



EBRD's support to transport infrastructure in Montenegro and the Western Balkans

Podgorica, 28 January 2025

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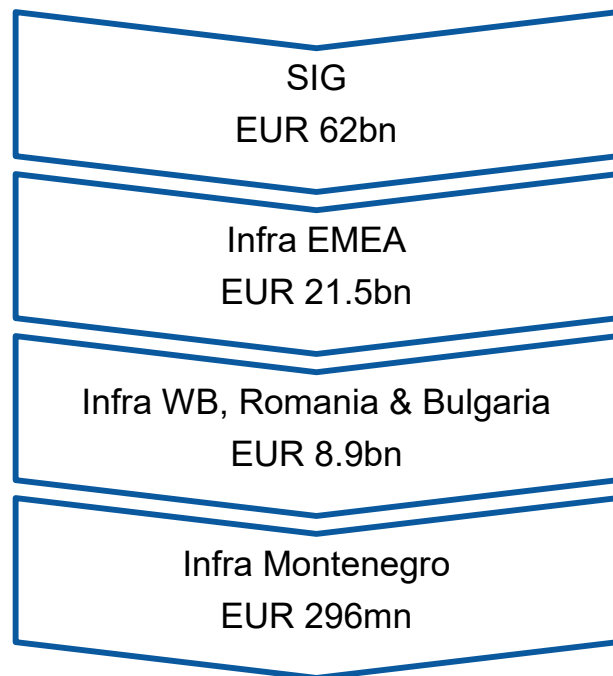
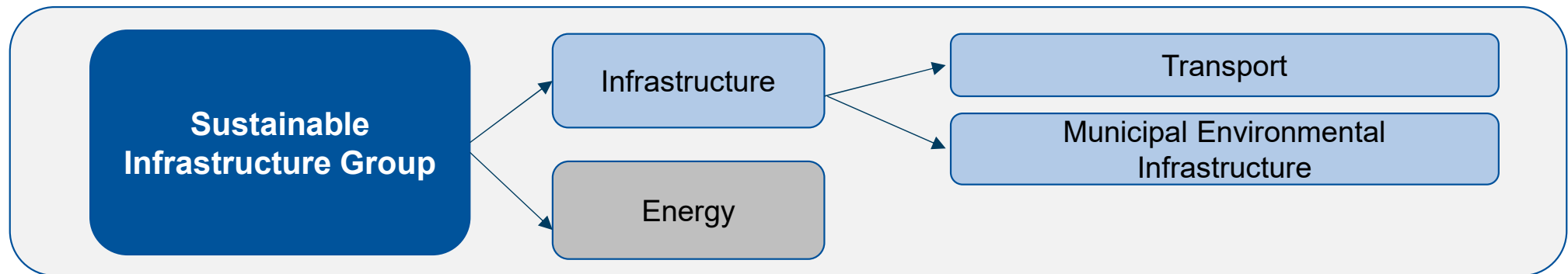
**Regional Head, Western Balkans, Romania and Bulgaria,
Infrastructure, Europe, Middle East & Africa (EMEA)**



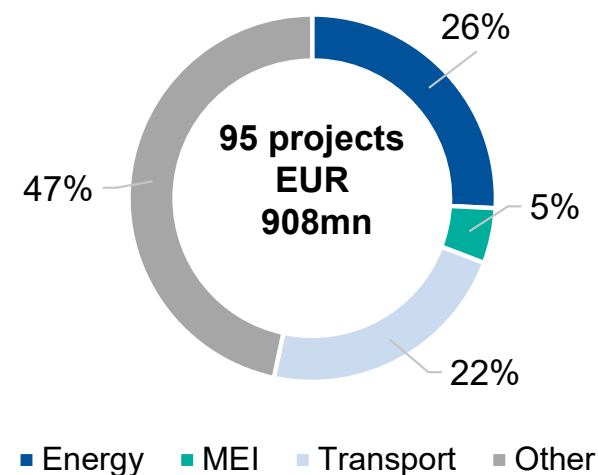
**European Bank
for Reconstruction and Development**

Overview of EBRD activity in Montenegro

Sustainable infrastructure Group



EBRD cumulative investments in Montenegro



Data is as of December 2024

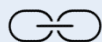
Unlocking Growth Potential in Western Balkans – EBRD role



- Promote efficient use of resources - project selection based on value for money/long-term benefits
- Support project preparation and implementation
- Blend WBIF and EU IPA grants to complement 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 solutions to enhance climate resilience and inclusion - all projects to be Paris aligned.

