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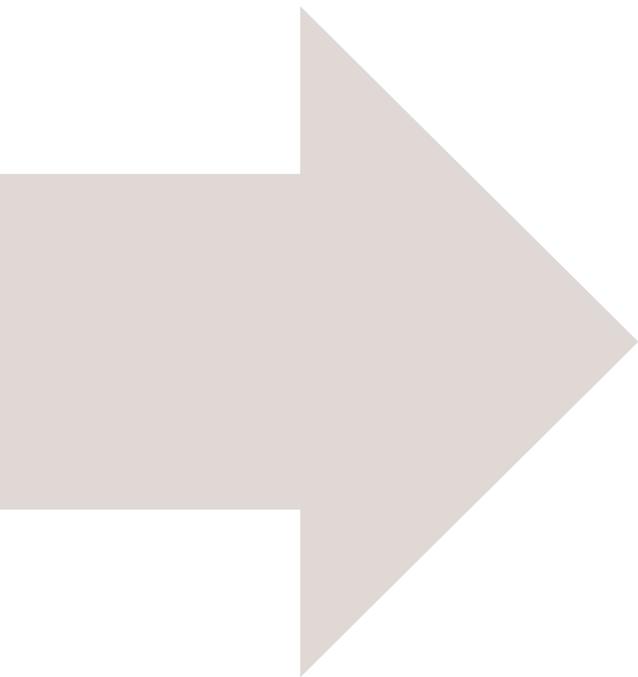
INVESTMENTS FOR THE FUTURE

EU

CONNECTIVITY
AGENDA

for the **Western Balkans**

Enlargement
Negotiations



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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



FOREWORD

Olivér Várhelyi

European Commissioner
for Neighbourhood and
Enlargement

INVESTMENTS FOR THE FUTURE

These are extraordinary times. The COVID-19 pandemic has posed an unprecedented threat to us all. It also vividly shows how interconnected our societies and our economies are. And it makes clear that a challenge of this magnitude can only be addressed through cooperation and solidarity.

The Western Balkans are an integral part of Europe: we share a continent, and we work best when we work together. In the spring, the European Union acted swiftly to stand by the region. As the crisis spread, over €3.3 billion was quickly made available to respond to the medical crisis, to strengthen health systems, to tackle the immediate impact on people and jobs, societies and economies.

Our priority now is the long-term economic recovery in the region, as well as accelerating its economic convergence with the EU. The **Economic and Investment Plan for the Western Balkans** adopted by the European Commission in October is a clear signal of our commitment. We propose to mobilise up to €9 billion in grant funding and €20 billion in loans leveraged by the new Western Balkans Guarantee Facility to boost the economies and to support reforms. In the Plan, we focus on transport and energy connectivity, on the green transition – in particular the decarbonisation of energy production – and on digital transformation. I see this as a catalyst for growth and jobs – we must support together an economy that works for the people, one that is knowledge-based and future-oriented.

This commitment builds on solid work already being done and outlined in this brochure. In 2015, the EU pledged €1 billion in grants to the 'Connectivity Agenda' for transport and energy projects until 2020. I am proud to say that we have delivered on that pledge. These grants are generating almost €4 billion in investment, and have created more than 45,000 jobs.

This brochure provides a close-up of what this means in practice: reduction of travel times, increase of transport safety, improvement of air quality, ensuring supply of electricity or gas when people need it, even in tough winters. We are creating jobs, while also improving the environment. We are continuing three decades of EU support to the Western Balkans, during which time the EU has contributed more than €11 billion to transport and energy projects through grant support and through loans provided by the European Investment Bank. This has leveraged more than €22 billion in investments.

I believe strongly that our continued support to connectivity – the connections within the Western Balkans, and between the Western Balkans and the EU that we illustrate here - will bring new opportunities for the Western Balkans and the EU. We must build on this shared approach and change the landscape of the region to the benefit of all.



CONNECTIVITY AGENDA

at a glance



What is connectivity

and why is it important?

Connectivity is the foundation upon which the economy is built – transport links get us to where we need to be, energy systems power our homes and businesses, and digital networks allow us to communicate. The Western Balkans region is surrounded geographically by EU Member States. Improving transport and energy links – both in the region and with the EU – is therefore vital to stimulate economic growth and integration.

Connectivity will have a critical role to play in the post-crisis recovery and boosting the economy

The Western Balkans are a part of Europe: we share values, history and heritage, and a future defined by common opportunities and challenges. Despite its potential, the region is lagging behind in terms of economic convergence with the EU. The countries continue to face challenges from weak competitiveness of their economies, high unemployment and a significant brain drain among the younger population. Unfortunately, these challenges have now been further compounded by the COVID-19 crisis, affecting these already fragile economies. In this context, connectivity will have a critical role to play in post-crisis recovery and boosting the economy.

In 2015, the EU embarked on the 'Connectivity Agenda' to harness investment for improving transport and energy infrastructure in the Western Balkans. The agenda is part of an ambitious plan to connect the region with Europe from East to West, and North to South – extending the core energy and transport Trans-European Networks to the region and supporting the rollout of broadband infrastructure.

Decades of engagement

The 'Connectivity Agenda' builds on many decades of engagement. The EU is the biggest investor in the Western Balkans region. More than €11 billion in grants and loans has been devoted to support for the transport and energy sector since the 1990s. This large-scale expenditure has had a significant crowding-in effect: triggering an overall investment of €22 billion, with the EU 'seal of approval' for projects offering an added credibility that encourages other investors.

Looking forward

This is why, looking forward, the EU will further boost its investment in connectivity – notably through the **Economic and Investment Plan for the Western Balkans**, brought forward by the European Commission in October 2020. This plan aims to spur economic development and long-term recovery in the region, as well as strengthen regional economic integration and linkages with the EU.

Up to €9 billion of funding will be mobilised to boost economic growth and support reforms. A significant amount will be concentrated on upscaling transport and energy connectivity, on the green transition – in particular the decarbonisation of energy production – and on digital transformation.

The plan includes the launch of a new ‘Green Agenda for the Western Balkans’ which will make an important contribution in tackling climate change, protecting the environment and unlocking the economic potential of the green, low carbon and circular economy in the region.

In addition to the large-scale funding, the EU can provide guarantees to help reduce the cost of financing for both public and private investments and to reduce the risks of investors. Support through the new Western Balkan Guarantee Facility, has the potential of raising up to €20 billion of investment.

“The Economic and Investment Plan will reinforce investment in transport, energy, and the green and digital transitions – to create long-term growth and jobs, and an attractive investment climate”



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What **benefits** does it bring?

Western Balkan partners continue to face challenges in achieving their full economic potential. Upscaling transport and energy infrastructure creates a more favourable environment for growth of the private sector and investment. This brings opportunities for citizens and businesses alike in both the region and the EU.

Investment in transport and energy infrastructure drives wider economic benefits, of which the region is already reaping gains:



Improved transport links

reducing congestion, facilitating cross-border trade, cutting travel times and increasing safety.*



Increased trade in goods and services

leading to job creation, boosting competitiveness and creating better opportunities to collaborate and innovate.



