and absorption capacities.

Systemic risks would include:

Risks	Risk level (H/M/L)	Mitigating measures
Economic risk: macroeconomic instability as well as the impact of increasing interest rates and reliance of increased sovereign lending on banks, as well as a deterioration of balance sheets in the wake of the COVID-19 crisis in the beneficiaries could negatively affect the banking sector and depress lending activity. Reduced willingness of the companies and investors to pursue risky investment projects, and deterioration of balance sheets. If economic crisis occurs once the funds have invested most of their capital, the performance of the underlying investments may deteriorate. An economic crisis as the one that could be produced by the COVID-19 pandemic can potentially reduce private sector investments hence having an adverse effect on the action in terms of final beneficiaries reached and leverage achieved.	M	Participating Financial Institutions (PFIs) will be carefully selected using IFI's standard selection criteria for integrity and business conduct, financial stability, capacity and appetite for investment / lending. These factors will be monitored carefully throughout implementation to raise and address pertinent issues and developments. Shareholders will actively supervise the performance of the investments.
Financial risk: is the possibility of losing money on an investment or business venture. Some more common and distinct financial risks include credit risk, liquidity risk, and operational risk. Financial risk is a type of danger that can result in the loss of capital to interested parties.	M	This will be properly managed by a combination of factors. First, the implementing partner expertise in portfolio construction together with the alignment of interests with the Commission through “skin in the game” will ensure a proper management of the financial risk; second, an acceptable risk target for the instrument will be estimated and contractually established with the implementing partner; finally, technical assistance will provide support to intermediaries in the ground and final beneficiaries to ensure proper risk assessment and management. Implementation of budgetary guarantees shall follow

		the EFSD+ Risk Policy Guidelines and shall be overseen by Commission services in the context of the overall management of contingent liabilities.
Product risk: Some of the new instruments under the Action will be new to both the market and the PFIs, which may lead to delay in the roll-out, a small number of PFIs and low lending volumes, at the early stage especially	L	A comprehensive TA support and an efficient consultant deployment will further minimise the risk of slow roll-out and improper implementation.
Implementation Change in management/ ownership, and/or lack of management response in benefiting SMEs. Lack of engagement and ownership (participation, commitment, and consensus must be secured)	L	Rigorous selection of beneficiaries and oversight of consultant selection. Working with different implementing partners will also reduce the implementation risk should one of the partner financial institutions fail to properly implement their activities. Grants are not paid until the consultants' final reports have been fully accepted. Cancel or reallocate activities/projects if necessary. Solid relations already built.
Fiscal space; absorption capacities Impact of the projects on public debt levels, limited availability of budgetary funds and borrowing capacity for the projects	L	The projects should be linked to budgetary programmes to demonstrate their sustainability, public debt and recent trajectory and expected medium term trajectory should be described in project proposals. Impact on the sovereign or sub-sovereign loan/guarantee attached to the project on debt sustainability
Environment and climate risks: assessment of the adequacy of the environmental and social safeguards of the implementing partners not sufficient. This can lead to inadequate attention to environmental, climate and social risks	L	The applicable environmental and social safeguards for investment projects will be assessed, and stricter requirements in line with EU requirements will be introduced in case needed. Active involvement in the monitoring on environment and climate change aspects of the investment portfolio.
Assumptions (to be reflected in the Logical Framework Matrix above) – grouped by outputs and outcomes		

3.4. Mainstreaming

How does this Action contribute to Gender Equality and Women's and Girls' Empowerment (in line with the EU gender equality strategy 2020-2025)?

How does this Action address Environment and Climate change?

Implementing partner financial institutions and eligible local financial institutions will ensure that all projects financed with EU resources respect European Union principles and commitments in terms of environmental and social impact (e.g. gender issues, equal opportunities, minorities and vulnerable groups, etc.), climate action (zero-emissions or low carbon development, climate proofing), as well as public procurement, state aid, trade policy, equal opportunities and will also respect the principles of sound financial management with effective and proportionate anti-fraud measures as well as gender equality, good governance and human rights.

Climate change and environment

Synergies between the Action and EU funded ((Multi-) Annual Action programmes and Multi-country) climate change capacity building programmes and, where applicable, policy reform instruments including sector budget support should be strengthened. Technical assistance as well as capacity building programmes should facilitate the identification and formulation of climate relevant projects at beneficiary and/or regional level, and support local and regional climate policies. This will strengthen the already ongoing processes of pipeline development and securing local ownership.

Environment, climate change and disaster resilience are assessed as part of the Environmental Impact Assessments (EIA). These requirements are applied to the implementing partner financial institutions in charge for the implementation of the projects. Partner financial institutions shall take into consideration the applicable environmental and social standards and monitoring mechanisms, as well as the environmental and climate risk categories for each project. Infrastructure projects shall be aligned with sector strategic planning, including, when relevant the Paris climate agreement.

Energy efficiency and renewable energy projects specifically target environmental and climate change and specific indicators such as amount of greenhouse gas emission reduced/avoided, and MWh of yearly energy savings will be monitored. Investment proposals should be aligned with the GAWB and EU environmental acquis to benefit from the EU instrument.

With regards to micro, small and medium enterprises support, including agri-businesses, special consideration will be given to upgrading of farm and primary products processing practices including short supply chain, resource-efficiency, energy-efficiency processes limiting the effects of climate change and adapting farming to climate change effects, low-emissions/low-carbon initiatives, and sustainable and climate-smart agricultural practices (e.g. addressing deforestation, biodiversity loss, soil erosion, air pollution, water contamination).

Gender equality

This action will look into possibilities of exploring how interventions can be responsive to the needs of both women and men. This is particularly important in Western Balkans, where women still face additional barriers compared to men while trying to enter the labour market. For that reason, support to women-led SME initiatives as a specific target group will be pursued as an activity under the EU4 Competitiveness and Innovation component.

Implementing partners have to take into account the EU's Action Plan on Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III), which aims to accelerate progress on empowering women and girls, and safeguard gains made on gender equality during the 25 years since the adoption of the Beijing Declaration and its Platform for Action. In addition, several of the financial institutions submitting projects and programmes have gender inclusion action plan and indicators in place to measure and report the impact of the investments under the gender perspective

Consultation with civil society organisations, including beneficiary agencies and NGOs, community-based organisations, and women's groups would be carried out when possible, to ensure a balanced impact on both women and men on the investments.

