

# Western Balkans Investment Framework

EU support addresses connectivity needs, but integration into the core transport network is slow



EUROPEAN  
COURT  
OF AUDITORS

# Contents

## Paragraph

### 01-12 | **Main messages**

01-05 | **Why this area is important**

06-12 | **What we found and recommend**

### 13-72 | **A closer look at our observations**

**13-34 | Although transport projects address connectivity needs, they often start late**

13-21 | Projects meet connectivity needs, but there are some weaknesses in their selection

22-27 | The Commission does not pay sufficient attention to project maturity during the selection procedure

28-30 | EU grants add value, but are not always essential for raising loans

31-34 | Most of the cost estimates in the grant applications lack detail, making it difficult to assess their reasonableness

**35-49 | The Commission relies on financial institutions' supervision which is sometimes inadequate**

36-44 | The Commission is generally unable to address weaknesses in the financial institutions' supervision of implementation risks and public procurement

45-49 | During project implementation, the Commission relies on the supervision by financial institutions which has some shortcomings

**50-72 | The Commission lacks effective procedures for monitoring delays and ensuring sustainability and EU visibility**

50-55 | The Commission lacks sufficiently detailed and up-to-date information on delays in project implementation

56-60 | The Commission has limited means to enforce timely implementation

61-67 | Many projects have been launched, but progress on connecting the Western Balkans to the EU is slow and project sustainability is at risk

68-72 | The role of the WBIF is visible, but the EU's support less so

## **Annexes**

**Annex I – About the audit**

**Annex II – List of sampled projects**

**Annex III – ECA project assessments**

## **Abbreviations**

## **Glossary**

## **Replies of the Commission**

## **Timeline**

## **Audit team**

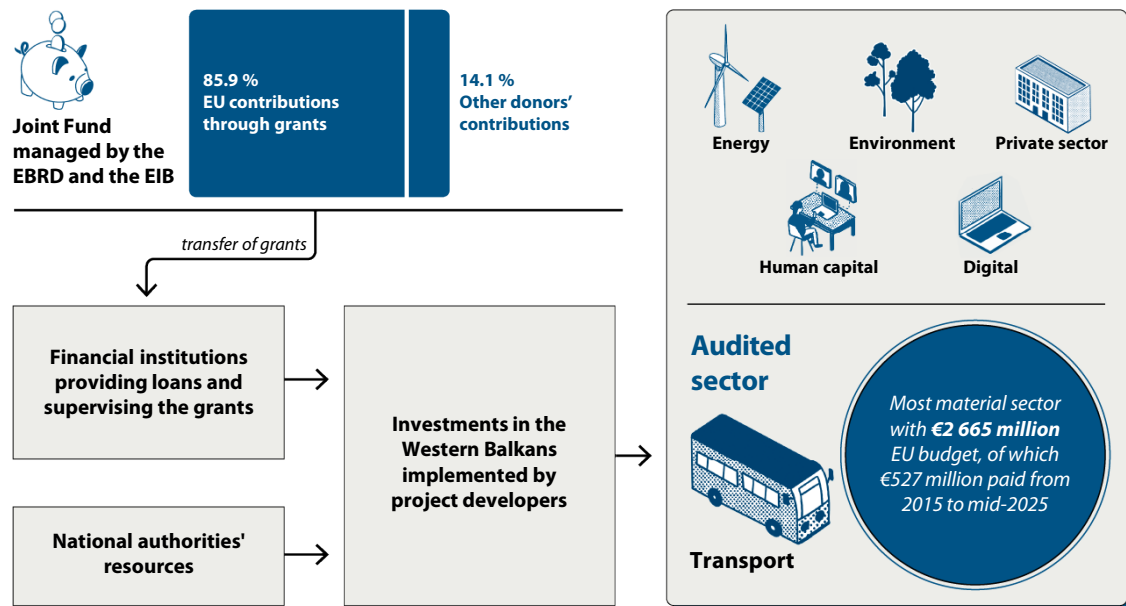
# 01

## Main messages

### Why this area is important

- 01** To address the infrastructure gap and extend the core [EU trans-European transport network](#) according to EU standards in the Western Balkans (“The European transport network”) by 2030, the Commission provides funds through the Western Balkans Investment Framework (WBIF). This platform serves both as a forum for exchanging analysis of investment needs and as a blending mechanism under which EU grants facilitate the raising of loans. The European Bank for Reconstruction and Development and the European Investment Bank manage donors’ contributions to the WBIF through the European Western Balkans Joint Fund. The Commission provides the vast majority of the funding (€899 million transferred into the Joint Fund account since 2015, or 86 %) (see [Figure 1](#)).

**Figure 1 | Funding of investments through the Western Balkans Investment Framework (2015 to mid-2025)**



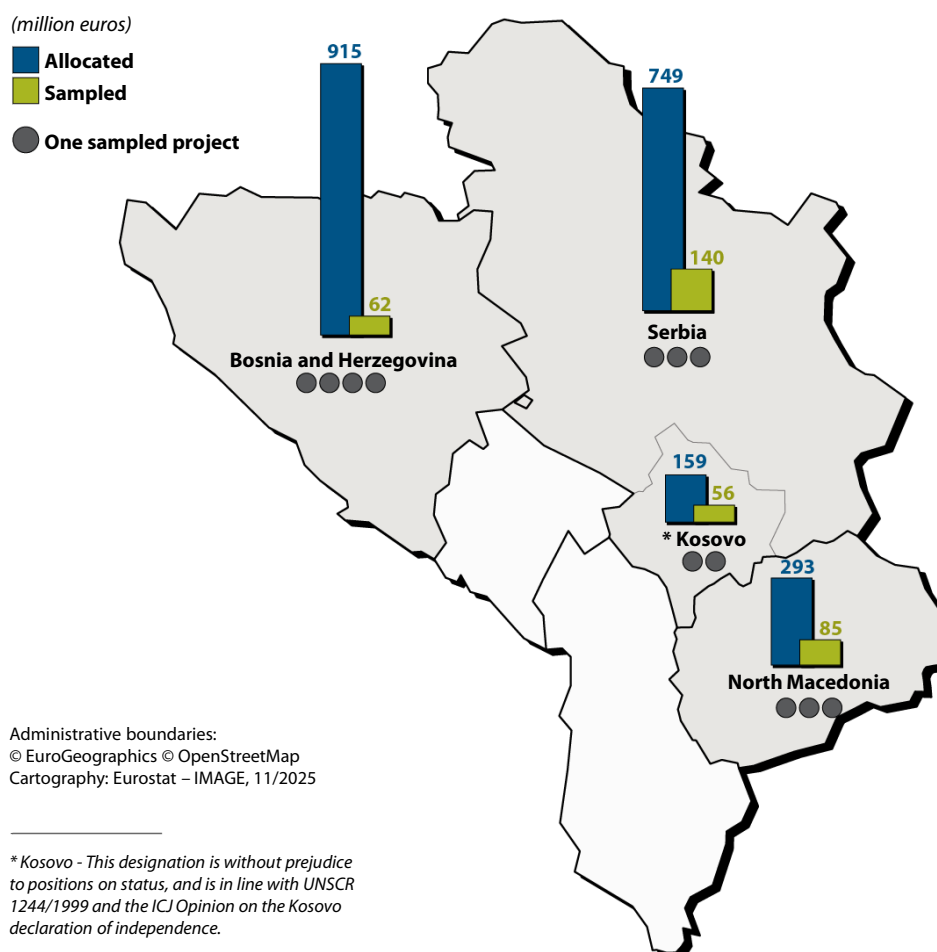
Note: European Bank for Reconstruction and Development (EBRD); European Investment Bank (EIB).

