

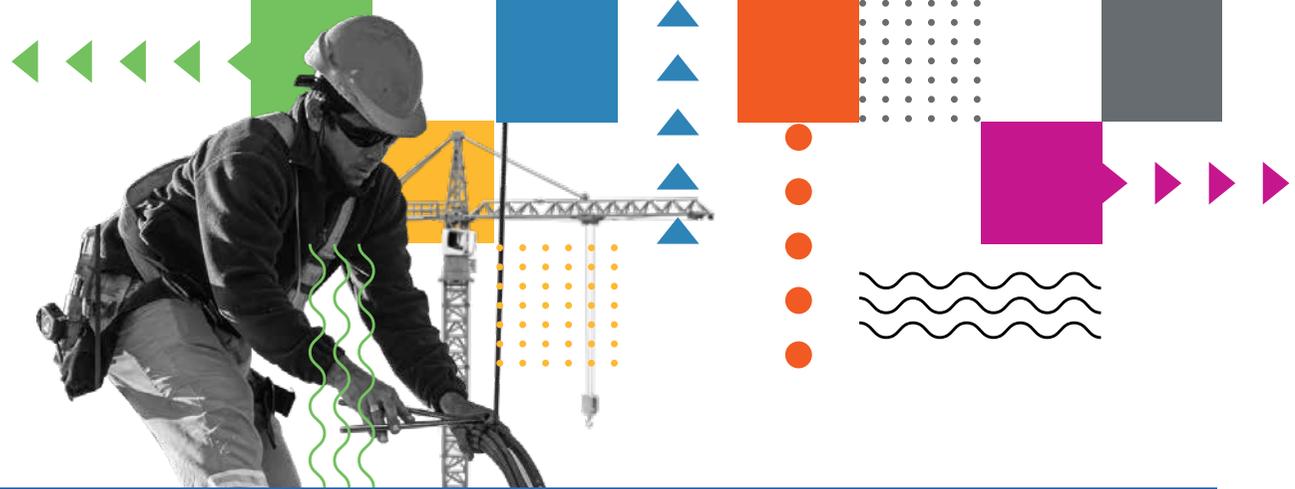


Western Balkans
Investment Framework **WBIF** | BLENDING
PUBLIC PRIVATE
BUILDING THE EUROPEAN FUTURE TOGETHER | GUARANTEES

WBIF

Endorsed Flagship Projects





About the Western Balkans Investment Framework

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

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

Public Sector Infrastructure*

212
Projects supported

€1.4bn
Grants awarded

€23.1bn
Estimated project value

€6.5bn
Loans leveraged

Private Sector Support*

€4.2bn
Support to private sector



€841m
Financing available for SMEs



€328.2m
Sub-loan investments



€2.9bn
Sub-loan investments

REEP/REEP Plus

€181.8m
Project financing

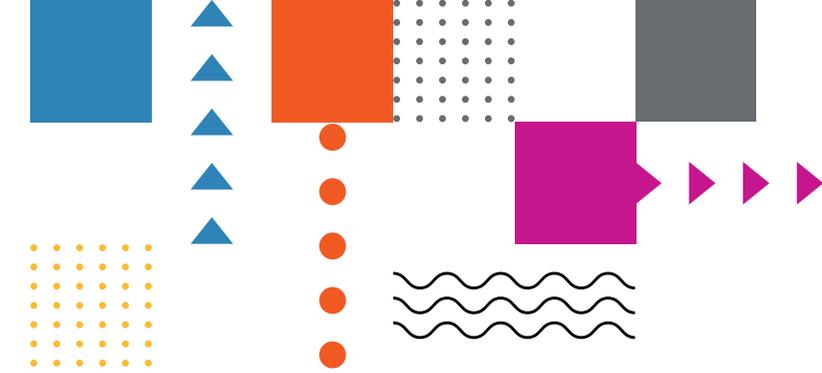
* Since the launch of WBIF in 2009 up to November 2021.