Improved energy connectivity

bringing greater reliability to the energy supply and access to cleaner energy – a pressing need in a region where a number of cities have some of the world's worst air quality.

'We felt cut-off from the rest of the country. The road was in poor condition, travel costs to the nearest town were high. The new road has made transportation of our products much easier. This, in turn, allows us to make more profit.'

Veli Dobra, Winemaker, Albania

'The railroad infrastructure investment has improved both traffic safety and quality of services for freight and passengers transport. This has had a positive impact for passengers, with shorter travel times and faster trains.'

Lucija Filipović, Railway Infrastructure of Montenegro – AD Podgorica

*For example, train travel between Belgrade and Sofia, and Belgrade and Bar, is expected to be cut by 2 hours, and by 1 hour between Pristina and Skopje.

To ensure that people and businesses derive maximum benefit from these projects, the Connectivity Agenda also encompasses the so-called "connectivity reform measures". In practice, this involves adapting regulatory and legal frameworks, for example, to simplify border-crossing procedures and improve road safety.

Such reforms have a direct impact on people's daily lives: for example, waiting time at the border between Serbia and North Macedonia is expected to be reduced by 1.5 hours. Meanwhile in the energy sector, the establishment of a regional single electricity market will reduce energy costs and increase energy security.

How does it work?

The Western Balkans Investment Framework (WBIF)

This donor coordination and cooperation platform consolidates funds from various sources: the **European Commission**, International and National Financial Institutions, as well as several EU Member States and non-EU countries.

The Western Balkans partners

play a key role in identifying and preparing grant applications for strategic projects prioritised by the **National Investment Committees** in the Single Project Pipelines. This increases ownership of projects and advances the region's progress on its European path.

Financial contributions

from the **European Commission and from other EU and non-EU donors** – in the form of non-repayable grants – help the beneficiaries to access loans from financial institutions. This process, called 'blending' or 'leveraging', has a multiplying effect that generates additional investment worth at least four times as much as EU grants alone.

The €1 billion of EU money

allocated for the Connectivity Agenda has leveraged a total of €3.7 billion in new investments. In this way, the **European Commission** attracts the investment volumes necessary for projects that are of strategic importance for the region.

Authorities in the Western Balkans

submit applications which are then assessed against various criteria by the **European Commission** and **other stakeholders**, such as the **Energy and Transport Community Treaties' Secretariats**. The most important parameters are the maturity of the projects and their strategic relevance.

The European Commission

gives visibility to the projects selected for investment at the Summits with the region. The projects endorsed by the **WBIF Steering Committee** follow the EU decision-making process.

Connectivity Agenda

How has it evolved?

AUG 2014 Conference of Western Balkans States
BERLIN

AUG 2015 VIENNA

Pledge of €1 billion in EU grants under Connectivity Agenda by 2020

€211.4m EU grant for connectivity

- 21% of total pledge allocated
- 10 projects
- Leveraging €641.7m in investment

JUN 2019 POZNAN

€180m EU grant for connectivity

- 88% of total pledge allocated
- 8 projects
- Leveraging €729.3m in investment

FEB 2020

European Commission Communication on the revised enlargement methodology

MAY 2020 ZAGREB

EU-Western Balkans leaders virtual summit focusing on COVID-19 response

OCT 2020

European Commission adopts Economic and Investment Plan for the Western Balkans

NOV 2020 SOFIA

€129.3m EU grant for connectivity

- 100% of pledge allocated
- 6 projects
- Leveraging €445.7m in investment

JUN
2016 PARIS

- €98.5m EU grant for connectivity**
- + €50m EU grant for green energy and energy efficiency**
- 31% of total pledge allocated
 - 3 projects
 - Leveraging €208.4m in investment

JUL
2017 TRIESTE

- €198.1m EU grant for connectivity**
- 51% of total pledge allocated
 - 7 projects
 - Leveraging €531.2m in investment

FEB
2018

EU Western Balkans Strategy adopted

JUL
2018 LONDON

+ €150m EU grant to the Western Balkans Guarantee Instrument

MAY
2018 SOFIA

- €192.7m EU grant for connectivity**
- + €30m EU grant for digital**
- 70% of total pledge allocated
 - 11 projects
 - Leveraging €1,101.4m in investment

2021 - 2027
Next Steps

**TOTAL OF
€1 billion in EU grants
for 45 projects LEVERAGING
€3.7 billion in investment**

Roll-out of the new €9 billion* **Economic and Investment Plan** for the Western Balkans with continued support for connectivity - especially key productive investments and infrastructure, including transport and energy connectivity, green transition and digital transformation.



LOOKING FORWARD
investments
for the future



Connectivity and the new **Economic and Investment Plan**

Connectivity is at the heart of the new Economic and Investment Plan for the Western Balkans, presented by the European Commission in October 2020. The Plan aims to spur the long-term economic recovery of the region, particularly critical in the context of the massive disruption of the COVID-19 pandemic, and accelerate regional cooperation and convergence with the EU.

Ongoing support to connectivity is vital - for the lives of people, for businesses and the economies of the region. The Plan foresees up to €9 billion of funding for key investment areas, including transport, energy, and the twin green and digital transitions. This will be a catalyst for creating long-term growth and jobs, and for supporting reforms required to move the region forward on its EU path.

The investment package will be a key driver for attracting increased public and private investment in the region by the European Investment Bank, the European Bank for Reconstruction and Development and other International Financial Institutions, National Development Banks, EU Member States, the Western Balkans governments and private investors.

In addition to the EU's substantial grant funding to the region, the Economic and Investment Plan foresees dedicating over €1 billion to provide guarantees to help reduce the cost of financing for both public and private investments and to reduce the risk for investors: support through the proposed Western Balkans Guarantee Facility is expected to raise up to €20 billion of investment.

“The Economic and Investment Plan should help to transform the Western Balkans into one of the most attractive regions for investments in the world. Implementation will need to go hand in hand with reforms”

The Economic and Investment Plan identifies ten investment flagships in six areas:

▶ **Sustainable transport**

▶ **Clean energy**

▶ **Environment & climate**

▶ **Digital future**

▶ **Private sector**

▶ **Human capital**

up to

€9 billion*

of EU grant funding

to boost economic growth,
including in these key
investment areas

Support through the Western
Balkans Guarantee Facility

is expected to raise up to

€20 billion

of investment

* IPA III funding subject to the adoption of the next
Multiannual Financial Framework 2021-2027



Sustainable transport

- ▶ Focus on improving core transport corridors in the region, to make them faster and comply with EU standards. Better transport will facilitate trade and drive sustainable economic growth. Connectivity reforms and simplified border crossing procedures are key.
 - ▶ **FLAGSHIP 1 – Connecting East to West**
 - ▶ **FLAGSHIP 2 – Connecting North to South**
 - ▶ **FLAGSHIP 3 – Connecting the coastal regions**



Clean energy

- ▶ Reinforced support in the field of energy in line with the ambition to reach climate neutrality by 2050. Decarbonisation and transition to clean energy will be key. Priority will be given to energy interconnections and increasing the use of renewable energy sources.
 - ▶ **FLAGSHIP 4 – Renewable energy**
 - ▶ **FLAGSHIP 5 – Transition from coal**



Environment & climate

- ▶ The new Green Agenda for the Western Balkans will cover green transition, decarbonisation, depollution of air, water and soil, circular economy, and promote biodiversity, urban mobility and green transport solutions.
 - ▶ **FLAGSHIP 6 – Renovation wave**
 - ▶ **FLAGSHIP 7 – Waste and waste water management**

Integrating the Western Balkan Regional Market into the EU Single Market

The EU Single Market





Digital future

- ▶ The new Digital Agenda for the Western Balkans foresees the deployment of an ultra-fast broadband, with a view to ensuring universal access, lowering the cost of roaming, developing digital skills and enhancing cybersecurity.