Source: ECA, based on Joint Fund data.

- 02** Developers of infrastructure projects (usually public government entities, agencies or companies responsible for providing public services) are responsible for procuring, contracting and implementing the projects under the supervision of international financial institutions. These institutions are also responsible for coordinating project assessments and the provision of loans.
- 03** We examined whether the Commission ensured that the WBIF contributes effectively to developing transport infrastructure in the Western Balkans that is linked to the EU core network. We assessed whether the Commission, as the main donor to the WBIF, had set up procedures for effective:
- selection of transport projects;
  - supervision of project implementation; and
  - monitoring and reporting.
- 04** We examined the work of the Commission and of three lead financial institutions (the European Bank for Reconstruction and Development, the European Investment Bank, and the World Bank) between 2015 and June 2025. For more background information and details of the audit scope and approach, see [Annex I](#). We sampled 12 transport projects

(Annex II) located in Bosnia and Herzegovina, Kosovo<sup>1</sup>, North Macedonia and Serbia (see Figure 2).

**Figure 2 | Sampled projects and corresponding grant amounts (2015 to mid-2025)**



Source: ECA, based on data taken from the Commission's Monitoring and Information System.

**05** We conducted this audit in the light of the target set for completing the core European transport network by 2030 and the increased EU funds channelled through the WBIF, which continues to be of key importance for the [Reform and Growth Facility for the Western Balkans](#). We expect that our findings and recommendations will improve the effectiveness of the WBIF, or any future support based on a similar blending mechanism.

<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244/1999 and the International Court of Justice opinion on the Kosovo declaration of independence.

## What we found and recommend

**06** Overall, we conclude that the Commission ensured that the WBIF contributes to extending the core European transport network, as the funded projects in our sample are aligned with the connectivity priorities of both the Western Balkans and the EU. However, weaknesses in project selection – particularly regarding project maturity – contributed to significant implementation delays. The Commission was only partially effective at ensuring adequate supervision by the financial institutions and at setting up effective monitoring and reporting arrangements. This limited its ability to address implementation risks, delays and sustainability issues in a timely manner. Given the implementation delays and operational challenges, the 2030 deadline for the completion of the core European transport network in the Western Balkans is unlikely to be met.

### Although transport projects address connectivity needs, they often start late

**07** The Instrument for Pre-accession Assistance, which was the EU funding source for the sampled projects, requires the Commission to prioritise projects according to several criteria, including their contribution to mobility, sustainable transport, reduced greenhouse gas emissions, and relevance to the European transport network. We found that all the sampled projects were related to the core European transport network, an EU priority. However, until 2022, the Commission did not focus sufficiently on selecting sustainable transport projects that help to reduce greenhouse gas emissions. Furthermore, the Commission did not pay sufficient attention to the maturity of project applications that were selected, thus leading to significant delays in implementation. A project is mature – i.e. ready for implementation – when its preparatory work (e.g. cost-benefit analysis and detailed design) is completed and up to date. As a result, projects typically started with a 17-month delay (see paragraphs [14-27](#)).



#### Recommendation 1

##### Select only mature projects

The Commission should select projects only when project developers can demonstrate that the preparatory work is complete and up to date, allowing projects to start in a timely manner after the grant has been approved.

**Target implementation date: 2027**

**08** WBIF grants are considered justified when a project's financial revenues are insufficient to cover its costs while ensuring the wellbeing of society. This condition applied to all the sampled projects. However, we found three cases where the grants were not essential for raising loans, as the related loan contracts had been signed long before the grant applications were submitted. In addition, most of the cost estimates in the grant applications are insufficiently detailed, making it difficult to assess their reasonableness (see paragraphs [29-34](#)).

### **The Commission relies on financial institutions' supervision which is sometimes inadequate**

**09** For the supervision of project implementation, the Commission relies on the lead financial institutions. While the Commission remains ultimately responsible for implementing the EU budget, we noted that it:

- did not ask the financial institutions (e.g. through the annual implementation reports) to provide evidence of their supervision and mitigation of implementation risks; nor was it able to identify shortcomings in the supervision of public procurement procedures (see paragraphs [37-44](#));
- relied on financial institutions to supervise project implementation, but their work occasionally had shortcomings (see paragraphs [46-49](#)).



### **Recommendation 2**

#### **Obtain evidence from financial institutions of their assessments and mitigation of implementation risks**

The Commission should ensure that the lead financial institutions provide evidence of:

- (a) their assessment of implementation risks (e.g. insufficient project developer capacity, conflict of interest, or lack of beneficiary and national ownership) and proposed mitigating measures when an application is submitted; and
- (b) mitigating measures being implemented when annual reporting takes place.

**Target implementation date: 2027**

## The Commission lacks effective procedures for monitoring delays and ensuring sustainability and EU visibility

- 10** For monitoring purposes, the Commission relies on several mechanisms to collect information on project implementation, in particular annual implementation reports from financial institutions. However, this information was often not sufficiently detailed or up to date to enable the Commission to address the reasons for delays. In addition to start-up delays, many projects in our sample faced significant delays (of more than two years) during implementation, but the Commission's ability to enforce timely implementation is limited. Despite these delays, in certain instances the Commission transferred amounts exceeding those warranted by the financial and physical progress of projects (see paragraphs [51-60](#)).
- 11** To monitor overall progress, the Commission established three main indicators (gross domestic product growth, the value of trade in goods and services, and a human development index). We noted that these indicators are influenced by diverse factors that are external to the WBIF, and so do not allow for a meaningful assessment of the specific effects of WBIF projects. We found that the Commission did not gather information about the degree of completeness of the corridors it was funding, or about whether transport networks complied with EU standards. Such information would have made it possible to measure the specific effects of WBIF funding. The available data show slow progress overall on achieving all the core European transport network standards by 2030 (see paragraphs [62-66](#)).



### Recommendation 3

#### Improve the monitoring of project implementation

To improve its monitoring, the Commission should:

- (a) receive up-to-date and pertinent information on financial and physical progress, reasons for delays, and address reported delays and problems effectively;
- (b) require financial institutions to report updated total incurred costs and grant amounts paid to the beneficiary at least twice a year, and ensure that payments are aligned with the financial and physical progress of projects; and
- (c) enhance reporting by including indicators that measure the degree of completeness and compliance with EU standards in relation to the European transport network.

