Economic and Investment Plan
Endorsed Flagship Investments
2020-2024
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About the Economic and Investment Plan for the Western Balkans

The Economic and Investment Plan for the Western Balkans (EIP) aims to spur the long-term economic recovery of the region and foster regional economic integration. It identifies 10 flagship investments to support a green and digital transition in the Western Balkans and bring the region closer to the EU Single Market. Since 2020, a substantial financial package of up to €9 billion in EU funds is available to support sustainable transport, clean energy, environment and climate, digital future, human capital and the private sector.

While grant funding is important, the EU deploys other innovative financial tools to support investments and investors. Guarantees help reduce the cost of financing for public and private investments, while minimising risk for investors.

Support through the Western Balkans Guarantee facility is expected to mobilise investments of up to €20 billion.

The EIP continues to be instrumental in facing the socio-economic impact of Russia’s ongoing war of aggression against Ukraine, and the subsequent impact on energy markets. Through the Energy Support Package¹, the European Commission provides direct budgetary support to tackle the energy crisis, and supports longer-term investments in energy efficiency, renewable energy generation, and reinforcing energy connectivity infrastructures. These investments will accelerate the decarbonisation of the Western Balkans, and improve the energy security of the region.

¹Selected flagships for Energy Support Package
About the Western Balkans Investment Framework

The Western Balkans Investment Framework (WBIF) is a financial platform that co-ordinates and harmonises investments for socio-economic development in the region. It is a joint initiative of the EU, financial organisations, bilateral donors and beneficiaries, 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 implementing the EU’s ambitious policy priorities and investment flagships of the Economic and Investment Plan for the Western Balkans.

Public sector blending\(^2\)

- €32.4bn estimated investment
- €4.2bn grants awarded
- €10.3bn signed loans

Private sector support\(^2\)

- €617m EU funds for MSMEs
- €6.8bn estimated investment
- 390,960 MSMEs supported

Western Balkans Guarantee Facility\(^3\)

- 21 guarantees
- Up to €937m guarantee coverage
- Up to €47.1m technical assistance

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2 As of 2 July 2024
3 Since the launch of the WB Guarantee Facility in 2020 until 31 January 2023
Since the adoption of the Economic and Investment Plan in October 2020, the WBIF has endorsed **68 flagship investments for €10.5 billion investments** in key rail, road and waterborne transport, renewable energy, energy efficiency and power interconnections, waste and water management, new health and education facilities, digital infrastructures and private sector development. **The European Union and bilateral donors contribute €3 billion in grants to these investments.**

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

The implementation of the EIP is a step further in delivering the EU **Global Gateway initiative** in the Western Balkans. The WBIF is investing to deliver on the political commitment to spur the region’s economic development, help to overcome the current energy crisis and to make significant progress in regard to the **Connectivity, Innovation, Green and Digital Agendas.**

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

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

1. Rhine-Danube Corridor: Demining the Right Bank of the Sava River
2. Corridor Vc: Johovac – Vukovarje
3. Corridor Vc: Šarnac – Rječica
4. Corridor Vc: Medakovo – Ozimice
5. Corridor Vc: Ozimice – Poprikuše
6. Corridor Vc: Mostar North – Mostar
7. Corridor Vc: Mostar South – Kvanj
8. Corridor Vc: Kvanj Tunnel – Buna
9. Rhine-Danube Corridor: Removal of Sunken WWII German Vessels from the Danube, Prahovo Sector
10. Corridor X: Paračin – Medurovo
11. Corridor X: Stalač – Dunis Railway Section
12. Corridor Xc: Niš Rail Bypass
13. Peace Highway: Pristina – Merdare
14. Bar – Vrbnica Railway Line
15. Bar – Vrbnica Railway Line, Bar – Golubovci
16. Albania – Montenegro Rail Interconnection: Vorë – Hani i Hotit
17. Blue Highway: Tirana Bypass
18. Corridor VIII: Dunës – Rrogozhinë
19. Corridor VIII: Kriva Palanka – Border with Bulgaria
20. Corridor VIII: Cut-Slopes Stabilisation on Kriva Palanka – Stracin Express Road Section
21. Corridor X: Belgrade – Niš Railway Line, Belgrade Centre – Velika Plana
22. Corridor X: Belgrade – Niš Railway Line, Velika Plana – Paraćin
23. Safe and Sustainable Transport Programme

**Clean energy**

1. Kostolac Wind Farm
2. Advanced System for Remote Meter Reading
3. Trans-Balkan Electricity Corridor: SER – MNE – BIH 400kV Interconnection
4. Rehabilitation of Bistrica Hydropower Plant
5. Vlašić Wind Power Plant
6. Poklečani Wind Farm
7. Rehabilitation of Čapljina Pump Storage Hydropower Plant
8. Reconstruction of Vlasina Hydropower Plant
10. Solar4Kosovo II: Solar District Heating for Pristina
11. Rehabilitation of Fierza Hydropower Plant
13. Green Transport Tirana
15. Rehabilitation of Six Hydropower Plants Phase 3
16. Oslomej 1 Solar Photovoltaic Power Plant
17. Oslomej 2 and Bitola Solar Photovoltaic Power Plants
18. Energy Efficiency Investments in Healthcare Buildings
19. Strengthening the Transmission Network in the Southeast Region
20. Bogdanci Wind Park Phase 2
21. Regional Energy Efficiency Programme

**Environment & climate**

1. Sewage System for Pallilula, Belgrade
2. Sarajevo Water Project
3. Wastewater and Water Supply Systems for Kolašin, Rožaje and Mojkovac
4. Podgorica Wastewater Treatment Plant
5. Skopje Wastewater Treatment Plant
6. Regional Waste Management System for Polog, Pelagonija, Vardar, Southwest and Southeast Regions
7. Water and Sanitation Programme II in Republika Srpska
8. Niksic and Pljevlja Wastewater Collection Systems
9. Ulcinj Wastewater Treatment Plant and Sewerage
10. Boka Bay Water Supply and Wastewater Collection
11. Titovac Water Supply and Sanitation
12. Cetinje Water Supply System Improvement

**Human capital**

1. University Children’s Hospital Tirsova 2 in Belgrade
2. Improving Energy Efficiency and Integrated Energy Management at Technical Faculties Campus in Belgrade
3. Education Infrastructure Improvement in Montenegro

**Digital future**

1. Rural Broadband Rollout Phase 2
2. Smart Labs - Network of ICT Laboratories for Pre-University Education System

**Private sector**

1. SME Go Green Programme
2. Western Balkans Climate Programme
3. GGF: Promoting Green Lending in the Western Balkans II
4. Sustainable Access to Finance for Entrepreneurship
5. Green Finance for Inclusion
6. Go Digital in the Western Balkans
7. Innovation and Green Transformation Facility
The Western Balkans economies have set interconnectivity with the Trans-European Transport Network (EU TEN-T Core Network), implementation of EU technical standards and reforms, as well as the promotion of multimodal transport solutions as strategic priorities for their transport sector.