About the Economic and Investment Plan for the Western Balkans

The EIP for the Western Balkans aims to spur the long-term recovery of the region, accelerate a green and digital transition, and foster regional cooperation and convergence with the EU. The plan allocates a substantial financial package of up to **€9 billion** in EU funds, identifying 10 investment flagships in the sectors of Sustainable Transport, Clean Energy, Environment and Climate, Digital Future, Human Capital and Private Sector.

In addition to the EU's significant grant funding to the region, the EU can provide guarantees to help reduce the cost of financing for both public and private investments and to reduce the risk for investors. Support through the new **Western Balkans Guarantee facility**, under the EU External Action Guarantee and the European Fund for Sustainable Development Plus, is expected to mobilise potentially investments of up to **€20 billion** in the next decade.



Investment Priorities



Sustainable Transport



Clean Energy



Environment & Climate



Digital Future



Human Capital



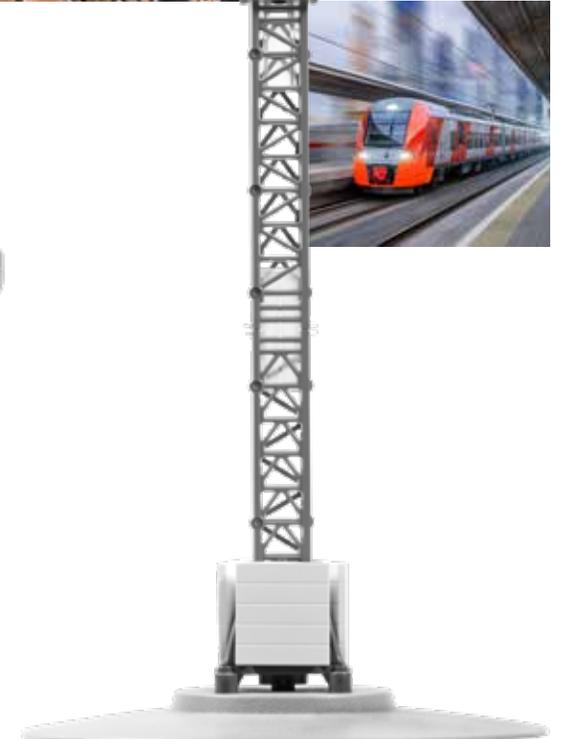
Private Sector



WBIF Flagship Projects 2022

The WBIF, on 23 February 2022*, endorsed **twenty-one flagship projects** for a total value of over €3.2 billion** in key railway, road and waterway interconnections, renewable energy and transition from coal, waste water management, new healthcare facilities, as well as the roll-out of broadband infrastructure. **The European Union and bilateral donor grant contributions to the package amount to €1.1 billion.**

The investment package is a step further to the implementation of the Economic and Investment Plan and its flagship projects, thereby supporting **the Global Gateway initiative**. The WBIF is investing to deliver on the political commitment to spur the economic development of the region, help to overcome the economic effects of the COVID-19 pandemic and to make significant progress in regard to connectivity, the Green Agenda and the Innovation Agenda.



* The WBIF Operational Board discussed the list of investment projects on 17 December 2021 and they were subsequently endorsed on 23 February 2022.

**The package includes the investment projects submitted by Bosnia and Herzegovina, of which two are on the territory of Republika Srpska for road and rail connections along Corridor Vc. The European Commission intends to sign the respective contribution agreements for these two investments, worth €600 million, only after the return to the full functioning of state institutions.



Sustainable Transport



The EU prioritises projects and programmes on the indicative extension of the TEN-T core network which are of strategic interest to the region and to the EU. Action will be taken to speed up construction of new transport infrastructure and the upgrading of existing infrastructure, with the objective of bringing the core transport network up to EU standards. To further spur regional cooperation and integration, connecting capitals in the region and with the EU is an important priority, as well as promotion of multimodal transport solutions and modal shift, and reducing transport related pollution. The total project cost for the twelve projects endorsed in 2022 in the transport sector amounts to €2.7 billion.