**Target implementation date: 2027**

- 12** We also found that the sustainability of seven sampled projects was not fully ensured due to several factors, such as a lack of funds to continue with the investments or insufficient maintenance. Lastly, the role of the WBIF is visible but the EU's support less so, despite the obligation to ensure the visibility of any EU funding received (see paragraphs [67-72](#)).



#### **Recommendation 4**

##### **Enhance the sustainability of project results and EU visibility**

The Commission should ensure that Western Balkans Investment Framework funded grant applications:

- (a) include adequate sustainability measures (e.g. maintenance arrangements and funding); and
- (b) contain specific visibility activities promoting the contribution by EU grants.

**Target implementation date: 2027**

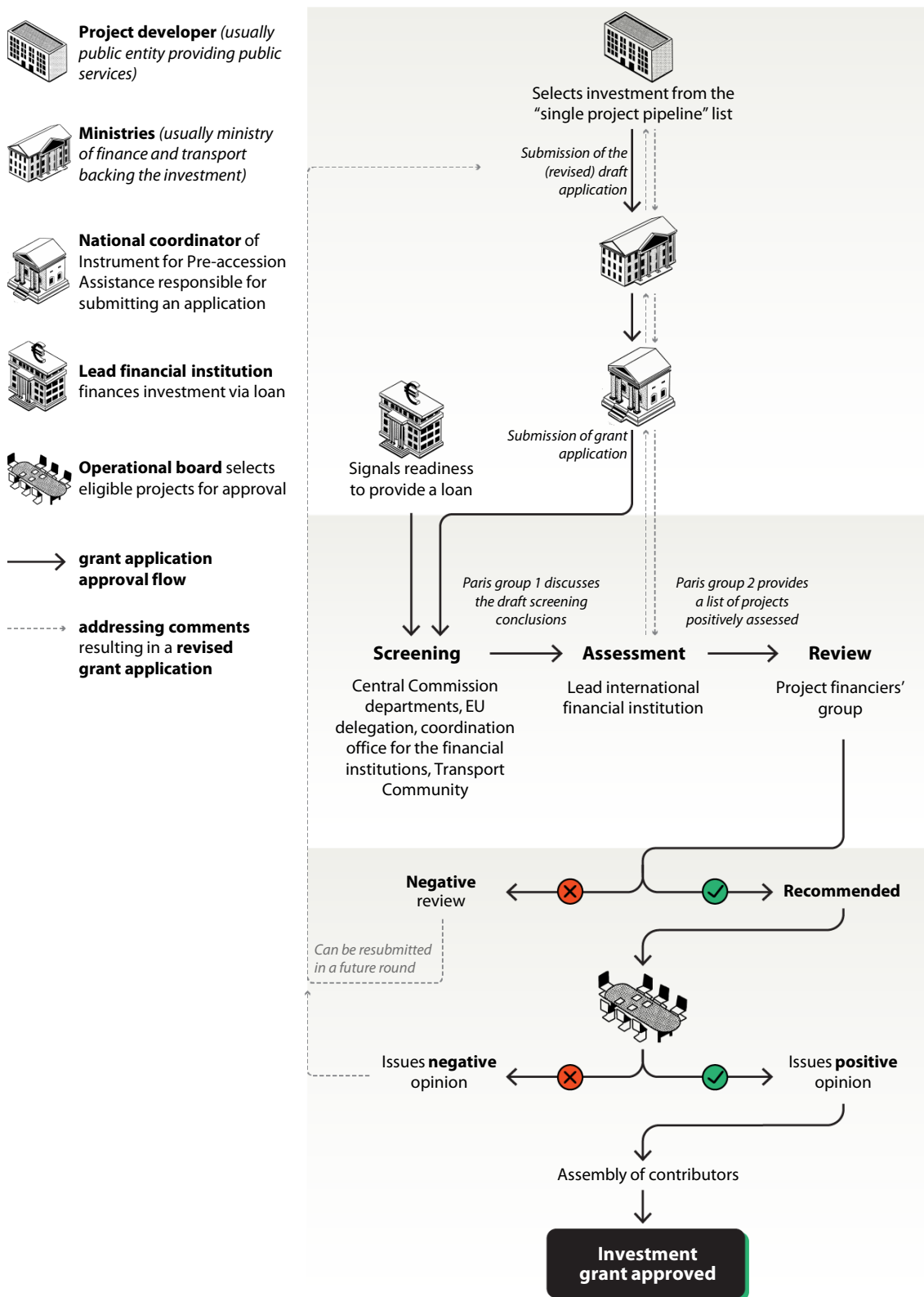
## A closer look at our observations

### Although transport projects address connectivity needs, they often start late

#### Projects meet connectivity needs, but there are some weaknesses in their selection

- 13** The Commission provides funds in the form of grants to co-finance investment projects through the Western Balkans Investment Framework, or “WBIF” (see [Annex I](#)). The procedures for screening and approving transport projects were designed and implemented by the Commission and the lead international financial institutions (“IFIs”). [Figure 3](#) shows the many stakeholders involved in the process, from preparing and submitting a grant application to the approval stage.

**Figure 3 | Involvement of many stakeholders from grant application preparation to approval**



Source: ECA.

- 14** WBIF screeners (i.e. staff from Commission headquarters, EU delegations, and experts) review the grant applications and check their alignment with EU policies (e.g. transport and environmental) and with national, sectoral and regional strategies, the existence of beneficiary and national ownership (effective strategic, technical and financial appropriation of the projects), and the projects' readiness for implementation. We reviewed the adequacy of these procedures for selecting the most relevant projects in terms of connectivity<sup>2</sup> and sustainable transport<sup>3</sup>.
- 15** In 2014, to encourage ownership and help it prioritise projects, the Commission asked beneficiary countries through the WBIF steering committee (representatives from the Commission, IFIs and bilateral donors), the predecessor of the operational board, to identify needs and rank future infrastructure projects in a national list of priorities, known as the "single project pipeline". Project developers were entitled to apply for co-financing for a project listed in the pipeline.
- 16** We noted that all the 12 projects we sampled (see [Annex II](#)) were ranked in the respective national pipelines (see [Figure 3](#)). For instance, the single project pipeline in Serbia ranked projects according to their strategic relevance and readiness. However, for our sampled projects, the Commission did not always follow the national ranking when the applications were being screened. The operational board actually approved three projects in different countries (Bosnia and Herzegovina, North Macedonia, and Serbia) which had a low ranking in the national single project pipeline (e.g. one project was ranked 22nd out of 27 transport projects) because it considered these projects to be ready for implementation. However, this was not the case, as two of these three projects started more than one year late.
- 17** In 2015, the Commission – again through the steering committee – required all projects to be part of the core [EU trans-European transport network](#) in the Western Balkans ("the European transport network"). Moreover, the Instrument for Pre-accession Assistance (IPA)<sup>4</sup>, which was the EU funding source for the sampled projects, requires the Commission to prioritise projects according to several criteria, including their contribution to mobility, sustainable transport, reduced greenhouse gas emissions, and relevance to the European transport network.

