In 2020, one of the most challenging years in recent history, the European Investment Bank Group strengthened its role as one of the leading investors and partners of the Western Balkan countries. Due to the COVID-19 pandemic, massive disruptions in distribution and production chains led to severe economic fallout, as companies struggled to keep afloat and maintain jobs. Local governments used extraordinary measures and relief packages to keep industry alive.

The European Investment Bank (EIB) successfully issued an immediate financial package for the Western Balkans at the very onset of the pandemic. Along with other EU institutions acting together as Team Europe, the EIB adopted a €1.7 billion financial programme to respond to the crisis, flanked by exceptional measures to accelerate the disbursement of new and existing loans.

The EIB Group mobilised extensive financial support for the region to alleviate the consequences of the pandemic and prevent the collapse of healthcare systems and the private sector. The Bank also extended its support for vital infrastructure to increase resilience in preparation for future emergencies.

The EIB Group unlocked €320 million for new credit lines to be facilitated by local commercial banks on favourable and flexible terms to counter the pandemic’s impact on small and medium enterprises (SMEs). At a time when small businesses across the region were facing liquidity constraints and struggling to access funds, maintain daily operations and preserve jobs, the EIB approved financing to accelerate their recovery and help them hold on to their staff. Over 37,000 jobs have been maintained thanks to EIB financing. To support inclusive employment, the EIB signed the region’s first ever impact loan. The loan, aimed at SMEs, promotes the long-term employment of people from vulnerable groups.

We are delighted to see that the European Commission has adopted the Economic and Investment Plan for the Western Balkans to support the region’s economic recovery and integration in the European Union. The plan provides a blueprint for a greener and more prosperous region with a more conducive climate for investment and a more inclusive labour market. It sets out a substantial investment package mobilising up to €9 billion in funding for transport, energy, and the green and digital transitions.

As the EU climate bank, the EIB supports the green transition in the region. The initiatives it finances will help reduce air pollution and accelerate the shift to carbon-neutral energy in the Western Balkans. Looking ahead, the creation of a well-connected, green and inclusive region will ensure its competitiveness and sustainability post-COVID-19. Along the way, the EIB will continue to support the region’s green and digital transition as well as its integration in the EU market.
The EIB offers financing, blending and advisory services in Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia and Serbia.

### TOTAL GDP

<table>
<thead>
<tr>
<th>Candidate Countries</th>
<th>Total GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>€11.7 billion</td>
</tr>
<tr>
<td>Montenegro</td>
<td>€10.4 billion</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>€6.0 billion</td>
</tr>
<tr>
<td>Serbia</td>
<td>€9.5 billion</td>
</tr>
</tbody>
</table>

### Population

<table>
<thead>
<tr>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.5 million</td>
</tr>
</tbody>
</table>

### Surface Area

<table>
<thead>
<tr>
<th>Surface area</th>
</tr>
</thead>
<tbody>
<tr>
<td>218 550 km²</td>
</tr>
</tbody>
</table>

### NEW SIGNATURES IN THE REGION IN 2020

- €873 million

### TOTAL FINANCED SINCE 2009

- €8.6 billion

---

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Independence Declaration.
The European Investment Bank is one of the leading international financiers of the Western Balkans. We finance projects that encourage inclusive growth and employment, modernisation of vital infrastructure, regional connectivity and the green and digital transition. From 2009 to date, the EIB has invested €8.6 billion in the region.

In 2020 alone, we signed €873 million in loans and grants, increasing our financing in the region by 50% compared with 2019.

COVID-19 hit the region just as it was experiencing an increase in economic activity. The upswing was curtailed by the pandemic, however, and gross domestic product (GDP) contracted by an average of 3.3%, with drops ranging from -1% in Serbia to -15% in Montenegro. Lockdowns, border closures and other restrictions hit labour-intensive services heavily, especially retail and tourism. Nevertheless, a solid recovery is expected in 2021, with the International Monetary Fund forecasting GDP growth of 4.8%.

The EIB plays a leading role in Team Europe’s response to the COVID-19 crisis, having contributed €1.7 billion of the total €3.3 billion package announced at the EU-Western Balkans Zagreb Summit in May 2020. Team Europe supports partner countries’ efforts to tackle the pandemic, combining resources from the European Union, its Member States and European financial institutions.

To date, the EIB has mobilised over €1 billion to accelerate the region’s recovery from the pandemic. The funds provided immediate relief for the healthcare and private sector, especially small companies, which were hit hardest.