Priorities

Flagship 1

Connecting East to West

Flagship 2

Connecting North to South

Flagship 3

Connecting the coastal regions





Flagship 1 · Connecting East to West

Serbia

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

WBIF EU grant 2022	€15.9m
EIB loan	€13.2m
Total project cost	€29.1m

The Danube is navigable throughout Serbia (588 km). Still, at the Djerdap gorge, below the Port of Prahovo, the fairway narrows significantly due to the presence of shipwrecks sunk at the end of World War II. Through this project, a total of 21 wrecks will be removed from the Danube, and the existing five km-long traffic bottleneck will be eliminated. Therefore, this investment will facilitate the shift from road to waterway transport, support economic growth, and enhance connectivity between European countries and regional cooperation.



Flagship 1 · Connecting East to West

Kosovo**

Orient/East-Med Corridor: Kosovo – Serbia Route 7 Road Interconnection, Pristina – Merdare Section

WBIF EU grant 2022	€38m
Previous EU grants	€43.2m
EBRD loan	€58m
EIB loan	€58m
National contribution	€7.5m
Total project cost	€204.7m

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



Flagship 1 · Connecting East to West

North Macedonia

Orient/East-Med Corridor: North Macedonia – Bulgaria CVIII Rail Interconnection, Kriva Palanka – Border with Bulgaria Section

WBIF EU grant 2022	€149.2m
Previous EU grants	€64.1m
EIB loan	€97.4m
EBRD loan	€97.4m
National contribution	€4.2m
Total project cost	€412.3m

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

* The WBIF grants do not include implementation fees.

**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.



Flagship 1 · Connecting East to West

Serbia

Orient/East Med Corridor: Niš – Dimitrovgrad Xc Railway Line, Niš Bypass

WBIF EU grant 2022	€34.4m
Previous EU grants	€78.3m
EIB loan	€134m
National contribution	€29.1m
Total project cost	€275.8m

This investment project will construct a 22 km-long railroad bypass at Niš. The investments are part of the overhaul of the 96 km railway line from Niš to Dimitrovgrad at the border with Bulgaria on Corridor Xc, which includes rehabilitation, electrification and signalling/telecommunications systems. The railway line is part of the indicative extension of the TEN-T Core Network to the Western Balkans. It is thus included in the long-term sustainable development plans of the European Union and its partners.



Flagship 1 · Connecting East to West

Serbia

Orient/East-Med Corridor: Belgrade – Mladenovac – Niš X Railway Line, Stalać – Đunis Section

WBIF EU grant 2022	€80.2m
Previous EU grants	€1.2m
EIB loan	€122.1m
National contribution	€72.4m
Total project cost	€275.9m