Investments in sustainable transport modes are considered crucial for stimulating regional trade, reducing pollution and delivering sustainable economic growth.
EIP Flagship investments 2020-2024

Flagship 1 - Connecting East to West

Bosnia and Herzegovina

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

- WBIF EU grant: €8.3m
- WB loan: €30m
- WB grant: €0.6m
- Estimated investment: €38.9m
- Expected completion: 2027

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

Kosovo

Peace Highway: Pristina – Merdare Section

- WBIF EU grant: €78.9m
- Previous EU grant: €5.4m
- EBRD loan (est.): €58m
- EIB loan (est.): €57.9m
- Beneficiary contribution: €7.5m
- Estimated investment: €207.7m
- Expected completion: 2028

The ‘Peace Highway’ is the name given to the section of motorway running from Serbia to Kosovo. The Niš - Merdare - Pristina route carries significant freight and passenger traffic in the Western Balkans. 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. An indicative extension of the TEN-T Orient/East-Med corridor, this strategic connection is the shortest route from the Port of Durrës (Albania) on the Adriatic coast to south-eastern and central Europe, as well as to countries around the Mediterranean and Black Seas.

North Macedonia

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

- WBIF EU grant: €154.5m
- Previous EU grant: €64.5m
- EIB loan: €175m
- EBRD loan: €175m
- Beneficiary contribution: €4.2m
- Estimated investment: €573.2m
- Expected completion: 2029

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

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

- **WBIF EU grant**: €16.4m
- **EIB loan**: €13.3m
- **Estimated investment**: €29.7m
- **Expected completion**: 2029

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

Bosnia and Herzegovina

**Corridor Vc: Šamac – Doboj – Rječica Railway Section**

- **WBIF EU grant**: €86m
- **Previous EU grant**: €2m
- **EBRD loan (est.)**: €37.4m
- **EIB loan (est.)**: €40m
- **Estimated investment**: €165.4m
- **Expected completion**: 2028

This investment project will rehabilitate 80 km of railway line from the town of Šamac to the town of Rječica. This line is part of Rail Corridor Vc, and the indicative extension of the pan-European Mediterranean Corridor to the Western Balkans. The investments covered by this project contribute to the creation of a functional railway route along this Corridor and, thus, to the progressive integration into the EU transport market, as well as to opening new opportunities for integrated and sustainable economic and social growth in the region.

Montenegro

**Montenegro – Serbia Rail Interconnection: Bar – Vrbnica Section**

- **WBIF EU grant**: €20.5m
- **Previous EU grant**: €2.5m
- **EIB loan**: €18m
- **Estimated investment**: €41m
- **Expected completion**: 2028

Bar – Vrbnica is the most important railway line of the Montenegrin network, carrying about 20% of rail passengers and 60% of rail cargo. This investment will rehabilitate 10 steel bridges and 8 tunnels on the northern section of the line. To date, the EU has allocated €71 million for urgent rehabilitation works, signalling and telecommunication systems as well as technical assistance for this line through the WBIF. This project is part of the indicative extension of the TEN-T Core Network to the Western Balkans, along approximately 580 km from Vršac (Serbia/Romania border) to Belgrade (Serbia) and then to Podgorica and Bar (Montenegro).
Flagship 3: Connecting the coastal regions

Albania

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

- WBIF EU grant: €138m
- Previous EU grant: €4.5m
- EBRD loan: €84.5m
- EIB loan: €85.9m
- Other donors: €1.6m
- Beneficiary contribution: €3.3m
- Estimated investment: €317.8m
- Expected completion: 2029

This investment project will rehabilitate 120 km of railway line and 12 train stations, including new signalling systems and safety improvements, from Vorë to the border with Montenegro. This railway line is part of the planned extension of the Trans-European Transport Core Network to the Western Balkans. It is Albania’s international railway link to regional and EU railway networks. The new line will allow increased speeds of up to 120 km/h. It will improve market access and substantially increase international freight and passenger traffic towards ports, terminals, capitals and airports by rail.

Flagship 3: Connecting the coastal regions

Albania

Blue Highway: Tirana Bypass

- WBIF EU grant: €69.4m
- Previous EU grant: €2.7m
- EBRD loan (est.): €111.7m
- Beneficiary contribution: €64.6m
- Estimated investment: €248.4m
- Expected completion: 2028

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 redirect traffic away from the city and create a more efficient transport system, integrated into the regional and European core road 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.
Johovac – Vukosavlje
Motorway Section

**WBIF EU grant**    €186.1m
Previous EU grant    €0.5m
EIB loan (est.)    €250.2m
Beneficiary contribution    €33.5m
Estimated investment    €470.3m
Expected completion    2029

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

Mostar South – Kvanj Tunnel
Motorway Subsection

**WBIF EU grant**    €31.4m
EBRD loan    €40.2m
Beneficiary contribution    €9.9m
Estimated investment    €81.5m
Expected completion    2027

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.

Medakovo – Ozimice
Motorway Subsection

**WBIF EU grant**    €81.8m
EIB loan    €110m
Beneficiary contribution    €191.6m
Estimated investment    €383.4m
Expected completion    2026

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

Kvanj Tunnel – Buna
Motorway Subsection

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

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

Road Corridor Vc consists of a major north-south transit road between the countries of the region linking the Western Balkans to the pan-European Mediterranean transport corridor. It runs from Hungary, through Bosnia and Herzegovina to Croatia and the Adriatic Sea. The longest section of the road corridor lies in Bosnia and Herzegovina, and the country has embarked on an ambitious multi-billion euro motorway construction programme. The motorway network, which is being built in accordance with modern transport standards, will improve road safety, reduce travel times and create more opportunities for trade flows within the region and with the EU.
EIP Flagship investments 2020-2024

Sustainable transport

Flagship 2
Connecting North to South

**Ozimice - Poprikuše**
**Motorway Subsection**

- **WBIF EU grant**: €141.4m
- **EIB loan**: €197.9m
- **Beneficiary contribution**: €15m
- **Estimated investment**: €354.3m
- **Expected completion**: 2027

This investment project will construct 11.9 km of motorway on Corridor Vc, from Ozimice to Poprikuše, including 5 tunnels and 9 bridges.

**Mostar North – Mostar South**
**Motorway Section**

- **WBIF EU grant**: €155.9m
- **EBRD loan**: €110m
- **Commercial banks loan (est.)**: €110.1m
- **Beneficiary contribution**: €7m
- **Estimated investment**: €383m
- **Expected completion**: 2027

This investment concerns the construction of 14.2 km of motorway on Corridor Vc, starting before the Mostar North interchange and ending after the Mostar South interchange.