Small and medium enterprises make up 99% of all companies and account for 72% of total employment in the Western Balkans. However, 43% of SMEs are financially constrained, which is why €400 million of the EIB’s COVID-19 recovery support is earmarked specifically for SMEs and mid-caps.

Besides its immediate support for the recovery, the Bank continues to assist the twin green and digital transition of the region, a priority of the Economic and Investment Plan for the Western Balkans adopted by the European Commission in 2020.
The Economic and Investment Plan sets out a substantial investment package mobilising up to €9 billion of funding for the region. In line with the plan’s emphasis on boosting private sector investment, the Western Balkans Guarantee Facility is expected to catalyse investment of up to €20 billion, mostly in the private sector, promoting development and competitiveness.

WHAT WE OFFER

In the Western Balkans, the EIB offers loans, grants and expertise in four main areas: innovation, small businesses, infrastructure and the climate. We blend loans with investments from other organisations, and our advisory experts make sure projects get off the ground and thrive.

THREE PILLARS

**LENDING**

We use our financial strength to raise money at favourable interest rates. We pass on the savings by granting loans for high-quality projects.

**BLENDING**

Working with partners such as the European Commission, we help clients combine our financing with investments from other sources.

**ADVISORY SERVICES**

We offer a diverse package of technical assistance for big infrastructure projects in the public sector and a wide range of investments in the private sector.
After 50 years, a new hospital for Niš

Back in the 1970s, there were big plans for a new, state-of-the-art hospital in Niš. Construction started, but after many delays, the project was abandoned. The Niš Clinical Centre stalled for a half century, until EIB financing helped build Serbia’s most modern healthcare facility.

The new hospital is a part of a €250 million investment, which also comprises the design, construction, renovation and equipment of clinical centres in Belgrade, Novi Sad and Kragujevac, as well as 20 other hospitals across the country. The aim is to improve healthcare throughout the country and make it more accessible to the majority of the population.

The new Niš clinical centre serves about 2.5 million people in south-eastern Serbia. Before the centre opened, patients were often referred to the Belgrade hospital, located 200 km away. “Waiting lists have shrunk,” Dr Milan Simić, a radiologist at the centre, said. “We don’t have to go to Belgrade anymore.”
LENDING

Lending is our main activity. We support projects that significantly help growth, employment, regional cohesion and sustainability.

EIB OPERATIONS SIGNED IN THE WESTERN BALKANS (2009-2020)

Credit lines: 41%
Transport: 37%
Industry: 6%
Water, sewerage: 5%
Services: 4%
Energy: 3%
Health: 2%
Education: 2%

Sources: EIB staff calculations based on WIW database and National Statistical Offices.

COVID-19 RECOVERY SUPPORT

The European Investment Bank is supporting the pandemic recovery in the Western Balkans with €1.7 billion. The package is part of Team Europe’s financial support for the region’s economic recovery. The main beneficiaries will be those hardest hit by the crisis – the healthcare sector and small businesses.

Along with this financial assistance, the EIB adopted exceptional pandemic-related measures to ensure that funding for new and existing operations is released faster. The emergency measures deployed included wider eligibility criteria, shorter loan tenors and accelerated disbursements, to respond to the needs of small businesses and help them get back on their feet.

Besides the immediate, short-term support, the EU bank is helping each country modernise its infrastructure, strengthen its private sector and improve its preparedness for future crises.

By investing €365 million in healthcare infrastructure in the Western Balkans to date, the European Investment Bank has contributed to greater pandemic preparedness and access to better medical care for five million people.
One of Europe’s most beautiful railways recaptures past glory

The EIB is working to revive railway routes across the region. Railways provide a more sustainable solution than roads for a region looking to reduce greenhouse gas emissions and improve road safety.

Montenegro’s railway used to be one of its outstanding achievements, taking passengers on one of the most beautiful trips in Europe, from Serbia’s capital Belgrade to Montenegro’s main seaport, Bar. But constant underfunding has left it with big problems. A railway trip that once took seven hours now lasts nearly 11. With our help, the railway is planning a comeback. We approved a €20 million loan to rehabilitate the line running from Bar to Vrbnica on Serbia’s border.

Besides creating 1,000 jobs in Montenegro during the repair work, the project will improve trade links, primarily with Serbia and Romania, while also promoting tourism.
SAFER, SUSTAINABLE TRANSPORT

During our 40-year presence in the Western Balkans, we have built hundreds of kilometres of safer roads, creating better regional connectivity, faster trade, economic development and new job opportunities.

