

Funding of operations in the Balkans

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Financing possibilities before accession



There are two types of financial instruments available:

- **Bilateral support from other countries**

- especially USA has been a big supporter but also some big EU countries as Germany, France and UK
- Because of the history of the region there are a lot of countries who would like to support the development of the region
- Also China is increasing its participation especially in big infrastructure investments like the motorway from Kosovo to Tirana. To participate on the big projects requires international consortium and a lot of knowledge

- **EU – support**

- Pre Accession support (IPA), that is divided to technical assistance and Twinning – approach:
 - TA is more to the consulting companies and also for investments
 - Twinning is co-operation between different administrations: the member states send their civil servants to assist the countries to reach the European administrative and legal requirements

Before the Accession: IPA



This is an instrument to implement the activities that support countries to join the EU and implement the EU accession protocol

Countries receiving IPA support are divided to two categories:

- Regions applying membership who can get funding from all IPA categories
 - Possible applicant countries (Albania, Bosnia ja Hertsegovina, Montenegro, Serbia ja Kosovo who can get support only from two categories (1 and 2))
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- Financing under this single umbrella is provided through five "components":
 - Transition Assistance and Institution Building
 - [Cross-Border Co-operation](#) (with EU Member states and other countries eligible for IPA)
 - Regional Development (providing support to transport, environment infrastructure and enhancing competitiveness and reducing regional disparities);
 - Human Resources Development (strengthening human capital and combating exclusion) : managed by the European Commission's
 - Rural Development : managed by the European Commission's

- IPA components III-V are designed to mirror closely structural, cohesion and rural development funds, in preparation for the management of such funds upon accession. It allows beneficiary countries to prepare themselves for successful participation in EU cohesion policy after accession. This should help them to absorb EU cohesion funding more effectively once it becomes available.
- The European Commission's Directorate General for Regional Policy is responsible for the [implementation](#) of the Regional Development Component (so-called Component III) and Component II in the part concerning Member States.
- For the period 2007-2013 IPA had a budget of some € 11.5 billion; its successor, IPA II, will build on the results already achieved by dedicating € 11.7 billion for the period 2014-2020.
- Current beneficiaries are: [Albania](#), [Bosnia and Herzegovina](#), [the former Yugoslav Republic of Macedonia](#), [Kosovo*](#), [Montenegro](#), [Serbia](#), and [Turkey](#).

After the Accession

- all financial instruments for the Member States are in use
 - Cohesion Fund Instruments
 - Cohesion Fund
 - The European Agricultural Fund for Rural Development (EAFRD)
 - The European Regional Development Fund
 - The European Social Fund
 - The Fisheries Fund EFF
 - During the years 2014-2020 funding available under these funds are the following:
 - EUR 351.8 billion for the cohesion policy (ERDF, ESF and Cohesion Fund), EUR 99.6 billion for the rural development under the Common Agricultural Policy and EUR 5.7 billion for the Maritime and Fisheries Fund under the Common Fisheries Policy.
- EBRD
- European Investment Bank (EIB)
- European Investment Fund (EIF)
- Cross-border Co-operation CBC ENI
- Other financing instruments like Horizon2020



European Structural and Investment FUND (ESIF)

- European Structural and Investment Funds (ESIF) may be used in the defence sector to co-fund productive investment projects and support the modernisation of the defence supply chains.



The European Agricultural Fund for Rural Development (EAFRD)



- Supports European policy on rural development.
- For the 2014-20 programming period, the Fund focuses on three main objectives:
 - fostering the competitiveness of agriculture
 - ensuring the sustainable management of natural resources, and climate action
 - achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment

European Fisheries Fund



- **EFF** is available for all sectors of the industry – sea and inland
- fishing, aquaculture (the farming of fish, shellfish and aquatic plants), and processing and marketing of fisheries products. Particular attention is given to fishing communities most affected by recent changes in the industry.
- Projects are funded on the basis of strategic plans and operational programmes drawn up by national authorities. They are five priority areas (axes) for EFF funding:
 - adjustment of the fleet (e.g. to support scrapping of fishing vessels)
 - aquaculture, processing and marketing, and inland fishing (e.g. to support the shift to more environmentally friendly production methods)
 - measures of common interest (e.g. to improve product traceability or labelling)
 - sustainable development of fisheries areas (e.g. to support diversification of the local economy)
 - technical assistance to finance the administration of the fund.

ERDF (European Regional Development Fund)

- The ERDF focuses its investments on the following key priority areas
 - Innovation and research;
 - The EU digital agenda;
 - Support for small and medium-sized enterprises (SMEs);
 - The low-carbon economy.
- In more developed regions, at least 80 % of funds must focus on at least two of these above mentioned priorities;
- In transition regions, this focus is for 60 % of the funds;
- This is 50 % in less developed regions.



Furthermore, some ERDF resources must be channelled specifically towards low-carbon economy projects. The ERDF also gives particular attention to specific territorial characteristics. ERDF action is designed to reduce economic, environmental and social problems in urban areas, with a special focus on sustainable urban development. At least 5 % of the ERDF resources are set aside for this field, through 'integrated actions' managed by cities.

Areas that are naturally disadvantaged from a geographical viewpoint (remote, mountainous or sparsely populated areas) benefit from special treatment. Lastly, the outermost areas also benefit from specific assistance from the ERDF to address possible disadvantages due to their remoteness.