How does this Action address the Rights Based Approach? How does this Action promote the systematic engagement with Civil Society? Others (such as Resilience and Conflict Sensitivity, Roma, people with disabilities and other vulnerable groups)

The action will ensure that equal opportunities are given to women, men, people with disabilities, minority groups etc. Participants and experts should have an appropriate gender balance given the specific competences and expertise needed in the action. With regards to micro, small and medium enterprises portfolios, increasing access to finance to women-led initiatives and other economically vulnerable groups will be targeted. For infrastructure projects in areas such as transport, energy and agricultural sector, which are male-dominated sectors, women and other economic vulnerable groups, including Roma, participation will be encouraged.

Consultation with civil society organisations, including beneficiary agencies and NGOs, community-based organisations, and women's groups would be carried out when possible, to ensure a balanced impact on both women and men on the investments.

3.5. Conditions for implementation

The main condition that has to be in place for an effective and timely implementation of the action that the proposed investments and programmes are priority in the region. There is therefore a need of building consensus among main stakeholders to be achieved through close collaboration among International Financial Institutions, representatives from the beneficiary economies, bilateral donors, regional organisations, service providers, and other relevant stakeholders in the public and private sphere such as business organisations.

For an effective and timely implementation of the action, both the regional stability and the quality of projects is essential. A key condition to attract and leverage investment is a stable or improving macroeconomic and market environment in the Western Balkan economies. Stable political and security climate, as well as legal certainties on the regional level in general and on the beneficiary level are also fundamental to secure investments.

It is also crucial that project proposals submitted by implementing partner financial institutions are of sufficient quality and volume, provide sufficient added-value and are mature enough to be implemented. In addition, local counterparts and beneficiaries need to be the owners of projects prepared by the eligible implementing partners. The TA elements, if delivered effectively and according to the needs of the instrument and the implementing partners, will cater for ensuring a strong pipeline of projects while creating awareness of the action.

It should also be added that in parallel with the action the WBIF partners interact locally with policy-makers and larger business community, participate in different consultative process as to share legal and economic expertise on laws, regulations, and strategies. This "beneficiary-based" engagement complements and strengthens the financing and advisory activities under this action. There are significant opportunities to combine activities across beneficiaries to deliver mutually reinforcing, integrated programmes that maximises value for money.

3.6. Logical Framework for PROJECT MODALITY

Results	Results chain: Main expected results	Indicators	Baselines (year)	Targets (year)	Sources of data common to all indicators	Assumptions
Impact	To contribute to the long-term recovery of the Western Balkans - backed by a green and digital transition - leading to sustained and sustainable economic growth.	GDP growth rate Value of trade in goods and services (EUR million) N. of SMEs supported through WBIF Human development index			European Commission Reports, National Statistic Institutes, Central Banks reports, Government budget reports Public Finance statistics Eurostat.	<i>Not applicable</i>
Objective 1 EU4 Green and Digital transition						
Outcome 1	Promoted smart, sustainable, inclusive, safe and green transport and removed bottlenecks in key transport infrastructures and support the implementation of the relevant elements of the GAWB;	Total length of the indicative extension of the TEN-T rail and road core network to the Western Balkans supported by the EU through a) new construction and b) rehabilitation.			Transport Community Permanent Secretariat reports. monitoring. EU Delegation bilateral contacts	
Outcome 2	Accelerated shift towards a low-carbon economy, promotion of clean energy transition and a European integrated energy market, thus supporting the implementation of the GAWB;	Implementation of Projects of Energy Community Interest (PECI) and Projects of Mutual Interest (PMIs) in the Western Balkans.			Energy Community reports.	
Outcome 3	Accelerated digital transformation in the Western Balkans	Broadband coverage in the Western Balkans			Dedicated studies on the coverage of broadband in	

					Western Balkans (OECD and WBG) and EUROSTAT (Households with broadband access)	
Objective 2 EU4 Green for Growth						
Outcome 1	<p>Reduced financial, technical and institutional barriers to energy efficiency investments.</p> <p>Raised awareness and capacity of beneficiaries.</p> <p>Increased support to energy efficiency supply chains (such as building materials, heating and cooling appliances, lighting), acting as 'market-makers' in this sector.</p>	<p>REEP key performance indicators:</p> <ol style="list-style-type: none"> 1. Refurbishment rate (sq.m² of retrofitting buildings) 2. CO₂ emissions savings (CO₂/yr) 3. Energy savings (MWh/yr) <p>GGF key performance indicators:</p> <ol style="list-style-type: none"> 1. Expected CO₂ emissions savings (CO₂/yr) <p>Amount of renewable energy generated through investments</p>			<p>Standardized Structure And Energy Audits (SEA)</p> <p>Energy Monitoring Systems</p>	
Outcome2	An effective energy efficiency and renewable energy policy in the residential and non-residential building sector and in the SME sector implemented in the Western Balkans, following the requirements of the EU legislation.	Policy products adopted or formally accepted			EBRD, KfW reports; other financial institutions dedicated reports; energy community reports.	
Objective 3 EU4 Competitiveness and Innovation						
Outcome 1	Increased investments for micro, small and medium-size, innovative enterprises and through PLIs, financial intermediaries, accelerators, venture and equity vehicles and other financing platforms/vehicles	<ol style="list-style-type: none"> 1. Number of beneficiaries, disaggregated by gender and age (15-30 years). 2. Amount invested in support of SMEs within the Western Balkans (EUR million) disaggregated by green investments. 3. Number of enterprises supported, when possible, include the typology 			Reports from WB EDIF, financial instruments trustees, chamber of commerce, other dedicated reports, including from DG GROW.	

		<p>of enterprises</p> <p>4. Number of jobs created</p> <p>5. Percentage of Micro Small and Medium-sized Enterprises (MSMEs) who introduced at least one innovation product or process to their market.</p>				
Outcome 2	<p>Increased competitiveness of SMEs in the Western Balkans (business skills, standards and business sophistication) to unlock their growth potential and contribution to the economy</p>	<p>1. Number of beneficiaries, disaggregated by gender and age (15-30 years).</p> <p>2. Amount invested in support of SMEs within the Western Balkans (EUR million) disaggregated by green investments</p> <p>3. Number of enterprises supported, when possible, include the typology of enterprises</p> <p>4. Number of jobs created</p> <p>5. Number of MSMEs reporting the adoption of SCP practices</p> <p>.</p>			<p>Reports from WB EDIF, financial instruments trustees, chamber of commerce, other dedicated reports, including from DG GROW.</p>	
Objective 4 Guarantee Facility EFSD+						
Outcome 1	<p>Increased access to and the availability of adequate, sustainable, affordable, and diversified financing across the WBIF action and areas of support, leveraging private and public investments.</p>	<p>Volume of private sector investment mobilised through the guarantee instrument in the approved project proposals. Leverage ratios as measured by:</p> <p>a) investment leverage ratio</p> <p>b) total FI financing leverage ratio</p> <p>c) private financing leverage ratio</p>				
Outputs	<p>The WBIF, as main vehicle for the implementation of the EIP for Western Balkans, aims at investing through the 4 areas of support and in the frame of the following flagship investments:</p>	<ul style="list-style-type: none"> - EIP Flagships implemented - Total length of the indicative extension of the TEN-T rail and road core network to the Western Balkans supported by 				

