



EU SUPPORT TO SERBIA

INVESTMENT INSTRUMENTS



EUROPEAN UNION
 The largest provider of financial assistance to Serbia

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 Serbia, linking Niš with Priština, will be substantially advanced. The Rail Corridor X will be fully modernised.

FLAGSHIP 2: Connecting North to South

The railway route connecting Belgrade with Priština will be further upgraded by preparing the technical documentation for the rehabilitation works in Serbia.

FLAGSHIP 5: Transition from coal

The Trans-Balkan Electricity Corridor in Serbia will be completed. The Serbia – North Macedonia Gas Interconnection will be prepared for construction.

FLAGSHIP 7: Waste and waste water management

The implementation of an environmental investment programme, comprising waste water treatment projects for large and medium-sized towns, will be undertaken. Integrated regional waste management systems, going hand-in-hand with the closure of non-compliant landfills, will be established.

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 Serbia, 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	€165.4m	€56m
Clean energy	€28.7m	€56m
Environment & Climate	€17.3m	€238m
Human Capital	€15.7m	€112m
Digital future	€1.8m	–
Private sector (incl. agriculture)	Breakdown of support provided below	€308m
Total EU Support	€228.9m	€770m



'WBIF projects benefit the life of people and businesses in Serbia as part of the accession process to the EU. The objective is not only about building a road or a school, it is about creating the most effective infrastructure network in line with EU standards.'

Ambassador Emanuele Giaufret
 Head of EU Delegation to Serbia

WBIF AND SERBIA

SERBIA AND THE WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

Results

- 167 km of motorways
- 580 km of railway lines rehabilitated
- 479 km of electricity transmission lines upgraded
- Improved water/wastewater systems for more than 3 million people
- Flood forecasting and warning system for 1.8 million people living in the Sava River Basin
- Healthcare treatment and research facilities for 1.9 million people

In Serbia, 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	€202.6m
EFSE • sub-loan investments	€1.3bn
GGF • sub-loan investments	€217.3m
REEP/REEP+ • financing for private sector	€15.5m
Total	€1.7bn

WBIF GRANTS	Investment grants: €148.4m
€228.9m	Technical assistance: €80.5m
SIGNED LOANS	SUPPORT TO PRIVATE SECTOR
€2.6bn	€1.7bn
ESTIMATED PROJECT VALUE	PROJECTS SUPPORTED
€6.5bn	42
Data as of September 2021	

SME access to finance and competitiveness

WB EDIF 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.

EFSE 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

GGF 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.



WBIF PUBLIC SECTOR • Blending investments for major infrastructural projects



Orient/East-Med Corridor: Serbia - Bulgaria Corridor Xc (CXc) rail interconnection

Trans-Balkan electricity corridor: grid section Kragujevac – Kraljevo

The Orient/East-Med Corridor runs between Austria and Greece. In Serbia, the Corridor accounts for 872 km of track, including an 80 km-long Serbia – Bulgaria interconnection along the CXc route not electrified. The signalling and train control system has been in use for more than 50 years, slowing travel speeds to 30 and 50 km/h and posing serious transport safety risks. This project rehabilitates the existing railway line Niš-Dimitrovgrad, including the electrification and modernisation of signalling/telecommunications, and the construction of single-track bypass of Niš.

The existing regional power transmission system is seriously outdated and prone to system failures and high operational and maintenance costs. The WBIF project contributes to the establishment of a Trans-Balkan Power Corridor that connects the region with the EU. The investment supports the construction of a new 400 kV transmission line between Kraljevo and Kragujevac and the upgrade of the substation. Once operational, it is expected to improve the security of the electricity supply for one million people and to reduce the network losses by 10,800 MWh/year, equating to annual savings of more than €500,000.

EU grants: €75.2m

EU grant: €6.6m

EIB loan: €134m

KfW loan: €15m

Total investment: €268.3m

Total investment: €29.6m



Upgrade of Makiš water and wastewater treatment facilities

Public sector research and development project in Serbia

The Makiš water treatment complex secures 60% of the total water demand of Belgrade. The sludge and technical wastewater that result from the treatment of raw water are discharged directly into a settling tank on-site and in the urban sewage system. The WBIF grant will allow for the converting of the water treatment by-products into a solid state and then deployed adequately. The grant will offset a part of the investment costs, which otherwise would have had an impact on water tariffs, beyond the affordability level of the low and mid-income population.

The Government of Serbia made a strategic decision to place much emphasis on developing its high-level knowledge-based education facilities and research capacity as a key driver for economic growth. The WBIF project entails a series of investments aimed at revitalising public research and development institutions. The investments will upgrade research infrastructure, offering a new science centre to promote science literacy, new facilities to accommodate students and young scientists, and improved infrastructure in the field of medical science.

Bilateral donor grant: €2.9m

EU grants: €1.5m

EBRD loan: €14.5m

EIB loan: €200m; CEB loans: €105m

Total investment: €18.4m

Total investment: €427.6m

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.

- €202.6m in financing for SMEs ✓
- 1,200 SMEs supported in Serbia ✓
- 16 equity investments (€14.8m) ✓
- €4.7m 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.

- €1.3bn sub-loan investments ✓
 - 117,138 sub-loans provided ✓
 - 19,716 beneficiaries supported ✓
- *Number and amount of sub-loans since inception



BG Reklam, a producer of state-of-the-art advertisement products from Serbia, has increased its turnover by 50% and doubled the number of employees to 170 in three different countries. The company expansion has been supported jointly by WB EDIF, through the Enterprise Expansion Fund (ENEF), which finances high-growth potential enterprises, and the EBRD, which provided business advice.

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.

- €217.3m sub-loan investments ✓
 - 6,943 sub-loans ✓
 - 837,997 MWh/yr primary energy savings ✓
 - 248,483t 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.

- €7.3m in financing for residential sector (GEFF) ✓
 - €8.3m in direct financing for private sector ✓
 - Improved energy efficiency ✓
- **Regional results



Despite the COVID-19 pandemic, the label manufacturer Deltaplast has been able to expand its production and create new jobs. The company invested €144,000 in a new machine and a new warehouse. The financing was provided through an eco-loan by KfW (on behalf of the German federal government), supplemented with grants from REEP Plus. The capacity increase has allowed Deltaplast to gain new customers, as the company can now accept orders with short delivery times.