



Western Balkans
Investment Framework **WBIF**
BUILDING THE EUROPEAN FUTURE TOGETHER

BLENDING
PUBLIC
PRIVATE
GUARANTEES

Economic and Investment Plan Endorsed Flagship Projects



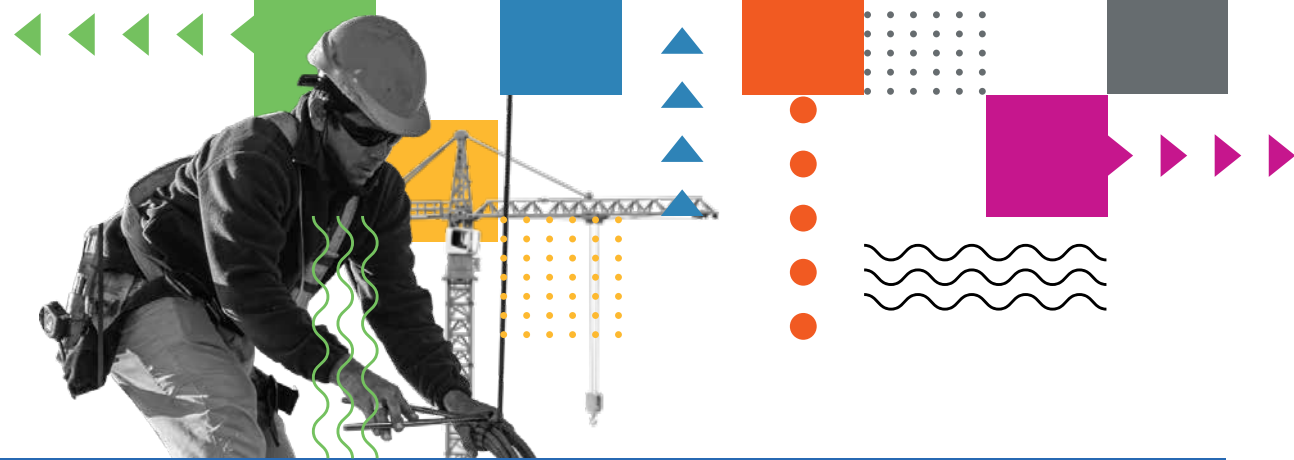
Western Balkans Summit 2022 : Berlin, 3 November



About the Western Balkans Investment Framework

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

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



Public sector infrastructure*

223

Projects supported

€2.6bn

Grants awarded

€25.6bn

Estimated project value

€7.4bn

Loans leveraged

Private sector support*



€1.25bn

Financing available for SMEs



€306.5m

Loans from intermediate
financing institutions



€2.9bn

Loans from intermediate
financing institutions

REEP/REEP Plus

€132m

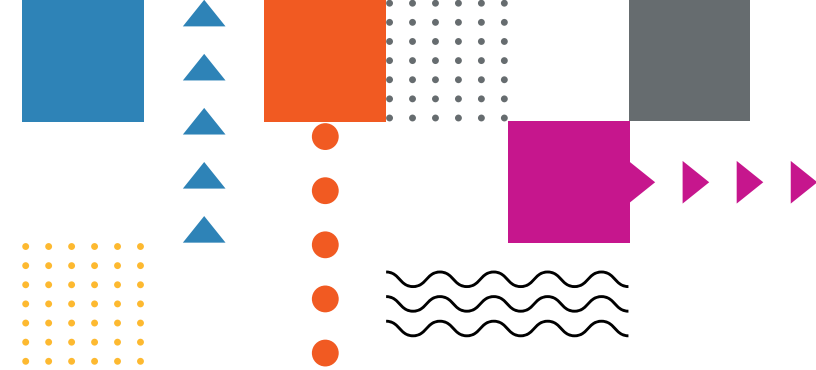
Direct lending to SMEs
and households



About the Economic and Investment Plan for the Western Balkans

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

In addition to the EU's significant grant funding to the region, the EU can provide guarantees to help reduce the cost of financing for public and private investments as well as minimise risk for investors. Support through the new **Western Balkans Guarantee facility**, under the EU External Action Guarantee and the European Fund for Sustainable Development Plus, is expected to mobilise 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 Investments 2020-2022

The WBIF has approved **24 flagship projects¹** for **€3.4 billion investments** in key railway, road and waterway interconnections, renewable energy and electricity transmission networks, waste water management, new health-care facilities, and broadband infrastructure since the adoption of the Economic and Investment Plan in October 2020. **The European Union and bilateral donors contribute €1.2 billion in grants to these investments.**

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



¹ 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 end of the political crisis in Bosnia and Herzegovina, with full functioning of the 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.

