



## NOTE TO WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF) STAKEHOLDERS

### **Subject: Information on the eligibility criteria and timetable for WBIF Call for Proposals for public and private sector blending investments**

The European Commission and the Bilateral Donors plan to launch a WBIF call for proposals for public and private sector Technical Assistance (TA) and Investment (INV) grants (TA Round 30, INV Round 10, PS Round 3) on 14 November 2023.

Selected blending investments in the form of projects must address the WBIF Blending Investment Priorities as presented at the 1<sup>st</sup> Strategic and Operational Board meetings (16 and 17 December 2021), notably and here relevant: 1) sustainable transport; 2) clean energy; 3) environment and climate; 4) digital future; 5) Competitiveness of the private sector and 6) human capital development.

The WBIF Management Information System (MIS) provides separate entry portals for public (and private sector) blending investments. Public sector blending applications must be pre-notified and submitted via the WBIF MIS by National IPA Coordinators. The grant application forms (GAF) and the guidelines for public and private Technical Assistance (TA/TAF) and Investment (INV/BAF) grants are available on the WBIF website, under [How to Apply for a WBIF Grant?](#)

### **I. WBIF public sector blending Investment Priorities**

The following eligibility criteria per investment priority are of application to projects and proposals submitted to the call for proposals launched on 14 November 2023.

#### **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 Sustainable and Smart Mobility Strategy priorities, 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 December 2021, the European Commission published a proposal for the Revision of the TEN-T Regulation<sup>1</sup> that includes a Rail Freight Corridor for the Western Balkans. Once adopted, the new Rail Freight Corridor will become an essential tool for coordinated cooperation to improve international freight traffic. Additionally, multimodality in passenger and freight rail transport needs to be improved.

The core network, with a deadline of 2030 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.

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.

### **Key areas of intervention**

- Rehabilitation of existing and construction of new resilient and smart transport infrastructure on the TEN-T core railway network.

## **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, and 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 are currently developing their respective National Energy and Climate Plans setting out the steps to achieve these targets. Investments through the WBIF will be in line with the priorities in the WB partners' National Energy and Climate Plans.

At the same time, there has been progress in 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 deliver decarbonisation targets, including being able to avoid potentially negative consequences of the Carbon Border Adjustment Mechanism (CBAM) and to ensure a just energy transition. The mobilization 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

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<sup>1</sup> Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL 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

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

the Energy Community to ensure full market integration of Contracting Parties, which includes the six Western Balkans partners, into the single European electricity market.

**Key areas of intervention** for public sector investment (INV) and technical assistance (TA) grants:

- Electricity transmission and storage projects:
  - Where electricity transmission projects can contribute to market integration (between WB 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
- Low carbon transition (e.g. future-proof gas pipelines listed as Projects of European Community Interest or Projects of Mutual Interest supportive of the low carbon transition and transit of decarbonized gas and hydrogen, gas and carbon dioxide storage). Proposals need to provide sufficient evidence of decarbonization strategies (e.g. conversion of natural gas assets to dedicated hydrogen assets).

### **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 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 population in rural areas (30 to 50%) with only basic sanitary facilities and wastewater collection, while urban areas with collection of wastewaters 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.

### **4. Digital future**

#### **Rationale**

The Economic and Investment Plan for Western Balkans calls for the region's digital transition. To underpin an effective transition of all the sectors of the economies and governments, and to contribute to a sustainable, climate neutral and resilient economy, proposals should focus on digital infrastructures: ultra-fast and secure broadband connections for governments/public administrations, households, businesses, education and health,

urban and rural connections, and the connections to EU digital backbones

### **Key areas of intervention**

- Digital infrastructures: ultra-fast and secure broadband connections for governments, households, businesses, education and health , connections with remote areas, connection to EU digital backbones.