	<ul style="list-style-type: none"> - Flagship 1: Connecting East to West - Flagship 2: Connecting North to South - Flagship 3: Connecting the coastal region - Flagship 4: Renewable energy - Flagship 5: Transition from coal - Flagship 6: Renovation wave - Flagship 7: Waste and wastewater management - Flagship 8: Digital infrastructure - Flagship 9: Investing in the competitiveness of the private sector 	<p>the EU through a) new construction and b) rehabilitation. for Flagships 1, 2, 3, 5, 7 and 8</p> <ul style="list-style-type: none"> - Number of MSMEs supported for Flagship 9 - Amount of greenhouse gas emissions of public buildings induced, avoided, reduced or sequestered per year (CO2 tons/year) for Flagship 4 - Energy savings as a result of energy efficiency measures for Flagships 4 and 6 - 				
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude financing agreements with the targeted IPA III beneficiaries.

4.2. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²².

4.2.1. Direct Management (Procurement)

Procurement will contribute to achieve Objective 1 EU4 Green and Digital transition. (CONNECTA Area of support #1 EU4 Green and Digital transition)

Global budgetary envelope reserved for procurement: EUR 13 000 000.

4.2.2. Indirect management with entrusted entities (i.e. Member State Organisation, third donor country, EU specialised (traditional/regulatory) agency, international organisation)

For the period 2021-2023, the indicative amount reserved for indirect management (excluding operations covered by budgetary guarantees) is expected to be: EUR 925 530 000.

4.2.2.1. European Western Balkans Joint Fund (EWBJF), including Regional Energy Efficiency Programme (REEP)

Part of this action may be implemented in indirect management with the European Western Balkans Joint Fund (EWBJF) Managers (the EIB and the EBRD) through a Contribution Arrangement (signed between the Commission, the EBRD and the EIB, as Joint Fund Managers). The entrusted entities, EBRD and the EIB, will be the Managers of the Joint Fund. They will be responsible for the same tasks as already identified in the General Conditions of the Joint Fund, in particular:

- Managing IPA Funds through the Joint Fund;
- Disbursing funds from the Joint Fund to the lead IFIs;
- Channelling funds recovered from lead IFIs;
- Compiling reports on the Joint Fund;
- Collecting reports from lead IFIs and submitting these reports to Commission and WBIF stakeholders

In particular, the entrusted entities shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA III activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

²² Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

This implementation entails supporting the implementation of the projects financed through the EWBJF and this implementation modality will contribute to achieving Objective 1 - EU4 Green and Digital Transition and Objective 2 - EU4 Green Growth.

As done under IPA II, contributions to support the Regional Energy Efficiency Programme (REEP) will be channelled through the EWBJF too.

The envisaged entities have been selected using the following criteria: demonstrated experience in implementing infrastructure projects and length of cooperation under the WBIF.

EIB and EBRD have been long-standing partners in the inception, realisation and implementation of the WBIF. Over the 10 years of operation of the WBIF, the EIB, and the EBRD, have in partnership with the Commission successfully prepared and / or implemented infrastructure projects and demonstrated the capacity to be entrusted with the implementation of the action.

The entrusted entities will implement the action in close coordination with the lead IFIs of the projects. Currently, WBIF works with the following entrusted (pillar assessed) international organisations and financial institutions:

- Agence Française de Développement (AFD),
- Council of Europe Development Bank (CEB)
- European Investment Bank Group (EIB), including the European Investment Fund (EIF),
- European Bank for Reconstruction and Development (EBRD),
- Kreditanstalt für Wiederaufbau (KfW) and,
- World Bank Group (WBG), including the International Finance Corporation (IFC).

Contributions from IPA III funds will also finance the implementation fees paid to IFIs and administration fees to the Managers of the European Western Balkans Joint Fund.

The Commission authorises that the costs incurred may be recognised as eligible as of 1st April 2021, which is prior to the date of adoption of this Decision, because an early engagement by the European Union would be of major importance in terms of the acceleration of project implementation and implementation of the flagship projects of the Economic and Investment Plan for the Western Balkans. In line with Article 27(6) NDICI activities supported under the Instrument and the underlying costs incurred in 2021 may be considered eligible even if those activities were implemented and those costs were incurred before the grant application was submitted.

4.2.2.2. Infrastructure Project Facility

Part of this action will be implemented in indirect management with the European Investment Bank (EIB).

This implementation entails, among others, procure and manage the Infrastructure Project Facilities (IPFs) for the successful preparation and implementation of major infrastructure investment projects in the Western Balkans, namely the flagship projects mentioned in the annex to the EIP. By contributing to prepare all project support documentation necessary for the successful implementation, it will make the infrastructure investment projects eligible for loans from International Financial Institutions and/or EU grant financing through the Western Balkans Investment Framework. This implementation modality will contribute to achieving Objective 1 EU4 Green and Digital transition.

The envisaged entity has been selected based on its longstanding experience in procuring and managing technical assistance contracts related to major infrastructure investment projects. Moreover, the EIB has proven track record and expertise as one of the founding members of the WBIF.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced the decision to replace it needs to be justified.

4.2.2.3. JASPERS

A part of this action will be implemented in indirect management with the European Investment Bank (EIB).

This implementation entails, among others, to continue to provide advisory support to IPA III beneficiaries in preparing successful, high-quality infrastructure projects through JASPERS (Joint Assistance to Support Projects in European Regions - a technical assistance partnership between the EIB and the Commission). It is complementary to the IPFs and will specifically advise on strategic planning and project pipelines, project structuring and preparation, review of project support documentation, procurement strategies and selective implementation, including trainings and capacity building for central and local administrations and other infrastructure-related beneficiaries. This implementation modality will contribute to achieving Objective 1 EU4 Green and Digital transition.

The envisaged entity has been selected based on its longstanding partnership with the EU in supporting the IPA beneficiaries through JASPERS. Moreover, JASPERS has proven track record and expertise in helping EU Members States to absorb European funds through high-quality infrastructure projects.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.2.4.

