

Western Balkans

EIB Steps Up its Financing in the Western Balkans: EUR 425 million in 2002

In 2002, the European Investment Bank, the European Union's long-term financing institution, stepped up its lending in the Western Balkans to a total of EUR 425 million (an increase by 30% of the EUR 320 million lending in 2001).

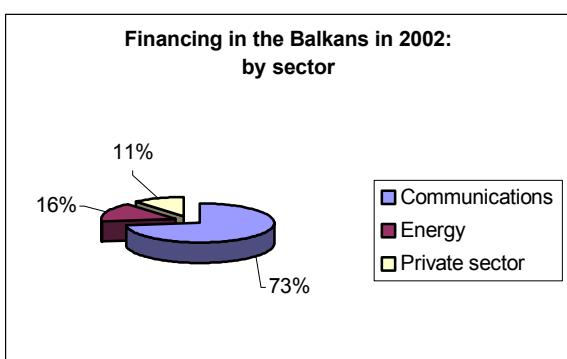
Having mainly supported the transportation sector since starting operations in the Western Balkans in 1999 within the framework of the Stability Pact, and having diversified its lending in the region in 2001 to provide increased support for the private sector, the EIB made in 2002 its first large private sector operation in the Western Balkan countries in support of Foreign Direct Investment in the region. This was a EUR 25 million loan for the Lukavac Cement Factory, promoted by an Austrian company.

2002: focused on connectivity and private sector

With EUR 425 million in 2002, the EIB concentrated its lending in transport and energy connectivity projects, which absorbed a total of EUR 380 million (89%). The rehabilitation and modernisation of transport infrastructure (73% of its lending in the region), giving special emphasis in projects located in the Federal Republic of Yugoslavia, for interconnectivity intraregionally, with the EU, as well as with the accession countries. In energy, a total of EUR 70 million (16% of its total lending in the region) went for rebuilding the Yugoslav electricity infrastructure, with regional benefits for the Balkan power system, including the facilitation of the reconnection of the Yugoslav power system to the Union for Coordination of Transmission of Electricity (UCTE).

Private sector development with a total EUR 45 million (11% of its lending in the region), was marked by EIB's first FDI support in the Western Balkans and the first global loan in the Federal Republic of Yugoslavia, with the National Bank of Yugoslavia (NBY) acting as agent, for financing investments by private sector SMEs and Municipalities (6% and 5% respectively of its lending in the region).

A total of EUR 425 million



Projects signed in 2002: EUR 425 million

The following lending operations have been signed in 2002:

Bosnia and Herzegovina: 25 million to Lukavac in support of foreign direct investment and private sector employment market in Bosnia and Herzegovina.

Croatia: A total of 130 million for road and air transport: the construction of the last two sections of the Rijeka-Zagreb motorway (60 million), air traffic services (20 million) and the rehabilitation of the motorway along Pan-European Corridors X and Xa (50 million).

Yugoslavia: A total of 270 million for transport, energy and SMEs: the rehabilitation of priority roads and motorways in Serbia (95 million), including 864 km road-sections along Pan-European Corridor X (from Croatia to FYROM with links towards Hungary and Bulgaria), sections on the trunk roads

towards Romania, Bosnia-Herzegovina and Montenegro, and upgrading 29 road sections considered particularly dangerous in terms of road safety, for priority rehabilitation works on main railway lines between Belgrade, Podgorica and Bar (85 million), priority rehabilitation and upgrading of electricity infrastructure in the Republics of Serbia and Montenegro (70 million) and a global loan with the National Bank of Yugoslavia (NBY) acting as agent, for financing investments by private sector SMEs and Municipalities, initially through Eksimbanka a.d. Beograd and Komercijalna Banka a.d. Beograd (20 million).

FUTURE PROSPECTS

EIB will in the coming years remain an important source of finance for the Western Balkans Countries, in cooperation with the European Commission, the European Agency for Reconstruction, and other international donors, including the World Bank and EBRD. Plans for 2003/04 foresee EIB maintaining the average annual level of some EUR 400 million. Continuing the effort to provide appropriate long-term financing for reconstruction and upgrading of the regional and municipal network of basic infrastructure (transport, energy and environment), in the coming years the EIB will increase its support to the private sector development needs and contribute to co-finance selected interventions in education and health sectors.