

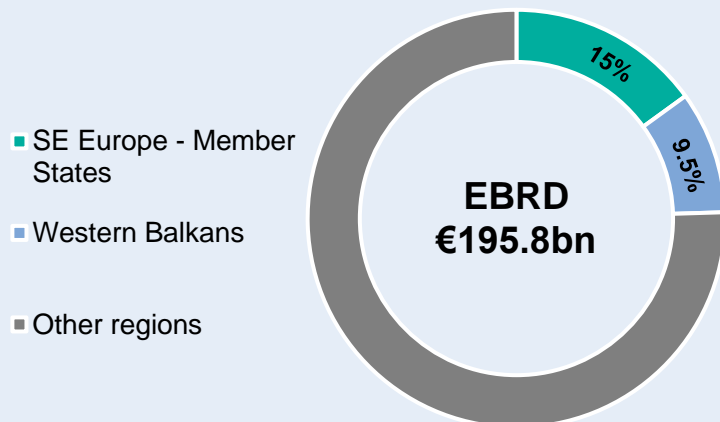


**Unlocking Growth Potential: Economic Corridors in South-East Europe**  
**LSE Public Event**  
**16 May 2024**

**Sue Barrett**  
**Director, Head of Infrastructure, Europe, Middle East & Africa**

# EBRD Investment in SE Europe

## Cumulative Annual Investment (€bn %)



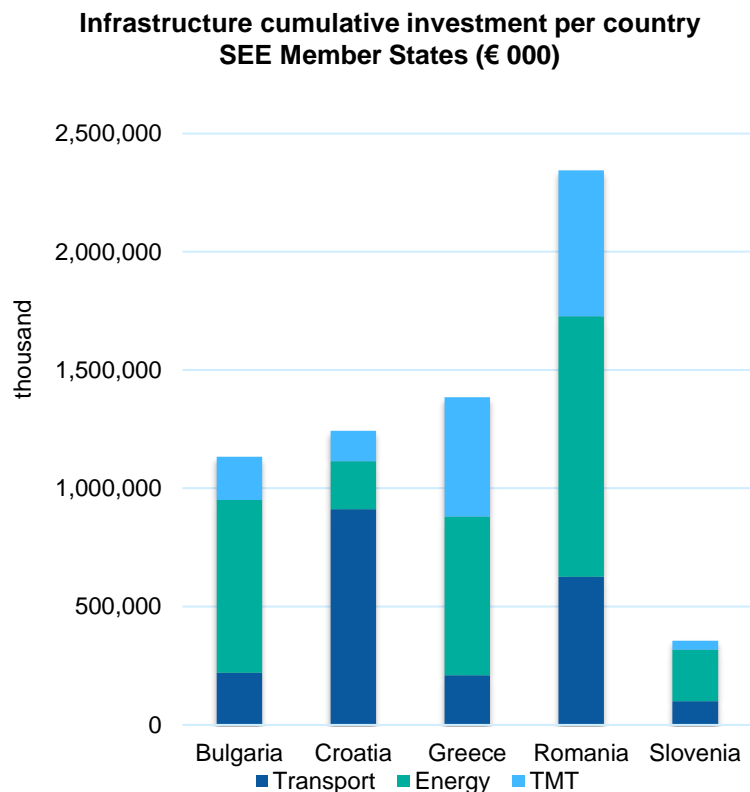
## SEE Europe Cumulative Investment €48bn

SEE/EU MS €bn		Western Balkans €bn	
Romania	11.0	Serbia	9.0
Greece	7.6	Bosnia & Herzegovina	3.2
Croatia	4.7	North Macedonia	2.8
Bulgaria	4.5	Albania	2.1
Slovenia	1.6	Montenegro	0.8
		Kosovo	0.7
<b>Total</b>	<b>29.4</b>	<b>Total</b>	<b>18.6</b>