---

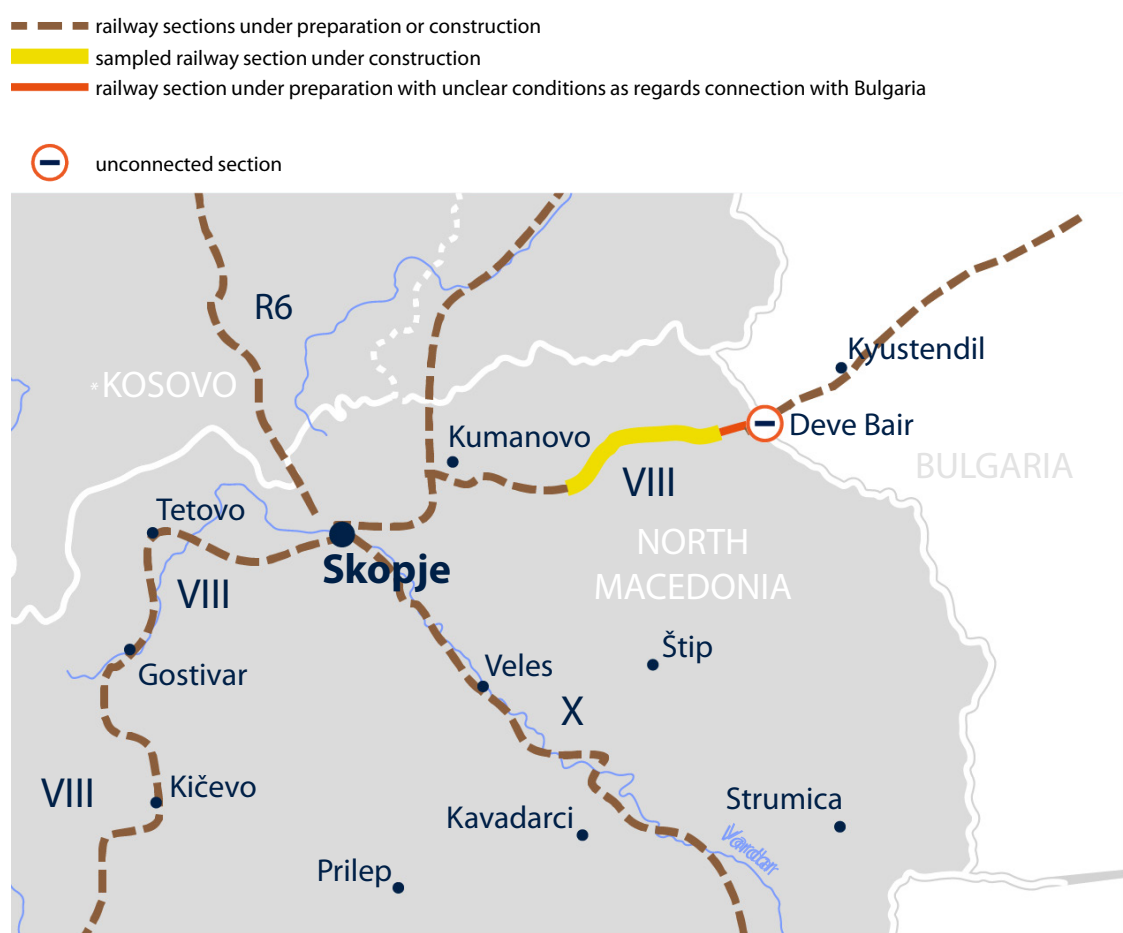
<sup>2</sup> WBIF, [Connectivity agenda 2015](#), p. 3.

<sup>3</sup> Annex II of [Regulation \(EU\) No 231/2014](#) and Articles 3(2)(e) and 3(3)(n) of [Regulation \(EU\) 2021/1529](#).

<sup>4</sup> Annex II of [Regulation \(EU\) No 231/2014](#) and Articles 3(2)(e) and 3(3)(n) of [Regulation \(EU\) 2021/1529](#).

- 18** We found that the sampled projects were all related to the core European transport network and contributed to mobility. However, for two of the 12 sampled projects, the operational board approved grants for unconnected transport sections. In North Macedonia, the core rail corridor was not connected to one of its neighbours, and no agreement had been reached with neighbouring countries to ensure that the entire corridor was operable at the time the grant was approved (see [Figure 4](#)). In Bosnia and Herzegovina, one road section was unconnected at the time of the application, and remained so at the time of our audit visit in June 2025 even though most of the works had been completed by 2023.

**Figure 4 | Unconnected railway section in North Macedonia**



\* Kosovo - This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Source: WBIF, as of the application date (2017).

- 19** During the screening process, the Commission did not prioritise sustainable transport, e.g. railways or inland waterways that made the greatest contribution to reducing greenhouse gas emissions. According to the Commission, the sustainable transport criteria are met through adherence to the core [European transport network](#), as beneficiary countries

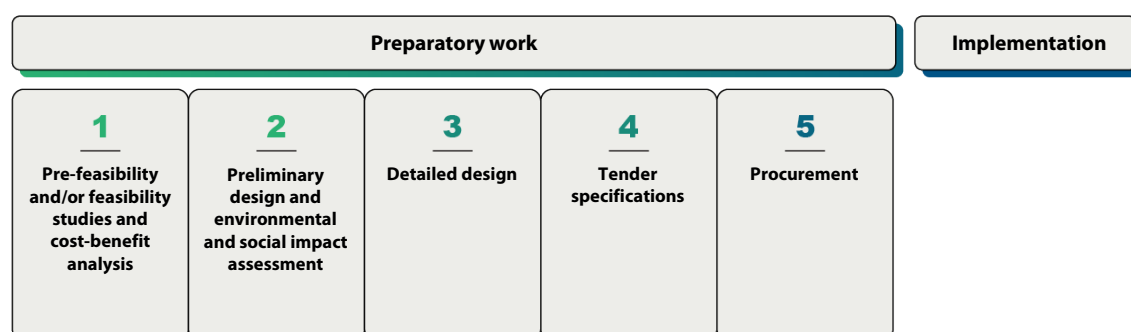
committed to implementing the EU trans-European transport network Regulation<sup>5</sup> when they signed the Transport Community treaty<sup>6</sup>. The Commission therefore expects the sustainable transport and reduced greenhouse gas emissions criteria to be fulfilled by the target date (2030). We consider it unlikely that the targets will be met by this deadline.

- 20** In this context, our sample included five road projects. For four of these projects, we found that the justification for sustainable transport – including for reduced greenhouse gas emissions – in the application was weak (see [Annex III](#)). The applications mainly described the sustainability criteria from an economic rather than an environmental perspective. The Commission stated that it had included checks on sustainable transport as of 2022 after the [Economic and Investment Plan](#) was adopted.
- 21** The operational board also approved six rail grants in all four countries, even though three of these lines remain unelectrified and operate with diesel trains. As a result, the related environmental benefits will be lower than with electrification (see [Annex III](#)).