Fourteen flagship investments for 2020-2022 are for sustainable transport. The EU contributes to these projects with €1 billion in grants under the EIP, which is expected to leverage €1.4 billion in loans from WBIF partner financial organisations for over €2.7 billion in investments in the region.

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 grant²	€16.6m
Lead IFI	EIB
Estimated investment	€29.1m
Expected completion	2027

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



Flagship 1 • Connecting East to West

Kosovo*

Kosovo – Serbia Route 7 Road Interconnection: Peace Highway, Pristina – Merdare Section

WBIF EU grant²	€79.1m
Previous EU grant	€5.4m
Lead IFI	EBRD
Co-financier	EIB
Estimated investment	€204.7m
Expected completion	2026

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



Flagship 1 • Connecting East to West

North Macedonia

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

WBIF EU grant²	€155.6m
Previous EU grant	€64.1m
Lead IFI	EIB
Co-financier	EBRD
Estimated investment	€412.3m
Expected completion	2027

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

²Amount inclusive of implementation and administration 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

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

WBIF EU grant²	€35.8m
Previous EU grant	€76.8m
Lead IFI	EIB
Estimated investment	€275.7m
Expected completion	2025

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



Flagship 1 • Connecting East to West

Serbia

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

WBIF EU grant²	€83.4m
Previous EU grant	€1.5m
Lead IFI	EIB
Estimated investment	€275.9m
Expected completion	2026

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



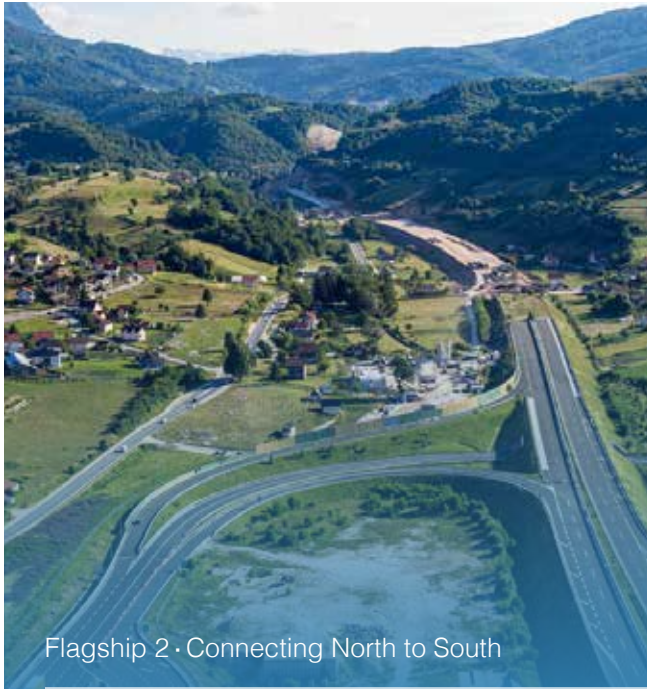
Flagship 1 • Connecting East to West

Bosnia and Herzegovina

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

WBIF EU grant²	€8.3m
Lead IFI	WB
Estimated investment	€38m
Expected completion	2024

The Rhine-Danube Core Network Corridor connects Germany to Ukraine and the Black Sea. Its extension into the Western Balkans is mostly associated with the Sava River. This project involves the demining of 40 km on the right bank of the River Sava in Bosnia and Herzegovina, to comply with safety and navigability requirements. The investments are part of the Sava and Drina River Corridors Integrated Development Programme, which aims at strengthening integrated river basin management and development through connectivity, flood protection and landscape management.