- ▶ **FLAGSHIP 8 – Digital infrastructure**



Private sector

- ▶ Increased financial support to strengthen the competitiveness of micro and SMEs in strategic sectors and foster green growth and circular economy, under the new Western Balkans Guarantee Facility.

- ▶ **FLAGSHIP 9 – Investing in the competitiveness of the private sector**



Human capital

- ▶ Support for high quality education and training systems, employment, health and social protection. Key focus on improving labour market participation, especially of young people and women, vulnerable groups and minorities, in particular Roma.

- ▶ **FLAGSHIP 10 – Youth Guarantee**



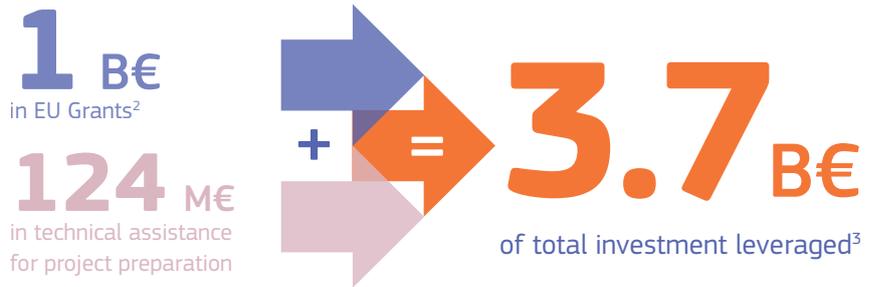
**KEY
ACHIEVEMENTS**
five years
of success



Key achievements 2015 ————— 2020

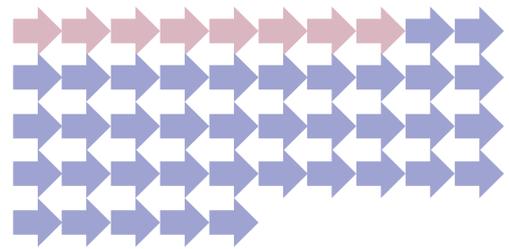
Since the launch of the Connectivity Agenda in 2015, over €1 billion from EU pre-accession funds has been allocated through grants to designated high priority connectivity projects. This has not only delivered better infrastructure across the Western Balkans region, but also driven forward integration with core transport and energy Trans-European Networks. Together with loans of partner Financial Institutions, these grants have leveraged €3.7 billion in key infrastructure investments, and created more than 45,000 jobs in the Western Balkans region.

This investment has translated into substantial activity on the ground, with 45 projects now approved, and many underway or about to start. This includes dozens of major road schemes and rail interconnections, and upgrades at ports. Transformational energy projects are set to result in 500 MW of installed electricity capacity and almost 1,400 GWh/y of energy production from hydropower, as well as two major gas pipelines connecting the region and neighbouring EU Member States.



Leverage Ratio **1:4**

45



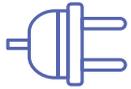
37 transport projects / 8 energy projects

Over **45,000** **Jobs**
created

² From EU pre-accession funds (Instrument for Pre-Accession Assistance – IPA)

³ All figures from October 2020

Estimated results 2015 ————— 2020



560 km of 400kV transmission lines

- ▶ Stable and competitive energy supply for people and businesses
- ▶ Over 300,000 CO2 eq tons/year avoided



500 MW installed capacity and 1,380 GWh/y from hydropower

- ▶ Electricity from renewables for over 200,000 households
- ▶ Reduction in CO2 eq emissions by 25,000 tons per year



176 km of gas pipeline

- ▶ More diverse and secure energy supplies
- ▶ Increased share of natural gas in energy supply



327 km of railway lines

- ▶ Rail transport offering viable alternative to roads
- ▶ Faster journeys e.g. train travel between Belgrade and Sofia to be cut by 2 hours



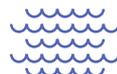
208 km of motorways

- ▶ Safer and 'greener' roads
- ▶ Faster journeys e.g. driving from Sarajevo to Zagreb to be reduced by 1 hour



2 cross-border bridges and 1 joint border railway station

- ▶ Improved trade within the region and with the EU
- ▶ Reduced waiting time at borders



Improved navigability on 40 km of waterway

on the Sava River in Bosnia and Herzegovina



One maritime port and one inland port renovated

- ▶ Improved efficiency and capacity of ports
- ▶ More environmentally-friendly routes to local and international traders

Support by sector 2015-2020

The Connectivity Agenda set out to address gaps in the core transport and energy networks through financing actual investments. In the transport sector, those investments target key road and rail routes, inland waterways, and key ports. In the energy sector, they involve electricity and gas transmission, as well as the generation of renewable energy.

With the launch of the Digital Agenda for the Western Balkans in 2018, the EU also increased technical assistance to the roll-out of broadband networks in the region. Digital technologies offer opportunities for growth and job creation, helping to bring people and enterprises into the 21st century.

Connectivity Agenda – sector support 2015-2020 (€ million)



In addition to the **transport** and **energy** investment grants above, the EU and bilateral donors have also provided €7 million to date in technical assistance grants to support **project preparation in the digital sector**. This support is expected to lead to future investment projects with a total value exceeding €300 million.

Building on three decades of support

Since the 1990s, the EU has been supporting the Western Balkans in constructing and modernising its infrastructure. To date, more than €11 billion has been provided to the energy and transport sectors in the region, through grants from the European Commission and loans from the European Investment Bank (EIB). This has resulted in overall investment of €22 billion. With this financing, the EU has helped restore and construct roads, bridges, railways, electricity lines and gas pipelines – all of which are essential for connecting the Western Balkans with one another and with the EU.

