



# Western Balkans Investment Framework Guidelines for Applicants for Blending Operations: INV Round 11

## WBIF public sector blending investment priorities

The key priorities of the [Economic and Investment Plan for the Western Balkans](#) (EIP) adopted by the Commission on 6 October 2020 remain valid. However, to achieve the goals of the new [Growth Plan for the Western Balkans](#), special emphasis with respect to investment areas is placed in this call for proposals on sectors that are likely to function as key multipliers for social and economic development: connectivity, including sustainable transport, decarbonisation, energy, green and digital transitions, as well as education and skills development, with a particular focus to youth.

Project proposals in the following areas of intervention are eligible under INV Round 11: sustainable transport, clean energy, environment and climate, digital future, and human capital development.

The following eligibility criteria per investment priority area apply to projects and proposals for WBIF contribution submitted to INV Round 11 call for proposals.

Entering into PPPs to crowd in private financing and expertise for public sector investments is encouraged.

### 1. Sustainable transport

#### Rationale

The Economic and Investment Plan for Western Balkans sets out that significant investment should be directed towards sustainable transport infrastructure in the Western Balkans.

Investments in transport infrastructure should be future-proof and sustainable (e.g. through proper climate risk assessments and adequate mitigation and adaptation measures) in line with the [Guidelines for the Implementation of the Green Agenda for the Western Balkans](#) embedded in the Economic and Investment Plan: e.g. rehabilitation of the rail network, deployment of intelligent transport systems, multimodal transport solutions and modal shift. These investments should also be aligned with the priorities of the Sustainable and Smart Mobility Strategy, the “do no significant harm” principle and the Paris Agreements.

Fast, efficient and sustainable transport links are crucial, both within the region and with the neighbouring EU Member States in the railway sector.

In June 2024, the Council of the European Union adopted a revised Regulation<sup>1</sup> that includes a Rail Freight Corridor for the Western Balkans. After its adoption, the new Rail Freight Corridor has become an essential tool for coordinated cooperation to improve international freight traffic, and to enhance and improve multimodality in passenger and freight rail transport.

The Core and Extended Core transport networks, with a deadline of 2030 and 2040 completion, should constitute the foundation of the sustainable multimodal transport network, representing the strategically most important nodes and links of the trans-European transport network according to traffic needs. They should stimulate the development of the entire comprehensive network and enable EU action to concentrate on the Trans-European Transport Network components with the highest European added value, in particular cross-border sections, missing links, multimodal connecting points, and major bottlenecks.

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<sup>1</sup> REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 June 2024 on Union guidelines for the development of the trans-European transport network, amending Regulation (EU) 2021/1153 and Regulation (EU) No 913/2010 and repealing Regulation (EU) 1315/2013

The Western Balkans region is affected by the changing climate and has already seen the severe consequences of climate change. The Sustainable and Smart Mobility Strategy for Western Balkans<sup>2</sup> was developed to set common objectives and a list of common measures for making transport greener, sustainable and healthier for citizens.

Progress should be made on both the implementation of technical standards and connectivity reform measures (e.g. aligning/simplifying border crossing procedures, railway reform including unbundling and third-party access, information systems, maintenance schemes, road safety), thus speeding up the completion of the indicative extension of the Trans-European Transport Network (TEN-T) to the Western Balkans and accelerating full alignment with the EU acquis, namely as regards digital and clean energy technologies.

The regional action plans on Transport Facilitation, Rail, Road, Road Safety and Multimodality shall act as frameworks for investments.

### **Key areas of intervention**

- Rehabilitation of existing and construction of new resilient and smart transport infrastructure on the TEN-T core and extended core railway network.
  - Rehabilitation of existing and construction of new resilient and smart transport infrastructure on the TEN-T core roads network.
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- Rehabilitation of existing and construction of new resilient and smart transport infrastructure on the remaining priorities under the EIP Flagships 1, 2 and 3.

## **1.2 Clean energy**

### **Rationale**

The Economic and Investment Plan for Western Balkans, together with the Guidelines for the Implementation of the Green Agenda for the Western Balkans, set out that support towards energy transition will be reinforced. Strong emphasis is placed on energy market integration, decarbonisation, clean energy, just transition, increased digitalisation of the system and smart grids, energy efficiency, including modernisation of district heating, and energy security.