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**Flagship 1 - Connecting East to West**

**North Macedonia**

**Corridor VIII: Cut-Slopes**
**Stabilisation on Express Road A2, Kriva Palanka – Stracin Section**

- **WBIF EU grant**: €14m
- **WB loan**: €20.2m
- **Beneficiary contribution**: €2.5m
- **Estimated investment**: €36.7m
- **Expected completion**: 2024

Corridor VIII is an east-west route connecting Albania’s Adriatic port of Durrës to Bulgaria’s Black Sea port of Varna via North Macedonia. Road Corridor VIII in North Macedonia is a crucial component for the country’s connectivity and trade within the region and with the EU. Under this investment, a 23 km express road from Kriva Palanka to Stracin will be constructed, which is the last remaining section towards the border with Bulgaria. The new express road will significantly decrease travel time between Skopje and Sofia, strengthen mobility and trade, improve road safety, and create opportunities for socioeconomic development in the country and the region.
Flagship 1: Connecting East to West

Albania

**Corridor VIII: Durrës – Rrogozhinë Railway Section**

<table>
<thead>
<tr>
<th>WBIF EU grant</th>
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<tbody>
<tr>
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<td>€2.4m</td>
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<tr>
<td>EIB loan (est.)</td>
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<td>Beneficiary contribution</td>
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<td>Estimated investment</td>
<td>€120.5m</td>
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<tr>
<td>Expected completion</td>
<td>2029</td>
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This investment project will reconstruct 33.5 km of railway line, including electrification, signalling and telecommunication systems, from Durrës to Rrogozhinë on the Pan-European Corridor VIII, which links southern Italy to the Black Sea in Bulgaria via Albania and North Macedonia. It is part of a broader plan to revitalise the railway sector in Albania. Aligned with EU standards, this project will enable faster journeys, reduce operation and maintenance costs, improve safety, and facilitate the shift of freight and passenger transport from road to rail, fostering regional connectivity.

Flagship 2: Connecting North to South

Montenegro

**Montenegro – Serbia Rail Interconnection: Bar – Golubovci Section**

<table>
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<th>WBIF EU grant</th>
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<tr>
<td>Previous EU grant</td>
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<td>Beneficiary contribution</td>
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<td>Estimated investment</td>
<td>€227.2m</td>
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<td>Expected completion</td>
<td>2029</td>
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This investment project will rehabilitate and upgrade the section between Bar and Golubovci of the Bar – Vrbnica railway line, which is the most important line in Montenegro and is part of the indicative extension of the TEN-T Core Network to the Western Balkans. It will bring 39.6 km of railway line to TEN-T standards, including electrification, signalling and telecommunication systems. This is the second endorsement made by the EU under the EIP for the Bar – Vrbnica railway line to fast-track the country’s railway system integration with the regional and EU railway networks.
Belgrade Centre – Velika Plana Section

WBIF EU grant €186m
Previous EU grant €7.4m
EIB loan €315.1m
EBRD loan €150.1m
Beneficiary contribution €26m
Estimated investment €684.6m
Expected completion 2029

This investment project will rehabilitate and upgrade 86 km of the railway line connecting Belgrade to Niš to reach speeds of up to 200 km/h.

Paraćin – Međurovo Section

WBIF EU grant €174.6m
Previous EU grant €6.3m
EIB loan €188.3m
EBRD loan €76.9m
Beneficiary contribution €29.5m
Estimated investment €475.6m
Expected completion 2028

This investment project will rehabilitate and upgrade 66 km of the railway line connecting Belgrade to Niš to reach speeds of up to 200 km/h.

Niš Bypass

WBIF EU grant €35.6m
Previous EU grant €3.5m
EIB loan €34.9m
EBRD loan €16.5m
Beneficiary contribution €90.5m
Expected completion 2027

This investment project will construct a 22 km-long rail bypass at Niš. It is part of a comprehensive programme to upgrade and electrify the interconnection with Bulgaria.

Stalač – Đunis Section

WBIF EU grant €82.8m
Previous EU grant €1.6m
EIB loan €62.2m
EBRD loan €60m
Beneficiary contribution €72.4m
Estimated investment €279m
Expected completion 2029

This investment project will rehabilitate and upgrade to double-track 17.7 km of the railway line connecting Belgrade to Niš to reach speeds of up to 200 km/h.

Flagship 1 - Connecting East to West

Serbia

Rail Corridor X

Corridor X is the main north-south route running through Serbia and is an integral part of the extended core TEN-T Network connecting Western and Central Europe with Greece, Turkey, and Western Asia. Its modernisation is one of Serbia’s primary investments in the rail sector to establish an international high-speed rail route and enhance the quality of passenger and freight services. This will, in turn, support the country’s economic development, contribute to its local and regional connectivity and integration, and enhance the competitiveness of rail transport, enabling a significant modal shift to rail as a low-carbon intensity sector.

EIP Flagship investments 2020-2024
Sustainable transport
Safe and Sustainable Transport Programme (SSTP)

The Safe and Sustainable Transport Programme (SSTP) aims to enhance transport safety and sustainability in the Western Balkans, aligned with the EU’s Green Agenda. The region faces climate change consequences, with energy and transport sectors being major greenhouse gas emitters. SSTP, funded by the EU and World Bank, supports initiatives like road safety improvements, alternative fuel infrastructure, and intelligent transport systems. It targets reduced travel times, enhanced safety, lower pollution, improved market access, increased trade, job creation, and socio-economic convergence with the EU.

Using existing World Bank projects, such as the Western Balkans Trade and Transport Facilitation Project and Serbia Railway Modernisation Project, SSTP collaborates with public partners and the private sector. The programme facilitates the region’s long-term recovery, the greening of transport, economic integration, and improved quality of life for Western Balkans residents. With the SSTP, the Western Balkans can benefit from technical assistance and knowledge, moving forward with the green and digital transition in transport.

€80m WBIF EU grant
€413m WB loan
€1.8m WB grant
€494.8m estimated investment
2023 expected completion
2028
Clean Energy

The transition to sustainable and clean energy is key for the region’s future. A strong emphasis is placed on integrating energy markets, smart grids and increased digitalisation of the system, energy efficiency, including modernisation of district heating, energy security and ensuring a just transition.

Decarbonisation is a key pillar of the Economic Investment Plan in line with the aims of the Green Agenda for the Western Balkans. The increased use of renewable energy sources is supported, in line with the region’s climate change adaptation plans.