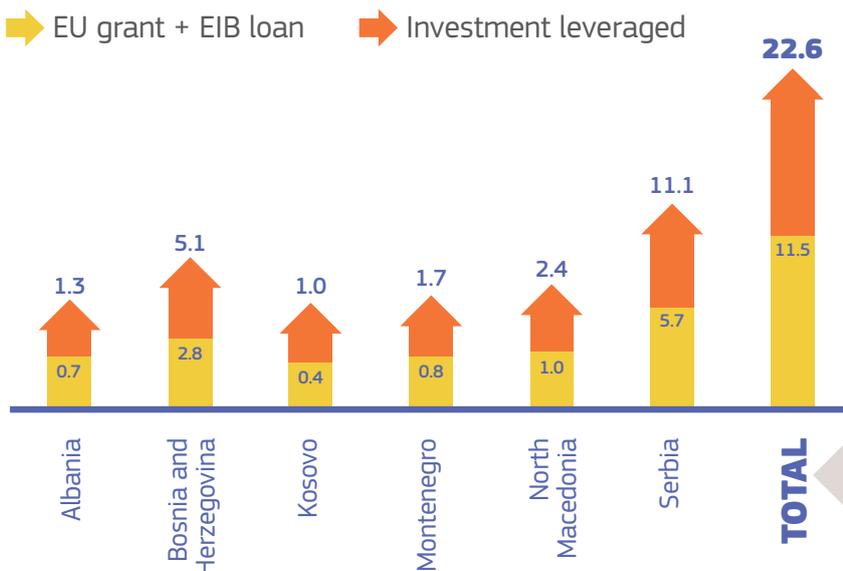
The EU provides significant financing in the form of non-repayable grants, which are often combined with concessional loans from International Financial Institutions. This contrasts with funding flowing into the region from other parts of the world, which comes almost exclusively in the form of loans.

In addition to financial viability, EU grants and loans are also dependent on expectations linked to environmental footprint and treatment of workers.

“ This makes the EU by far the biggest investor in the region ”

EU support to the development of transport and energy sectors in the Western Balkans (€ billion)

(Sector reforms and infrastructure projects - 1990s to 2019)



This overview is limited to EU grants support and EIB loans for the development of core transport and energy networks in the region, and the integration of transport and energy markets into those of the EU, including grants awarded through the Western Balkans Investment Framework (WBIF).

Making a difference

'Everybody is talking about this new bridge; it will make the journey much shorter, which is especially important for the transport of goods. Now we will be even closer.'

Tajana Lilić, Shopkeeper,
Svilaj, Croatia



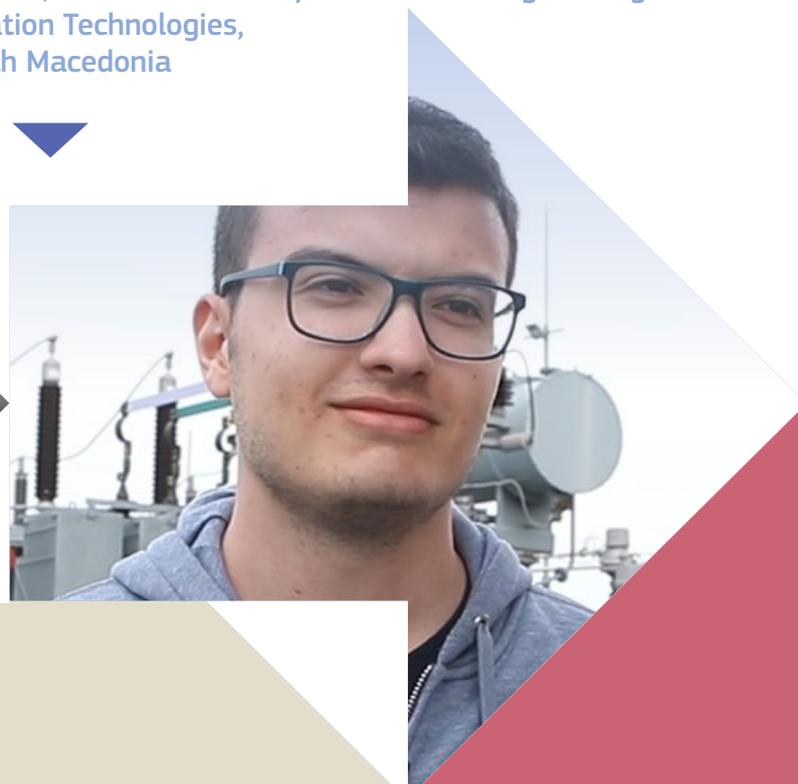
'This bridge is important for both Bosnia and Herzegovina and Croatia. The closest existing border crossings are 30 km away. The Svilaj Bridge will facilitate transport of goods and passengers between the countries.'

Namik Kupusović,
Ministry of Communications and Transport,
Bosnia and Herzegovina

to people's lives, business and the environment

'This is a very important project for North Macedonia. It marks the start of investments in new sources of energy, such as wind power. Hopefully, also other sources of renewable energy will become more important in the future.'

Jovan Popovski, Student at Faculty of Electrical Engineering and Information Technologies, Skopje, North Macedonia



'The benefits of the investments in the electricity network could encourage new investors into hydro, solar and wind power and contribute even further to the economy of Montenegro.'

Dragan Perunović,
Montenegrin Electricity Transmission System,
Montenegro

Making a difference

'We get to school in about 10 minutes now. The road is very good, and a local minibus is arranged to take us safely to school every day.'

Santuço Kadiu, School pupil,
Albania



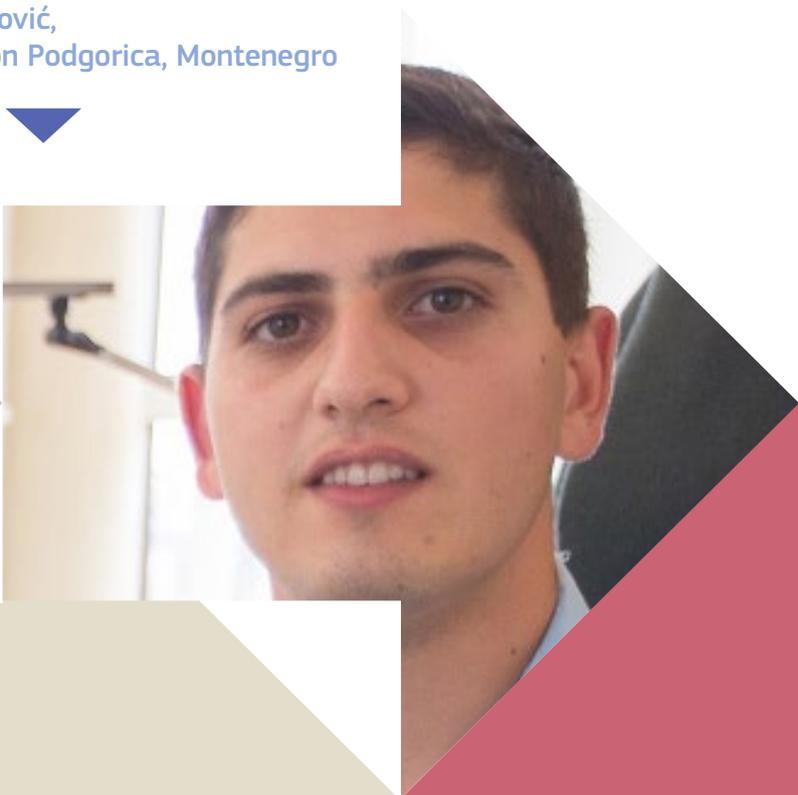
'This project is very significant because it is the first of its kind in our country, and because it can cover usage peaks by quickly supplying energy to the network when needed.'