4.2.2.4. Enterprise Development and Innovation Facility (WB EDIF)

A part of this action will be implemented in indirect management with pillar assessed entities selected based on their comparative advantages, expertise, capacity and experience with managing project preparation facilities in the past. In particular, entities will be selected by the Commission's services using the following criteria:

- International financial institutions with demonstrated long-lasting experience and length cooperation within WBIF in: supporting the private sector through financial instruments (including equity, loans, microcredits, other risk capital), through, although not exclusively, WB EDIF; attracting private funds, including through impact investment (social, governance, environment); partnering with other international financial institutions and bilateral donors; supporting the business sector in Western Balkans, including in fragile markets, or
- International organisation with demonstrated long-lasting experience and length cooperation within WBIF in building capacity of the financial and business markets; identify priorities for an adequate business climate; envisage structural reforms; identifying, analysing particularly fragile and risky business segments, including piloting actions, or
- Other pillar assessed entities, beyond the entrusted WBIF entities in the below list, selected by the Commission's services using the following criteria: entities demonstrated long-lasting experience and length cooperation in supporting the private sector development; in particular by implementing blending operations, and/or financial instruments and/or technical assistance.
- Implementing entities would need to align operations to the Economic and Investment Plan for Western Balkans policy objectives and in particular to the investment flagship 9 on competitiveness of the business sector. Priority will be given to entities that demonstrate experience in support the business sector investments in five areas: i) green, energy and environment; ii) financial inclusion (including microfinance and social entrepreneurship); iii) digital and innovation; iv) trade and value chain; v) financial diversification.

In particular, the entrusted entities shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA III activities, and the evaluation thereof whenever relevant, in

accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

This implementation entails supporting the implementation of the projects financed through the WB EDIF and this implementation modality will contribute to achieving Objective 3 - EU4 Competitiveness and Innovation. The selected entities may implement the activities in close coordination with the WBIF entrusted entities. Currently, WBIF works with the following entrusted (pillar assessed) international organisations and financial institutions:

- Agence Française de Développement (AFD),
- Council of Europe Development Bank (CEB)
- European Investment Bank Group (EIB), including the European Investment Fund (EIF),
- European Bank for Reconstruction and Development (EBRD),
- Kreditanstalt für Wiederaufbau (KfW) and,
- World Bank Group (WBG), including the International Finance Corporation (IFC).
- OECD.

4.2.2.5. Green for Growth Fund (GGF)

A part of this action will be implemented in indirect management with KfW as EU trustee. This implementation entails, among others, representation of the EU interests in the Green for Growth Fund and the monitoring of a set of output indicators that will be agreed with the KfW. It will contribute to the objectives of increasing energy-efficiency investments for SMEs and households, as well as renewable energy projects through financial intermediaries in the Western Balkans, hence supporting the implementation of the Green Agenda for the Western Balkans. This implementation modality will contribute to achieving Objective 2 - EU4 Green for Growth.

The envisaged entity has been selected based to its longstanding partnership with the EU in the inception and implementation of the GGF. Moreover, KfW has proven track record and expertise in acting as an EU trustee in the GGF.

In case the envisaged entity need to be replaced, the Commission's services may select a replacement entity using the same selection criteria given above. If the entity is replaced the decision to replace it needs to be justified.

4.2.3. EFSD+ operations covered by budgetary guarantees

Provisioning for budgetary guarantees will be used for the Western Balkans Guarantee Facility (EFSD+ guarantee) and the External Lending Mandate (ELM) legacy.

4.2.3.1. Western Balkans Guarantee Facility (EFSD+ guarantee)

To ensure IPA III "policy first approach", the Commission services will prepare "open architecture" investment windows aligned with EU policy priorities which shall need to be addressed by the guarantees. Another part of the Western Balkans Guarantee Facility will be implemented through guarantee cover dedicated to the EIB, as foreseen in Article 36 of the NDICI (Neighbourhood Development and International Cooperation Instrument) – Global Europe Regulation.

Open Architecture investment windows

A part of this action may be implemented in indirect management with one or more entity(ies) which will be selected by the Commission's services among Partner Financial Institutions (PFIs), using the following criteria: pillar-assessed for the implementation of Financial Instruments; particular focus will be put on how they propose to pass-on the benefit of the guarantee to final beneficiaries (e.g. entrepreneurs, social enterprises, farmers, local municipalities, Governments etc.) and the amount of third-party financing mobilised. Entities will be selected through Calls for expression of interest for Investment Portfolios (PIPs)

or Programme-approach guarantees²³.

The implementation by this entity(-ies) entails implementing the guarantee on behalf of the Commission.. The implementation by this(-ese) entity(-ies) includes the technical and risk assessment of covered investments/beneficiaries, aligned with the Commission interests and in line with the agreed risk parameters. This implementation modality will contribute to achieving Objective 4 – Western Balkans Guarantee Facility, in support of Objective 1 – EU4 Green and Digital Transition, Objective 2 - EU4 Green for Growth, Objective 3 EU4 Competitiveness and Innovation.

EIB-dedicated investment windows

The EIB-dedicated investment windows will be implemented in indirect management with the EIB. A agreement will set the implementation responsibilities of the EIB for the EIB-dedicated guarantee cover, which includes the technical and risk assessment of covered investments/beneficiaries, aligned with the Commission interests and in line with the agreed risk parameters. This implementation modality will contribute to achieving Objective 4 – Western Balkans Guarantee Facility, in support of Objective 1 – EU4 Green and Digital Transition, Objective 2 - EU4 Green for Growth, Objective 3 EU4 Competitiveness and Innovation.

The envisaged entity has been selected based to its longstanding partnership with the EU in the inception and implementation of the External Lending Mandate (ELM) dating from 1977.

4.2.3.2. External Lending Mandate legacy

A part of this action will contribute to provision for the legacy portfolio of the EIB's External Lending Mandate (ELM) established by Decision No 466/2014/EU and prolonged until the end of 2021 in line with Article 49 of the NDICI – Global Europe Regulation.

The External Lending Mandate legacy provisions will be implemented following the dispositions of the Common Provisioning Fund. The Financial Regulation establishes the Common Provisioning Fund (CPF) to hold the provisions made to cover the financial liabilities arising from budgetary guarantees and financial assistance programmes under the 2021-2027 Multi-Annual Financial Framework (MFF).