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

STRATEGIC PRIORITIES



Promote connected networks



Support private sector participation

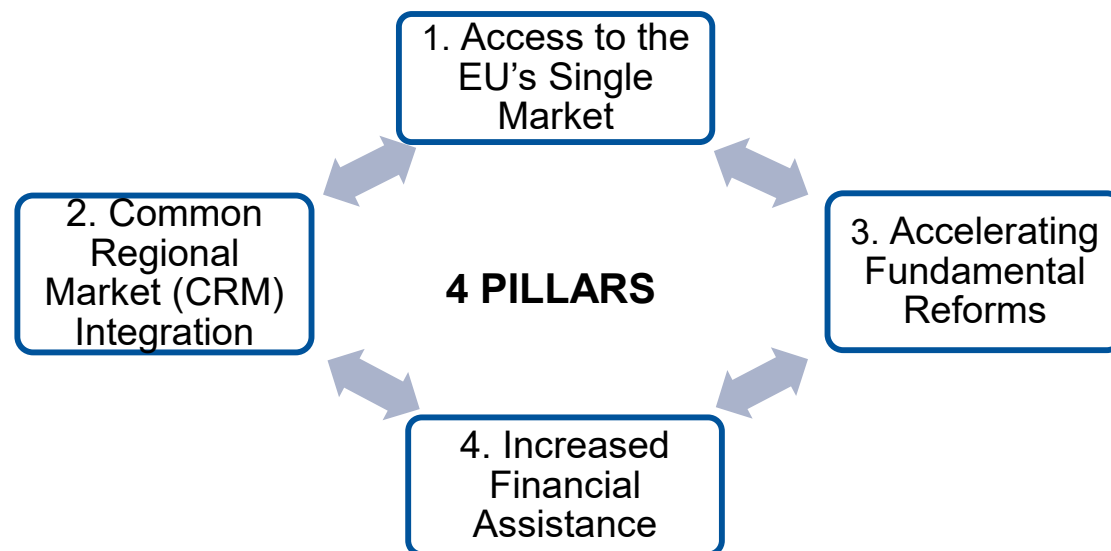


Encourage environmentally and socially responsible actions



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

Flagship Priority Projects in Western Balkans - 1

- Improving connectivity within the Western Balkans as well as between the Western Balkans and the European Union - a key factor for economic growth and improvement of citizens' lives in the region.
- **Economic and Investment Plan (2020)** presented by the EC for the Western Balkans, including priority investments in infrastructure (**Flagships Initiatives**) with focus on the core transport corridors and regional links.
 - **Flagship 1 - Connecting East To West**
 - **Route 7 Highway:** linking Pristina with Niš, Serbia
 - **Rail Corridor X:** between Serbia and Croatia, and from Serbia to North Macedonia
 - **Rail Corridor VIII:** between Skopje and the Bulgarian border to connect Skopje and Sofia

Flagship Priority Projects in Western Balkans - 2

- **Flagship 2 – Connecting North to South**
 - **Corridor Vc** linking central Europe capitals through Sarajevo in BiH to the port of Ploče on the Adriatic coast. The rail connection along the same corridor will also be upgraded.
 - **Rail Route 4** linking Belgrade to Podgorica to the Montenegrin port of Bar
 - Bar – Boljare Highway
 - Sarajevo - Podgorica connection
 - **Railway Route 10** connecting Belgrade with Pristina
- **Flagship 3 – Connecting the Coastal Regions**
 - “Blue Highway” along the coast from Croatia down to Greece
 - **Rail Route 2** linking the capitals of Tirana and Podgorica, and extended to the port of Durres
- EBRD, EIB and EU/WBIF are the main co-financiers of connectivity projects.