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

Flagship investments 2020-2024

- **21** flagships endorsed
- **€386.7m** WBIF EU and bilateral donor grants
- **€1.2bn** IFI loans
- **€1.8bn** estimated investment

Priorities

- **Flagship 4**
  - Renewable energy
- **Flagship 5**
  - Transition from coal
- **Flagship 6**
  - Renovation wave
**Flagship 4: Renewable energy**

**Albania**

**Vau i Dejës Floating Solar Photovoltaic Power Plant**

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

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

**Rehabilitation of Fierza Hydropower Plant**

- WBIF EU grant: €8.7m
- KfW loan: €40m
- Estimated investment: €48.7m
- Expected completion: 2029

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

**Solar4Kosovo - Photovoltaic Plant**

- WBIF EU grant: €32.8m
- KfW loan: €29m
- EIB loan: €33m
- Beneficiary contribution: €10m
- Estimated investment: €104.8m
- Expected completion: 2027

The electricity sector in Kosovo is almost entirely dependent on coal-fired power plants (97%). This investment project will install a solar photovoltaic plant of up to 100 MW capacity on former ash dump fields near ‘Kosovo A’ thermal power plant. This will be the first large-scale solar photovoltaic plant in Kosovo and will increase installed capacities tenfold from 10.1 MW to 110.1 MW. As a result, the share of solar power in the energy mix of Kosovo will increase from 0.2% to 2.3%. The plant is expected to produce around 152 GWh of electricity and save 152,000 tonnes of CO₂ annually.
**Flagship 4 • Renewable energy**

**Solar4Kosovo II – Solar District Heating for Pristina**

- **WBIF EU grant** €22.3m
- **KfW grant** €31.6m
- **EBRD loan** €23.2m
- **Beneficiary contribution** €4.4m
- **Estimated investment** €81.5m
- **Expected completion** 2028

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

**Rehabilitation of Six Hydropower Plants Phase 3**

- **WBIF EU grant** €11.1m
- **KfW loan** €25m
- **KfW grant** €0.2m
- **Beneficiary contribution** €2.9m
- **Estimated investment** €30.3m
- **Expected completion** 2026

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

**Bogdanci Wind Park Phase 2**

- **WBIF EU grant** €9.2m
- **KfW loan** €18m
- **KfW grant** €0.2m
- **Beneficiary contribution** €2.9m
- **Estimated investment** €30.3m
- **Expected completion** 2026

North Macedonia aims to decarbonise the energy sector by gradually phasing out fossil fuels and increasing the share of renewable energy sources in the energy mix. Phase 1 of this pilot project, with a 36.8 MW installed capacity, was successfully developed with WBIF technical assistance and produced 103 GWh or 1.95% of the country’s total electricity generation in 2021. This further investment will increase the capacity of the wind park by up to 15 MW, which is expected to produce 46 GWh of electricity annually, equivalent to the energy demand of around 6,000 households. In total, over 22,000 households will be supplied with more reliable and sustainable electricity.
Flagship 4 - Renewable energy

North Macedonia

Oslomej 1 Solar Photovoltaic Power Plant

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

The energy sector of North Macedonia relies predominantly on fossil fuels and hydropower and is dependent on electricity imports. This investment project has installed a 10 MW solar power plant on the site of an exhausted coal mine in Oslomej. The plant is expected to produce nearly 15 GWh of electricity, equivalent to the energy demand of 2,800 households, and displace 12,177 tonnes of CO₂ annually. The Oslomej 1 photovoltaic power plant is part of the country’s effort to clean up the site, diversify energy sources and support decarbonisation.

Oslomej 2 and Bitola Photovoltaic Power Plants

 WBIF EU grant €5.1m
EBRD loan €19.8m
Beneficiary contribution €0.7m
Estimated investment €25.6m
Expected completion 2026

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 (an extension of Oslomej I) and adjacent to the coal-fired thermal power plant in Bitola. The plants are expected to produce 50 GWh of electricity, equivalent to the energy demand of 8,500 households, and displace 34,000 tonnes of CO₂ annually. The project will directly address the inequality implications of the green energy transition and define reemployment and reskilling opportunities in the wider regional labour market to retrain the local workforce.

Serbia

Vlasina Hydropower Plant

 WBIF EU grant €16m
EBRD loan €67m
Beneficiary contribution €0.2m
Estimated investment €83.2m
Expected completion 2029

Serbia produces 62% of the country’s electricity from low-quality lignite and nearly 30% from hydropower, with a small percentage coming from wind and solar. The Vlasina hydropower system was constructed in two stages, 1946-58 and 1972-77, with an installed capacity of 128 MW, but with age and wear and tear the output is currently only 60-80 MW. This project will replace all generation units, electromechanical and hydromechanical systems and control equipment. These investments will ensure a reliable and safe operation of the cascade over the next 30 years, with an output of 136 MW, significantly improving the stability of the electricity system. The plants are expected to produce 309 GWh annually, equivalent to the energy demand of 93,000 households.
Flagship 4 • Renewable energy

Serbia

**Kostolac Wind Farm**

- **WBIF EU grant** €31m
- **KiW loan** €80m
- **KiW grant** €1.8m
- **Beneficiary contribution** €32.3m
- **Estimated investment** €145.1m
- **Expected completion** 2025

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

Flagship 5 • Transition from coal

Serbia

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

- **WBIF EU grant** €8.8m
- **Previous EU grant** €2.1m
- **KiW loan** €27.8m
- **Beneficiary contribution** €2.4m
- **Estimated investment** €41.1m
- **Expected completion** 2025

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

Flagship 5 • Transition from coal

Serbia

**Advanced System for Remote Meter Reading**

- **WBIF EU grant** €8.1m
- **EBRD loan** €40m
- **EBRD grant** €0.1m
- **Estimated investment** €48.2m
- **Expected completion** 2027

This investment project supports the introduction of smart metres in the electricity distribution system in Serbia. It covers the first phase of their deployment in Kraljevo, Čačak and Niš. The roll-out of smart metering will significantly contribute to the ongoing grid modernisation programme, which aims to develop smart grids, reduce technical and commercial losses, and integrate renewable generation sources into the system.
**Flagship 4 • Renewable energy**

**Albania**

**Green Transport Tirana**

- **WBIF EU grant**: €32.1m
- **KfW loan (est.)**: €50m
- **Beneficiary contribution**: €29.2m
- **Estimated investment**: €111.3m
- **Expected completion**: 2029

The Green Transport project will create Tirana’s first electric bus rapid transport system (e-BRT) to combat high levels of air pollution and traffic congestion. The e-BRT will complement the existing network of buses, redesigned to be in tune with the new system. The e-BRT system will rely on electric-battery buses with a smart charging strategy. The Metropolitan Area of Tirana already has almost 900,000 inhabitants and is growing. The project aims to improve the quality of service provided to them and the quality of air in Tirana. CO₂ emissions are expected to be reduced by around 4,300 tons per year.

**Bosnia and Herzegovina**

**Čapljina Pump Storage Hydropower Plant**

- **WBIF EU grant**: €3.1m
- **KfW loan**: €15m
- **Beneficiary contribution**: €0.8m
- **Estimated investment**: €18.9m
- **Expected completion**: 2027

The Pump Storage Hydro Power Plant (PSHPP) Čapljina plays a vital role in Bosnia and Herzegovina’s energy sector. With nearly 70% of electricity production relying on coal-fired plants, rehabilitating PSHPP Čapljina is essential for increasing the share of renewable energy sources and reducing carbon emissions. The plant has been in operation since 1979 and generates climate-friendly electricity, improving energy security by balancing the grid. The project’s objective is to rehabilitate PSHPP Čapljina’s equipment, ensuring generation and pumping potential for another 15 years of operation, while reducing CO₂ emissions and improving air quality.