The resources of the CPF are allocated into compartments for the purpose of tracing the amounts relating to the various CPF contributing instruments (budgetary guarantees or provisioned financial assistance (external lending mandate (ELM)), in line with the provisions of the Financial Regulation^[1] (FR) and the underlying legal acts. A compartment corresponds to a contributing instrument^[2] and is assimilated to a shareholder (or unitholder) within the CPF.

In accordance with Article 31.8 of the NDICI – Global Europe Regulation, the provisioning for the “legacy” External Lending Mandate of the EIB loans previously backed by the Guarantee Fund for External Actions shall continue to follow the methodology that was set out in Regulation (EU) 480/2009. That methodology requires annual ex post replenishments to be made in favour of the provisioning fund. in order to keep the provisioning at 9% of outstanding disbursed exposure for the portfolio in question. These replenishments will be calculated annually. This means that amounts of legacy provisioning mentioned above are necessarily only indicative and subject to annual adjustments.

For the period 2021-2023, the indicative amount reserved for operations covered by budgetary guarantees (EFSD+ Guarantee) is expected to be: EUR 211 052 253, out of which, EUR 5 031 662 for 2021, EUR 44 382 942 for 2022, and EUR 161 637 649 for 2023 (please see the budget table in Section 4.4 for more details).

²³ These include the proposals that were submitted, assessed and positively evaluated in the context of the Western Balkans Guarantee pilot, but which were put on the reserve list.

4.2.4. Changes from indirect to direct management mode due to exceptional circumstances

Direct management (Grants)

(a) Purpose of the grant:

Grant will contribute to achieving Objective 1 EU4 Green and Digital transition.

b) Justification of a direct grant:

Direct grant award: Under the responsibility of the Commission's authorising officer responsible, the grants may be awarded without a call for proposals to European Investment Bank (EIB). The recourse to an award of a grant without a call for proposals is justified because based on Article 195 (g) "Exceptions to calls for proposals" of the Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union (hereinafter referred to as the Financial Regulation), grants for technical assistance actions implemented by the EIB or the EIF may be awarded without calls for proposals. In such cases, points (a) to (d) of Article 196(1) shall not apply.

4.3. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.4. Indicative budget

2021-2023	EU Contribution 2021-2023 (EUR)	EU Contribution 2021 (EUR)	EU Contribution 2022 (EUR)	EU Contribution 2023 (EUR)	Indicative third party contribution, in currency identified (to be defined)
EU contribution to the Western Balkans Investment Framework (WBIF) 2021-2023	1.149.582.253	312.261.662	380.682.942	456.637.649	
IPA III window 3 - Green agenda and sustainable connectivity	904.056.126	269.745.831	338.491.471	295.818.824	
Objective 1 - EU4 Green and Digital Transition	685.930.000	210.930.000	260.000.000	215.000.000	
<i>Indirect Management EWBIF</i>	<i>540.430.000</i>	<i>173.430.000</i>	<i>187.000.000</i>	<i>180.000.000</i>	
<i>IPF (Indirect Management TA)</i>	<i>107.500.000</i>	<i>37.500.000</i>	<i>35.000.000</i>	<i>35.000.000</i>	
<i>JASPERS (Indirect Management TA)</i>	<i>20.000.000</i>	-	<i>20.000.000</i>	-	
<i>WBIF JF TA (Indirect Management TA)</i>	<i>5.000.000</i>	-	<i>5.000.000</i>	-	
<i>CONNECTA (Direct management TA)</i>	<i>13.000.000</i>	-	<i>13.000.000</i>	-	
Objective 2 - EU4 Green Growth out of which:	112.600.000	56.300.000	56.300.000	-	
<i>REEP (Indirect Management)</i>	<i>102.600.000</i>	<i>56.300.000</i>	<i>46.300.000</i>	-	
<i>GGF (Indirect Management)</i>	<i>10.000.000</i>	-	<i>10.000.000</i>	-	
Objective 4 - Western Balkans Guarantee Facility out of which:	105.526.126	2.515.831	22.191.471	80.818.824	
<i>ELM legacy (Provisioning of Budgetary Guarantee)</i>	<i>32.666.883</i>	<i>2.515.831</i>	<i>19.332.228</i>	<i>10.818.824</i>	
<i>EFSD+ (Provisioning of Budgetary Guarantee)</i>	<i>72.859.243</i>	-	<i>2.859.243</i>	<i>70.000.000</i>	
IPA III window 4 - Competitiveness and inclusive growth	245.526.127	42.515.831	42.191.471	160.818.825	
Objective 3 -EU4 Competitiveness and Innovation	140.000.000	40.000.000	20.000.000	80.000.000	

<i>WB EDIF (Indirect Management TA)</i>	140.000.000	40.000.000	20.000.000	80.000.000	
Objective 4 - Western Balkans Guarantee Facility <i>out of which:</i>	105.526.127	2.515.831	22.191.471	80.818.825	
<i>ELM legacy (Provisioning of Budgetary Guarantee)</i>	32.666.884	2.515.831	19.332.228	10.818.825	
<i>EFSD+ (Provisioning of Budgetary Guarantee)</i>	72.859.243	-	2.859.243	70.000.000	
Evaluation, (cf. section 5.3)	To be covered by another decision				N.A.
Audit / Expenditure verification (cf. section 6)	To be covered by another decision				N.A.
Communication and visibility (cf. section 7)	N.A.				N.A.

4.5. Organisational set-up and responsibilities

WBIF governance

The WBIF governance is regulated by the IPA III Regulation²⁴, whereas its main elements encompass:

1. **WBIF Strategic Board**, which includes the EU 27 Member States, in addition to the members of its predecessor, the WBIF Steering Committee²⁵.
2. **WBIF Operational Board**, which includes the EU 27 Member States, in addition to its predecessor, the members of the WBIF Steering Committee. This Board will formulate **advisory opinions** on blending and guarantee operations.

The **Project Financiers' Group** is the technical arm of the WBIF blending operations for public and private sectors and is composed of representatives of the European Commission, partner financial institutions, development agencies and other bilateral donors. It provides a 'single entry point' for projects and programme requests and is responsible for the process of screening (led by the Commission) and financial appraisal (with contributions by the financial institutions). The Project Financiers' Group recommends positively assessed blending requests to the WBIF Operational Board, which shall formulate opinions on respective applications.

The European Commission proposes to the WBIF Boards the investment windows and investment priorities, based on a 'policy first' approach and in line with the policy priorities and investment flagships established by the Economic and Investment Plan for Western Balkans. The European Commission will be responsible for the formal evaluation of proposals.

The WBIF rules of procedure and the general conditions of the European Western Balkans Joint Fund complete the set of rules which regulate the governance of WBIF.