## The Commission does not pay sufficient attention to project maturity during the selection procedure

- 22** To avoid delays resulting from unsuitable designs, it is crucial for grants to be provided only for well-prepared projects that are ready for implementation. The project cycle is depicted in [Figure 5](#). We assessed whether the approved projects were mature, i.e. ready for implementation.

**Figure 5 | Preparatory work before a project is implemented**



Source: ECA, based on project documentation.

- 23** We found that, while WBIF screeners assess project maturity, they do not rank applications against this criterion as, for example, the European Climate, Infrastructure and

<sup>5</sup> Article 38(3) of [Regulation \(EU\) No 1315/2013](#), repealed by [Regulation \(EU\) 2024/1679](#).

<sup>6</sup> [Treaty establishing the Transport Community](#).

Environment Executive Agency does for Connecting Europe Facility projects financed from the Cohesion Fund<sup>7</sup>. In addition, the operational board did not provide a clear definition or establish criteria for such project maturity in the revised WBIF methodology of 2014<sup>8</sup>. Only a feasibility study with a full cost-benefit analysis was required for a project to qualify as mature. Over time, the operational board has improved the methodology for assessing this concept:

- since 2020, project preparation should ideally have advanced to the level of detailed design by the time of the expected operational board approval;
- since 2022, the environmental and social impact assessment has had to be completed and approved by the IFIs before the grant application is submitted. Additionally, the preliminary design in the case of design-build projects (i.e. projects for which the contractor is responsible for both design and construction), or detailed design along with the tender documentation (if part of project preparation), must be completed and approved by the project developer before the grant is approved.

**24** The Commission screeners questioned the maturity of five of the 12 sampled grant applications due to their scope or timing. One of these five applications was initially rejected because it was not mature, and was only approved a year later. In our view, the remaining four projects and four others – all located across the four sampled countries – were premature, but were nevertheless approved despite:

- the absence of preparatory documents: one grant was approved without a cost-benefit analysis, and five grants were approved without a validated detailed design; and
- the fact that the route was modified in the case of two projects.

**25** Initial detailed design studies provide a precise blueprint of what contractors should build, and are thus the basis for smooth implementation. However, IFIs do not issue a “no objection” statement to formally confirm that they do not object to the initial detailed designs, thus entailing the risk that design flaws are not addressed at an early stage. By contrast, during the implementation phase, IFIs’ procedures require them to issue a “no objection” statement for adjustments made to the initial design. This is a condition for the costs of the related works to be accepted.

---

<sup>7</sup> [Call for proposals](#) for transport projects, p. 20.

<sup>8</sup> [WBIF evaluation](#), p. 92.

- 26** For five projects in our sample, the contractors produced the initial detailed design studies, but for the other seven, project developers were responsible for making them available to the contractors. All of these seven projects required design adjustments after the contracts were signed. **Box 1** provides an example of an initial detailed design deficiency.

### Box 1

#### WBIF-financed design study required changes

We found one project where detailed design studies and tender documentation were prepared with WBIF technical-assistance support totalling €2.7 million between 2013 and 2021. The interoperability of the 26 semi-erected bridges built between 1996 and 2004 was a key component of this project, which was approved in 2017. In 2020, a European norm (dating from 2005) for designing structures such as bridges that incorporate earthquake resistance entered into force in the country. The contractor started the works only in 2022. However, it had to recruit a new designer to retrofit the bridges to comply with applicable European norms, thus causing additional delays.

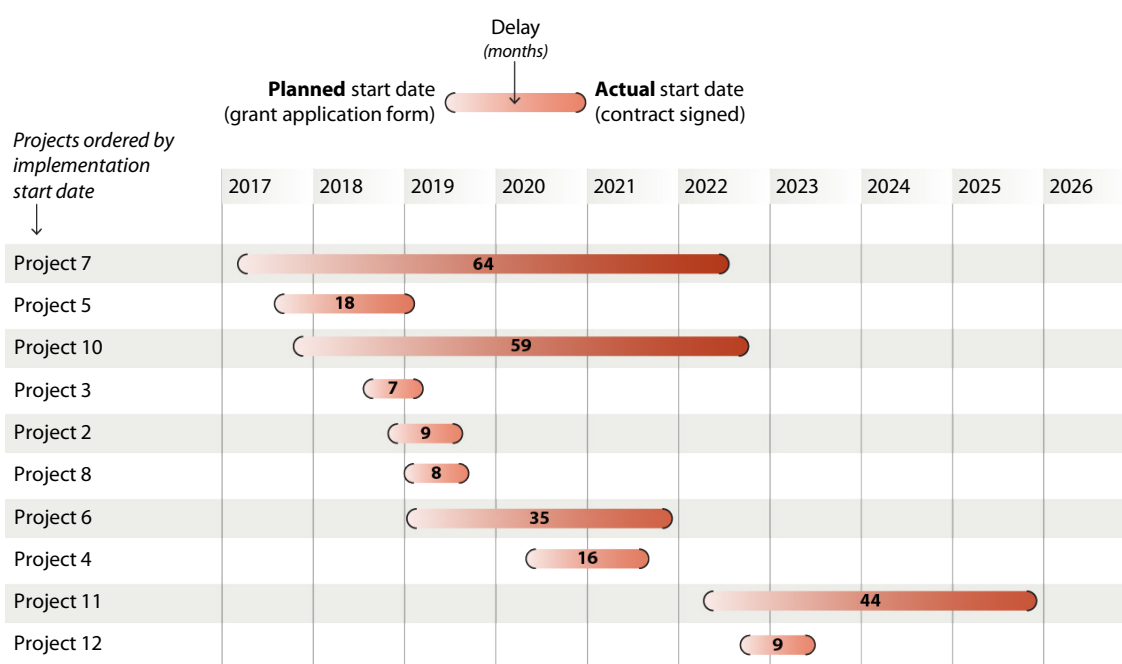
#### Picture 1 | Semi-erected bridge



Source: ECA, based on project documentation and an on-the-spot visit.

- 27** One indication of project maturity is how soon a project can start after approval. Overall, the majority of sampled projects started later than planned (see *Annex III*), with an average (median) delay of 17 months across the 10 projects that started after the grant was approved (see *Figure 6*). As *Figure 11* shows, delays at the start of a project were often followed by additional delays during implementation.

**Figure 6 | Delays in starting project implementation (planned versus actual start dates), in months**



*Note:* Two other projects had already started before the grant application was submitted.

*Source:* ECA, based on grant documentation and project monitoring reports.