Flagship 2 · Connecting North to South

Bosnia and Herzegovina

Corridor Vc

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

Johovac Interchange – Vukosavlje Interchange Motorway Section

WBIF EU grant²	€187.4m
Lead IFI	EIB
Estimated investment	€463.5m
Expected completion	2026

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 grant²	€82.4m
Lead IFI	EIB
Estimated investment	€202.1m
Expected completion	2025

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



Mostar South – Kvanj Tunnel Vc Motorway Subsection

WBIF EU grant²	€31.6m
Lead IFI	EBRD
Estimated investment	€80.5m
Expected completion	2025

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 grant²	€45.7m
Lead IFI	EIB
Estimated investment	€104.7m
Expected completion	2025

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 2 • Connecting North to South

Bosnia and Herzegovina

Corridor Vc: Šamac – Doboj – Rječica Railway Section

WBIF EU grant²	€86.6m
Previous EU grant	€2m
Lead IFI	EBRD
Co-financier	EIB
Estimated investment	€162.5m
Expected completion	2026

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



Flagship 2 • Connecting North to South

Montenegro

Montenegro – Serbia Route 4 Rail Interconnection: Bar – Vrbnica Section

WBIF EU grant²	€20.5m
Previous EU grant	€2.5m
Lead IFI	EIB
Estimated investment	€40.2m
Expected completion	2024

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



Flagship 3 · Connecting the coastal regions

Albania

Blue Highway: Tirana Bypass

WBIF EU grant²	€69.4m
Previous EU grant	€2.5m
Lead IFI	EBRD
Co-financier	EIB
Estimated investment	€190.7m
Expected completion	2025

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

Albania – Montenegro Route 2 Rail Interconnection: Vorë - Hani i Hotit Section

WBIF EU grant²	€139m
Previous EU grant	€4.5m
Lead IFI	EBRD
Co-financier	EIB
Estimated investment	€267m
Expected completion	2028

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



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. Decarbonisation is a key pillar of the Plan in line with the aims of the Green Agenda. Participation in the Energy Community Treaty provides a clear policy framework, bearing the potential for regional growth through multi-country projects and tapping into the region's potential for renewable energy and energy efficiency.

Six flagship investments for 2020-2022 are for clean energy. The EU and bilateral donors contribute to these projects with €35.2 million in grants under the EIP, which is expected to leverage €138 million in loans from WBIF partner financial organisations for €176 million in investments.

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 grant²	€2.7m
Lead IFI	EBRD
Estimated investment	€12m
Expected completion	2024

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



Flagship 4 • Renewable energy

North Macedonia

Oslomej 1 Solar Photovoltaic Power Plant

WBIF bilateral donor grant²	€1.6m
Lead IFI	EBRD
Estimated investment	€8.8m
Completion	2022

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



Flagship 4 • Renewable energy

North Macedonia

Oslomej 2 and Bitola Solar Photovoltaic Power Plants

WBIF EU grant²	€5.2m
Lead IFI	EBRD
Estimated investment	€25.5m
Expected completion	2024

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 reemployment and reskilling opportunities in the wider regional labour market to retrain the local workforce.



Flagship 4 • Renewable energy

Albania

Rehabilitation of Fierza Hydropower Plant

WBIF EU grant²	€8.7m
Lead IFI	KfW
Estimated investment	€48.4m
Expected completion	2027

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



Flagship 5 • Transition from coal

Serbia

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

WBIF EU grant²	€8.9m
Previous EU grant	€2.1m
Lead IFI	KfW
Estimated investment	€40.8m
Expected completion	2026

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



Flagship 5 • Transition from coal

Serbia

Advanced System for Remote Meter Reading

WBIF EU grant²	€8.1m
Lead IFI	EBRD
Estimated investment	€40.1m
Expected completion	2025

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



Environment and Climate



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

Two flagship investments for 2020-2022 are for waste water management. The EU contributes to these projects with €96.6 million in grants under the EIP, which has leveraged €100 million in loans from WBIF partner financial organisations for over €212 million in investments.