Dragana Krstevska,
Student at Faculty of Electrical Engineering and Information
Technologies,
Skopje, North Macedonia

to people's lives, business and the environment

'Newly introduced information technology platforms have significantly improved the quality of our work. Moreover, the rail traffic is now regulated more efficiently, thus increasing safety.'

Spasoje Kračković,
Railway Station Podgorica, Montenegro



'The new street lighting is very good and useful for the inhabitants because now we can see much better, especially during winter, when the lighting is needed the most.'

Žarko Živanović,
Pensioner from Veliko Gradište,
Serbia



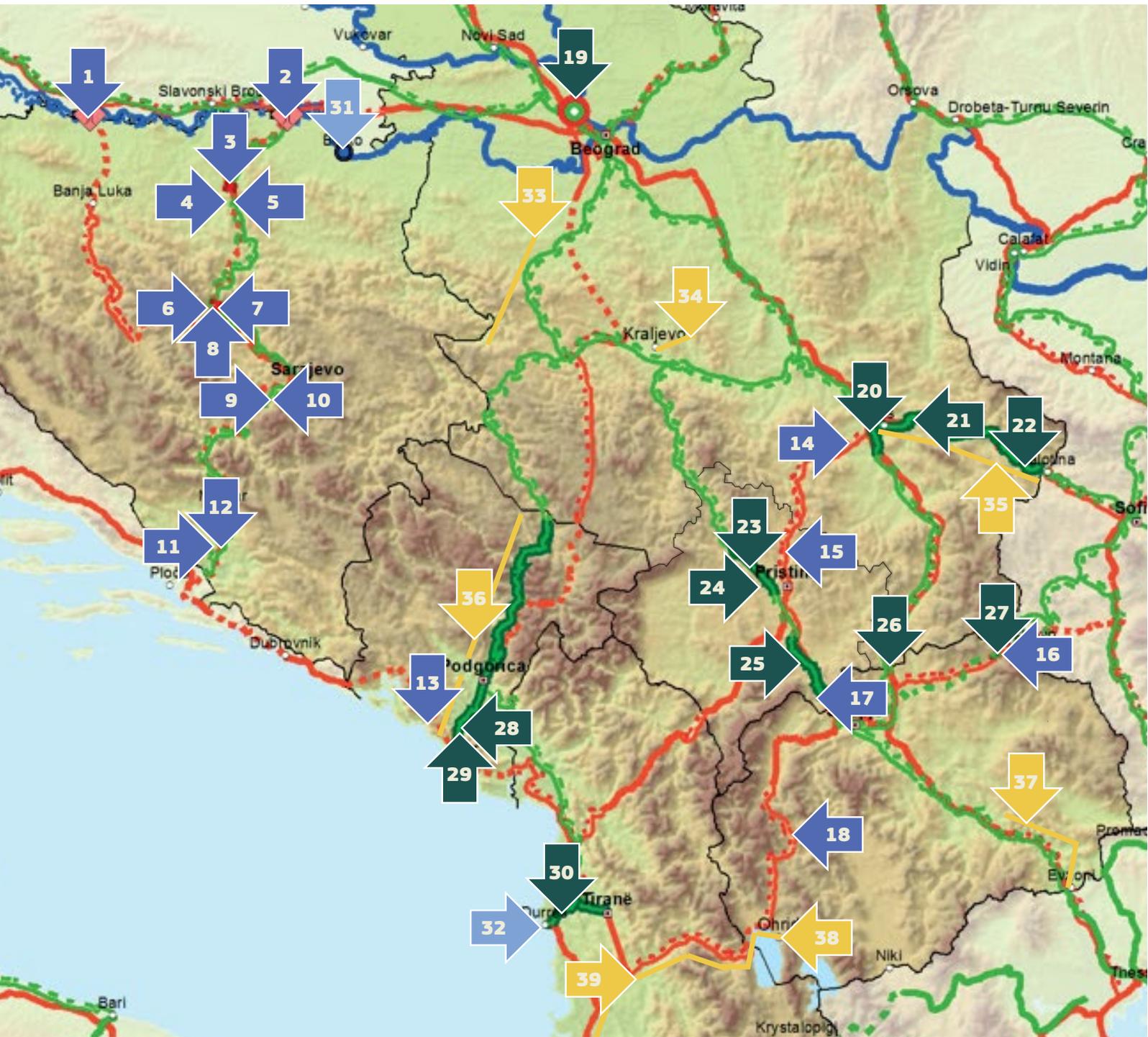
CURRENT PROJECTS

state-of-play



Location of projects

selected in 2015-2019



➡ Road projects
 ➡ Railway projects
 ➡ Maritime/inland ports
 ➡ Energy projects

Road	Conventional Rail	Inland Waterways	
			Completed
			To be completed
			Planned

Connectivity Projects	
	Bridge
	Intermodal Terminal
	Rail interconnection
	Road interconnection
	Waterway Interconnection