## **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 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 to rehabilitate/upgrade and/or expand infrastructures in the field of education (from early childhood education to high-level education), and health. Investments must be sustainable and comply with clean energy and decarbonisation targets, environmental protection, disaster resilience and specific climate change impacts, s and contribute to the region's digital transition. Recognised international standards in the fields need to be fulfilled. Investments must demonstrate the contribution for unleashing human capital development potential in WB.

## **II. Eligibility criteria for public sector technical assistance**

The following eligibility criteria apply only to technical assistance applications:

- Projects must be included under or fall under the scope of the EIP investment flagships, the public sector blending investment priorities, or any other EU policy initiative and / or instruments.
- The underlying investment projects of technical assistance grants must be endorsed by the Ministry of Finance. Support preparatory work for eligible investment projects (for example, without limitation, masterplans, (pre)feasibility studies, cost-benefit analyses, environmental and social impact assessments, comprehensive risks assessments, including disasters and climate change risks and vulnerability, preliminary and detailed designs), targeted capacity building and implementation support (including tender documents preparation, procurement assistance), sector development studies, and general capacity building.
- Activities related to the technical review, check and verification of any project design(s) as per national legislation, other activities specific to the urban planning and/or land ownership (e.g. the preparation of urban plans, documentation for land expropriation, etc.) that fall under the Beneficiary's responsibility as part of its due diligence and control for the project management are not eligible for grant funding.
- Support project construction supervision. Construction supervision is eligible only for funding channelled through the European Western Balkans Joint Fund. Construction supervision is not eligible under the IPF instrument.
- Support for overcoming specific obstacles delaying the preparation or implementation of projects. For faltering projects, a thorough analysis of the causes thereof and a clear and logical use of the grant to drive their progress must be provided in the grant application. As a general principle, the WBIF will not add more subsidies to an existing investment but will consider support for improving the policy and/or regulatory environment of that investment through capacity building.
- For Sustainable Transport projects the technical assistance may be deployed to support railways and

roads construction and re-construction, integration of sustainable and smart elements in road and rail transport such as multimodal transport nodes, electric charging stations, intelligent transportation systems (ITS) or infrastructure monitoring as well as to support inland waterways.

- For Clean Energy projects the technical assistance may be deployed to support: energy interconnections, electrical grid strengthening, smart investments in energy sectors, electric power transmission, distribution, electrification of urban and rural areas, energy efficiency, district heating, urban metering systems, gas infrastructure, future-proof gas pipelines.
- For Digital Future projects the technical assistance may be deployed to support ultra-fast and secure broadband roll-out, data centres, high performance computers and infrastructure sharing.

For projects with preparatory studies under development (e.g. the feasibility study is under preparation), grant financing for the next stage will not be provided until those studies are completed and their results are approved by the beneficiary and Lead IFI. Similarly, additional grant financing will not be considered when a grant has already been awarded but not disbursed.

### III. WBIF private sector blending Investment Priorities

The following eligibility criteria per investment priority are of application to projects and proposals submitted to the call for proposal launched on 14 November 2023.

#### Competitiveness of the private sector

##### Rationale

Crowding-in private capital to leverage additional funds is pursued across all WBIF investment windows to enable enhanced cooperation of all potential donors in the region through scaling-up investments in all priority areas of the Economic and Investment Plan for Western Balkans (the “EIP”).

- Specifically, the EIP focuses on the importance of supporting start-ups, Micro, Small and Medium-sized Enterprises (MSMEs) as means including adopting the rules governing the implementation of the Carbon Border Adjustment Mechanism (the “CBAM”).
- Digital transition, innovation: shall support investments strengthening the digitalisation of the business sector in the region (including start-ups and scale-ups MSMEs), as well as the integration of research and development results, innovation, technology transfer, and enabling digital eco-systems.
- Trade: shall aim at raising the quality standards of companies, availability of export-oriented investments and facilitate the integration of innovative industrial value chains (including the CBAM) between the Western Balkans and the EU in order for the region private sector to benefit from market integration and trade within the region and with the EU.
- Financial Inclusion: shall support the labour, social and financial inclusion of those furthest away from the labour market including Roma population. In particular, focus should be put on the social entrepreneurship ecosystem through activities that build the capacity and preparedness of the supply (social finance providers) and demand (social enterprises) sides of the social entrepreneurship ecosystem.