Priorities

Flagship 7

Waste and waste water management





Flagship 7 · Waste and waste water management

Montenegro

Podgorica Wastewater Treatment Plant

WBIF EU grant²	€23.9m
Previous WBIF bilateral donor grant	€10.1m
Lead IFI	KfW
Estimated investment	€75.6m
Expected completion	2025

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



Flagship 7 · Waste and waste water management

North Macedonia

Skopje Wastewater Treatment Plant

WBIF EU grant²	€72.7m
Previous EU grant	€0.5m
Lead IFI	EIB
Co-financier	EBRD
Estimated investment	€136.7m
Expected completion	2025

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 and will have a capacity of 625,000 population equivalent. Currently, the waste water generated by the city is discharged without treatment into the Vardar River, a transboundary watercourse that flows into Greece. Therefore, this investment is expected to deliver significant environmental benefits, improve living standards, and contribute to the country's compliance with the EU acquis.



Digital Future



Digitalisation is 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. 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 for digital skills, e-government, e-procurement and e-health services would make public authorities more transparent and accountable, reduce costs and improve service delivery for citizens and businesses, while also addressing the social dimension.

The investment flagship for 2020-2022 supports broadband roll-out in rural areas. The EU contribution to this project is expected to leverage €70 million in loans from EBRD for over €106 million in investments.



Priorities

Flagship 8
**Digital
infrastructure**



Flagship 8 · Digital infrastructure

Serbia

Rural Broadband Rollout Phase 2

WBIF EU grant²	€34.4m
Lead IFI	EBRD
Estimated investment	€106.5m
Expected completion	2025

This project builds on the Rural Broadband Roll-out project launched in 2020. It will enable Serbia to connect existing fibre backbone to up to 1,200 additional settlements, 400 schools/public institutions and pass at least 145,000 households in rural areas without access to a broadband network.

The investments will create new economic opportunities and skills for local populations in less developed regions through increased access to connectivity and training, as well as advance a competitiveness-focused policy engagement in the telecommunications sector.



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 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 investment flagship for 2020-2022 supports access to better healthcare services. The EU contribution to this project has leveraged €54 million in loans from CEB for over €116 million in investments.

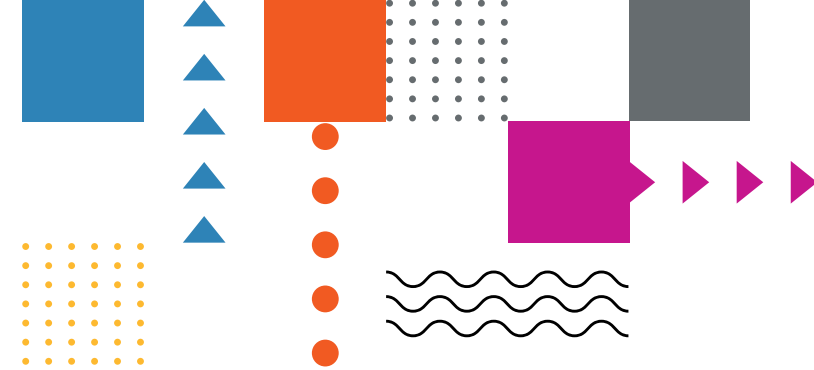


Serbia

University Children's Hospital Tiršova 2 in Belgrade

WBIF EU grant²	€36.4m
Lead IFI	CEB
Estimated investment	€116.5m
Expected completion	2025

The University Children's Hospital is a representative pediatric health centre in Serbia. For more than 85 years, it has provided top-quality care for over 14,500 children a year. The investment project will construct a new building for the hospital to increase its capacity and bring new diagnostic and treatment technologies, robotic surgery facilities, more sophisticated patient monitoring and new fields of therapeutic diagnosis. The new hospital will provide healthcare services for young patients in Serbia in line with European standards and will cater to specific, complex paediatric needs of neighbouring countries.



Abbreviations

CEB	Council of Europe Development Bank
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
EU	European Union
IPA	Instrument for Pre-accession Assistance
KfW	KfW Development Bank
REEP/REEP Plus	Regional Energy Efficiency Programme for the Western Balkans
TA	Technical Assistance
TEN-T	Trans-European Transport Network
WB	World Bank
WBIF	Western Balkans Investment Framework



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