²⁴ EUR-Lex - 52018PC0465 - EN - EUR-Lex (europa.eu)

²⁵ WBIF Steering Committee functions were valid till the end of IPA II, December 2020. Members were: European Commission; International and National Financial Institutions, AFD Group, Council of Europe Development Bank, EBRD, EIB Group, KFW Group, World Bank Group; Bilateral Donors

5. PERFORMANCE/RESULTS MONITORING AND REPORTING

5.1. Internal monitoring

The Commission is responsible to ensure the overall monitoring of the investments and activities implemented within the WBIF. To this end, the Commission collects, contractually agreed, reporting from the implementing partners (including an annual implementation report for activities undertaken under the Joint Fund) that allows it to gather relevant performance data (process, output and outcome indicators) which are analysed and serve to track the progress versus the targets and milestones established for each of the projects.

To complement this, the Commission organises regularly review meetings with relevant stakeholders, which include:

- Bi-annual WBIF Board meetings, with an agenda item dedicated to discussing the status of the EIP implementation, focusing on critical strategic projects implementation, including issues with IFIs and/or beneficiary partners;
- Regular meetings between beneficiaries, IFIs and EU Delegations in each Western Balkan economy;
- Ad-hoc bilateral meetings with IFIs and beneficiaries to discuss specific issues with the most appropriate composition (per project, per IFI, or per economy);
- Review meetings, held regularly, together with EUDEL and geographic desks to timely identify issues and envisage actions.

The overall progress (including the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance), will be monitored through the following means: implementing IFIs' own monitoring, Result Orientated Monitoring (ROM) system; beneficiaries' own monitoring; joint monitoring by the European Commission (DG NEAR) and the EU Delegations.

Monitoring and evaluation reports on specific areas of investments of WBIF may be launched by the European Commission as part of the regular monitoring and evaluation plans on external assistance.

5.2. Roles & responsibilities for data collection, analysis & reporting

Operational monitoring

The European Commission monitors operationally the implementation of the action through regular interchanges with the projects lead financial organisations and reporting provided by external consultants present on the territory. Operational follow up is also reported to the Project Financiers' Group, which meets bi-annually. Regular meetings and exchanges with the EU Delegations are an essential element of the operational monitoring on the projects implemented through WBIF.

Financial monitoring

The European Commission also regularly monitors financially the implementation of the IPA funds contributing to WBIF.

EBRD and EIB, as current fund managers of the European Western Balkans Joint Fund report on the management of the fund twice per year to the Commission, the Project Financier Group and the WBIF Operational Board and prepare and prepare an annual report on the activities of the fund.

KfW and EIF are entrusted by the European Commission to be represented in GGF, EFSE, ENEF, ENIF, etc. Steering Committee on the monitoring of operations are regularly held and reports on the accounts regularly prepared by the trustees.

Reports on individual projects are presented by the IFIs as contractually agreed and registered in the Management Information System of WBIF, which allows to follow-up on the implementation of the IPA III investments through WBIF.

Reporting

The WBIF Rules and Procedures set out reporting requirements, which include:

- the annual report of the European Western Balkans Joint Fund, and
- the annual report of WBIF activities

Other reporting requirements are established in individual agreements signed with the entrusted entities.

5.3. Evaluation

Having regard to the importance of the action, a ex-post evaluation(s) could be carried out for this action or its components contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this Action should contribute to the main objectives of the EIP; to spur the long-term economic recovery of the region, to support a green and digital transition, and to foster regional integration and convergence with the European Union.

The Commission shall inform the implementing partner at least 6 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities].

The evaluation reports shall be shared with the partner beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

6. AUDIT

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a Financing Decision.

7. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and

- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the public administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.). Visibility measures taken by implementing partners, entrusted entities, etc. must be applied consistently to all activities and outputs. Implementing partners, entrusted entities, etc. must ensure that visibility measures reach activities' final beneficiaries.

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages. It is the responsibility of the implementing partner(s) to keep the EU Delegations / Office and the European Commission fully informed of the planning and implementation of the specific visibility and communication activities.

In the specific case of the WBIF:

- communication and visibility plans are an integral part of the agreements signed by the European Commission with entrusted entities and contractors, and are reviewed periodically.
- the WBIF has a dedicated website kept updated by the European Commission. The website is the main communication channel of public information on WBIF. In addition, Annual Communication and Visibility Plans are prepared and agreed within the WBIF. These Visibility Plans are available on the WBIF website: www.wbif.eu.
- Communication and visibility plans will take into consideration the Team Europe approach, to which WBIF is contributing through its members, which include the European Commission, member states, bilateral donors, financial institutions.

8. SUSTAINABILITY

The key aspect in ensuring the sustainability of the action's results will be a strict focus on the projects imbedded in the beneficiary's sector strategies and sector work programmes. The political commitment from the beneficiaries to keep developing and maintaining the completed infrastructures, as well as a strong involvement of the existing structures, (e.g. the Energy and Transport Community), will be decisive to attain and sustain the action's objective.

The action will demonstrate the effects of rational energy in the context of rising energy costs. Financial institutions have the capacity to provide education to their clients and enable broad uptake of new energy efficiency products and technologies. The availability of financing for sustainable energy technologies can be also effective in developing necessary systemic infrastructure, including energy auditors, project developers and sustainable energy technology providers. Partner Financial Institutions (PFIs) will become more and more familiar with financing sustainable energy investments and will promote similar lending products making lending sustainable. Furthermore, the action will increase the market penetration rate of best performing technologies through raising awareness to the wider population as well as other relevant stakeholders, such as suppliers, installers and vendors of sustainable energy products.

The guarantee will encourage desirable investments by "insuring" against specific risks, consuming EU funds only in case projects fail commercially. This instrument thus specifically targets investments that have a reasonable chance of being commercially viable, but whose loss is perceived as too high for the investment to be financed without the guarantee. For example, such a guarantee can address a lack of collateral in start-ups and SMEs, which have a good new product but few assets to sell in case of default.

As most of the infrastructure and SME investments financed through the Guarantee will be commercially viable, the benefits of the action (e.g. jobs created, services offered, efficiency improvements, etc.) are likely to be maintained and scaled beyond the implementation period.

Due to its nature (i.e. "insuring" against specific risks) the guarantee will allow local financial intermediaries to build up their knowledge of new/niche markets (e.g. agri-businesses, start-ups, commercial lending to municipalities). These local financial intermediaries might also benefit from the technical assistance component of the guarantee to design and/or adapt their products to cater for the final recipient's needs. Henceforth, "new markets" considered too risky will become better known, and thus market-attractive for the local financial intermediaries.