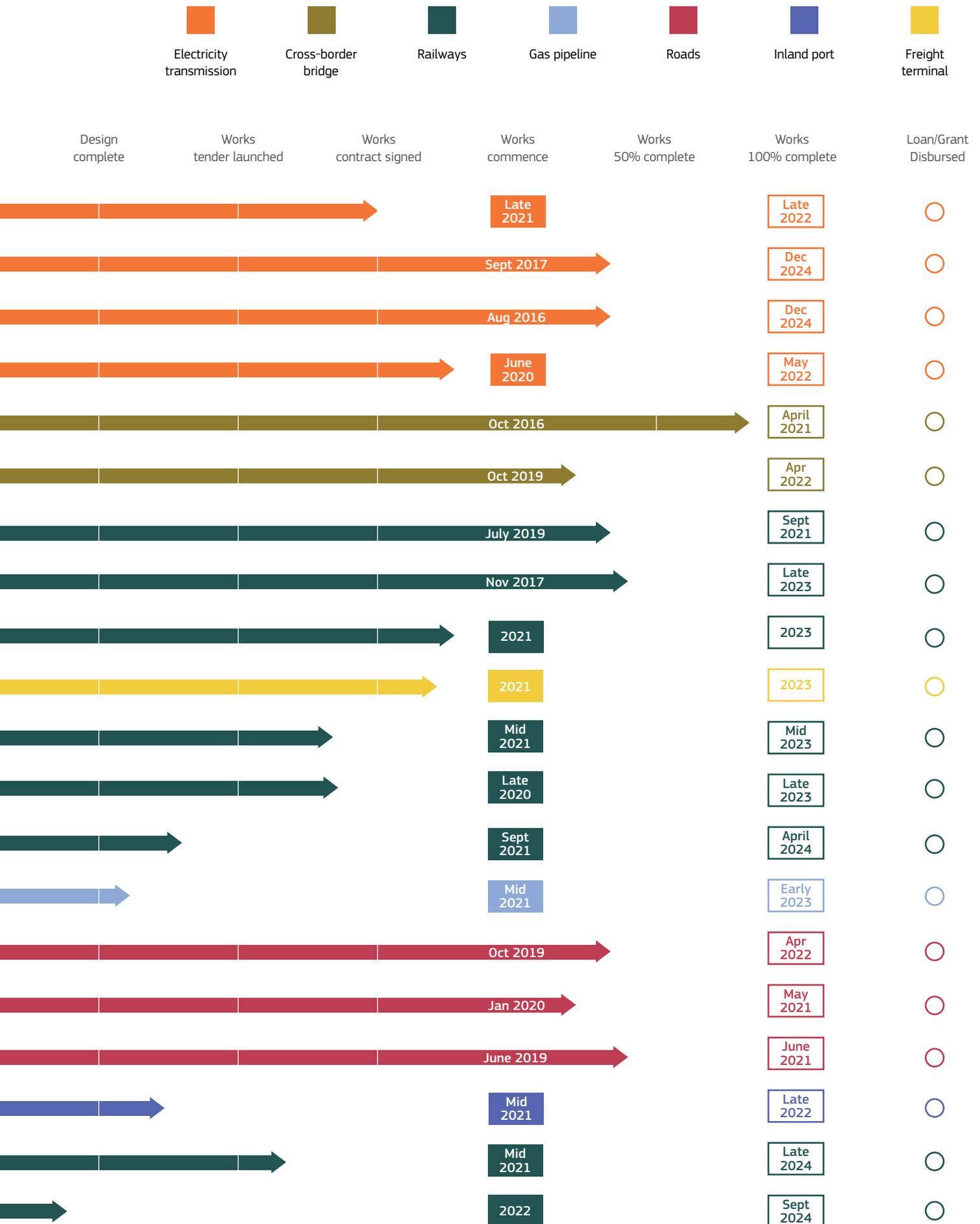
No.	Projects	Investment	EU grant	WUE*
1	Core Network (R2a): Banja Luca – Gradiška and Gradiška Bridge	€38.5m	€7.0m	
2	Mediterranean Corridor (Vc): Svilaj – Odžak and Svilaj Bridge	€109.5m	€25.1m	
3	Mediterranean Corridor (Vc): Johovac – Rudanka	€79.9m	€15.3m	
4	Mediterranean Corridor (Vc): Rudanka – Putnikovo	€164.0m	€38.8m	
5	Mediterranean Corridor (Vc): Putnikovo – Medakovo	€81.0m	€15.9m	
6	Mediterranean Corridor (Vc): Ponirak – Vraca/Zenica	€83.9m	€19.4m	
7	Mediterranean Corridor (Vc): Zenica – Donja Gračanica	€63.4m	€12.3m	
8	Mediterranean Corridor (Vc): Poprikuše – Nemila	€188.3m	€42.1m	
9	Mediterranean Corridor (Vc): Tarčin – Ivan I	€68.8m	€12.0m	
10	Mediterranean Corridor (Vc): Tarčin – Ivan II	€63.1m	€11.8m	
11	Mediterranean Corridor (Vc): Buna – Počitelj	€44.6m	€9.0m	
12	Mediterranean Corridor (Vc): Počitelj – Zvirovići	€124.2m	€5.2m TA	
13	Mediterranean Corridor (R1): Budva Bypass	€187.4m	€42.1m	
14	Orient/East-Med Corridor (R7): Niš – Pločnik	€255.0m	€41.5m	
15	Orient/East-Med Corridor (R7): Pristina – Merdare	€207.5m	€4.4m TA	
16	Orient/East-Med Corridor (VIII): Kriva Palanka – Deve Bair	€13.7m	€2.5m	
17	Orient/East-Med Corridor (R6a): Skopje (Stenkovec) – Blace	€120.8m	€27.2m	
18	Orient/East-Med Corridor (VIII): Bukojčani – Kičevo	€105.0m	€20.2m	
19	Orient/East-Med Corridor (X): Belgrade Intermodal Terminal	€15.5m	€13.8m	
20	Orient/East-Med Corridor (X): Niš – Brestovac	€62.7m	€47.0m	
21	Orient/East-Med Corridor (Xc): Niš – Dimitrovgrad	€55.8m	€28.4m	
22	Orient/East-Med Corridor (Xc): Sicevo – Dimitrovgrad	€84.4m	€44.7m	
23	Orient/East-Med Corridor (R10): Signalling and Telecoms	€56.1m	€27.4m	
24	Orient/East-Med Corridor (R10): Fushë Kosovë/Kosovo Polje – Mitrovicë/Mitrovica	€42.4m	€17.6m	
25	Orient/East-Med Corridor (R10): Fushë Kosovë / Kosovo Polje – Border with North Macedonia	€94.1m	€39.3m	
26	Orient/East-Med Corridor (X): Tabanovce Railway Station	€5.7m	€2.8m	
27	Orient/East-Med Corridor (VIII): Beljakovce – Kriva Palanka	€152.4m	€70.0m	
28	Orient/East-Med Corridor (R4): Bar – Vrbnica	€44.8m	€20.4m	
29	Orient/East-Med Corridor (R4): Bar – Vrbnica	€40.0m	€16.3m	
30	Mediterranean Corridor (R2): Tirana – Durrës	€81.6m	€36.2m	
31	Rhine/Danube Corridor: Brčko Port	€10.3m	€3.1m	
32	Reconstruction of Durrës Port: Quays 1 & 2	€62.5m	€27.7m	
33	Trans-Balkan Electricity Corridor: Obrenovac – Bajina Bašta Grid Section	€59.0m	€13.1m	
34	Trans-Balkan Electricity Corridor: Kragujevac – Kraljevo Grid Section	€29.6m	€6.8m	
35	Serbia (Niš) – Bulgaria Gas Interconnector	€85.5m	€49.6m	
36	Trans-Balkan Electricity Corridor: Grid Section in Montenegro	€127.0m	€25.5m	
37	North Macedonia – Greece Gas Interconnector	€54.4m	€12.7m	
38	Albania – North Macedonia Power Interconnection: Grid Section in North Macedonia	€50.0m	€12.2m	
39	Albania – North Macedonia Power Interconnection: Grid Section in Albania	€70.0m	€14.3m	