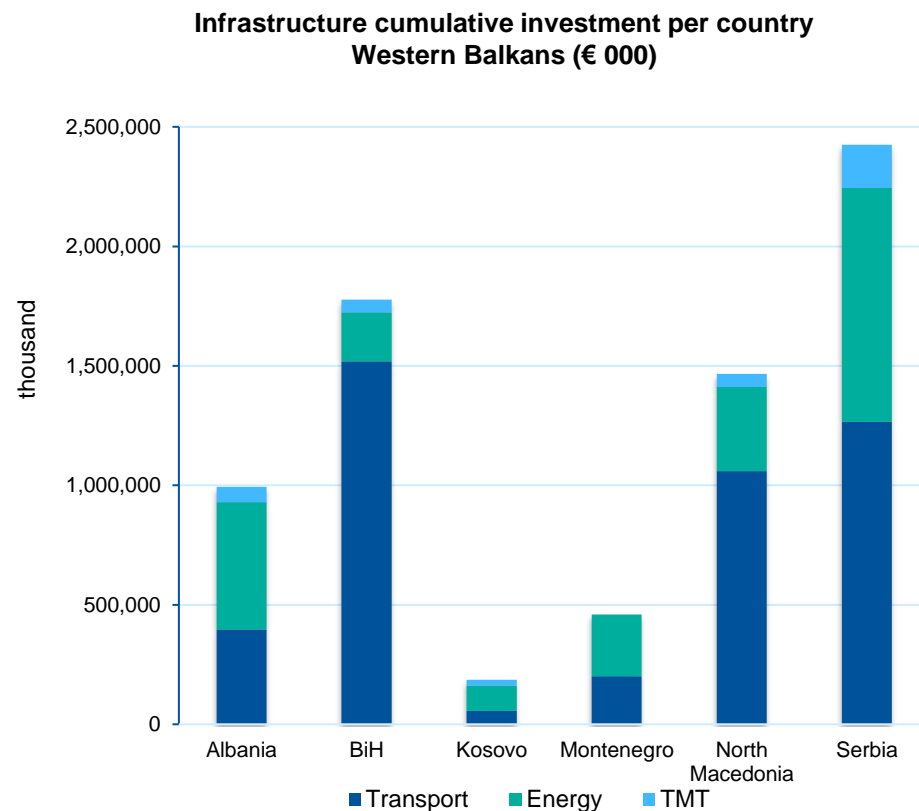
- EBRD total investment in SE Europe\* €48bn – over 60% in SE EU Member States
- Total amounts for Transport €6.6bn; Energy €5.3bn; Telecoms €1.9bn

\* EBRD definition of SE Europe includes Romania, Bulgaria, and Western Balkan countries only

# EBRD Investment Infrastructure Corridors in SE Europe



**Transport €2.1bn; Energy €2.9bn; Digital €1.5bn**



**Transport €4.5bn; Energy €2.4bn; Digital €0.4bn**

# EBRD Investment in Transport Corridors in Western Balkans

## - Western Balkans Investment Framework (“WBIF”)



2009



EBRD an **architect of WBIF** alongside European Commission, EIB and bi-lateral donors



Pools and coordinates **different sources of finance to blend loans with grants** for priority infrastructure projects the Western Balkans



**Response** to the economic crisis and **support to EU integration**



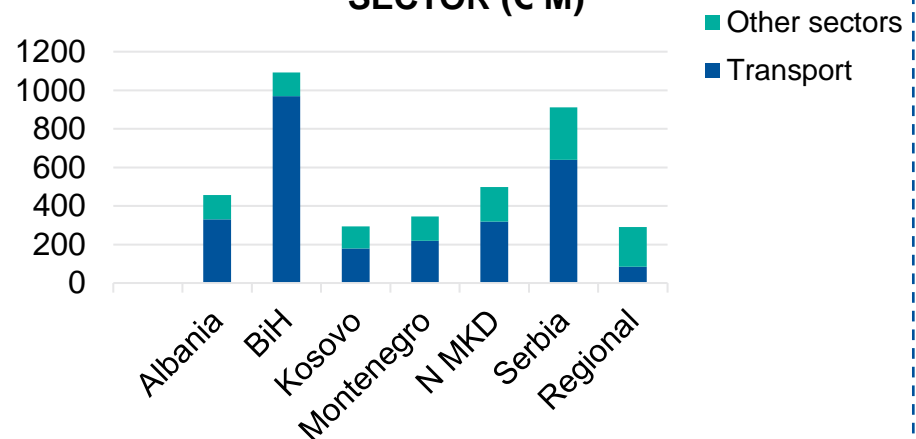
**Boost** the infrastructure sector

- **WBIF Capex grants for +50 transport projects on Core Network** of the Western Balkans (50% of which EBRD was involved in)
- **WBIF Technical Assistance grants for +90 transport projects**