**Serbia**

**Rehabilitation of Bistrica Hydropower Plant**

- **WBIF EU grant**: €7.7m
- **EIB loan (est.)**: €32.8m
- **Beneficiary contribution**: €0.4m
- **Estimated investment**: €40.9m
- **Expected completion**: 2028

Following Serbia’s commitment to align its regulations with EU environmental legislation, the hydroelectric power plant HPP Bistrica, operational since 1960, will be rehabilitated. The project aims to modernise the plant and increase its efficiency, boosting its annual power generation to 350 GWh. Besides enhancing energy efficiency and reducing greenhouse gas emissions, this strategic project also contributes to Serbia’s adherence to international agreements such as the Kyoto Protocol and the Paris Agreement. The upgraded HPP Bistrica would back up wind and solar power plants, enabling the integration of more renewable energy into Serbia’s grid. Ultimately, this project aligns with Serbia’s broader energy strategy to achieve a 49.6% share of renewable energy sources by 2040.
Flagship 6 • Renovation wave

North Macedonia

**Public Sector Energy Efficiency Project**

<table>
<thead>
<tr>
<th>WBIF EU grant</th>
<th>€8m</th>
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<tbody>
<tr>
<td>Previous EU grant</td>
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<tr>
<td>EBRD loan (est.)</td>
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<tr>
<td>Beneficiary contribution</td>
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<td>Estimated investment</td>
<td>€34.7m</td>
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<td>Expected completion</td>
<td>2027</td>
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The Public Sector Energy Efficiency Project (PSEEP) in North Macedonia addresses the country’s reliance on inefficient coal-fired generation and high energy consumption. It focuses on energy efficiency in public buildings, aiming to achieve savings, reduce CO₂ emissions, and establish an Energy Efficiency Fund. Sub-loans and grants are provided to municipalities for cost-effective renovations, benefitting around 100,000 direct beneficiaries, including vulnerable groups. By improving energy efficiency in healthcare facilities, municipal buildings, and public lighting, the project aims to reduce emissions, enhance comfort, and lower energy bills.

Flagship 5 • Transition from coal

North Macedonia

**Strengthening the Transmission Network in the Southeast Region**

<table>
<thead>
<tr>
<th>WBIF EU grant</th>
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<tbody>
<tr>
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<tr>
<td>EBRD loan (est.)</td>
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<tr>
<td>Beneficiary contribution</td>
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<tr>
<td>Estimated investment</td>
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<td>Expected completion</td>
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</table>

2023

North Macedonia’s transmission network is being strengthened to integrate renewable energy sources. A feasibility study and an Environmental and Social Impact Assessment (ESIA), financed through WBIF, have been completed. This project includes the construction of a substation, new connections, reconstructing overhead lines, and installing transmission lines and transformers. It will supply an additional 1,170 MW of renewable energy to the transmission network. It also aims to increase security of supply, reduce CO₂ emissions, attract foreign investments and contribute to North Macedonia’s goal of achieving a 66% share of renewable energy production by 2030 and 80% by 2040.

Flagship 4 • Renewable energy

Albania

**Belshi Solar Photovoltaic Power Plant**

<table>
<thead>
<tr>
<th>WBIF EU grant</th>
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<td>EBRD loan (est.)</td>
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<td>Beneficiary contribution</td>
<td>€2.2m</td>
</tr>
<tr>
<td>Estimated investment</td>
<td>€41.8m</td>
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<tr>
<td>Expected completion</td>
<td>2027</td>
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</tbody>
</table>

Albania has set clear targets for increasing its non-hydro generation capacity from renewable sources with the aim to diversify the energy mix and reduce the country’s vulnerability to hydropower shortages due to climate change. This investment project will install a 50 MW ground-mounted solar photovoltaic power plant in the Belish area. The plant is expected to produce 79 GWh/year of electricity, equivalent to the energy demand of 16,100 households, and displace over 50,000 tonnes of CO₂ annually. Beyond enhancing energy security and reducing electricity imports, the project accelerates the country’s transition to a low-carbon economy and fosters sustainable development.

2023
Flagship 4 • Renewable energy
Bosnia and Herzegovina
Poklečani Wind Farm

WBIF EU grant: €43.7m
Previous EU grant: €0.4m
EIB loan (est.): €75m
KfW loan (est.): €75m
Beneficiary contribution: €6.2m
Estimated investment: €200.3m
Expected completion: 2027

More than half of Bosnia and Herzegovina’s electricity generation capacity is made up of hydropower, while the remainder comes from lignite power plants (47.6% of the total installed generation capacity) and wind farms. This investment project will develop a 132 MW wind farm in the West Herzegovina Canton, contributing to the country’s renewable energy goals and reducing reliance on coal. The wind farm is expected to produce 436 GWh/year of electricity, equivalent to the energy demand of 72,700 households, and displace 446,900 tonnes of CO2 annually.

Vlašić Wind Power Plant

WBIF EU grant: €20.9m
Previous EU grant: €0.9m
KfW loan (est.): €16.5m
EIB loan: €36m
Beneficiary contribution: €16.7m
KIW/EIB grant: €0.8m
Estimated investment: €91.8m
Expected completion: 2028

This investment project will install a 50 MW wind farm on the high plateau of the Vlašić mountain, about 15 km north-west of the town of Travnik. Aligned with the national strategies for renewable energy, the plant is expected to produce 112 GWh/year of electricity, equivalent to the energy demand of 20,000 households, and displace 140,000 tonnes of CO2 annually. Beyond contributing to the country’s renewable energy goals and reducing reliance on coal, this project supports the transition to a low-carbon economy and fosters sustainable development.
Regional Energy Efficiency Programme

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

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

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

Since its inception, the integrated package offered through REEP has reached 1,000 SMEs, 16,000 households and 399 public buildings across over 700 cities and towns. Related investments translate into 964,000 MWh/year energy saved, 540,000 tCO2/year emissions avoided, and 121 MW renewable energy capacity installed.

Up to end 2021:

€630m total investment mobilised

€80m EU grant contribution

2022 replenishment:

€102m additional EU grant funding

€535m estimated investment
The European Green Deal is underpinned by policies designed to develop resource-efficient and competitive economies where growth is decoupled from resource use, and where climate neutrality is pursued. The Green Deal can only be fully effective if the EU’s immediate neighbours also take action at an early stage. This is all the more valid for the Western Balkans given their European perspective.