* Works under execution

Progress of projects

selected in 2015-2016





Progress of projects

selected in 2017-2019





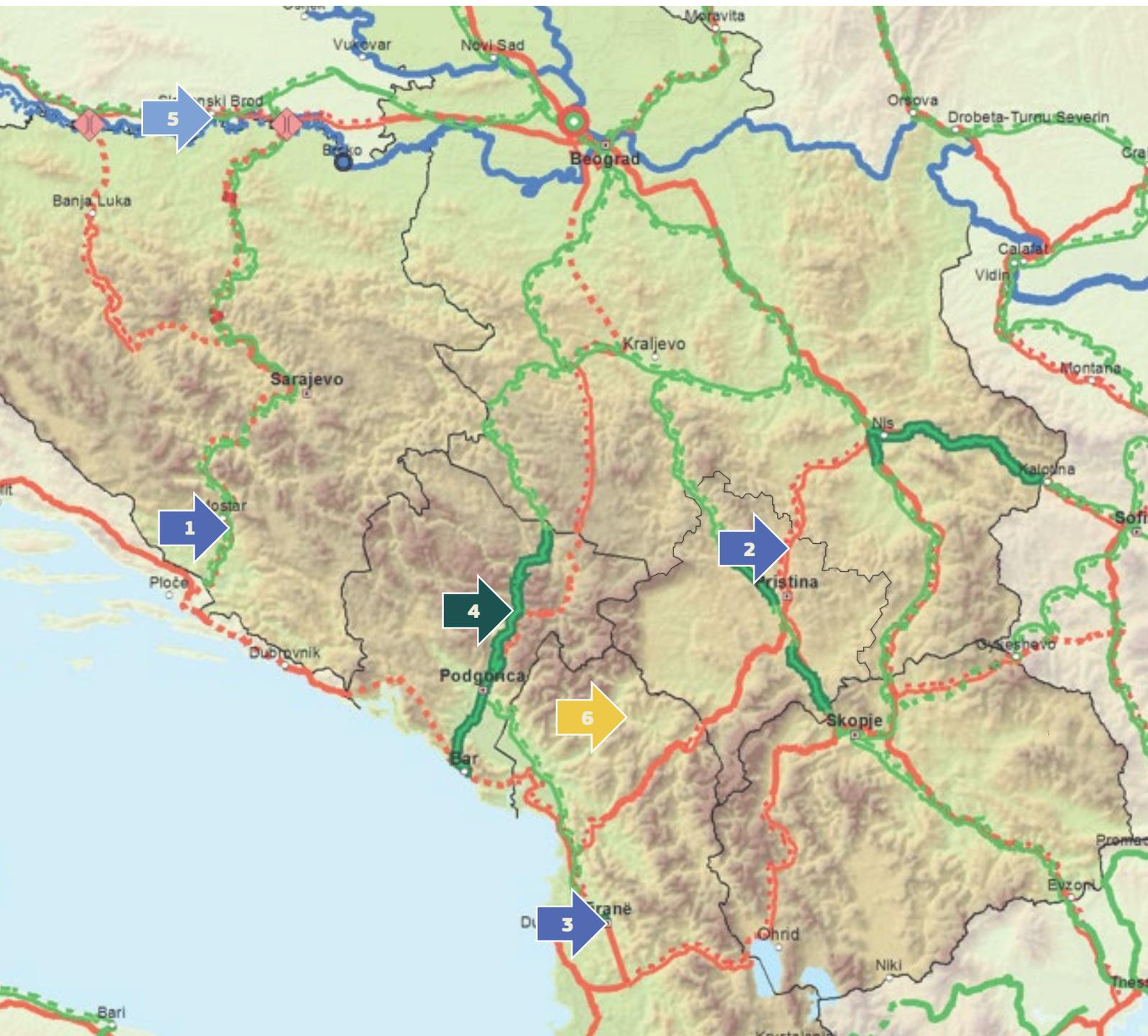


**PROJECTS
SELECTED**
in 2020



Location of projects

selected in 2020



➔ Road projects
 ➔ Railway projects
 ➔ Maritime/inland ports
 ➔ Energy projects

Road	Conventional Rail	Inland Waterways	
			Completed
			To be completed
			Planned

Connectivity Projects

	Bridge		Road interconnection
	Intermodal Terminal		Waterway Interconnection
	Rail interconnection		

No.	Projects	Investment	EU grant (incl. fees)
1	Mediterranean Corridor (Vc): Kvanj Tunnel – Buna	€106.3m	€21.1m
2	Orient/East-Med Corridor (R7): Pristina – Merdare	€207.5m	€38.8m
3	Mediterranean Corridor: Tirana Bypass	€150.9m	€32.6m
4	Orient/East-Med Corridor (R4): Bar – Vrbnica	€40.2m	€20.1m
5	Rhine/Danube Corridor: Demining of the Right Bank of the Sava River	€38.0m	€8.2m
6	Fierza Hydropower Plant Rehabilitation	€42.7m	€8.5m



ALBANIA

Key Partners

- Ministry of Finance and Economy
- Ministry of Infrastructure and Energy
- Albanian Power Corporation (KESH)

Results and benefits:



Secure electricity supply from renewables for over 200 000 households



Increased efficiency and reduction of capacity losses by 4 % per year



Reduction in operation and maintenance costs thanks to installation of state-of-the-art equipment



Reduction in pollution levels, with 25 000 tons/year CO2 emissions avoided



Over 50 new jobs created during refurbishment



More secure and competitive energy supplies for people and businesses



ALBANIA

Key Partners

- Ministry of Finance and Economy
- Ministry of Infrastructure and Energy
- Albanian Road Authority

Results and benefits:



21.5 km-long dual carriageway bypass, including four interchanges, a bridge, under- and overpasses



Potential increase in travel speed to 100-120 km/h, reducing travel times and congestion



Reduction in accident rates, vehicle operating costs and pollution levels thanks to better and safer road design



More than 250 jobs created during construction and for ongoing operation and maintenance



Improved trade flows in the wider region, bringing a positive impact to the economy

Rehabilitation of Fierza Hydropower Plant



ENERGY SECTOR

Albania is dependent on hydropower for electricity generation: this accounts for more than 60 % of the country's energy consumption. Fierza is one of the three hydropower stations in the upper Drin River, a 1 350 MW cascade that holds more than three quarters of the country's total electricity capacity and 90 % of the domestic electricity production. This can also be exported across the region in times of overcapacity.

The hydropower station was built almost 40 years ago and requires urgent work to maintain and extend the operation of the equipment. This investment project will replace the four generators, two turbine runners, and the electro-mechanical network of the plant.

The project will have a minimal impact on the environment during implementation as it involves only the replacement of existing equipment. A pre-feasibility study and detailed technical analysis of the investments have already been developed.

Estimated total investment:



EU €8.4 million (excl. fees)

KfW €27.2 million

ALB €7.1 million

Estimated Start Date

2021



Estimated End Date

2026

Mediterranean Core Network Corridor: Tirana Bypass



TRANSPORT SECTOR

This investment project involves the construction of a 21.5 km bypass around the city of Tirana. The bypass is part of two road corridors that cross the country: the Adriatic-Ionian Corridor, which will connect Trieste in Italy with Kalamata in Greece, and Corridor VIII, which links North Macedonia and the Albanian mainland to the Port of Durrës and the Adriatic Sea.

The new bypass will be located in the most populated region, which is also the backbone of the country's road network. It will connect the already built Tirana - Durrës and Tirana - Elbasan motorways.

Once in operation, it will reduce traffic congestion, pollution and road accidents in Tirana, as well as facilitate the flows of transit traffic from other parts of the country.

The project is at the design stage, with the detailed environmental and social impact assessment and tender documentation being developed.

