



EU SUPPORT TO BOSNIA AND HERZEGOVINA

INVESTMENT INSTRUMENTS



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 Bosnia and Herzegovina, 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	€232.8m	€31.8m
Energy	€2.5m	-
Environment	€39.1m	€42.4m
Social	€11.1m	€47.7m
Digital infrastructure	-	-
Competitiveness and innovation including agriculture	Breakdown of support provided below	€116.6m
Total	€285.5m	€238.5m
EU support to Bosnia and Herzegovina	WBIF grants + IPA II bilateral grants: €524m	



'The EU is a proud contributor to the WBIF, through which BiH has benefited from over 60 grants totalling €268 million for infrastructure projects, with more on the way for innovation and green growth.'

Ambassador Johann Sattler
Head of EU Delegation and EU Special Representative to BiH

WBIF AND BOSNIA AND HERZEGOVINA

BOSNIA AND HERZEGOVINA AND THE WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

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

- Creating key road and rail transport links with neighbouring countries;
- Diversifying the energy mix to reduce disruptions and strengthen energy security;
- Securing access to efficient water and wastewater services;
- Improving flood mitigation and prevention measures;
- Ensuring better healthcare and judiciary facilities;
- Providing social housing solutions for internally displaced people.

Results

- 135 km of motorways and 2 cross-border bridges
- 57 km of railway lines rehabilitated
- 122 MW renewable power generation capacity
- Improved water/wastewater systems for 1.6 million people
- Flood forecasting and warning system for 3.3 million people in the Sava River Basin
- Social housing solutions for 7,200 internally displaced people

In Bosnia and Herzegovina, 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	€34.9m
EFSE • sub-loan investments	€693.4m
GGF • sub-loan investments	€25.9m
Total	€754.2m

WBIF GRANTS	Investment grants: €226.2m
€285.5m	Technical assistance: €51m
	Other: €8.3m
SIGNED LOANS	SUPPORT TO PRIVATE SECTOR
€1.6bn	€754.2m
ESTIMATED PROJECT VALUE	PROJECTS SUPPORTED
€3.7bn	26
	Data as of June 2020

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.

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



Mediterranean Corridor: construction of road Corridor Vc in Bosnia and Herzegovina

Vlašić - Travnik 50MW Wind Farm

Corridor Vc, one of the indicative extensions of the TEN-T Mediterranean Corridor to the Western Balkans, is the most ambitious investment programme in Bosnia and Herzegovina. Despite the disruptions brought by the pandemic, the construction works on all 11 motorway sections, supported by EU grants are ongoing, with the safety measures introduced. Corridor Vc, once completed, will significantly increase travel speeds and road safety. It will offer better and safer access to larger urban hubs for the citizens living in the surrounding areas, and advance routes to tourist areas in the region. It will contribute to the improvement of trade flows with countries in the region and thus have a broader positive impact on the economy of Bosnia and Herzegovina.

Bosnia and Herzegovina's power sector is presently dominated by fossil fuels. For long-term energy conservation and environmental preservation, the identification of alternative sources of energy production is a priority. The main objective of the project is to promote renewable energy sources, through the construction of wind turbines with an estimated capacity of 50 MW in 10 different locations for the purpose of electricity generation. In addition to environmental benefits, the project would have a significant economic and social impact on the local community, including generation of employment opportunities and infrastructural development.

EU and bilateral donor grants: €214.4m

Bilateral donor grant: €0.8m

EIB loans: €391m; EBRD loans: €430m

KfW loan: €36m; EIB loan: €36m

Total investment: €2.1bn

Total investment: €75.8m



WATSAN programmes in Bosnia and Herzegovina

Housing and social integration of vulnerable persons living in collective accommodation

This project was launched in 2008 with the purpose to assist 50 small and medium sized municipalities in the Federation of BiH (FBiH) and Republika Srpska (RS), in developing sustainable water and sanitation services, in accordance with EU accession conditions. Apart from the construction of needed facilities and reconstruction of existing water supply and sanitation systems, including wastewater treatment plants, the WATSAN Programme uses investments in water and wastewater infrastructure to improve the living conditions of the population, ensure access to continuous water supply and sanitation services, and implement environmental protection measures in compliance with the obligations of EU accession and legislation harmonisation.

The 1990s conflicts in the former Yugoslavia led to the displacement of more than 1 million people within the borders of Bosnia and Herzegovina. At the end of 2011, some 113,000 were still displaced, out of whom some 8,500 lived in collective centres and alternative temporary accommodation. Many of those were unemployed, elderly, ill, or otherwise socially vulnerable. This project aims to provide housing solutions for about 7,200 refugees and internally displaced persons. Specifically, the project entails the construction and rehabilitation of 82 buildings in 45 municipalities and cities. By October 2020, more than 350 families have moved into new homes.

WATSAN in FBiH: EU and bilateral donor grants: €8.3m

WATSAN in RS: EU and bilateral donor grants: €6.1m

EU and bilateral donor grants: €1.7m

EIB loan: €60m

EIB loan: €50m

CEB loan: €60m

Total investment: €121.3m

Total investment: €93.9m

Total investment: €107.6m

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

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

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

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.

- €34.9m in financing for SMEs
- 209 SMEs supported in Bosnia and Herzegovina
- 3 equity investments (€1.9m)
- Technical assistance and advisory to SMEs for €3.8 m

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.

- €25.9m sub-loan investments
 - 6,608 sub-loans
 - 129,947 MWh/yr primary energy savings
 - 41,097 tCO₂/yr emissions reduction
- *Number and amount of sub-loans since inception

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.

- €693.4m sub-loan investments
 - 187,117 sub-loans provided
 - 129 advisory projects supported
- *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



Through MOZAIK, a social business incubator, EFSE has supported young innovative entrepreneurs in developing their ideas with a clear social impact. Moreover, it has provided financial support for six businesses, that have received up to €7,500 seed investment. A six month mentoring programme and a pitching event 'Demo Day' have been delivered under the services supported by EFSE.



A small eco-camp with several mountain huts for tourists has been established by a local entrepreneur in the outskirts of Tuzla. In an effort to use less wood for the stoves, they took a loan from the local financial institution and insulated the huts. Since then, energy savings have reached 60% on annual basis. The loan was made possible by KfW Development Bank accompanied by grants from the EU-funded REEP Plus.