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

### Flagship investments 2020-2024

- **12** flagships endorsed
- **€274.4m** WBIF EU and bilateral donor grants
- **€286.1m** IFI loans
- **€645.8m** estimated investment
Podgorica Wastewater Treatment Plant

WBIF EU grant €23.7m
WBIF bilateral donor grant €10.1m
KIW loan €35m
KIW grant €0.3m
Beneficiary contribution €7.5m
Estimated investment €76.6m
Expected completion 2027

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

Skopje Wastewater Treatment Plant

WBIF EU grant €72.2m
Previous EU grant €0.5m
EIB loan €34.8m
EIB grant €0.5m
EBRD loan €29.7m
France grant €0.9m
Beneficiary contribution €0.5m
Estimated investment €139.1m
Expected completion 2027

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, with a capacity for dealing with 625,000 people. Currently, the wastewater generated by the city is discharged without treatment into the Vardar River, a major cross-border watercourse that flows into Greece. This investment will deliver significant environmental benefits, improve living standards, and contribute to the country’s compliance with the EU acquis.
Flagship 7: Waste and wastewater management

Serbia

Sewerage System for Palilula, Belgrade

| WBIF EU grant | €36.8m |
| EIB loan | €35m |
| EIB grant | €1.7m |
| Beneficiary contribution | €10.5m |
| Estimated investment | €84m |
| Expected completion | 2030 |

The Municipality of Palilula is located in the northern part of Belgrade, on the left bank of the Danube River. This project will rehabilitate and extend the existing sewerage network and construct a new wastewater treatment plant for the municipality, in line with EU standards. These investments in vital infrastructure will help provide better sanitation services and improve living conditions for over 81,000 people. It will also reduce pollution of groundwater and the Danube River, raising environmental and social standards in Serbia.

Flagship 7: Waste and wastewater management

North Macedonia

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

| WBIF EU grant | €22.6m |
| EBRD loan | €37m |
| EBRD grant | €1m |
| Estimated investment | €60.6m |
| Expected completion | 2027 |

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

Flagship 7: Waste and wastewater management

Bosnia and Herzegovina

Sarajevo Water Project

| WBIF bilateral donor grant | €2.6m |
| Previous EU grant | €4.5m |
| EBRD loan | €25m |
| Beneficiary contribution | €0.5m |
| Other donors | €0.5m |
| Estimated investment | €33.1m |
| Expected completion | 2027 |

The Canton of Sarajevo and its capital city are tackling the outdated 1,119 km water distribution network, which suffers from a staggering 70% water losses. This project seeks to drastically reduce that figure with a comprehensive plan to replace or rehabilitate ageing pipelines, pumping stations and wells, adding or improving about 4,000 new household connections. Ultimately, this project aims to enhance public health, boost commercial infrastructure, and improve the overall efficiency of water supply in the wider Sarajevo canton. It contributes to the Green Agenda of the Western Balkans objectives, stipulated in the Water Management Strategy of Bosnia and Herzegovina.
Access to safe water, sanitation and hygiene is the most basic human need for health and well-being. Through this EIB-supported programme, the EU co-funds construction and improvements to water supply, wastewater and stormwater networks in 15 small municipalities across Republika Srpska. The investments will rehabilitate water supply networks for 147,000 people, open access to drinking water for 34,150 people and connect 4,000 people to sanitation services. These schemes will have a positive socio-economic impact on municipalities, improve the people’s quality of life, and protect the environment, notably surface and ground waters.

This investment project will extend the sewerage and stormwater network for 12,200 in the Nikšić and Pljevlja municipalities. The new networks will also be connected to the existing wastewater treatment plants, ensuring the plants’ optimum operation. These investments will help bring Montenegro closer to EU environmental standards, improving municipal services, reducing surface, groundwater and soil pollution and public health risks, and enhancing the region’s attractiveness for tourism and economic diversification.

This investment project will rehabilitate and extend the sewerage system and construct a wastewater treatment plant with a capacity of 60,000 population equivalent for Ulcinj, a town home to over 11,000 people and a tourist summer destination. These measures complete the backbone system for wastewater disposal in the town’s area and increase sanitation services’ operational efficiency and financial sustainability. The new wastewater treatment plant will stop the discharge of untreated effluents into the Adriatic Sea, which endangers the Ulcinj Salina, a protected wetland of international importance.
This investment project will upgrade water supply systems, install sewage and stormwater networks connected to the existing wastewater treatment plant and increase the operational efficiency and financial sustainability of water services in the coastal area of the Tivat Municipality, a major tourist summer destination. These measures will enable sanitary services for 6,000 inhabitants living in the main settlements along the coastal region of the Bay of Tivat, reduce water losses in the system and overexploitation of water resources, protect the environment, and enhance the area’s attractiveness for tourism.

This investment project will upgrade the water supply system in Cetinje to reduce water losses and increase the operational efficiency and financial sustainability of water services. To reduce the demand for electricity for pumping stations from the distribution network, a 4 MW solar power plant will also be installed, which is expected to produce 6,780 MWh annually. The direct beneficiaries of these investments are 13,500 people connected to the town’s water supply system who will have access to safe drinking water.
Accelerating the region’s digital transformation is a priority under the Economic and Investment Plan to enable the twin green and digital transition. The Digital Agenda paves the way focusing on digital skills, secure and sustainable digital infrastructures, business and governments, and digital transformation.

Digitalisation is an opportunity for the economies and societies in the region, with digital solutions contributing to sustainability, climate-neutrality and resource-efficiency, and better governance and public services. The roll-out of ultra-fast and secure broadband focuses on remote areas and lower-income populations to ensure universal access. Investments in secure and energy-efficient data centres, edge and cloud infrastructures, links to EU initiatives on high-performance computing, and exploring synergies with other connectivity areas are also supported.

Flagship investments 2020-2024

- 2 flagships endorsed
- €44.7m WBIF EU grants
- €120.1m IFI loans
- €169.6m estimated investment

Priorities

Flagship 8
Digital infrastructure
Flagship 8 - Digital infrastructure

Albania

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

<table>
<thead>
<tr>
<th>WBIF EU grant</th>
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<td>CEB loan (est.)</td>
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<td>Beneficiary contribution</td>
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<td>€34m</td>
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<tr>
<td>Expected completion</td>
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Preparing students for their future careers is one of the key goals in education. Albania is introducing ICT in elementary schools, with hands-on curricula taught in smart labs. This project will establish 654 smart ICT labs in 615 schools across the country, increasing the availability of computer labs for students in their pre-university cycles and enhancing computer programming skills. Overall, more than 198,000 students will benefit from the newly implemented labs annually.

Serbia

Rural Broadband Rollout Phase 2

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<tr>
<th>WBIF EU grant</th>
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<tbody>
<tr>
<td>EBRD loan</td>
<td>€100m</td>
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<td>Beneficiary contribution</td>
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<td>€135.6m</td>
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<tr>
<td>Expected completion</td>
<td>2027</td>
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</table>

This project builds on the Rural Broadband Rollout project launched in 2020. It will enable Serbia to connect the existing fibre backbone to an additional 815 settlements, 305 schools and at least 128,000 households in rural areas without access to a broadband network. The investments will create new economic opportunities and skills for local populations in less developed regions through increased access to connectivity and training. It will also advance a competitiveness-focused policy engagement in the telecommunications sector.
The Economic and Investment Plan recognises the importance of education and skills, health and social protection to ensure the benefits of recovery and growth are shared by everyone and that no one is left behind. Alongside efforts on poverty reduction, social inclusion and strengthening social safety nets, accompanying infrastructure measures include social housing, education, health and judicial facilities. A key area of intervention under the Economic and Investment Plan is digitalisation in the fields of education and health.