European Social Fund ESF

- The ESF is Europe's **main tool for promoting employment and social inclusion** – helping people get a job (or a better job), integrating disadvantaged people into society and ensuring fairer life. In this period, the ESF will provide some **€80 billion** (*in current prices*) in funding to:
 - [train people and help them get into work](#)
 - promote [social inclusion](#)
 - improve [education & training](#)
 - improve the quality of [public services](#) in your country.
- Funding is given to a **wide range of organisations** – public bodies, private companies and civil society – which give people **practical help** to find a job, or stay in their job.



European Cohesion Fund

- The aim of the Cohesion Fund is to provide support for the poorer regions of Europe and stabilise their economies with a view to promoting growth, employment and sustainable development.
- The Fund contributes to financing environmental measures and trans-European transport networks . The Cohesion Fund may also be used to finance the priorities of the EU's environmental protection policy.
- Member States with a Gross National Income (GNI) per inhabitant below 90 % of the EU average are eligible for funding from the Cohesion Fund.
- The budget for the Cohesion Fund is worth around EUR 75 billion (2014 prices) for the period 2014-2020. On this period the Funding is available for the following countries: Bulgaria, Croatia, Greece, Cyprus, Latvia, Lithuania, Malta, Portugal, Poland, Romania, Slovakia, Slovenia, Czech Republic, Hungary and Estonia

- On Balkans Cohesion Funds are available only for Bulgaria, Romania and Croatia.
- During the period 2014-2020 there will be more than 63, 4 billion euros in use for the following categories:
 - Trans-European Transport Networks
 - Connecting Europe Facility
 - Trans-European Energy Networks
 - Broadband and information and Communication Technologies



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Connection Europe Facility CEF

- The [Connecting Europe Facility](#) (CEF) is a key EU funding instrument developed specifically to direct investment into European transport, energy and digital infrastructures to address identified missing links and bottlenecks.
- Under the Connecting Europe Facility (CEF) is a funding framework to support key EU investments in transport ([Trans-European Transport Networks, TEN-T](#)), energy ([Trans-European Energy Networks, TEN-E](#)) and [Broadband and Information and Communication Technologies](#) (ICT).
- Under the CEF, over EUR 24.05 billion has been made available from the EU's 2014 to 2020 budget to co-fund TEN-T projects in EU Member States and where eligible, connections to neighboring countries. Of this amount, EUR 11.305 billion will be made available specifically for projects located within the territories of Member States that are eligible for the [Cohesion Fund](#).
- The CEF budget for transport is divided into two 'envelopes':
 - A general envelope, available to all Member States
 - A cohesion envelope, amounting to EUR 11.305 billion, which is available to the Cohesion Member States

- CEF financial support primarily takes the forms of:
 - [Grants](#) (non-reimbursable investments from the EU budget) which are implemented through the competitive process of 'calls for proposals'
 - Programme Support Actions, which are dedicated supporting measures to the administrations of the Member States, or bodies under their authority, to help them achieve overall TEN-T and CEF objectives, as well as studies and IT support to the CEF programme
 - EU contributions to the innovative [financial instruments](#). These instruments are developed together with entrusted financial institutions such as with the European Investment Bank (EIB) as an implementing partner of the Commission. They take the form of risk sharing arrangements and include guarantees, loans and project bonds



EBRD

- EBRD is a bank that provides financing for private sector projects generally from \$5 million to \$250 million, in the form of loans or equity. The average EBRD investment is \$25 million. Smaller projects may be financed through financial intermediaries or through special programmes for smaller direct investments in the less advanced countries.
- The forms of direct financing they offer are:
 - [Loans](#)
 - [Equity Investments](#)
 - [Guarantees to promote trade](#)
- They also support small and medium-sized enterprises via assistance through financial intermediaries.
- Under the [Small Business Initiative](#), the EBRD also helps small and medium-sized businesses access the [business advice](#) they need to grow, succeed, then grow again, becoming genuine catalysts for their local economies and region.
- They invest projects from central Europe to Central Asia, the Western Balkans and the southern and eastern Mediterranean.

EIB

- The EIB is the European Union's bank. It is the only bank owned by and representing the interests of the [European Union Member States](#). It work closely with other [EU institutions](#) to implement EU policy.
- EIB is the world's largest multilateral [borrower](#) and lender. They provide finance and expertise for sustainable investment projects that contribute to EU policy objectives. More than 90% of their activity is in [Europe](#) but it also is a big investor around the world.
- **Lending:** The vast majority of financing is through loans, but it also offer guarantees, microfinance, equity investment, etc.
- **Blending:** The support unlocks financing from other sources, particularly from the EU budget. This is blended with loans to form a full financing package.
- **Advising:** Lack of finance is often only one barrier to investment. EIB help with administrative and project management capacity to facilitate investment.
- See "[Products section](#)" for our full range of products and services.

- We support projects that make a significant contribution to growth and employment in Europe. Our activities focus on four priority areas:
 - [Innovation and skills](#)
 - [Access to finance for smaller businesses](#)
 - [Infrastructure](#)
 - [Climate and environment](#)
- We raise the money we lend on the international capital markets through bond issues. Our excellent rating allows us to borrow at good rates. We're not in this to make a big profit. So we pass these good rates onto our clients.





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