



EU SUPPORT TO NORTH MACEDONIA

INVESTMENT INSTRUMENTS



EUROPEAN UNION
The largest provider of financial assistance to North Macedonia

The **Western Balkans Investment Framework (WBIF)**, including its private sector platform the **Western Balkans Enterprise Development and Innovation Facility (WB EDIF)**, gathers Western Balkans partners, bilateral donors and International Financial Institutions in support of the region and individual countries growth and convergence. The WBIF was created in 2009, with the European Union as major donor through the Pre-Accession Assistance Instrument (IPA).

The **Pre-Accession Assistance (IPA II)** also provides additional funds as bilateral grants directly to North Macedonia, to support projects in the fields of transport, energy, environment, competitiveness, innovation and capacity building.

The **Economic and Investment Plan for the Western Balkans**, adopted by the European Commission on 6 October 2020*, aims to spur the long-term economic recovery of the region, to support a green and digital transition, to foster regional integration and convergence with the European Union. The plan sets up a substantial investment package in support of sustainable connectivity, human capital, competitiveness and inclusive growth, and the twin green and digital transition. The investment package will be a key driver for facilitating increased public and private investments in the region by European and international financial institutions.

*COM(2020)641 final



	WBIF grants 2009 - 2020	IPA II bilateral grants 2014 - 2020
Transport	€139.7m	€107.6m
Energy	€30.8m	-
Environment	€0.9m	€120.3m
Social	€9.8m	€44.3m
Digital infrastructure	€0.6m	-
Competitiveness and innovation including agriculture	Breakdown of support provided below	€164.6m
Total	€181.8m	€436.8m
EU support to North Macedonia	WBIF grants + IPA II bilateral grants: €618.6m	



'WBIF investments are instrumental in connecting people, creating jobs and boosting economic development in North Macedonia and the entire Western Balkans. WBIF projects bring tangible benefits to the lives of people and accelerate the EU integration of the region.'

Ambassador David Geer
Head of EU Delegation to North Macedonia

WBIF AND NORTH MACEDONIA

NORTH MACEDONIA AND THE WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

The WBIF has been instrumental in effecting key improvements in the everyday lives of the citizens in North Macedonia by:

- Piloting the first renewables scheme in the country;
- Ensuring continuous and competitive energy supply for the people and businesses;
- Creating key road and rail transport links with neighbouring countries;
- Securing access to efficient water and wastewater services;
- Providing better schools and healthcare facilities;
- Upgrading the prison system.

Results

- 56 km of motorways
- 191 km of railway lines rehabilitated and one joint border railway station
- 238 km of transmission lines upgraded
- 520 MW renewable power generation capacity
- Better schools for 160,000 students
- Healthcare research and treatment facilities for 1.8 million people

In North Macedonia, the WBIF also supports private sector competitiveness and innovation (including agriculture) with blended investments (grants and loans) through the following instruments:

WB EDIF • financing for SMEs	€36.5m
EFSE • sub-loan investments	€197.3m
GGF • sub-loan investments	€36.7m
Total	€270.5m

WBIF GRANTS	Investment grants: €153.7m
€181.8m	Technical assistance: €28.1m
SIGNED LOANS	SUPPORT TO PRIVATE SECTOR
€591m	€270.5m
ESTIMATED PROJECT VALUE	PROJECTS SUPPORTED
€2.1bn	23

Data as of June 2020

SME access to finance and competitiveness

Western Balkans Enterprise Development & Innovation Facility (WB EDIF)

The WB EDIF provides diversified access to finance for small and medium enterprises (SMEs) via a range of financial instruments, accompanied by advisory services to boost the SMEs investment readiness.

European Fund for Southeast Europe (EFSE)

The EFSE fosters economic development through the provision of finance to intermediate lending institutions that on-lend to micro and small enterprises (MSEs), farmers, agro-businesses, and households.

Private sector energy efficiency and renewables

Green for Growth Fund (GGF)

The GGF finances renewable energy projects through the provision of finance to intermediate lending institutions that on-lend to MSEs and private households.

Regional Energy Efficiency Programme (REEP/REEP Plus)

The REEP/REEP Plus provides a combination of financing instruments to municipalities, SMEs and households for the sustainable energy efficiency projects.



WBIF PUBLIC SECTOR • Blending investments for major infrastructural projects



Orient/East-Med Corridor: North Macedonia – Bulgaria CVIII road interconnection, Kriva Palanka – Deve Bair section

Bogdanci wind park pilot project

North Macedonia is crossed by two main international corridors, Corridor X and Corridor VIII, which are of crucial importance for the country's connectivity and trade with the EU and the Western Balkans. Only 36% of Corridor VIII is in line with international standards; the existing section of the road does not satisfy the required driving speed of 70km/h. The project entails the reconstruction and rehabilitation of a 13.2 km road section on Corridor VIII, from Kriva Palanka to Deve Bair (Bulgarian border crossing). The project will generate significant benefits including a reduction in vehicle operating costs, reduction in travel time, and improvement of road safety and a safer travelling environment.

North Macedonia's reliance on fossil fuels means its keen to establish new renewable energy generation. The WBIF grant was used to develop a feasibility study for a pilot windfarm in North Macedonia. The feasibility study justified an investment of approx. €75m in 25 machines with a total capacity of 52.5 MW, providing a renewable source of electricity production for about 7,000 average households. The project will thus add generating capacity contributing to the goal of improving the security of energy supply while at the same time reducing the negative environmental impacts of energy use and helping to mitigate climate change.