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



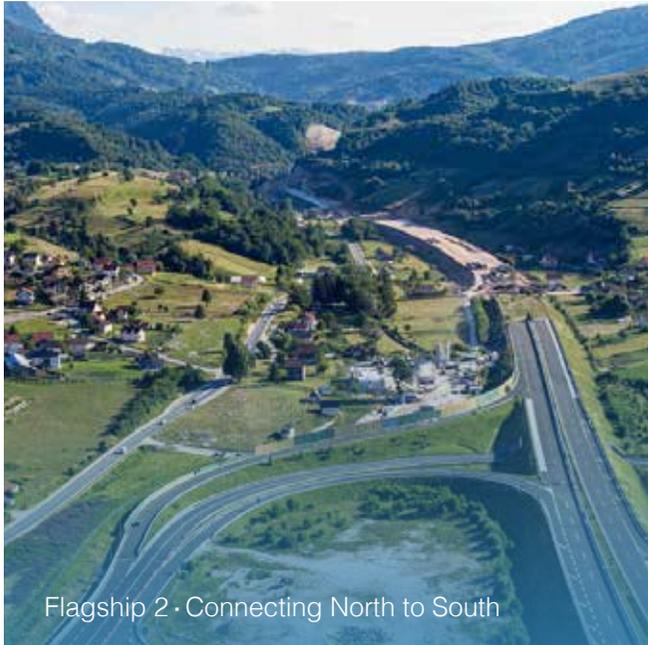
Flagship 2 · Connecting North to South

Bosnia and Herzegovina

Mediterranean Corridor: Šamac – Doboj – Rječica Vc Railway Section

WBIF EU grant 2022	€83.1m
Previous EU grants	€2m
EBRD loan	€37.4m
EIB loan	€40m
Total project cost	€162.5m

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



Flagship 2 - Connecting North to South

Bosnia and Herzegovina

Mediterranean Corridor: Corridor Vc

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

Johovac Interchange – Vukosavlje Interchange Motorway Section

WBIF EU grant 2022	€179.8m
EIB loan	€250.2m
National contribution	€33.5m
Total project cost	€463.5m

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

Medakovo – Ozimice Vc Motorway Subsection

WBIF EU grant 2022	€79.1m
EIB loan	€109.9m
National contribution	€13.1m
Total project cost	€202.1m

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



Mostar South – Kvanj Tunnel Vc Motorway Subsection

WBIF EU grant 2022	€30.3m
EBRD loan	€40.2m
National contribution	€10.0m
Total project cost	€80.5m

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

Kvanj Tunnel – Buna Vc Motorway Subsection

WBIF EU grant 2022	€23.1m
Previous EU grants	€20.7m
EIB loan	€58.9m
National contribution	€2.0m
Total project cost	€104.7m

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



Flagship 3 · Connecting the Coastal Regions

Albania

Mediterranean Corridor: Tirana Bypass

WBIF EU grant 2022	€34.7m
Previous EU grants	€34.3m
EBRD loan	€111.7m
National contribution	€9.9m
Total project cost	€190.6m

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



Flagship 3 · Connecting the Coastal Regions

Albania

Mediterranean Corridor: Vorë - Han i Hotit Route 2 Railway Line

WBIF EU grant 2022	€133.4m
Previous EU grants	€4.5m
EBRD loan	€62.9m
EIB loan	€62.9m
National contribution	€3.3m
Total project cost	€267m

This investment project will rehabilitate 120 km of railway line and 12 railway stations for traffic speed of up to 120 km/h, including new signalling systems and safety improvements, from Vorë to the border with Montenegro. The railway line is part of the indicative extension of the TEN-T Core Network to the Western Balkans and is Albania's international railway link to the regional and EU railway networks. The new line will improve accessibility and substantially increase the international traffic for freight and passengers towards ports, terminals, capitals and airports by rail.



Clean Energy



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

These are the key pillars of the Economic and Investment Plan for the Western Balkans in line with the aims of the Green Agenda. Participation in the Energy Community Treaty provides a clear policy framework and bears the potential for regional growth through multi-country projects, and by tapping into the region's large renewable energy and energy efficiency potential.

The total project cost for the five projects endorsed in 2022 in the clean energy sector amounts to over €127 million.

Priorities

Flagship 4

Renewable energy

Flagship 5

Transition from coal

Flagship 6

Renovation wave





Flagship 4 · Renewable energy

Albania

Vau i Dejës Floating Solar Photovoltaic Power Plant

WBIF bilateral donor grant 2022	€2.6m
EBRD loan	€7.5m
National contribution	€1.9m
Total project cost	€12.0m

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



Flagship 4 · Renewable energy

North Macedonia

Oslomej 1 Solar Photovoltaic Power Plant

WBIF bilateral donor grant 2022	€1.6m
EBRD loan	€5.9m
National contribution	€1.3m
Total project cost	€8.8m

The energy sector of North Macedonia relies predominantly on fossil fuels and hydropower and is dependent on electricity imports. This investment project will install a 10 MW solar power plant on the site of the exhausted coal mine in Oslomej. The plant is expected to produce nearly 15 GWh of electricity and displace 12,177 tonnes of CO₂ annually. The Oslomej 1 photovoltaic power plant is part of a larger effort to clean up the site, diversify energy sources and support decarbonisation.