The European Commission will also ensure that the projects financed are strictly linked to regional, central, and municipal strategies and sector work programmes, considering this a key aspect in ensuring the sustainability of the action's results.

APPENDIX 1

The Western Balkans Investment Framework (WBIF)

The Western Balkans Investment Framework **was established in 2009** as a joint initiative of the European Commission (EC), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). The KfW Development Bank (KfW) and the World Bank Group (WBG) subsequently joined the platform. In December 2018, the Agence Française de Développement (AFD) became a participating organisation in the WBIF. Within the WBIF, the WB Enterprise Development and Innovation Facility (WB EDIF), established in 2012, focuses on supporting the competitiveness of the private sector. In addition, in 2021 the Western Balkans Guarantee Facility (EFSD+ Guarantee) is established in order to leverage additional funds in support to public and private investments in the region.

The WBIF operates a **joint facility**, which pools resources from various sources, namely from IPA and bilateral donors, financial institutions, and the Western Balkans partners. Blending resources are pooled together into a joint fund and used to support operations for which loans are provided by the partner financial institutions. Similarly to blending operations, guarantees are implemented by pillar-assessed entrusted financial institutions which shall use the guarantee to leverage additional funds in support to public and private investments in the region.

The WBIF **scope** is to increase the region capacity to finance projects and programmes in support to the public and private sectors through blending and guarantee instruments in Western Balkans. Investments through WBIF should be in line with the European perspective and investment flagships identified in the Economic and Investment Plan for Western Balkans.

WBIF has the **objectives** to enhance overall coordination of assistance and to maximise the impact of grant and guarantee financing by using it to leverage lending by financial institutions.

WBIF governance

The WBIF governance is regulated by the IPA III Regulation, whereas its main elements encompass:

1. **WBIF Strategic Board**, which includes the EU 27 Member States, in addition to the members of its predecessor, the WBIF Steering Committee²⁶.
2. **WBIF Operational Board**, which includes the EU 27 Member States, in addition to its predecessor, the members of the WBIF Steering Committee. This Board will formulate **advisory opinions** on blending and guarantee operations.

The **Project Financiers' Group** is the technical arm of the WBIF blending operations for public and private sectors and is composed of representatives of the European Commission, partner financial institutions, development agencies and other bilateral donors. It provides a 'single entry point' for projects and programme requests and is responsible for the process of screening (led by the Commission) and financial

²⁶ WBIF Steering Committee functions were valid till the end of IPA II, December 2020. Members were: **European Commission; International and National Financial Institutions**, AFD Group, Council of Europe Development Bank, EBRD, EIB Group, KfW Group, World Bank Group; **Bilateral Donors**

appraisal (with contributions by the financial institutions). The Project Financiers' Group recommends positively assessed blending requests to the WBIF Operational Board, which shall formulate opinions on respective applications.

The European Commission proposes to the WBIF Boards the investment windows and investment priorities, based on a 'policy first' approach and in line with the policy priorities and investment flagships established by the Economic and Investment Plan for Western Balkans. The European Commission will be responsible for the formal evaluation of proposals.

The WBIF rules of procedure and the general conditions of the European Western Balkans Joint Fund complete the set of rules which regulate the governance of WBIF.

WBIF members

WBIF members include EU 27 Member States as per 1 January 2021, and following the dispositions of the IPA III Regulation. Entrusted financial institutions shall also be members of WBIF, together with bilateral donors and beneficiary partners.

WBIF Operations

The WBIF blends grants and loans and provides technical assistance in support strategic investments.

WBIF blending operations are mostly financed through the European Western Balkans Joint Fund (EWBJF). The European Commission entrusts IPA funds contributions to the European Western Balkans Joint Fund Managers (currently EBRD and the EIB) and projects are in general selected through competitive procedures (call for investments proposals, projects or programmes within the framework of WBIF). The European Commission will be responsible for the formal evaluation of proposals.

WBIF blending operations and technical assistance can also be directly entrusted by the European Commission to current pillar assessed organisations for participation in multi-donor structures. Example include: EIF in the Enterprises Innovation Fund and Enterprises Expansion Fund; KfW in GGF; EBRD and KfW in REEP; OECD for advisory services.

Similarly to blending operations, guarantees are implemented by Partner Financial Institutions, pillar-assessed for the implementation of financial instruments. which will implement the guarantee on behalf of Commission, passing-on the guarantee to financial intermediaries that will, in turn, transfer the benefit of the guarantee to final beneficiaries (e.g. entrepreneurs, social enterprises, farmers, local municipalities, etc.). Partner Financial Institutions will be asked to mobilise as much as possible third-party private financing instead of own or public resources.

WBIF guarantee operations are generally selected based on calls for proposals for investment portfolios (PIPs) on line with NDICI and IPA III Regulations. The European Commission will be responsible for the formal evaluation of proposals.

EU Delegations and Geographical Units will be consulted through focal points and will participate in the project preparation by screening relevant concept notes and project proposals as well as during the project implementation. In addition, partner Financial Institutions will coordinate with EU Delegations locally and EU Delegations will contribute to the visibility of projects at beneficiary level.

APPENDIX 2

Investment Needs Identified – Western Balkans Investment Framework

	Clean Energy, Natural Resources, and Environment (1)	Sustainable Transport, Digital and Municipal Development (2)	Private sector/SME competitiveness (3)	Social & Human Capital Development (4)
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In the context of the ex-ante assessment for the implementation of the EFSD+ (which includes both the Budgetary Guarantees and the Blending activities)