The European Commission has strengthened the dialogue with the Western Balkans to foster the implementation of the European Pillar of Social Rights in the region. Emphasis is also placed on youth, health, culture and sports.

**Human Capital**

**Flagship investments 2020-2024**

- **3** flagships endorsed
- **€69.1m** WBIF EU and bilateral donor grants
- **€167m** IFI loans
- **€398m** estimated investment
**EIP Flagship investments 2020-2024**

**Serbia**

**University Children’s Hospital Tiršova 2 in Belgrade**

- **WBIF EU grant**: €36.2m
- **CEB loan**: €54m
- **CEB grant**: €0.3m
- **Beneficiary contribution**: €73.6m
- **Estimated investment**: €164.1m
- **Expected completion**: 2027

The University Children’s Hospital is a leading paediatric health centre in Serbia. For more than 85 years, it has provided top-quality care for over 14,500 children a year. This investment project will construct a new building to increase the hospital’s capacity and bring novel diagnostic and treatment technologies, robotic surgery facilities, more sophisticated patient monitoring and new fields of therapeutic diagnosis. The upgraded hospital will provide healthcare services in line with European standards.

**Montenegro**

**Education Infrastructure Improvement**

- **WBIF bilateral donor and EU grant**: €11.4m
- **EIB loan**: €18m
- **EIB grant**: €2.5m
- **Beneficiary contribution**: €32.4m
- **Estimated investment**: €64.3m
- **Expected completion**: 2027

This project contributes to the Montenegrin pre-university school system upgrade by constructing, renovating, and equipping education facilities and kindergartens across the country. The focus is on increasing Montenegro’s schooling capacity by creating 2,100 places and around 530 new full-time jobs, mostly for teachers. By 2026, more than 10,000 students will benefit from innovative learning environments due to these investments, enhancing youth employability.

**Serbia**

**Improving Energy Efficiency and Integrated Energy Management of the Technical Faculties Campus in Belgrade**

- **WBIF EU grant**: €21.5m
- **Previous EU grant**: €0.6m
- **CEB loan**: €95m
- **Beneficiary contribution**: €52.5m
- **Estimated investment**: €169.6m
- **Expected completion**: 2028

The University of Belgrade is creating an energy-efficient campus for its electrical engineering and technical faculties. Currently, the university is faced with limited physical space, safety concerns, and outdated infrastructure. This investment will ensure the construction of a new 30,000 m² university centre and the renovation of existing buildings spanning 93,000 m². It will benefit approximately 15,000 students and 1,750 staff members. The investment also covers the expansion of public spaces, improved safety standards, and increased energy efficiency, in line with the Economic and Investment Plan.
The development of a robust private sector is essential for regional socio-economic development and integration, and to improve the region’s competitiveness and job creation rate. The Economic and Investment Plan focuses on the importance of supporting start-ups and micro, small and medium-sized businesses as a means to this end, and directs significant investments towards innovation and green growth.

In order to unlock the potential of the private sector, increased EU financing is made available in the form of grants through blending and guarantees under the Western Balkans Guarantee Facility (EFSD+). This reinforces open, innovative, business friendly eco-systems based on a triple helix model of innovation.
Accelerating the adoption of green technologies and sustainable practices for the SME sector is a key element necessary for the growth, competitiveness and long-term sustainable recovery of the Western Balkans region. Building on the EBRD’s extensive experience supporting SMEs to finance green technologies, the SME Go Green Programme will provide an estimated €120 million of EBRD financing to local Partner Financial Institutions (PFIs) for them to on-lend to approximately 3,400 SMEs for investments in climate-smart solutions. The EU grant financing aims to scale-up green economy investments, including energy efficiency and renewable energy investments among SMEs, contributing to the reduction of greenhouse gas emissions and providing a demonstration effect in the market.

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

The programme encourages and supports underserved MSMEs to invest, through local financial institutions, in innovative energy efficiency and climate resilient measures. These include actions to reduce consumption, promote renewable energy projects, increase energy efficiency of buildings, and climate adaptation initiatives. The investments will target the specific needs of the beneficiary economies to bridge the gap towards a sustainable and low-carbon production system, respecting internationally-recognised social, fiscal, ethical and environmental principles and standards.
The programme replenishes the already established and operating scheme - the Green for Growth Fund ("GGF"). Active since 2009, GGF supports investments in energy efficiency and renewable energy by MSMEs and households through financial intermediaries and direct investments. The proceeds of the €20 million capital increase in the form of C-share equity, accompanied by €4 million in technical assistance, will sustainably build up and expand the supply of effective financing for renewable and efficient energy measures in the region, and contribute to the reduction of energy consumption and greenhouse gas emissions among end-borrowers.

<table>
<thead>
<tr>
<th>GGF: Promoting Green Lending in the Western Balkans (II)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WBIF EU grant</strong></td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>TA private investors</td>
</tr>
<tr>
<td>Estimated investment</td>
</tr>
</tbody>
</table>

The programme encourages and supports the growth of local micro-enterprises (LMEs) - with a specific focus on social enterprises - by promoting their access to finance through local micro-financial institutions (LMFIs). The programme addresses both the challenges faced by those micro-financiers as well as the financial constraints that micro-entrepreneurs encounter in local markets. When combined with funds from co-financiers, the EU grant will be used to originate credit lines and support risk-sharing mechanisms that will enable LMFIs to extend their support to underserved high-risk segments, such as social entrepreneurs, women and youth. Overall, the SAFE initiative will contribute to reducing inequality, increasing job creation, and generating income by fostering financial inclusion and social entrepreneurship.

<table>
<thead>
<tr>
<th>Sustainable Access to Finance for Entrepreneurship - SAFE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WBIF EU grant</strong></td>
</tr>
<tr>
<td>Estimated loan</td>
</tr>
<tr>
<td>Estimated investment</td>
</tr>
</tbody>
</table>

The programme of Go Digital in the Western Balkans will provide a combination of specialised financing and know-how for digitalisation, automation and competitiveness for micro and small businesses (MSMEs) across the Western Balkans. The EU grant financing will be used for investment incentives and capacity building to promote proactive investments in high-performing technologies and mitigate upfront costs. At least 50% of the investments will also be green and at least 30% will be focused in areas outside of capital cities thus contributing to regional and rural development.