Flagship 4 · Renewable energy

North Macedonia

Oslomej 2 and Bitola Photovoltaic Power Plants

WBIF EU grant 2022	€5m
EBRD loan	€19.8m
National contribution	€0.7m
Total project cost	€25.5m

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



Flagship 5 • Transition from coal

Serbia

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

WBIF EU grant 2022	€8.5m
Previous EU grants	€2.1m
KfW loan	€27.8m
National contribution	€2.4m
Total project cost	€40.8m

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



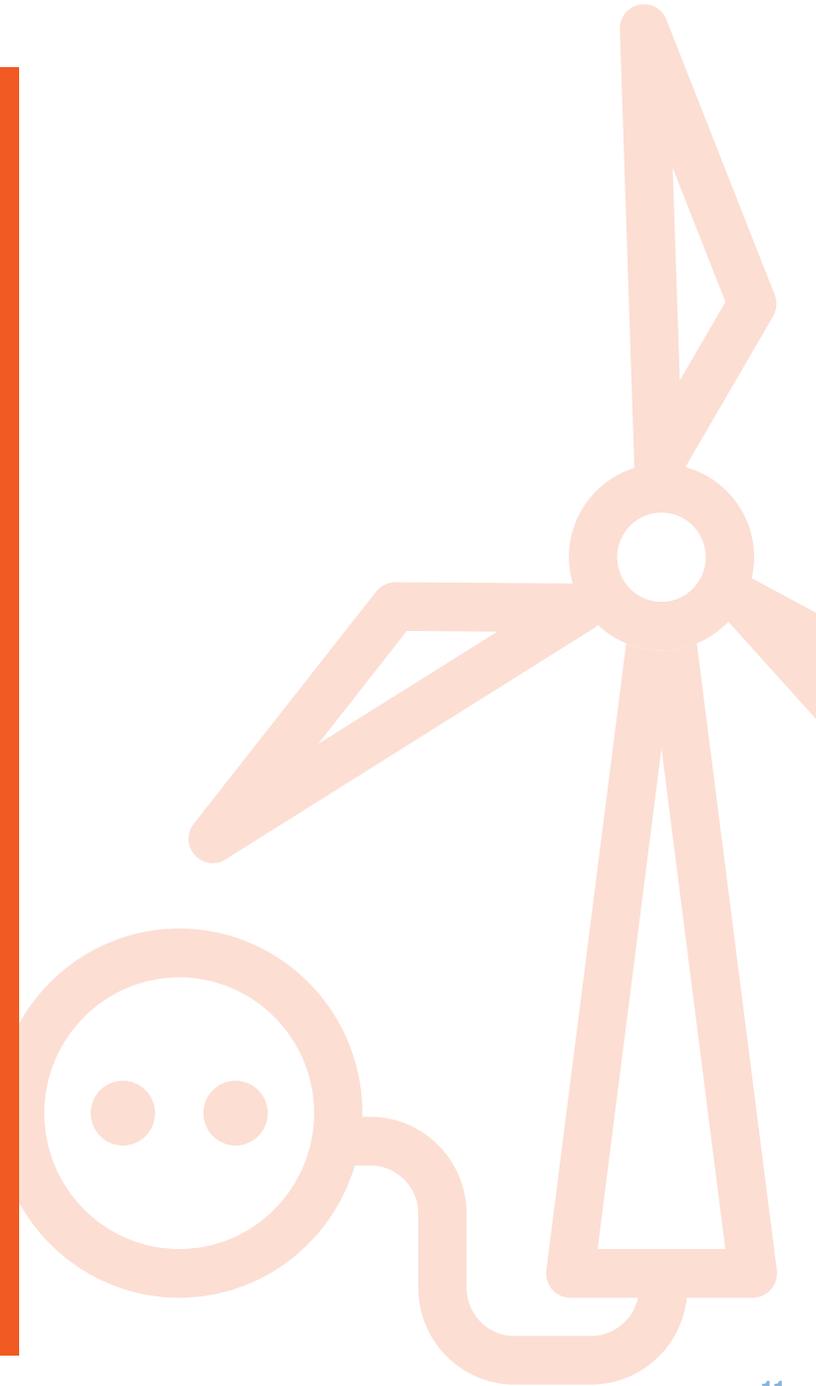
Flagship 6 • Renovation wave

Serbia

Advanced System for Remote Meter Reading

WBIF EU grant 2022	€7.8m
EBRD loan	€32.2m
EBRD grant	€0.1m
Total project cost	€40.1m

This investment project will support the introduction of smart metering in the electricity distribution system in Serbia. The grant will be used for the first phase of smart meter deployment in Kraljevo, Čačak and Niš. The roll-out of smart metering will make a significant contribution to the ongoing grid modernisation programme aimed at smart grid development, reduction of technical and commercial losses, and better integration of distributed renewable generation sources into the system.





Environment and Climate



The European Green Deal is underpinned by policies designed to develop modern, resource-efficient and competitive economies where growth is decoupled from emissions of greenhouse gases, resource use and waste generation, where climate resilience is pursued. The Green Deal can only be fully effective if the EU's immediate neighbourhood also takes action at an early stage. This is all the more valid for the Western Balkans given their European perspective. The European Commission has therefore presented a Green Agenda for the Western Balkans. Economic growth and new business opportunities will be linked to more sustainable consumption and production patterns, including promotion of a circular economy, conservation of scarce resources, and better re-use of waste products. The total project cost for the two projects endorsed in 2022 in the environment and climate sector amounts to over €212 million.



Priorities

Flagship 7