EU grant: €2.5m

EU grant: €0.4m

EBRD loan: €10m

KfW loans: €65.9m

Total investment: €13.7m

Total investment: €76m



Skopje wastewater treatment plant

Construction of physical education facilities in primary schools and rehabilitation of primary and secondary schools

Only 15% of the North Macedonia is serviced by wastewater treatment plants. Larger cities such as Skopje still discharge untreated wastewater directly to water bodies, in this case, Vardar, the longest and transboundary watercourse in the country. The project purpose is to make a significant and measurable contribution to improve the urban environment of the City of Skopje and to improve the quality of wastewater treatment services, i.e., increasing efficiency in wastewater treatment, purification and elimination of sludge, and thus improve quality of life for more than 500,000 people living in the city and downstream areas.

North Macedonia has a very limited provision for physical education in schools, demonstrated by its lagging in comparative regional indicators. WBIF support is part of a large programme aimed at fostering development by offering a better environment for learning, including physical education through the construction of 145 physical education facilities. This will bring long term improvement in general health and wellbeing. The immediate beneficiaries of the grant assistance are 11,000 children and 700 teachers.

EU grant: €0.5m

Bilateral donor grants: €3m

EIB loan: €68m; EBRD loan: €58m

CEB loans: €42.5m

Total investment: €136.7m

Total investment: €62.6m

WBIF PRIVATE SECTOR • Access to finance and competitiveness, energy efficiency and renewables

WB EDIF wbedif.eu
Western Balkans Enterprise Development & Innovation Facility

GREEN FOR GROWTH FUND ggf.lu
Green for Growth Fund*

Objective: Improve capacity and access to affordable finance for companies in the Western Balkans.

The Western Balkans Enterprise Development & Innovation Facility (WB EDIF) is the EU-led platform for private sector development in the Western Balkans. It unites key stakeholders including the Western Balkan governments, IFIs, regional organisations, and bilateral donors to pull and leverage together financing and expertise. WB EDIF provides diversified access to finance for small and medium enterprises (SMEs) via a range of financial instruments (i.e. guarantees, equity and loans). This is accompanied by advisory services to boost the SMEs investment readiness and support for policy reforms in the region.

- €36.5m in financing for SMEs ✓
- 141 SMEs supported in North Macedonia ✓
- 7 equity investments (€3.3m) ✓
- Technical assistance and advisory to SMEs for €3.9 m ✓

Objective: Support regional measures to cut energy use and CO₂ emissions by 20%.

Under the same structure than EFSE, the Green for Growth Fund (GGF) finances renewable energy projects. Intermediate lending institutions on-lend to micro and small enterprises (MSEs) and to private households. The Fund has a special focus on energy efficiency and renewable energy investments. Its Technical Assistance Facility supports MSEs to prepare investment projects and builds the capacity of intermediate lending institutions. The initiators of the GGF are the European Investment Bank (EIB) and Germany's KfW Development Bank.

- €36.7m sub-loan investments ✓
 - 6,050 sub-loans ✓
 - 161,899 MWh/yr primary energy savings ✓
 - 46,853 tCO₂/yr emissions reduction ✓
- *Number and amount of sub-loans since inception

EFSE efse.lu
European Fund for Southeast Europe*

Objective: Provide sustainable funding to micro and small enterprises and low-income families.

The European Fund for Southeast Europe (EFSE) is an EU supported public-private fund fostering economic development through the provision of finance to intermediate lending institutions that on-lend to MSEs, including farmers and agro-businesses, and to private households. Its development facility provides technical assistance to build the capacity of the entrepreneurial ecosystem (e.g. entrepreneurs, financial institutions, public institutions). KfW is the initiator and lead investor of the Fund.

- €197.3m sub-loan investments ✓
 - 10,290 sub-loans provided ✓
 - 33 advisory projects supported ✓
- *Number and amount of sub-loans since inception

REEP/REEP Plus wb-reep.org
Regional Energy Efficiency Programme for the Western Balkans**

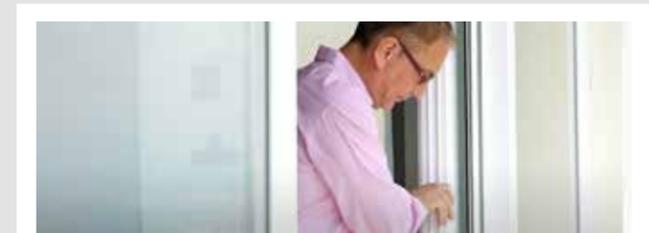
Objective: Create a sustainable market for energy efficiency in the Western Balkans.

The Regional Energy Efficiency Programme for the Western Balkans (REEP/REEP Plus) provides a combination of financing instruments, technical assistance and policy dialogue to address market barriers and stimulate longer-term market development. Implemented by the European Bank for Reconstruction and Development (EBRD), the Energy Community Secretariat and KfW with the support of the EU and other bilateral donors, the programme supports the improvement of the regulatory environment for investments in energy efficiency, sustainable and renewable energy. It also facilitates access to finance to municipalities, SMEs and private households.

- €140m on-lent for project financing ✓
 - 20,000 households receiving finance ✓
 - Improved energy efficiency ✓
- **Regional results

The world's best all-in-one globally compliant prospecting solution

Cognism is a sales acceleration platform which helps B2B sales teams to streamline the prospecting and generate new revenue. The €2.4m investment provided by WB EDIF allowed the company to accelerate its growth by creating a dedicated sales team to drive the expansion of its client portfolios, and the opportunity to strengthen the development team and improve the solution based on market feedback.



The Popov family from Skopje has built a new house with improved heating and thermal insulation. Thermally efficient windows, facade, and heating/cooling heat pumps were used, which save energy and produce efficient heating and cooling all year round. Through Green Economy Financing Facility (GEFF) a €41,800 investment was provided, which led to 86 MWh a year in energy savings and substantially decreased CO₂ emissions.