### 2009-2023

WBIF grants of **€2.6 billion** in the **transport** sector for estimated investments of €5.6 billion

### GRANT AMOUNT PER COUNTRY AND SECTOR (€ M)



# Infrastructure Challenges in Western Balkans

## Remaining large infrastructure gap in the region

Infrastructure development **50% lower** than average EU level (*IMF*)

**Slow pace of reform**

**Limited fiscal space/private sector participation**

**Weak institutional capacity**

**Low connectivity**

**Need to boost energy transition and digitalisation**

**... hampers private sector development, economic, sustainable and resilient growth and EU integration**

# Unlocking Growth Potential in Western Balkans – Strategic Priorities and New Growth Plan

## STRATEGIC PRIORITIES



Promote connected networks



Support private sector participation

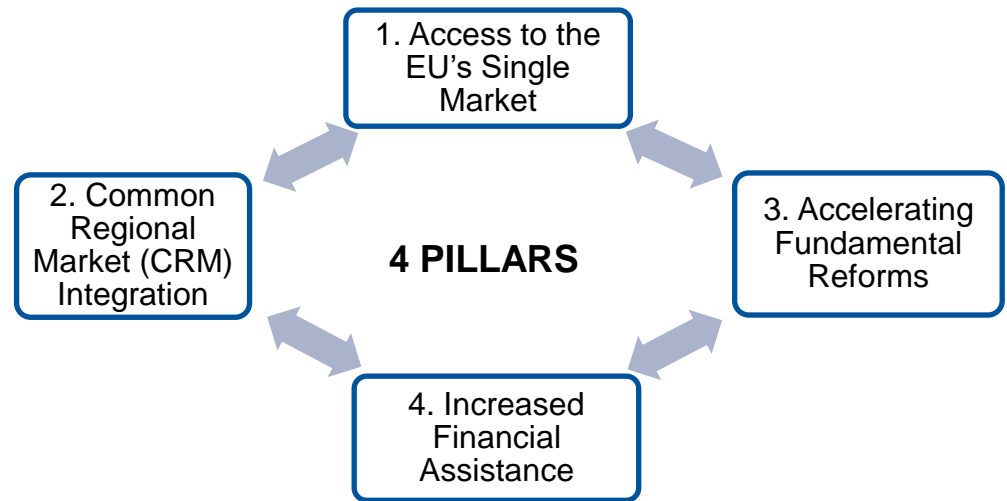


Encourage environmentally and socially responsible actions



Seek low carbon and innovative digital solutions

## New Growth Plan for the Western Balkans



- ❑ At least €3 billion will go to investments to be delivered through the Western Balkans Investment Framework
- ❑ The remaining funds will be direct support to the national budgets of the Western Balkans partners

# Unlocking Growth Potential in Western Balkans – EBRD role



- Promote efficient use of scarce resources - project selection based on value for money/long-term benefits
- Support project preparation and implementation
- Blend WBIF and EU IPA grants to complement development loans (especially for large corridors)
- Seek commitment to sector reforms to improve efficiency & facilitate greater private sector participation (WBIF/EBRD IPPF)
- Build capacity through targeted technical assistance
- Promote innovative solution to enhance climate resilience and inclusion - All projects to be Paris aligned.

# Case Study – Belgrade Airport Concession Project



## Strategic objectives

- Finance the **first large scale concession** in Serbia
- Contribute to future **air transport growth** in Serbia
- Enable better **inter-regional** connections and services
- Promote **environmental enhancements**



## Results

- **Expanded capacity** of the airport
- **Improvement** of the airport's **services and facilities**
- **Demonstration effect** by promoting increased participation of the private sector in the country's economy
- Improved **safety, lower energy and water consumption** and improved **carbon performance**.