Waste and Wastewater Management





Flagship 7 · Waste & wastewater management

Montenegro

Podgorica Wastewater Treatment Plant

WBIF EU grant 2022	€22.9m
Previous WBIF bilateral donor grants	€9.9m
KfW grant	€0.3m
KfW loan	€35m
National contribution	€7.5m
Total project cost	€75.6m

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



Flagship 7 · Waste & wastewater management

North Macedonia

Skopje Wastewater Treatment Plant

WBIF EU grant 2022	€69.8m
Previous EU grants	€0.5m
EIB grant	€0.5m
EIB loan	€34.8m
EBRD loan	€29.7m
French bilateral grant	€0.9m
National contribution	€0.5m
Total project cost	€136.7m

This investment project will design and build a central wastewater treatment plant for Skopje, the capital of North Macedonia. The plant will service nine of the ten municipalities of the city of Skopje and will have a capacity of 625,000 population equivalent. As Skopje's wastewater is currently discharged into the Vardar River without treatment, a transboundary watercourse that flows into Greece, the project is expected to have significant environmental and public health benefits. It will therefore have a substantial impact on the living conditions of the inhabitants of Skopje and will contribute to North Macedonia's compliance with relevant environmental and water EU laws and standards.





Digital Future



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. Digital services represent an increasing share of exports from the Western Balkans. With the support of the EU and the Regional Cooperation Council, since 2018 the Western Balkans are implementing a Digital Agenda for the region.

The Western Balkans should take stock of implementation to date, identify where work needs to be accelerated as well as broaden the scope and ambition of the region's digital transformation. Support provided in particular for digital skills development, e-government, e-procurement and e-health services would make public authorities more transparent and accountable, reduce costs, and improve service delivery, while also addressing the social dimension. The total project cost for the flagship project endorsed in 2022 in the digital sector amounts to over €106 million.



