



EU SUPPORT TO KOSOVO

INVESTMENT INSTRUMENTS



EUROPEAN UNION
The largest provider of financial assistance to Kosovo

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 investment package will be a key driver for facilitating increased public and private investments in the region by European and international financial institutions.

FLAGSHIP 1: Connecting East to West

The Peace Highway in Kosovo, linking Pristina with Niš in Serbia, will be completed.

FLAGSHIP 2: Connecting North to South

The railway route connecting Belgrade with Pristina will be further upgraded through construction works in Kosovo.

FLAGSHIP 4: Renewable energy

The preparations for the construction of the Ibër-Lepenc Hydro System Phase 2 will be accelerated.

FLAGSHIP 5: Transition from coal

The Kosovo – North Macedonia Gas Interconnection will be prepared for construction.

FLAGSHIP 7: Waste and waste water management

The construction of the waste water treatment plant in Pristina will be completed.

FLAGSHIP 8: Digital infrastructure

The development and roll-out of national broadband infrastructure will continue – with the completion of the most advanced investment projects by 2024.

FLAGSHIP 9: Competitiveness of the Private Sector

Increase the grant amount and guarantee capacity to support the private sector and mobilise assistance for sustainable rural development.

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 Kosovo, to support projects in the fields of transport, energy, environment, competitiveness, innovation and capacity building.

	WBIF grants 2009 - 2021	IPA II bilateral grants 2014 - 2021
Sustainable transport	€140.7m	–
Clean energy	€22.7m	€136m
Environment & Climate	€32.3m	€27m
Human Capital	€1.8m	€73.1m
Digital future	€1.2m	–
Private sector (incl. agriculture)	Breakdown of support provided below	€106.8m
Total EU Support	€198.7m	€342.9m



"WBIF projects are changing the quality of life in Kosovo. The water supply and district heating have provided Pristina with 24/7 water and lower bills. The Railway Route 10 and Peace Highway will integrate Kosovo into main transport networks."

Ambassador Tomáš Szunyog
Head of EU Office and EU Special Representative to Kosovo

WBIF AND KOSOVO

KOSOVO AND THE WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

Results

- 53 km of motorways
- 213 km of railway lines rehabilitated
- District heating systems for 1.2 million people
- Improved water/wastewater systems for 1.8 million people
- Healthcare treatment and research facilities for 2.2 million people
- 136,500 students and teachers in 500 schools connected to high-speed broadband

In Kosovo, 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	€90.5m
EFSE • sub-loan investments	€308.8m
GGF • sub-loan investments	€11.7m
REEP/REEP+ • financing for private sector	€15.6m
Total	€426.6m

WBIF GRANTS	Investment grants: €155.7m
	Technical assistance: €40.5m
	Other: €2.5m
€198.7m	
SIGNED LOANS	SUPPORT TO PRIVATE SECTOR
€265m	€426.6m
ESTIMATED PROJECT VALUE	PROJECTS SUPPORTED
€1.8bn	30

Data as of September 2021

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.

REEP/REEP Plus **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.

*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.
**COM(2020)641 final



KOSOVO



WBIF PUBLIC SECTOR • Blending investments for major infrastructural projects



Orient/East-Med Corridor: general rehabilitation of Route 10 Phase 1, Fushë Kosovë/Kosovo Polje - border with North Macedonia railway section

Energy efficiency measures in central public buildings

The Orient/East-Med Corridor (R10) crosses Kosovo from the north to the south, from the border with North Macedonia to Serbia, and constitutes Kosovo's sole connection to the region by rail. The entire track is in poor condition, with serious structural limitations that do not allow for traffic in excess of 60km/h and in some areas 20 km/h. This investment project – supported by WBIF – will enable outdated switches, tracks, bridges and tunnels to be replaced or renovated. This project is expected to yield significant benefits including (i) secure and efficient rail transport for approximately 50% of the population of Kosovo; (ii) passenger and cargo rail capacity and travel time significantly improved; and, (iii) reduced CO₂ emissions.

The Energy efficiency and renewable energy project will reduce energy consumption and fossil fuel use in public buildings through energy efficiency and renewable energy investments and enhance the sustainable energy policy and regulatory environment in Kosovo. It includes three components: (i) clean energy investments in public buildings; (ii) policy and regulatory support for clean energy; and (iii) project implementation support.

EU grants: €42.2m; EBRD grant: €1m

Bilateral donor grant: €0.7m

EBRD loan: €19.2m; EIB loan: €20.9m

WBG loan: €27.7m

Total investment: €83.3m

Total investment: €28.4m



Pristina regional water supply project

Kosovo education improvement project

Pristina's water supply system suffers significantly from leakages and from unbilled and uncollected tariffs. These factors have led to a poor quality of service and difficult financial circumstances. Leakages are estimated at 50% and revenues collected also represent only about 50% of their potential. To redeem these issues, the WBIF project comprised the construction of two small reservoirs, pipe replacement, meter installations and improvements of household. These investments are currently reducing water losses in the network and improving the sustainability of the system's water supply connections for approx. 700,000 new and existing customers in Pristina and the surrounding area.

The Kosovo education system serves nearly 1.5 million pupils, but it struggles to provide adequate curricula, instruction and a teaching and learning environment to produce the skills that the evolving labour market requires. Enrolment rates for secondary education stands at 88% for girls and 92% for boys. Despite progress, disparities still exist in access to education. To aid this, WBIF provided a grant that assisted the Ministry of Education, Science and Technology in developing an education information database, preparing a study to identify the main constraints facing girls' education issues, and undertake a needs assessment for in-service teacher training. These interventions have enabled better investment planning in the education sector.

EU grants: €11.2m

Bilateral donor grant: €0.5m

KfW loans: €26m

Total investment: €52.3m

Total investment: €0.5m

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

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

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.

- €90.5m in financing for SMEs ✓
- 644 SMEs supported ✓
- 4 equity investments (€7.9m) ✓
- €3.3 m in technical assistance and advisory to SMEs ✓

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.

- €308.8m sub-loan investments ✓
 - 92,405 sub-loans provided ✓
 - 84 technical assistance projects since inception ✓
- *Number and amount of sub-loans since inception



The start-up company Labbox received equity financing and advisory services financed by the EU, in cooperation with EBRD and European Investment Fund (EIF) to develop a learning tool for children on how to code. The Labbox curriculum is based on several modules – each segment introduces a new concept in technology and encourages users to experiment. Public schools across Kosovo have already piloted the Labbox curriculum.

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

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.

- €11.7m sub-loan investment ✓
 - 2,857 sub-loans ✓
 - 20,549 MWh/yr primary energy savings ✓
 - 5,349t CO₂/yr emissions reduction ✓
- *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.

- €7.6m in financing for residential sector (GEFF) ✓
 - €18m in direct financing for private sector ✓
 - 2,857 sub-loans ✓
 - Improved energy efficiency ✓
- **Regional results



A leading biscuit producer in Kosovo needed investments to decrease energy consumption, in order to improve quality and process efficiency, all of which enhances competitiveness. The GGF financed the new oven and a new biscuit production line. The €49,000 investment allowed the company to decrease its electricity and water consumption by more than 50%. This means the investment will be repaid in approximately six years.