## EU grants add value, but are not always essential for raising loans

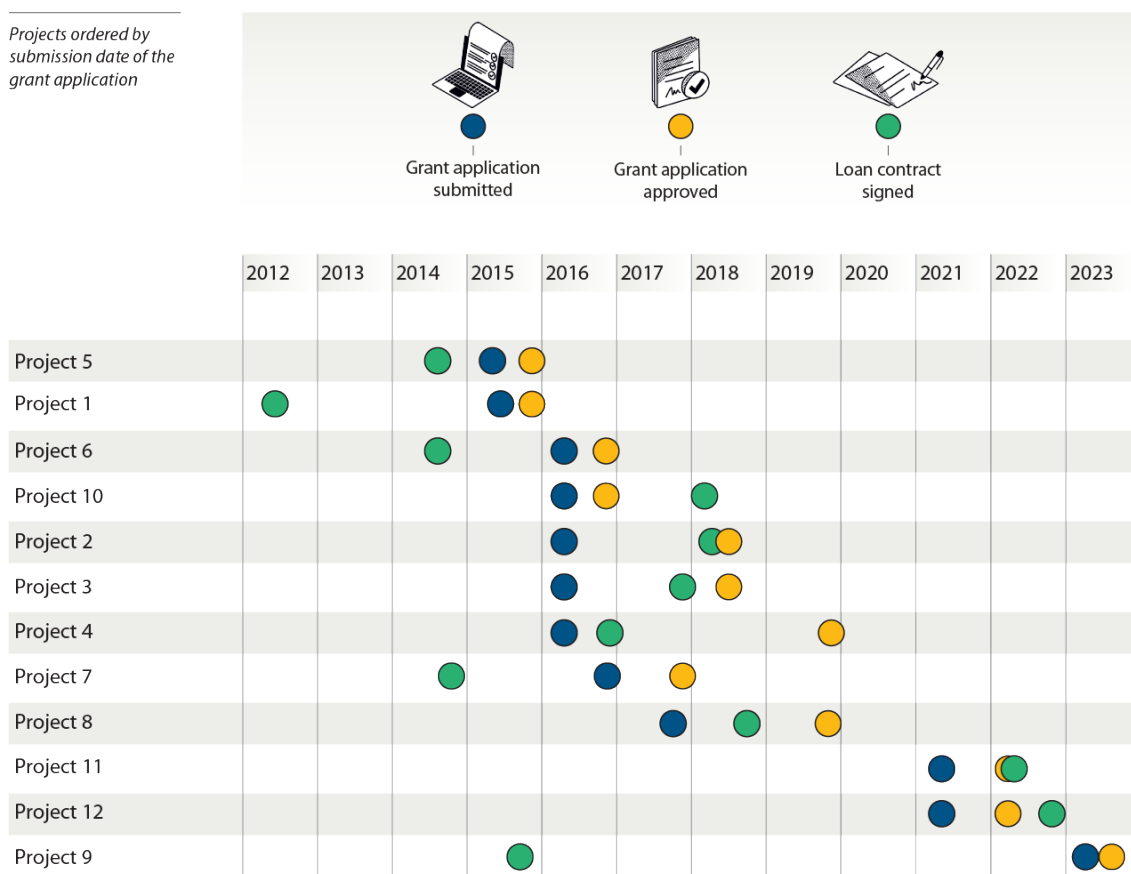
**28** We assessed whether the Commission had checked the added value and leverage effect of its grants. To ensure that limited resources are put to best use, according to its own guidance for the WBIF the Commission should cofinance WBIF projects if there is:

- added value: the project improves the wellbeing of society above and beyond what could be achieved without the grant, in a situation where the project's financial revenues are insufficient to cover its costs;
- a leverage effect: raising additional funding for an overall investment exceeding the initial grant.

**29** According to the Commission, all projects demonstrated economic and social benefits by definition, as they are part of the core European transport network. As their financial revenues were insufficient to cover investment costs (funding gap) without public support, the need for EU grants was justified. The financial ratios included in the cost-benefit analysis or grant applications largely supported the Commission's assessment.

**30** For some of our sampled projects, we found that the provision of grants was not a prerequisite for the IFIs' decisions to provide loans (absence of leverage effect in the context of the WBIF). We found three cases where loans and national contributions were already sufficient at the time of the grant applications to cover the projects' investment costs, meaning that the grants were not essential for raising loans. The IFIs agreed with the project developers to reduce the committed loans significantly (in a range of 30 % to 52 %) if the grant was approved. Furthermore, we noted that five of the 12 sampled grant applications were submitted after the loan contract was signed. These included three applications which were submitted two or more years after the loan was signed (see [Figure 7](#)). This created a deadweight effect, as the investment would have gone ahead even without the grant.

**Figure 7 | Time span between grant applications and raising of loans**



Source: ECA, based on project documentation.

## Most of the cost estimates in the grant applications lack detail, making it difficult to assess their reasonableness

**31** The grant amount is determined and capped at the time of application by applying a predefined maximum co-financing percentage to the total estimated costs of works and

supplies (collectively referred to as “works”). The Commission set a maximum co-financing rate of 50 % for rail and inland waterway projects. For road projects, the rate was initially capped at 20 %, and increased to 40 % in 2021. We assessed whether the Commission checked whether the estimated costs were reasonable and detailed enough when the application was made.

- 32** The Commission’s screeners rely on due diligence by the lead IFI to check whether costs are reasonable. For all the projects in our sample, the application included a project financing section providing cost estimates. For 10 of these projects, developers presented the costs for works as a single amount, but did not provide a breakdown (see example in [Box 2](#)). The Commission only commented on this lack of a detailed budget in five cases.

## Box 2

### Example of an incomplete cost breakdown not showing costs incurred

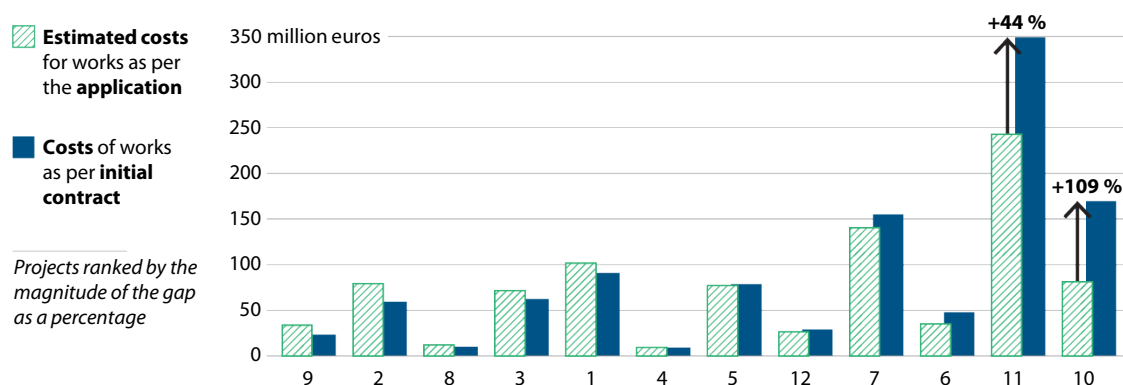
In one grant application for which the Commission did not criticise the lack of detail, the costs of works were given as a single amount, even though they covered works and supervision contracts corresponding to three different components.

The developer had already signed a contract for the most important works at the time of the application, but did not specify the actual costs, as is required in such a case. Furthermore, when recalculating the grant amount, we found that the Commission’s screeners had not detected ineligible costs, resulting in an over-calculation of €0.9 million (3.6 % of the grant).

*Source:* ECA, based on project documentation.