One of the most ambitious projects remains the Bosnian section of Corridor Vc, supported by the European Investment Bank with over €1 billion in financing to date. This important Pan-European Corridor will link Bosnia and Herzegovina with Hungary, eastern Croatia and the Adriatic Sea, as well as shortening the commutes of 1.5 million people.

“The EIB’s investment will help to bring us closer to the objective of the Economic investment Plan for the Western Balkans: complete 75% of Corridor Vc by 2024.”
Ambassador Johann Sattler, head of the EU Delegation and EU Special Representative in Bosnia and Herzegovina

Another priority project is the Highway of Peace, to which we contributed €100 million (backed by a €48 million EU grant). The highway connects Belgrade and Albania’s Adriatic coast and aims to increase cooperation and trade in the Western Balkans.

GREEN TRANSITION

The COVID-19 pandemic is not the only emergency we face. Climate change is the greatest threat to our very existence. As the EU climate bank, the European Investment Bank is committed to aligning all its activities with the goals of the Paris Agreement and to making Europe the first climate-neutral continent by 2050. We have set an ambitious target of committing 50% of our financing to the climate by 2025 and mobilising up to €1 trillion for climate action and environmental sustainability projects by 2030.

“The fight against climate change cannot wait until the pandemic is over. The COVID crisis is not a reason to stop tackling the climate and environmental challenges facing humanity. We need massive investment in a green recovery.”
EIB President Werner Hoyer

The Western Balkans have long struggled with the consequences of climate change. Massive rainfall and floods hit Bosnia and Herzegovina, Serbia and Montenegro over the last decade. The EIB stood by the region, providing immediate financial relief and support for disaster prevention.

Another issue with a big impact on the health of people across the region is air and water pollution, which is among the highest in Europe. The EIB plans to support the green transition and the introduction of more efficient, renewable and cleaner energy sources with a lower carbon footprint.

We are investing in local and regional wastewater treatment facilities. Projects in Belgrade and other major Serbian cities are already underway. We also provided €11 million for the construction of a wastewater plant in in the municipality of Gjilan, which will serve more than 90 000 people in Kosovo.*
By the end of 2021, more than 1800 larger schools will be fully covered by high-speed wireless internet access, while the remaining schools in remote areas will be connected using mobile broadband units.
DIGITALISATION

The COVID-19 pandemic is a reminder of the necessity of digital technology for a wide variety of sectors, ranging from health to retail, manufacturing to education.

The pandemic’s impact on education has been enormous, with school and university closures affecting more than 90% of the global student population in 194 countries. The crisis exposed the digital divide between and within countries, making clear the global need for the digital transformation of the education sector. The European Investment Bank is helping Serbian schools prepare for the digital age.

“COVID-19 has obliged the whole world to go digital. Mastering digital competence has become more crucial than ever for learning, work and active participation in society.”
Sem Fabrizi, EU ambassador and head of the EU Delegation to Serbia

We provided €65 million for digitalising over 1 800 schools in Serbia, enabling the introduction of broadband networks, IT equipment, online learning platforms and digital training for more than 50 000 teachers. The project will enhance the capacity of teachers to conduct online lessons more efficiently, while pupils across the country will be able to access digital education.

INNOVATION

The European Investment Bank is at the forefront of innovation, from climate change solutions to vaccine development. In the last two decades, the EIB invested €210 billion in supporting cutting-edge technology.

In Serbia alone, we invested €200 million in research and development. Our financing helped build three science and technology parks, which serve as safe havens for numerous Serbian start-ups, in Niš, Belgrade and Novi Sad. This investment helped create better working conditions for students, scientists and innovative entrepreneurs who are now in a position to develop their ideas in their country.
“Many emigrate from our region. But I decided to stay and keep running my family business. And when we needed financing, the European Investment Bank stepped up.”

Tomislav Pudja, owner and director of dairy company Eko sir Pudja
SMALL BUSINESSES

Since 2008, the EIB Group has invested over €4.5 billion in small businesses in the Western Balkans, making us a leading international lender to SMEs in the region.

So how does this investment work? The EIB Group, which includes our specialist small business subsidiary, the European Investment Fund (EIF), offers a range of financial instruments to support small and medium-sized enterprises across the Western Balkans. The EIB lends to local banks and other intermediaries, which then lend this money on to small and medium-sized businesses. The EIF, for its part, specialises in risk finance for small businesses. Among other things, it provides guarantees to intermediaries with the aim of stimulating lending to small firms.