In December 2022, the Western Balkans partners made commitments under the Energy Community Treaty concerning the reduction of greenhouse gas emissions, energy efficiency and renewable energy targets by 2030. On this basis, they have developed their respective National Energy and Climate Plans setting out the steps to achieve these targets.

Investments funded under the Reform and Growth Facility shall be in line with the Western Balkans partners' Energy and Climate Plans, their Nationally Determined Contribution and ambition to reach climate neutrality by 2050. They shall contribute to the mitigation of climate change and to the ability to adapt to its adverse effects, and foster climate resilience. In particular, funding under the Reform and Growth Facility shall promote the transition towards a decarbonised, climate-neutral, climate-resilient and circular economy.

At the same time, there has been progress in the implementation of renewable energy policies in the Western Balkans and investments in renewable energy (conventional solar and wind power plants) have started to flow in. However, further investments and policy measures in decarbonising energy production and/or consumption shall be key to delivering decarbonisation targets, including being able to avoid potentially negative consequences of the Carbon Border Adjustment Mechanism (CBAM) and ensuring a just energy transition. The mobilisation of the private sector would contribute to the nascent industrial clean energy ecosystems and can be a regional economic game changer. Progress should be made on transposing the new Electricity Integration Package within the Energy Community to ensure full

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<sup>2</sup> <https://www.transport-community.org/strategy-for-sustainable-and-smart-mobility-in-the-western-balkans-2/>

market integration of Contracting Parties, which includes the six Western Balkans partners, into the single European electricity market.

### **Key areas of intervention**

- Electricity transmission and storage projects:
  - Where electricity transmission projects can contribute to market integration (between Western Balkans partners and/or with EU Member States), sustainability (integration and transmission of renewable energy) and security of supply.
  - Energy storage facilities to enable accelerated renewables deployment.
- Renewable energy: Rehabilitation of existing hydropower plants, innovative renewable sources of energy generation for district heating systems.
- Digitalisation of the energy transmission and distribution networks/systems.
- Rehabilitation, modernisation and extension of distribution networks with a focus on enabling the absorption of renewables.

## **1.3 Environment and climate**

### **Rationale**

The Economic and Investment Plan for Western Balkans, together with the Guidelines for the Implementation of the Green Agenda for the Western Balkans, set out that significant investment should be directed towards greening the Western Balkans and mainstreaming environmental and climate requirements in other sectors. WBIF support focuses on the implementation of the plan's flagship on waste and wastewater management.

One of the main goals of the Green Agenda is to reduce water pollution and to address water conservation and flood protection across the region. There is a high share of the population in rural areas (30 to 50%) with only basic sanitary facilities and wastewater collection, while urban areas with collection of wastewater via sewer networks discharge mostly untreated wastewater.

Even though there have been improvements in waste management through the adoption of circular economy principles, there is still much progress to be made in the Western Balkans. Moving to a circular economy, addressing waste management, recycling, sustainable production, and efficient use of resources will play a significant role in lowering the carbon footprint.

### **Key areas of intervention**

- Water and wastewater treatment: Support will be provided to upgrade basic infrastructure in line with relevant EU standards in the area of water and sanitation (including investments in drinking water treatment and supply and sewerage systems covering multiple agglomerations with a regional coverage or in the major cities) and pollution prevention measures. Actions that address water pollution and have co-benefits of improving resilience to extreme climate events or contributing to nature conservation and restoration, such as nature-based solutions or green infrastructure, will be prioritised.
- Circular economy: Support will be provided to waste management, recycling, sustainable production, and efficient use of resources for the green and climate-neutral economy.

## **1.4 Digital future**

### **Rationale**

The Economic and Investment Plan for Western Balkans calls for the region's digital transition and includes digital infrastructure as one of its ten flagships. Digital transition also features prominently in the new Growth Plan for the region and in the Reform Agendas of each of the economies. Among other reforms, which will be financially supported

through the Reform and Growth Facility, the Western Balkans partners are committing to advance on the roll-out of secure and sustainable digital infrastructure in full compliance with the EU's 5G cybersecurity toolbox.