- 33** For one of the two applications for which there was a breakdown of itemised costs, the Commission did not question the reasonableness of those costs. We noted, however, that the project developer had included outdated information, and increased the total costs by 50 % without a reliable and up-to-date market analysis to estimate the costs of works.
- 34** The Commission’s screeners questioned how reasonable the costs of all the works were for five out of the 12 grants in our sample. As a result, the costs of two of these five applications were modified. We calculated the difference between estimated and initial contractually agreed costs resulting from public procurement (see [Figure 8](#)). Apart from two projects where the difference is significant, we found that the applications included cost estimates for works that were close to the initial contract prices, with a median deviation of 14 % across all 12 projects.

**Figure 8 | Estimated and contractually agreed amounts for works (million euros)**

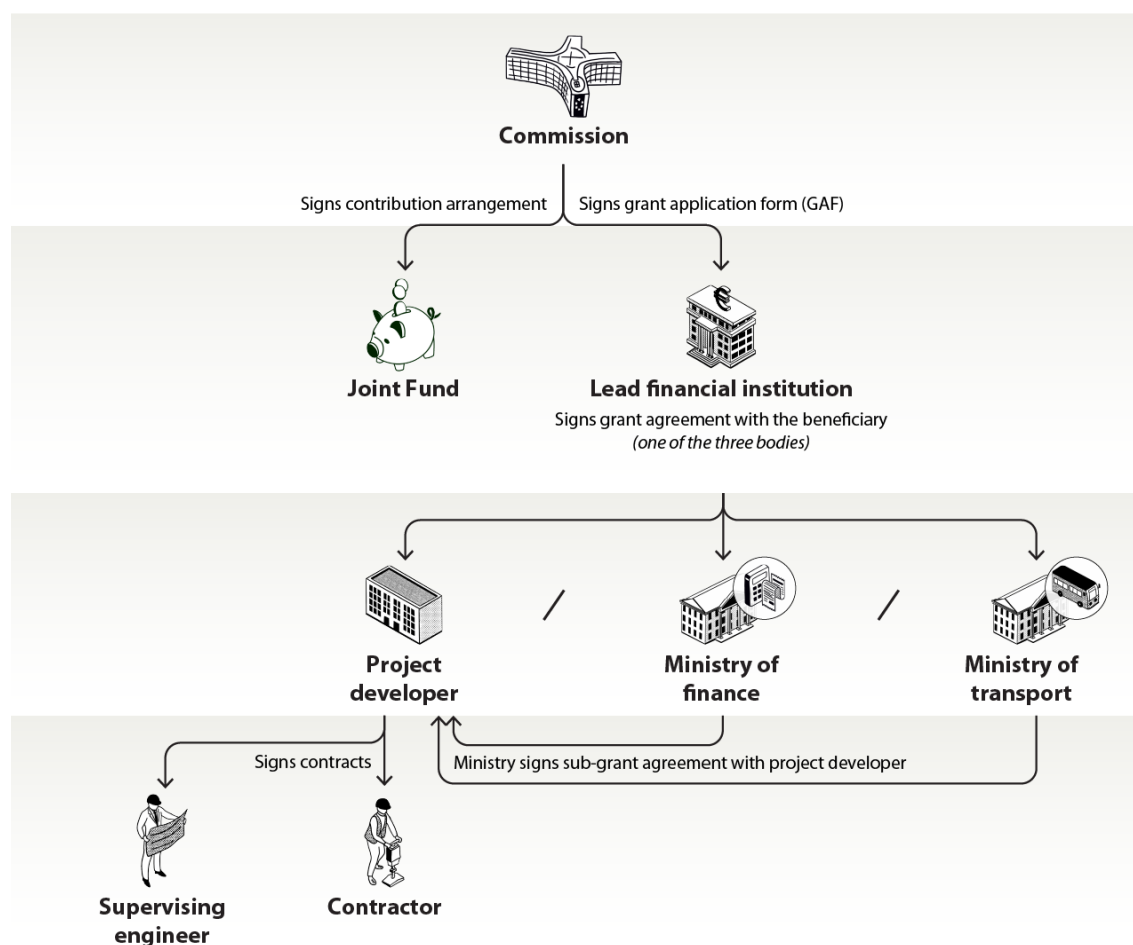


Source: ECA, based on applications, initial contracts and – for one project – an accepted offer.

## The Commission relies on financial institutions' supervision which is sometimes inadequate

**35** *Figure 9* summarises the contractual relationships between the main stakeholders. The Commission entrusts the lead IFIs – which co-finance projects with a loan – with supervising the implementation of investment grants by project developers. The Commission's reliance on IFI supervision is based on a formal ex ante assessment of their systems, procedures and contractual provisions, including monitoring and reporting obligations.

**Figure 9 | Stakeholders' contractual relationships**



Source: ECA, based on the WBIF guide, Joint Fund general conditions, and project contract documentation.

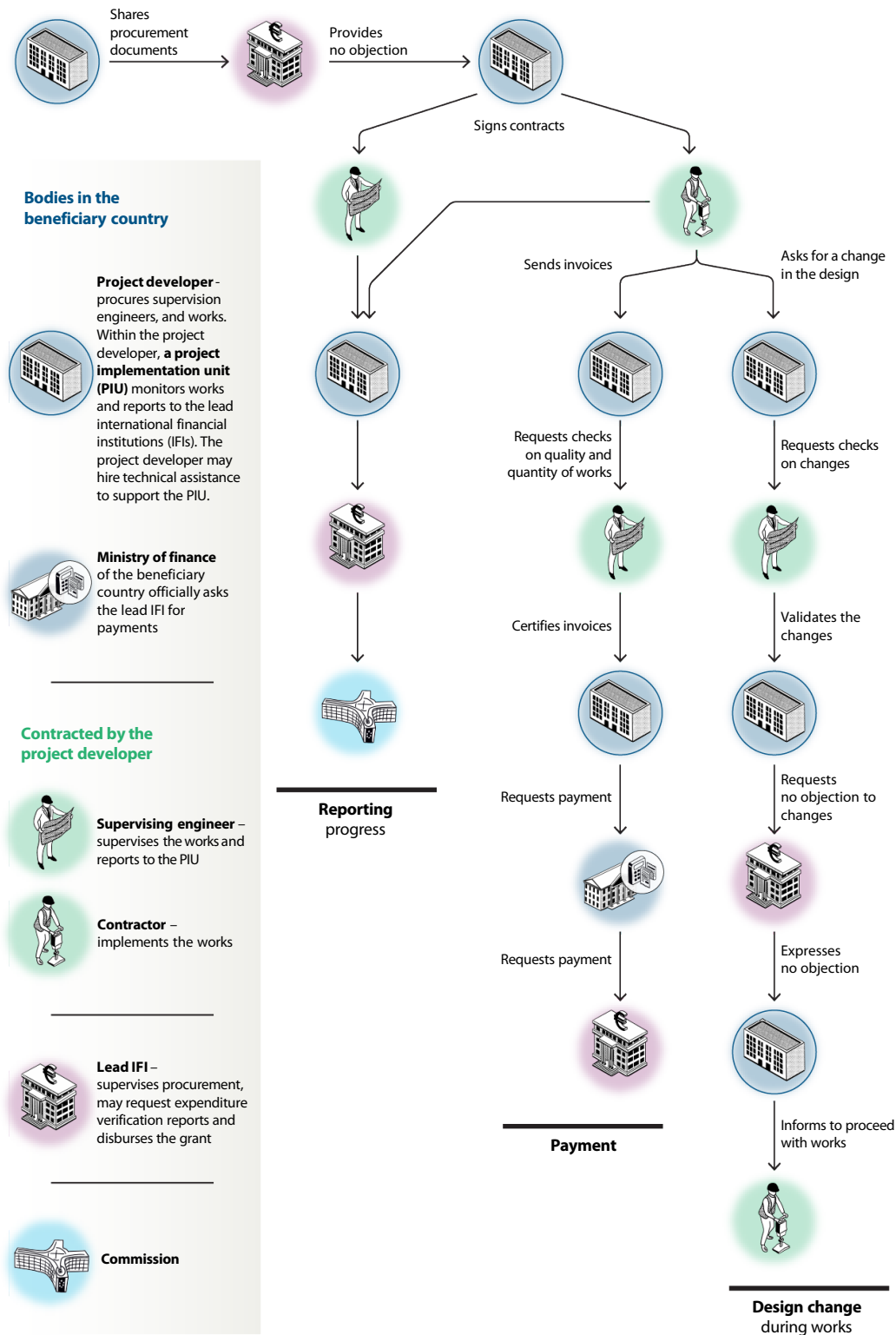
## The Commission is generally unable to address weaknesses in the financial institutions' supervision of implementation risks and public procurement