Pipeline projects in Montenegro – TEN-T Route 4, BBH, Matesevo-Andrijevica Section



Strategic objectives

- **Largest infrastructure project in Montenegro** and priority investment for the Government
- Improve Montenegro's **connectivity** with neighbouring countries, through the construction of corridors and network plans for road, resulting in better **economic integration**
- Support the **extension of the Trans-European Transport Networks** ("TEN-T") and the implementation of the **Transport Community Secretariat** measures



Expected results

- **Travel time savings**
- **Increased road safety and costs reduction** resulting from the redistribution and optimization of traffic flows on the network
- Detailed design including **climate resilience measures**



Project

- **Client:** State of Montenegro for the benefit of Monte Put, the state-owned enterprise responsible for the construction, maintenance and operation of Montenegro's highways, motorways and the Sozina tunnel
- **Project:** Financing of the construction of the 22-km Matesevo-Andrijevica section of the Bar-Boljare Highway
- **EBRD sovereign loan of €200 million** (split in two tranches of €100 million each)
- Expected **co-financing** with an EU IPA investment grant of **€100 million** and additional EU investment grant of up to **€100 million**
- Expected **government contribution** of EUR 205 million
- Total projects costs of ca. **€605 million incl. TAs.**
- Expected to be signed in **2025**



Pipeline projects in Montenegro – Golubovci-Bar Rail Reconstruction Project



Strategic objectives

- Fourth project with ZICG, highlighting **EBRD's support to Montenegro's railway sector**
- Improvement of a **strategic key route** part of SEETO Rail Route 4, recognized as such by the Montenegro and the EU
- Promotion of **modal shift** from road to rail
- Higher **transport connectivity** and **regional integration**



Key expected results

- Tangible **improvement of railway service** through (i) **journey time reductions**, (ii) **enhanced safety**, (iii) more pleasant **visual design** and (iv) **better local access** from over/under passes and access to platforms
- **Costs reductions** for ZICG



Project

- **Client:** State of Montenegro, for the benefit of ZICG, the state-owned railway maintenance company in Montenegro
- **Project:** Financing of the reconstruction of the ca. 40 km Bar-Golubovci railway line, including railway stations along that line as well as signalling and telecommunication
- **Sovereign loan of up to €53 million**
- Expected **co-financing** from **EIB** with a sovereign loan of up to **€53 million** and a **EU/WBIF investment grant of €106 million** and **TA grants** for implementation support of **€6.8 million**
- Total project cost of **€223 million**
- Expected to be signed in **2025**



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
- **7th 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**

Case Study – Rehabilitation of Vore Hani i Hotit Railway Line in Albania



Strategic objectives

- Support Albania's efforts in **developing the rail industry** in the country
- Support the **sectoral reforms** covenanted adoption of **key EU railway legislation**
- Promoting the **decarbonisation** of the transport industry
- **Improved connection** of Albania and its economy to the wider region in a more sustainable and efficient way



Results

- Rehabilitation of Albania's **only railway connection** with the **neighbouring countries**
- Development of a **framework PSC** for passenger operations in line with best international practices
- Development of a **master operations strategy** for rolling stock needs and requirements



Project

- **Client: Republic of Albania**, for the benefit of Hekurudha Shqiptare, the state-owned railway company
- **Project:** Financing of the rehabilitation and electrification of the 120.2 km railway line between Vore in central Albania and Hani i Hotit on the border with Montenegro
- **Sovereign loan of €98.75 million** (split in two tranches of €84.5 million and €14.25 million)
- **Co-financing from EIB** with a loan of **€98.75 million** and **WBIF investment grant of €153.85**
- Total projects costs of ca. **€373 million**, including ca. €18.5 million for technical assistance
- **Signed in 2024**



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