**Go Digital in the Western Balkans**

- **WBIF EU grant** €27.6m
- Estimated EBRD loan €150m
- Estimated investment €177.6m

SME integration of emerging technologies has the potential to foster innovation, mitigate climate impact and improve productivity, staff safety and customer responsiveness. The Go Digital programme will provide a combination of specialised financing and know-how for digitalisation, automation and competitiveness for micro and small businesses (MSMEs) across the Western Balkans. The EU grant financing will be used for investment incentives and capacity building to promote proactive investments in high-performing technologies and mitigate upfront costs. At least 50% of the investments will also be green and at least 30% will be focused in areas outside of capital cities thus contributing to regional and rural development.
The Innovation and Green Transformation Facility supports innovative small and medium-sized enterprises (SMEs) and Mid-Caps and their green investments in the Western Balkans. At least 70% of the Facility will be dedicated to investments in innovative products and processes, research, development and innovation (RDI), and companies driven by innovation. The remaining 30% will be allocated to investments in climate change mitigation, primarily in agriculture, adaptation, and other green projects. At least 80% of the final beneficiaries will be SMEs, with the remaining 20% being Mid-Caps.
Western Balkans Guarantee Facility

Guarantees share the risk associated with investing and lending, to encourage private investors and development banks to finance entrepreneurs or investments. The Western Balkans Guarantee Facility, launched in 2020, is expected to mobilise investments of up to €20 billion in the next decade. It is financed through the European Fund for Sustainable Development Plus (EFSD+) and the External Action Guarantee.

Under EFSD+, six thematic areas are identified for investments: (1) Micro, Small and Medium Enterprises (MSMEs), (2) Connectivity: Energy, Transport and Digital, (3) Sustainable Agriculture, Biodiversity, Forests and Water, (4) Sustainable Cities, (5) Sustainable Finance and Impact Investing (6) Human Development. In the Western Balkans, these thematic areas are precisely aligned with the investment priorities of the Economic and Investment Plan.
## Endorsed guarantees 2022-2024

<table>
<thead>
<tr>
<th>Guarantee Facility</th>
<th>Guarantee coverage (up to)</th>
<th>Technical assistance (up to)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Market-Oriented Green Transformation in ENI and WB6</td>
<td>€200m</td>
<td>€10m</td>
</tr>
<tr>
<td>HI-BAR</td>
<td>€50m</td>
<td>€2.5m</td>
</tr>
<tr>
<td>Digital Transformation Platform</td>
<td>€20m</td>
<td>€1m</td>
</tr>
<tr>
<td>Connectivity</td>
<td>€34m</td>
<td>€1.7m</td>
</tr>
<tr>
<td>Global Green Bond Initiative</td>
<td>€48m</td>
<td>€2.4m</td>
</tr>
<tr>
<td>Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)</td>
<td>€20m</td>
<td>€1m</td>
</tr>
<tr>
<td>EDFI Carbon Sinks</td>
<td>€12m</td>
<td>€0.6m</td>
</tr>
<tr>
<td>Credit Enhancement of Green Bonds - Global Green Bonds TEI</td>
<td>€10m</td>
<td>€0.5m</td>
</tr>
<tr>
<td>EIBG Multi-thematic (uncapped guarantee) support for SMEs in the Western Balkans</td>
<td>€120m</td>
<td>€3.5m</td>
</tr>
<tr>
<td>Inclusive Finance for the Western Balkans</td>
<td>€30m</td>
<td>€2m</td>
</tr>
<tr>
<td>EIF-UNDP Inclusive Growth initiative for the Western Balkans</td>
<td>€20m</td>
<td>€3m</td>
</tr>
<tr>
<td>The MSME Guarantee Platform (MGP)</td>
<td>€50m</td>
<td>€2.5m</td>
</tr>
<tr>
<td>MSME Access to green, growth and inclusive finance</td>
<td>€20m</td>
<td>€1m</td>
</tr>
<tr>
<td>Risk sharing for ESG projects</td>
<td>€12.8m</td>
<td>€0.6m</td>
</tr>
<tr>
<td>EU Market Creation Facility (EUMCF)</td>
<td>€15m</td>
<td>€0.8m</td>
</tr>
<tr>
<td>Municipal, Infrastructure &amp; Industrial Resilience Programme (Resilience)</td>
<td>€50m</td>
<td>€2.5m</td>
</tr>
<tr>
<td>Better Futures Program (BFP)</td>
<td>€40m</td>
<td>€2m</td>
</tr>
<tr>
<td>Western Balkans Agricultural Risk Sharing Facility</td>
<td>€40m</td>
<td>€3m</td>
</tr>
<tr>
<td>Growth4All</td>
<td>€40m</td>
<td>€3m</td>
</tr>
<tr>
<td>Risk-sharing instrument for Energy Efficiency, Renewable Energy and Digital project</td>
<td>€45m</td>
<td>€3.5m</td>
</tr>
<tr>
<td>WB EDIF Guarantee Facility II - Guarantee 4SME Resilience</td>
<td>€60m</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€936.8m</strong></td>
<td><strong>€47.1m</strong></td>
</tr>
</tbody>
</table>
Abbreviations

**BFP**  Better Futures Programme
**CDP**  Cassa Depositi e Prestiti
**CEB**  Council of Europe Development Bank
**e-BRT**  Electric bus rapid transport system
**EaSI**  Employment and Social Innovation
**EBRD**  European Bank for Reconstruction and Development
**EFSD+**  European Fund for Sustainable Development Plus
**EIB**  European Investment Bank
**EIF**  European Investment Fund
**EIP**  Economic and Investment Plan
**ESIA**  Environmental and Social Impact Assessment
**EU**  European Union
**GF**  Guarantee Facilities
**GGF**  Green for Growth Fund
**GWh**  Gigawatt hours
**HPP**  Hydroelectric Power Plant
**ICT**  Information and Communication Technology
**IFC**  International Finance Corporation
**IFI**  International Financial Institution
**IPA**  Instrument for Pre-accession Assistance
**KfW**  Kreditanstalt für Wiederaufbau
**kV**  Kilovolt
**LME**  Local Micro Enterprise
**LMFI**  Local Micro Financial Institution
**MSME**  Micro, Small and Medium Enterprise
**MW**  Megawatt
**MWh**  Megawatt hours
**PFIs**  Partner Financial Institutions
**PSEEP**  Public Sector Energy Efficiency Project
**PsHPP**  Pump Storage Hydropower Plant
**REEP**  Regional Energy Efficiency Programme
**SAFE**  Sustainable Access to Finance for Entrepreneurship
**SDGs**  Sustainable Development Goals
**SMEs**  Small and Medium Enterprises
**SPV**  Special Purpose Vehicle
**SSTP**  Safe and Sustainable Transport Programme
**TA**  Technical Assistance
**tCO2**  CO2 tonnes
**TEN-T**  Trans-European Transport Network
**UNDP**  United Nations Development Programme
**WB**  World Bank
**WBIF**  Western Balkans Investment Framework

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