### Key areas of intervention

- Digital infrastructures: roll-out of secure and resilient broadband (including 5G) connections for governments, households, businesses, education and health, connections with remote areas, connection to EU digital backbones. Full alignment with the EU's 5G cybersecurity toolbox and technology neutrality must be ensured.
- Data centres, to ensure cyber-resilience.

## 1.5 Infrastructures for human capital development

### Rationale

The Economic and Investment Plan for Western Balkans shifts the focus from pure social infrastructures to investments in infrastructures that unleash the potential of human capital development in the fields of education, research and development, and health.

Investments in infrastructures have to contribute to the implementation of regional and or local strategies and plans aimed at unleashing the human capital development potential.

### Key areas of intervention

- Investments in improving the energy efficiency and digitalisation of infrastructures in the fields of education (from early childhood education to high-level education) and health (hospitals and health centres).
- Investments in building, rehabilitation and/or expansion of infrastructures directly contributing to reforms contained in the Reform Agendas and contributing to unleashing human capital development potential in the Western Balkans. Such investments must be sustainable and comply with clean energy and decarbonisation targets, environmental protection, and disaster resilience.
- Additional small-scale investments in the human capital development sector may be supported by the contributions from Bilateral Donors.

## Delineation of subsectors eligible for support by WBIF public sector investments and by IPA national programmes

### Sustainable transport

Subsector	SOP / national IPA	WBIF
Railways infrastructure	• Railway TEN-T Comprehensive network, railway stations	• Railway TEN-T Core and Extended Core network
Road infrastructure	• Road TEN-T Comprehensive network and others	• Road TEN-T Core network
Maritime/Inland waterways infrastructure	• Inland waterways TEN-T comprehensive network • Coastal protection	• Inland waterways TEN-T Core network • Port infrastructure
Intermodality		• Terminals/multi-modal hubs
Urban mobility	• Sustainable urban transport*	• Rapid urban transit systems

\*Priority area/s for Sector Operational Programmes without the actions eligible under WBIF.

### Clean energy

Subsector	SOP / national IPA	WBIF
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Electricity	<ul style="list-style-type: none"> <li>• Transmission of internal electricity transmission lines, if not on the PECE/PMI lists, that significantly contributes to market integration and/or to the integration of RES</li> </ul>	<ul style="list-style-type: none"> <li>• Transmission lines contributing to market integration (between Western Balkans partners and/or with EU Member States), sustainability (integration and transmission of renewable energy) and security of supply.</li> <li>• Distribution</li> <li>• Digitalisation of the network</li> <li>• Energy storage</li> </ul>
Renewable energy production		<ul style="list-style-type: none"> <li>• Rehabilitation of existing hydropower plants</li> <li>• Innovative renewable energy solution projects (if not supported through EFSD+ guarantees and proven not to be revenue-generating)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>• Public buildings</li> <li>• District heating</li> </ul>	<ul style="list-style-type: none"> <li>• Public and private buildings and businesses through REEP and GGF</li> <li>• Hospitals and education facilities through WBIF</li> </ul>

#### Environment and climate

Subsector	SOP / national IPA	WBIF
Water management	<ul style="list-style-type: none"> <li>• Drinking water and wastewater (<math>\leq</math> €15 million (<math>\leq</math> €30 million for Serbia))*</li> </ul>	<ul style="list-style-type: none"> <li>• Drinking water and wastewater (<math>&gt;</math> €15 million (<math>&gt;</math> €30 million for Serbia))</li> </ul>
Subsector	SOP / national IPA	WBIF
	<ul style="list-style-type: none"> <li>• River basin management/flood prevention</li> </ul>	
Waste management	<ul style="list-style-type: none"> <li>• Waste management centres (<math>\leq</math> €20 million (<math>\leq</math> €30 million for Serbia))*</li> <li>• Closure of non-compliant landfills</li> <li>• Equipment*</li> </ul>	<ul style="list-style-type: none"> <li>• Waste management centres (<math>&gt;</math> €20 million (<math>&gt;</math> €30 million for Serbia))</li> <li>• Closure of non-compliant landfills, including rehabilitation according to EU standards (only if in association with waste management centres)</li> </ul>
Air quality/noise	<ul style="list-style-type: none"> <li>• Services/ works/ equipment*</li> </ul>	
Nature protection	<ul style="list-style-type: none"> <li>• Management of natural resources, resource protection (deployment of reservoirs, irrigation; green and blue infrastructures; ecosystem restoration and resilience; restoration of carbon rich habitats; water retention)*</li> </ul>	
Industrial pollution/chemicals	<ul style="list-style-type: none"> <li>• Services (studies)</li> <li>• Cleaning/remediation of local waste dumpsites</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated industrial decarbonisation and depollution solutions (including through WBIF private sector)</li> </ul>

