



EU SUPPORT TO ALBANIA

INVESTMENT INSTRUMENTS

EUROPEAN UNION
The largest provider of financial assistance to Albania

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

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 plan sets up a substantial investment package in support of sustainable connectivity, human capital, competitiveness and inclusive growth, and the twin green and digital transition. The investment package will be a key driver for facilitating increased public and private investments in the region by European and international financial institutions.

*COM(2020)641 final



	WBIF grants 2009 - 2020	IPA II bilateral grants 2014 - 2020
Transport	€91m	€22.7m
Energy	€21.8m	-
Environment	€26.3m	€30.3m
Social	€3m	€166.8m
Digital infrastructure	€2.1m	-
Competitiveness and innovation including agriculture	Breakdown of support provided below	€204.7m
Total	€144.2m	€424.5m
EU support to Albania	WBIF grants + IPA II bilateral grants: €568.7m	

'Connecting people and improving their living standards is at the heart of the WBIF investments. While Albania goes through its necessary reform process to prepare for EU membership, the WBIF brings immediate and concrete benefits to people.'

Ambassador Luigi Soreca
Head of EU Delegation to Albania

WBIF AND ALBANIA

ALBANIA AND THE WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

The WBIF has been instrumental in effecting key improvements in the everyday lives of the citizens in Albania by:

- Creating key road, rail and maritime transport links with neighbouring countries;
- Ensuring continuous and competitive energy supply for the people and businesses;
- Securing access to efficient water and wastewater services;
- Improving flood protection and mitigation measures;
- Upgrading healthcare facilities and schools.

Results

- 945 km of motorways and new roads
- 195 km of railway lines rehabilitated
- 174 km of electricity transmission lines upgraded
- Improved water/wastewater systems for 1.1 million people
- Better schools for 18,500 students
- Healthcare treatment and research facilities for 2.8 million people

In Albania, 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	€36.9m
EFSE • sub-loan investments	€110.9m
GGF • sub-loan investments	€32m
Total	€179.8m

WBIF GRANTS	Investment grants: €100.9m
€144.2m	Technical assistance: €43.3m
SIGNED LOANS	SUPPORT TO PRIVATE SECTOR
€470m	€179.8m
ESTIMATED PROJECT VALUE	PROJECTS SUPPORTED
€2.2bn	35

Data as of June 2020

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



Rehabilitation of regional and local roads

Albania – North Macedonia power interconnection: grid section in Albania

Albania's regional and local road network face significant problems: only a small number of sections are paved and about 75-80% of the system is in a poor or very poor condition. A number of sections are impassable for parts of the year, thus restricting access to essential services. This poor provision also hinders economic growth. The WBIF project entailed the rehabilitation of 500 km of regional and local road infrastructure. This improvement in transport conditions eases linkages to markets, health and education services, as well as contributes to economic development through employment and creation of new opportunities.

Significant increases in annual power load and several new generation sources added to the Albanian grid have put a strain on existing transmission systems, leading to frequent interruptions in electricity supply to consumers. The financial support provided by WBIF assists with the construction of a 130 km-long 400 kV transmission line as well as two substations. This project thus ensures the interconnection between the grids of North Macedonia and Albania, resulting in increased regional transmission of electricity, improved security and quality of supply, as well as lower greenhouse gas emissions through the reduction of technical losses.

Bilateral donor, EIB and EBRD grant: €4m

EU grants: €15.4m

EBRD loan: €50m; EIB loan: €50m

KfW loan: €50m

Total investment: €138.5m

Total investment: €70m



Pogradec water supply and wastewater collection systems

Communal infrastructure works in Albanian Alps area

The WBIF supported the extension of the sewerage system in the city of Pogradec, to allow the treatment of all the wastewater produced locally and in the surrounding area. These infrastructure investments ensure environmentally/hygienically sound wastewater collection and treatment in Pogradec as well as reliable drinking water provision to surrounding villages. These measures contribute to the protection of Lake Ohrid's water quality and reduce health risks to the population.

The WBIF grant financed the development of a masterplan and feasibility study which identified key communal infrastructure investments focusing primarily on waste management, water and wastewater treatment, flood protection, and erosion control. Moreover, a special focus was dedicated to improving conditions for tourism in the Albanian Alps.

EU grant: €3.5m

Bilateral donor grant: €1m

KfW loan: €10m

CEB loan: €28.7m

Total investment: €13.5m

Total investment: €37.3m

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

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

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.

- €36.9m in financing for SMEs ✓
- 561 SMEs supported in Albania ✓
- 1 equity investment (€1m) ✓
- Technical assistance and advisory to SMEs for €3m ✓

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.

- €110.9m sub-loan investments ✓
- 13,656 sub-loans provided ✓
- 34 advisory projects supported ✓

KREDIA SME SME LOANS

ZHVILLONI BIZNESIN TUAJ GROW YOUR BUSINESS

EFSE support is transforming FED Invest into a strong rural financial institution offering a broad range of financial services to the rural and peri-urban population. EFSE contributes to the financial inclusion and rural economic development in Albania. EFSE financing supported the development of a plan for agricultural business development and capacity building, including credit risk, audit and compliance skills.

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.

- €32m sub-loan investments ✓
- 73 sub-loans ✓
- 11,540 MWh/yr primary energy savings ✓
- 9,882 tCO₂/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.

- €140m on-lent for project financing ✓
- 20,000 households receiving finance ✓
- Improved energy efficiency ✓

**Regional results



Owners of residential buildings in Albania will be able to benefit from energy efficiency measures thanks to a €5m loan provided by the EBRD for on-lending to borrowers focusing on green investments. Investments will cut energy bills and reduce CO₂ emissions. The funds are part of the Green Economy Financing Facility (GEFF), a joint initiative of the EU, Austria and the WBIF beneficiary countries.