Priorities

Flagship 8
Digital Infrastructure



Flagship 8 · Digital infrastructure

Serbia

Rural Broadband Rollout Phase 2

WBIF EU grant 2022	€33m
EBRD loan	€70m
National contribution	€3.5m
Total project cost	€106.5m

This investment project builds on the Rural Broadband Rollout project launched in 2020. It will support the deployment of mid-mile and last-mile broadband internet infrastructure that will connect the existing fibre backbone to 1,600 schools/public institutions in white zones (without access to the broadband network) in rural areas in Serbia. The investments will address the shortage of digitally skilled labour, which Serbia is experiencing due to recent rapid ICT sector growth, which now presents a serious hindrance to private sector development. They will also address the rural-urban digital divide, as the lack of broadband in rural areas reduces the capacity of a large portion of the country's population to fully participate in the modern economy.

Endorsed WBIF projects 2022



Human Capital



Fairness and inclusiveness are important in ensuring that the benefits of recovery and growth are shared by everyone and that no one is left behind. A well-functioning labour market and a well-trained and productive workforce are crucial for a resilient economy. The European Commission will strengthen the dialogue with the Western Balkans to foster the implementation of the European Pillar of Social Rights (EPSR) in the region. The EU aims to support the development of human capital by increasing IPA funding, in particular as regards the reform priorities identified in the Economic Reform Programme process and joint policy guidance in the areas of education and skills, employment, and social protection and inclusion. Emphasis will also be put on youth, health, culture and sport. The total project cost for the flagship project endorsed in 2022 in the human capital sector amounts to over €116 million.



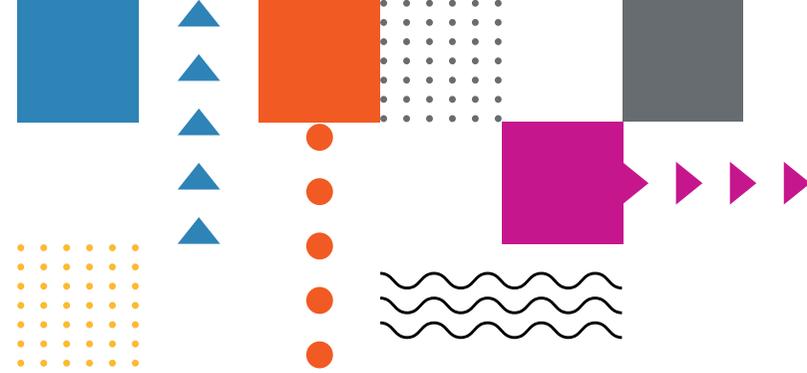
Serbia

University Children's Hospital Tiršova 2 in Belgrade

WBIF EU grant 2022	€35m
CEB grant	€0.3m
CEB loan	€54m
National contribution	€27.2m
Total project cost	€116.5m

The University Children's Clinic is a pre-World War II facility for paediatric care services, established in 1924 and expanded in the 1960s and 1990s. The investments covered by this project will construct a new building for the hospital to increase its capacity and bring new diagnostic and treatment technologies, robotic surgery facilities, more sophisticated patient monitoring and new fields of therapeutic diagnosis. The new hospital will provide healthcare services for young patients in Serbia in line with European standards and will cater to specific, complex paediatric needs of neighbouring countries.

Endorsed WBIF projects 2022



List of Abbreviations

CEB	Council of Europe Development Bank
CVIII	North Macedonia – Bulgaria Rail Interconnection
EBRD	European Bank for Reconstruction and Development
EDIF	Enterprise Development and Innovation Facility
EFSE	European Fund for Sustainable Economy
EIB	European Investment Bank
EIP	Economic and Investment Plan for the Western Balkans 2021-2027
EPSR	European Pillar of Social Rights
EU	European Union
IPA	Instrument for Pre-accession Assistance
KfW	KfW Development Bank
REEP/REEP+	Regional Energy Efficiency Programme for the Western Balkans
TA	Technical Assistance
TEN-T	Trans-European Transport Network
WBIF	Western Balkans Investment Framework



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