\*Priority area/s for Sector Operational Programmes.

## Digital future

Subsector	SOP / national IPA	WBIF
Infrastructure	<ul style="list-style-type: none"> <li>e-governance, e-procurement, education, e-health, electronic public services</li> <li>projects supporting alignment with EU's rules related to data protection</li> <li>EU practices to mitigate cybersecurity risks</li> </ul>	<ul style="list-style-type: none"> <li>ultra-fast and secure broadband with a view to ensure universal access</li> <li>secure, energy-efficient and trustworthy data centres, edge and cloud infrastructures, as well as linking to EU initiatives on highperformance computers and/or GEANT programme</li> <li>Exploring synergies with other connectivity areas, such as transport and energy, in the context of infrastructure sharing (e.g. Balkans Digital Highway)</li> </ul>

## Human capital

Subsector	SOP / national IPA	WBIF
Health	<p><i>Not a priority under SOPs, to be addressed through bilateral programmes:</i></p> <ul style="list-style-type: none"> <li>any activity in line with IPA III programming framework, EIP, ERP</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure interventions related to digitalisation and energy efficiency</li> </ul>
Education & skills	<ul style="list-style-type: none"> <li>Investments contributing to the Economic and Investment Plan Flagship 10 Youth Guarantee*</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure interventions related to digitalisation and energy efficiency of education infrastructure</li> </ul>
Subsector	SOP / national IPA	WBIF
	<ul style="list-style-type: none"> <li>any other activity in line with IPA III programming framework, EIP, ERP*</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure investments necessary for implementation of concrete reforms included in Reform Agenda</li> </ul>
Social inclusion	<ul style="list-style-type: none"> <li>any activity in line with IPA III programming framework, EIP, ERP*</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure investments necessary for implementation of concrete reforms included in Reform Agenda</li> </ul>
Employment	<ul style="list-style-type: none"> <li>any activity in line with IPA III programming framework, EIP, ERP*</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure investments necessary for implementation of concrete reforms included in Reform Agenda</li> </ul>

\*Priority area/s for Sector Operational Programmes.

**Note:** The above table refers to EU funds only. In addition, Bilateral Donors can support small-scale investment projects in all the sectors described above regardless of the division of subsectors into “SOP/national IPA” and “WBIF” and without any financial thresholds.

### 1.7 Maximum co-financing rates for WBIF contribution

The maximum co-financing rates are as follows:

Investment windows	max. co-financing rate (%)
<b>Sustainable transport</b>	

Railways (incl. signalling and telecommunications)	50
Roads (incl. digital transport technologies)	40
Rapid urban transit systems	40
Inland waterways and ports	50
Maritime ports	50
<b>Clean energy / energy efficiency</b>	
Energy interconnections, electric power transmission, distribution, electrification of urban and rural areas	20
Energy supply – innovative renewable energy sources and rehabilitation of hydropower plants, energy storage	up to 30**
Energy efficiency in buildings (including REEP)	30
<b>Environment and climate</b>	70
<b>Digital future</b>	30
<b>Human capital</b>	30

\*\*WBIF will apply maximum financial support to projects that either fall under a pilot exercise or provide an innovative approach to renewable energy generation and storage. Otherwise, a co-financing rate of 20% will apply. Conventional wind and solar electricity generation are not eligible for WBIF support under the Call.

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