In the Western Balkans, the EIF has had a stable presence since 2012 when the Western Balkans Enterprise Development and Innovation Facility was set up to improve access to finance for small companies. Under this facility, the EIF operates a guarantee that offers first-loss protection to financial intermediaries for losses incurred in selected portfolios.

Our investments have so far reached 28 400 companies in the region and helped sustain 500 000 jobs, which is a priority for the EIB Group, especially amid the economic fallout from COVID-19. Over 37 000 jobs have been maintained thanks to EIB financing.

To soften the blow of the pandemic on the liquidity of small businesses, the EIB is providing short-term financing to help companies meet their most urgent needs. The funds are channelled through the largest international banking groups in the region: Intesa, Unicredit, Raiffeisen, Erste, OTP, Credit Agricole, and so on. The Bank and the ProCredit Group also agreed on a new €65 million credit line to address the working capital, liquidity and investment needs of small businesses in Serbia, Albania, North Macedonia and Bosnia and Herzegovina.

The EIB is also stepping up to help businesses in the worst afflicted sectors, providing €50 million to the Investment and Development Fund of Montenegro to support small businesses operating in tourism and other industries severely affected by COVID-19. This financing is especially important as tourism revenues exceed 20% of Montenegro’s GDP.

Addressing cash-flow problems is crucial, but small businesses also need to step up their digital transformation. The European Investment Fund signed a €60 million agreement in Serbia, the first under the European Commission’s COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises) digitalisation guarantee, to help small companies that wish to finance their business development plans and digital transformation.

The EIB also signed the first impact finance loan (€15 million) with UniCredit Bank to help Serbian small businesses improve their social impact in gender equality, youth employment and the social inclusion of groups such as minorities, people with disabilities, refugees and internally displaced people. New impact finance operations are currently in preparation across the region.
The first EIB urban development project in the Western Balkans will clean up the Lana River and reorganise the streets and urban infrastructure of Albania’s capital, Tirana.
The European Investment Bank has intensified its support for the European Union’s neighbourhood, in particular the Southern Neighbourhood and the Western Balkans, to foster economic growth and sustainable development. Extra assistance became necessary after the migration crisis, which created more development challenges in these regions and undermined the economic resilience of a number of countries. To shore up these economies, social and economic infrastructure need to be upgraded and developed while private sector growth and job creation require stimulus.

To date, 60 projects in these two regions have been approved, representing a total of €5.83 billion in investment. We are considering how to build on the lessons of the Economic Resilience Initiative, to replicate its successes, expand its remit and focus on key drivers of migration and forced displacement such as climate change and fragility.
The EIB provided €11 million for the construction of the Gjilan wastewater plant, which will serve more than 90,000 people in Kosovo*. The project will benefit from a €3.1 million grant under the Western Balkans Investment Framework to support project preparation and implementation.
WESTERN BALKANS INVESTMENT FRAMEWORK

In the Western Balkans, the EIB works with multiple partners to offer a range of investments.

In 2008, the Economic and Financial Affairs Council requested the creation of a comprehensive Western Balkans Investment Framework to enhance harmonisation and cooperation in investments for socioeconomic development.

The framework was launched in December 2009 as a joint initiative between the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank. It was established in response to a request from the Western Balkan countries to streamline conditions for assistance provided by various donors. The World Bank Group, the KfW development bank and the Agence Française de Développement have now joined the framework.

The framework is a multifaceted and elaborate cooperation facility that provides technical assistance and grants for infrastructure projects in the Western Balkans. It supports projects that improve competitiveness and growth, while reinforcing regional cooperation and connectivity. Eligible sectors include energy, the environment, social services, transport, the private sector and digital infrastructure. The framework pools grants from the EU budget, several bilateral donors and partner financial institutions.

The framework has also been identified as the main vehicle for the implementation of the ambitious Economic and Investment Plan for the Western Balkans. The plan aims to spur the long-term economic recovery of the region, support a green and digital transition, foster regional integration and convergence with the European Union.

“The plan offers a path for successful regional economic integration to help close the development gap between our regions, ultimately speeding up the process of EU integration.”