Estimated total investment:



EU €31.9 million (excl. fees)

EBRD €109.2 million

ALB €7.3 million

EU TA grants €2.5

Estimated Start Date

2021



Estimated End Date

2023



Key Partners

- Ministry of Finance and Treasury
- Ministry of Communications and Transport
- Ministry of Transport and Communications
- Public Company Motorways of the Federation of Bosnia and Herzegovina (JP Autoceste FBiH)

Results and benefits:



5.2 km tolled motorway section, including a 2.6 km tunnel, a bridge and an access road



Increase in travel speed to 120 km/h, shortening travel time by 30 % between Mostar and the port of Ploče in Croatia



Increase in annual average traffic by more than 5 400 vehicles, matched with adequate safety and security conditions



Reduction in accident rates, vehicle operating costs and pollution levels thanks to better and safer road design



More than 350 jobs created during construction and for ongoing operation and maintenance



Improved trade flows in the wider region, bringing a positive impact to the economy



Key Partners

- Ministry of Finance and Treasury
- Ministry of Communications and Transport
- Federal Ministry of Transport and Communications
- Ministry of Transport and Communications of Republika Srpska
- Brcko District Government
- Bosnia and Herzegovina Mine Action Centre

Results and benefits:



40 km of navigable waterway



Greater use of lower-emission and lower-cost combined transport modes



Expected reduction in pollution levels with over 200,000 tons of CO2 emissions avoided over project horizon 2024-2050



Increase in job opportunities, agricultural production, tourism and energy generation



Facilitate trade flows with countries in the region

Mediterranean Core Network Corridor: Kvanj Tunnel – Buna Motorway Subsection



TRANSPORT SECTOR

This investment project involves the construction of a 5.2 km motorway on the Mostar South – Pocitelj section of the Mediterranean Core Network (Corridor Vc). It is the 13th pledge made by the EU on the same Corridor since 2015, with the aim of connecting Bosnia and Herzegovina to Hungary and Croatia, and to the Adriatic Sea.

With a total length of approximately 335 km, Bosnia and Herzegovina contains the longest section of Corridor Vc – 92 km have already been built and opened to traffic, and a further 56.7 km are under construction. The present subsection will connect to the Mostar South – Kvanj Tunnel and Buna – Pocitelj subsections, which are under construction as part of another EU-funded project.

The project will be implemented under a design-build contract. The preliminary design and the environmental and social impact assessment have already been developed. Land ownership issues have also been resolved, and expropriations, where needed, are underway.

Estimated total investment:



EU €20.7 million (excl. fees)

EIB €83.6 million

BiH €2 million

Estimated Start Date

2021



Estimated End Date

2023

Rhine–Danube Core Network Corridor Demining the Right Bank of the Sava River



TRANSPORT SECTOR

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 River Sava (apart from the Danube stretches which are jointly managed by Serbia with Hungary and Romania).

This project involves the demining of 40 km of the right bank of the River Sava in Bosnia and Herzegovina, to comply with safety and navigability requirements.

It is part of the Sava and Drina River Corridors Integrated Development Programme. This programme targets investments on strengthening capacity for integrated river basin management and development through improved transport connectivity, flood protection, and landscape management. These improvements will help the Sava meet current and expected transport demand over the project’s planning horizon of 25 years.

Estimated total investment:



EU €8.0 million (excl. fees)

WBG €30.0 million

Estimated Start Date

2021



Estimated End Date

2023



KOSOVO

Key Partners

- Ministry of Finance
- Ministry of Infrastructure and Environment

Results and benefits:



27 km motorway, including several bridges, viaducts, over- and underpasses and interchanges



Increased travel speed to 120 km/h, reducing travel times and traffic congestion



Increase in annual average traffic by more than 25 300 vehicles per day



Reduction in accident rates, vehicle operating costs and pollution levels thanks to better and safer road design



More than 350 jobs created during construction and for ongoing operation and maintenance



Improved trade flows in the wider region, bringing a positive impact to the economy



Orient/East-Med Core Network Corridor: Kosovo – Serbia R7 Road Interconnection, (Pristina – Merdare Section)



TRANSPORT SECTOR

The Orient/East-Med Core Network Corridor in Kosovo and Serbia includes the Pristina – Merdare – Niš (Serbia) E80/ R7 road section. Strategically linked to Corridors IV and X, this road connection is of significant importance for freight and passenger transportation in the Western Balkans as 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.

This project will build a 27 km-long dual carriageway motorway from Pristina to the border crossing point in Merdare. It is the second out of three road sections of the Pristina – Merdare – Niš (Serbia) motorway to receive financing under the Connectivity Agenda.

The project will be implemented under a design-build contract. The feasibility study, preliminary design and environmental and social impact assessment are already in place. The route has been designed to avoid residential areas as far as possible and resettlement will be kept to a strict minimum.

Estimated total investment:



EU €38.0 million (excl. fees)

EBRD €77.0 million

EIB €77.0 million

KOS €7.5 million

EU TA grants: €5.2 million

Estimated Start Date

2021



Estimated End Date

2024



MONTENEGRO

Key Partners

- Ministry of Finance
- Ministry of Transport and Maritime Affairs
- Railway Infrastructure of Montenegro (Željeznička Infrastruktura Crne Gore AD)

Results and benefits:



Restoration of 5.1 km including 10 steel bridges and eight tunnels



Safer and more reliable service for the 1.2 million annual passengers



Increased passenger and cargo rail capacity



Reduction in travel times by one to two hours on the entire route (contingent on additional fleet investments)



Reduction in operational and maintenance costs by 12 % and pollution levels



520 jobs created during construction and for ongoing operation and maintenance



Improved trade flows in the wider region, bringing a positive impact to the economy



Orient/East-Med Corridor Montenegro – Serbia R4 Rail Interconnection, Bar – Vrbnica Section



TRANSPORT SECTOR

This project will rehabilitate 10 steel bridges as well as eight tunnels on the northern section of the Bar – Vrbnica railway route, which connects Montenegro with Serbia. It is the third project on the same route to receive financing under the Connectivity Agenda since 2015.

The electrified Bar – Vrbnica route opened to traffic in 1976. While initially designed for 80 trains a day travelling at 75-100 km/hour and accommodating axle loads of 22.5 tonnes, the number of trains has halved in the meantime and both speed and cargo loads have substantially declined. Safety incidents and accidents, as well as interruptions in service, have considerably increased. This project specifically targets structural and safety improvements.

The project is at the design stage, with the detailed design for bridges and environmental and social impact assessment already in place. The rehabilitation works will be performed along the existing railway and will not have any adverse environmental or social impact.

Estimated total investment:



EU €19.7 million (excl. fees)

EIB €18.0 million

EU TA grants: €2.5 million

Estimated Start Date

2021



Estimated End Date

2024

Acronyms and abbreviations

ALB: Albania

BiH: Bosnia and Herzegovina

EIB: European Investment Bank

EBRD: European Bank for Reconstruction and Development

KfW: KfW Development Bank

KOS: Kosovo

EU TA: European Union Technical Assistance