### IV. WBIF eligible sub-sectors general provisions for public sector investments and delineation with IPA national programmes

#### Sustainable Transport

Subsector	SOP / national IPA	WBIF
Railways infrastructure	Railway TEN-T Comprehensive	Railway TEN-T Core network

Subsector	SOP / national IPA	WBIF
	network, railway stations	

### Clean Energy

Subsector	SOP / national IPA	WBIF
electricity	<ul style="list-style-type: none"> <li>Transmission of internal electricity transmission lines, if not on the PECI/PMI lists, that significantly contributes to market integration and/or to the integration of RES Distribution</li> </ul>	<ul style="list-style-type: none"> <li>Transmission lines contributing to market integration (between WB partners and/or with EU Member States), sustainability (integration and transmission of renewable energy) and security of supply.</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>
Hydrocarbons		<ul style="list-style-type: none"> <li>gas pipelines on PECI/PMI lists</li> </ul>

### Environment and Climate Change

Subsector	SOP / national IPA	WBIF
Water management	<ul style="list-style-type: none"> <li>Drinking water and waste water (<math>\leq</math> €15 Million (€30 million for Serbia))*</li> <li>River basin management/flood prevention</li> </ul>	Drinking water and waste water ( $>$ €15 million (€30 million for Serbia))
Waste management	<ul style="list-style-type: none"> <li>Waste management centres (<math>\leq</math> €20 Million (€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 (€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	Services/ works/ equipment *	
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>	

Subsector	SOP / national IPA	WBIF
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>• deployment of backbones and link with existing EU backbones, including high performance computers and/or GEANT programme</li> <li>• Balkans Digital Highway deployment</li> </ul>

### Human Capital

Subsector	SOP / national IPA	WBIF
Health	<i>Not a priority under SOPs, to be addressed through bilateral programmes:</i> any activity in line with IPA III programming framework, EIP, ERP	Only infrastructure interventions related to expansion and or renovation/rehabilitation of infrastructures
Education & Skills	<ul style="list-style-type: none"> <li>• Investments contributing to the Economic and Investment Plan Flagship 10 Youth Guarantee*</li> <li>• any other activity in line with IPA III programming framework, EIP, ERP*</li> </ul>	Only infrastructure interventions related to expansion and or renovation/rehabilitation of infrastructures

\* Priority area/s for Sector Operational Programmes.

**Note:** The above table refers to EU funds only. In addition, Bilateral Donors can support small scale TA and investment projects in all sectors described above regardless of the division of sectors into “SOPs/bilateral programs” and “WBIF” and without any financial threshold.

### V. WBIF public sector blending investments: co-financing rates

The maximum co-financing rates are as follows:

Investment Windows	max. co-financing rate (%)
<b>Sustainable Transport</b>	
Railways (incl. signalling and telecommunications)	50
<b>Clean Energy / Energy Efficiency</b>	
Energy interconnections, electric power transmission	20
Gas infrastructure, future-proof gas pipelines	20
<b>Environment and Climate Change</b>	
Drinking water treatment and supply, waste water collection and treatment,	70

<b>Investment Windows</b>	<b>max. co-financing rate (%)</b>
sewerage systems	
Waste management (collection, source-separation, recycling, treatment and disposal technologies)	70
<b>Digital Infrastructure</b>	
Ultra-fast and secure broadband roll-out (particular focus on connecting 'white zones' / rural area, education and healthcare institutions)	30
Balkans Digital Highway deployment	30
<b>Social Infrastructure</b>	
Upgrade and or expand infrastructure in the sectors of education and health	30

For clarifications regarding the call for proposals, please contact the WBIF Secretariat at [NEAR-WBIF@ec.europa.eu](mailto:NEAR-WBIF@ec.europa.eu).