## Project

- **Client:** Vinci Airports Serbia d.o.o, an SPV fully owned by Vinci Airports
- **Project:** Financing of the concession for the 25-year financing, development, maintenance, operation and management of the Nikola Tesla Belgrade Airport
- **Senior loan of €75.2 million** (split in two tranches of €52.5 million and €22.7 million)
- Sponsor equity contribution of **€413.7 million**
- Total **debt package** of ca. €425 million provided by:
  - **IFIs** (IFC, Proparco, DEG) for €238 million
  - **commercial banks** (Erste, Unicredit, Societe Generale, Intesa, Kommunalkreditbank and Crédit Industriel et Commercial) for €110 million under an A/B loan structure with EBRD
- Total projects costs of ca. **€980 million**, including the upfront concession fee payment
- **Signed in 2018**





# Case Study - Rail Corridor VIII in North Macedonia



## Strategic objectives

- Establishment of the **first rail connection between North Macedonia and Bulgaria**
- Enhance **rail competitiveness** and support North Macedonia's **economic development** through **regional connectivity**
- Promote **universal access to railway infrastructure** and **green infrastructure**



## Results

- Promotion of **modal shift from road to rail** as a result of enhanced rail attractiveness and competitiveness
- **Safer and more reliable international transit movement** of freight and passengers with EU countries and Turkey
- Significant expected **CO2 emissions reduction**
- Introduction of **inclusive and gender considerations** in the sector



## Project

- **Client:** the Republic of North Macedonia for the benefit of the Public Enterprise for Railways Infrastructure (“PERI”)
- **Project:** Three consecutive projects for **the rehabilitation and construction of the eastern section of Rail Corridor VIII in North Macedonia** (separated in three sections: Kumanovo to Beljakovce / Beljakovce to Kriva Palanka and Kriva Palanka to the Bulgarian border), totalling ca. **88 km**
- **3 sovereign loans** of ca. **€366 million** in total
- Total projects costs of ca. **€820 million**, with **WBIF contribution** of ca. **€200 million** in capex grants and **€25 million** in TA grants
- Signed in **2012, 2014, 2023**

# Case Study – Mostar North to Mostar South in Bosnia and Herzegovina



## Strategic objectives

- Continuation of previous projects financing the development of the **Corridor Vc**, which is the **backbone of the transport infrastructure** in BiH
- Improve the **quality and connectivity of key infrastructure for economic efficiency**
- Improve **road infrastructure and services** near the city of **Mostar**



## Results

- **Reduction of travel time and increased road safety**
- Adoption of a **Sector Policy Statement** expected to result in **cost reduction**
- Signing of a **Service Level Agreement** to improve the procurement processes for motorways maintenance
- **Decongestion** of city roads in Mostar and **reduced air pollution**



## Project

- **Client:** the state of Bosnia and Herzegovina, on-lent to the Motorways of the Federation of Bosnia and Herzegovina
- **Project:** Construction of a 14.2 km section of motorway, starting before the Mostar North interchange and ending after the Mostar South interchange
- **7<sup>th</sup> project** on Corridor Vc
- **Sovereign loan of €220 million** (two tranches of €110 million each)
- Total projects costs of ca. **€440 million**, with **WBIF capex grant of €150 million** and mobilisation of commercial banks
- **Signed in 2023**

# Portfolio & Pipeline – Selected Projects

KEY PORTFOLIO PROJECTS	COUNTRY	SECTOR
Rehabilitation of Vore-Hani i Hotit Railway Line	ALBANIA	Rail
Corridor Vc in BiH	BOSNIA AND HERZEGOVINA	Road
Port of Brcko	BOSNIA AND HERZEGOVINA	Maritime
CTGC (Port of Bar) Privatisation Project	MONTENEGRO	Maritime
Rail Corridor VIII – Phase 1-3	NORTH MACEDONIA	Rail
Shtip-Radovish Road Section	NORTH MACEDONIA	Road
Road Corridor VIII - Phase I	NORTH MACEDONIA	Road
Skopje-Kosovo Border Motorway	NORTH MACEDONIA	Road
Belgrade Airport PPP	SERBIA	Aviation
High Speed Rail Belgrade to Nis	SERBIA	Rail
Serbian Railways Corridor X	SERBIA	Rail
KEY PIPELINE PROJECTS		
Tirana Bypass	ALBANIA	Road
Durres - Rogozhine Railway (Corridor VIII)	ALBANIA	Rail
Tunnel Prenj (Corridor Vc)	BOSNIA AND HERZEGOVINA	Road
Foca - Hum Road (connecting Sarajevo with Podgorica)	BOSNIA AND HERZEGOVINA	Road
Bar – Boljare Highway (Matesevo-Andrijevisa Section, Route 4)	MONTENEGRO	Road
Golubovci - Bar Rail Reconstruction Project (Route 4)	MONTENEGRO	Rail
Montenegro Airports PPP (Podgorica & Tivat)	MONTENEGRO	Aviation

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