<p>EIB sovereign & non-commercial sub-sovereign</p>	<p>Energy generation, transmission and distribution: modern, low emission gas infrastructure, including natural gas connection (e.g. Extension of the Trans Adriatic Pipeline) and distribution; prioritisation of energy interconnections; greening of the energy mix (incl. solar, wind, hydrogen, and biomass), and digitalisation of the system and smart grids.</p> <p>Transition from coal/decarbonisation (incl. industrial decarbonisation and depollution), climate, environment and circular economy (incl. wastewater, solid waste management and air pollution and disaster preparedness/ resilience to extreme climate events).</p> <p>Energy efficiency: in public buildings and private dwellings.</p> <p>Natural resources and environment: protection of biodiversity and restoration of the natural capital, preventing environmental pollution, to help exploit the huge tourism potential of the region's natural environment.</p> <p>Associated investment modality:</p> <ul style="list-style-type: none"> - Green Bonds - Policy based lending (e.g. climate, biodiversity) - Direct Sovereign Lending - Syndicated Loans 	<p>Sustainable regional transport: investments into the extension of the Trans-European Transport Network (TEN-T) core network, including bringing the core transport network up to EU standards. Investments into road and road safety, rail infrastructure, ports, inland waterways and green multimodal transport solutions ensuring fast and efficient transport links; Digital transport technologies; Investments intended to facilitate cross-border mobility.</p> <p>Municipal services: sustainable and smart urban mobility, green multimodal transport solutions, solid waste and waste water treatment, air pollution, and circular economy.</p> <p>Digital infrastructure: Investment in enabling infrastructure including regional fibre optic connection, expansion of ultra-fast and secure broadband network, and e-government, e-procurement and e-health services; digital access to culture and cultural heritage, digital skills in education.</p> <p>Associated investment modality:</p> <ul style="list-style-type: none"> - Policy based lending - [Green] Bonds issuing - Direct Sovereign Lending 		<p>Health and health systems.</p> <p>Education (including TVET (Technical Vocational Education & Training)).</p> <p>Rehabilitation of urban and social infrastructure (including affordable connectivity, and green housing).</p> <p>Associated investment modality:</p> <ul style="list-style-type: none"> - Social Impact Bonds - Direct Sovereign Lending - Syndicated Loans
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<p>Commercial sub-sovereign (EIB and other IFIs)</p>	<p>Energy generation, transmission and distribution: modern, low emission gas infrastructure including natural gas connection and distribution, greening of the energy mix (incl. solar, wind, hydrogen, and biomass), and digitalisation of the system and smart grids.</p> <p>Transition from coal/decarbonisation (incl. industrial decarbonisation and depollution), climate, environment and circular economy (incl. wastewater, solid waste management and air pollution and disaster preparedness/ resilience to extreme climate events).</p> <p>Energy efficiency: in public buildings and private dwellings.</p> <p>Associated investment modality:</p> <ul style="list-style-type: none"> - PPPs (Public Private Partnerships) - Green Bonds - Policy based lending (e.g. climate, biodiversity) - Syndicated Loans 	<p>Sustainable transport: aviation; road, rail, and inland waterways infrastructure; and smart and urban mobility; green multimodal transport solutions.</p> <p>Regional Development and Municipal services: water supply and wastewater management, waste management, district heating, air pollution and circular economy.</p> <p>Digital infrastructure and services: Investment in enabling infrastructure and environment, and e-Governance, e-procurement and e-health services; development and strengthening of Digital Innovation Hubs.</p> <p>Associated investment modality:</p> <ul style="list-style-type: none"> - Policy based lending (urban planning) - PPP - [Green] Bonds issuing - Syndicated Loans 		<p>Health and health systems.</p> <p>Education (including TVET).</p> <p>Rehabilitation of urban and social infrastructure (including affordable connectivity, and green housing).</p> <p>Associated investment modality:</p> <ul style="list-style-type: none"> - Social Impact Bonds - Syndicated Loans
<p>Private Investment (Open-access)</p>	<p>Energy: Greening of the energy mix, mainly wind, solar, hydro and biomass.</p> <p>Transition from coal/decarbonisation: including industrial decarbonisation and depollution.</p> <p>Energy efficiency: investments in public buildings, SMEs and private dwellings.</p> <p>Circular Economy: with a particular focus on waste management and</p>	<p>Transport: aviation; road, rail, marine and inland waterways and infrastructures; green multimodal transport solutions.</p> <p>Municipal Infrastructure: waste management, water supply and wastewater treatment.</p> <p>Digital infrastructure and services: enhanced and secure e-commerce, e-Governance, e-procurement and e-health services and Investment in enabling</p>	<p>Strengthen the competitiveness of the MSMEs and enhance employment creation, in particular among young people across all Investment Windows.</p> <p>Financial Inclusion with a specific focus on youth, women, and minorities (incl. support to microfinance schemes).</p> <p>MSME broadening financing: Local currency lending, credit guarantee funds, targeted cashback schemes, export and</p>	<p>Labour market inclusion through the support to self-employment, Social Enterprises and inclusive finance</p> <p>Associated investment modality including:</p> <ul style="list-style-type: none"> - (Counter-)Guarantees - Social Impact Bonds - Microfinance - Loans

	<p>recycling.</p> <p>Natural resources: sustainable land use to attract the tourism potential of the region’s natural environment.</p> <p>Agriculture: sustainable transformation of agri-food systems and rural development.</p> <p>Boost innovation capacity and technology-transfer to bring the region closer to the EU and EU standards with regards to innovative green technologies, and sustainable production patterns and food systems.</p> <p><u>Associated investment modality, including:</u></p> <ul style="list-style-type: none"> - PPPs - Green Bonds - Loans 	<p>infrastructure and environment.</p> <p>Boost technology-transfer to bring the region closer to the EU and EU standards with regards to innovative digital technologies, and mobility.</p> <p><u>Associated investment modality:</u></p> <ul style="list-style-type: none"> - PPPs - Loans 	<p>cross border trade support schemes including raising the quality standards of companies to bring it to EU standards, corporate bond (green/ social), sustainable finance.</p> <p>Digital innovation and scale up initiative: R&D and innovation, digital technologies especially in the take up of artificial intelligence, incubation, pre acceleration through business angels and VC, support to digital start-ups and scale ups and seed capital, digitisation of SMEs, e-commerce.</p> <p>Sustainable Agriculture: agro production and processing, Value chain development.</p> <p>Sustainable Tourism: recovery schemes and digital solutions, green and rural MSMEs.</p> <p>Remittances channelling to productive ventures.</p> <p><u>Associated investment modality including:</u></p> <ul style="list-style-type: none"> - Equity - (Counter-)Guarantees - [Green] Bonds issuing - Loans/Microfinance 	
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This document is without prejudice to ongoing negotiations on EFSD+ Guarantee Agreement(s) with the EIB and ongoing work on the intervention logic of the EFSD+. Investment priorities have to be aligned with the Economic and Investment Plan for Western Balkans policy objectives, 10 investment flagships and twin Green - Digital transition. All sectors/instruments are mentioned here subject to an understanding that “EIB Window 1” guarantee cover for operations with sub-sovereign entities will be subject to a confirmation by the Commission, in accordance with the requirements of the NDICI Regulation. Many of these sectors can be supported also (and possibly more appropriately) under “EIB Window 2” (operations with commercial sub-sovereign counterparts), “EIB Window 3” (political risk guarantee for private sector operations) and/or through open-access guarantees of the EFSD+