Olivér Várhelyi, EU commissioner for Neighbourhood and Enlargement

WBIF Results (2009-2020)

- 123 MW in electricity from renewables
- 62 public buildings renovated
- and over 500,000 tonnes of CO2 avoided per year
- District heating upgraded in 22 cities and towns
Cleaning up the Danube, a key link in Europe’s transport chain

The EIB is helping Serbia find the best way to locate and remove sunken World War II ships from the bottom of the Danube. Cleaning the riverbed will make navigating this part of the river far safer and faster, as well as saving the €5 million per year Serbia loses due to navigation hazards.

The Danube forms part of a Pan-European nexus and this project will make freight transport faster and more efficient, contributing to Serbia’s economy and connecting it to the rest of Europe.
ADVISORY SERVICES

SUPPORT FOR INFRASTRUCTURE PROJECTS

The EIB’s advisory and technical assistance supports the preparation and implementation of priority infrastructure projects in the transport, environment, energy and social sectors in Western Balkan countries. A team of experts helps with feasibility studies, preliminary and detailed design, the tendering process, project supervision and other preparatory studies. This support is financed by the European Commission and the EIB and is provided free of charge.

As the manager of the Infrastructure Projects Facility, funded by the Western Balkans Investment Framework, we use our own staff and external consultants to help public sector bodies improve their chances of attracting investment for their projects.

Our European PPP Expertise Centre programme also assists Western Balkan countries in developing public-private partnerships (PPPs) by providing advice on PPP legislation while sharing experience and best practice to help public authorities deliver the best possible partnerships.

Two major assistance facilities for advisory support, JASPERS and ELENA, also operate in the Western Balkans.

JASPERS, which stands for joint assistance for support of projects in the European regions, helps cities and regions absorb European funds through top-quality projects, thereby achieving greater cohesion in Europe. It enables the planning, preparation, procurement and running of projects to the highest technical, social and environmental standards, in line with EU policies.

ELENA stands for European Local Energy Assistance. It provide technical assistance for energy efficiency and renewable energy investments above €30 million, targeting buildings and innovative urban transport and mobility.

ADVISORY SUPPORT FOR SMALL BUSINESSES

The Western Balkans Enterprise Development and Innovation Facility, funded by the European Union and coordinated by the European Investment Fund, improves access to finance for small companies in the Western Balkans. The platform combines loans, equity, guarantees, incentive grants and technical assistance to support SME growth.

The aim of the platform is to improve the business environment for small firms and promote research, development and innovation in the region.
ABOUT US

The EIB is the European Union’s bank. We provide finance and expertise for sustainable investment projects. In 2020, the EIB Group provided more than €77 billion for long-term investments across Europe and around the world. Our Western Balkans team is based at the EIB’s headquarters in Luxembourg. Since 2018, we have added staff in Albania and Bosnia and Herzegovina to increase our local presence. Our Western Balkans team covers a wide range of projects and includes leading experts with extensive experience in the region. Since 2010, our regional office in Serbia has handled institutional relations in the Western Balkans. The EIF is part of the European Investment Bank Group. Its mission is to support Europe’s micro, small and medium-sized businesses by helping them to access finance.

European Investment Bank
98-100, Boulevard Konrad Adenauer
L-2950 Luxembourg
+352 437 91
www.eib.org

@twitter.com/EIB
facebook.com/EuropeanInvestmentBank
youtube.com/EIBtheEUbank

Matteo Rivellini
Head of Division, Lending Operations
Western Balkans, Slovenia and Croatia
+352 437 988 417
m.rivellini@eib.org

Tibor Jona
Press Contact, Senior Press Officer
+39 064 719 1
t.jona@eib.org, press@eib.org

European Investment Bank
98-100, Boulevard Konrad Adenauer
L-2950 Luxembourg
+352 437 91 -21000

Alessandro Bragonzi
Head of EIB Regional Representation for the Western Balkans
Regional Representation for the Western Balkans
Vladimira Popovića 38-40
11070 Beograd
+381 113 121 756
a.bragonzi@eib.org

Sandrine Friscia
EIB Representative for Bosnia and Herzegovina, Montenegro
Delegation of the European Union to BiH, Skenderija 3a
71000 Sarajevo, Bosnia and Herzegovina
+387 33 254 792
s.friscia@eib.org

EIB representative office for Albania, North Macedonia and Kosovo*
Delegation of the European Union to Albania
ABA Business Centre, 17th floor
Rruga Papa Gjon Pali II
Tirana, Albania
+352 437 983 066