**36** We examined whether the Commission ensured that the lead IFIs fulfil their supervision obligations throughout the EU-funded projects' life cycle. In particular, we checked whether:

- implementation risks, such as insufficient technical capacity, were adequately assessed and mitigated;
- supervision of procurement procedures was sufficient to ensure the general principles of competition, equal treatment and sound financial management.

**37** A key factor for smooth implementation is ensuring that the project developer has proper implementation capacity in the form of a well-established Project Implementation Unit (PIU) comprising for example, a project manager, together with other specialists – where necessary – such as engineers and lawyers. In line with WBIF guidelines, the lead IFIs asked the project developers for all our sampled projects to set up a PIU. The PIUs' role was to coordinate with several stakeholders (e.g. national authorities, the lead IFI, contractors, and supervising engineers), manage and monitor the implementation of works, and report to the lead IFIs on all aspects of project implementation, including the procurement of goods, works and services, as well as the fulfilment of all contractual obligations (see [Figure 10](#)).

**Figure 10 | Projects are implemented collaboratively, with the Project Implementation Unit playing a crucial role**



Source: ECA, based on audit visits and exchanges with PIUs, IFIs, ministries of finance and supervising engineers.

- 38** In our review of how the IFIs assessed and mitigated risks to project implementation, we found that all 12 of our sampled applications contained assessments of political and implementation risks, and three of them identified implementation risks as high. The Commission relied on the IFIs' assessments to ensure adequate PIU capacity. The IFIs required all projects but one to receive technical assistance supporting the PIU. However, neither the grant applications assessed by the IFIs nor the signed grant agreements systematically specified the PIU capacities to be fulfilled by the project developers (see [Box 3](#)).

### Box 3

#### Insufficient requirements for PIU capacity

We found only two grant applications in our sample detailing the PIU's composition, with profiles such as environmental and social specialists, specialised engineers, and a project manager.

However, for one of these two projects, the PIU lacked a designer during implementation to provide the design updates that the contractor needed in good time. The PIU also lacked legal experts to handle the contractor's numerous claims, and it had no environmental and social experts to ensure compliance with the environmental and social action plan.

Furthermore, all 12 grant agreements specified only that a PIU should include suitably qualified staff with adequate resources during the entire implementation period, but did not set minimum requirements.

*Source:* ECA, based on project documentation.

- 39** During the implementation process, the Commission did not ask the IFIs to provide evidence of the mitigating measures that were implemented (e.g. through the annual implementation reports). We found that for three projects, the recommended technical assistance to help the PIUs did not cover the entire implementation period. This insufficient mitigating measure negatively impacted the PIUs' capacity and contributed to delays.
- 40** None of the audited grant applications noted corruption risks in the risk assessment (see paragraph [38](#)). IFIs include in the grant agreements the requirement that fund recipients should not undertake prohibited practices. However, two of the three IFIs in our sample acknowledged notification of four alleged practices which were prohibited, such as supervising engineers potentially declaring more hours for payment than they actually

worked. One IFI investigated three of these claims and concluded they were not credible, while the other IFI was still investigating one of these claims at the time of the audit.

- 41** For the sampled projects, we saw that the lead IFIs reviewed the critical steps and clauses of the tender documentation, evaluation report, and contract. Since 2020, the EBRD has used an electronic public procurement platform known as the “EBRD Client eProcurement Portal”, which contains all procurement documentation. This has helped to promote competition and transparency.
- 42** We found two cases in our sample where an IFI’s supervision of procurement was incomplete:
- the lead IFI did not request access to all the procurement documents for one grant covering three components. The IFI supervised the procurement of only one component. It did not consider supervision necessary for the second component, as it was below the threshold for procuring works, or for the third component which was procured by an EU member state, where the lead IFI expected checks to be carried out by the national contracting authority;
  - for another grant managed by a different IFI, the project developer did not carry out a procurement procedure for additional works (€23 million) co-financed by the grant, contrary to the EU directive on public procurement<sup>9</sup>. The IFI did not ask for a procurement procedure to be launched, and accepted additional works based on variation orders (instructions to modify the contract). The costs of additional materials were determined by the lowest offer from only two suppliers.
- 43** IFIs require winning tenderers to sign a form declaring the absence of a conflict of interest for those contracts that are financed through their loan or a WBIF grant. The IFIs relied mainly on this self-declaration, and made only limited checks to confirm the integrity of the contractors and supervising engineers. However, before they awarded contracts, they did use a risk-intelligence database to identify risky individuals or entities so as to be able to exclude tenderers that had been sanctioned. The World Bank also keeps a public [list](#) of debarred and suspended firms and individuals that project developers need to check.
- 44** As the Commission is not directly involved in supervising risk mitigation measures and procurement procedures, it is unable to take corrective action in cases where the IFIs have not identified and reported shortcomings to it.

---

<sup>9</sup> Article 72 of [Directive 2014/24/EU](#).

## During project implementation, the Commission relies on the supervision by financial institutions which has some shortcomings

- 45** We reviewed the three lead IFIs' procedures to assess whether the Commission could rely on their supervision during the implementation process. In this respect, we checked whether the lead IFIs had reviewed the supervising engineers' documentation to ensure that the expected quality and quantity of works were achieved.
- 46** The lead IFIs for our sampled projects rely on the supervising engineers to certify the quality and quantity of works, and to review any variation requests from the project developer. However, it is the PIU's responsibility to check that supervising engineers are working properly, as contractually agreed by the project developer (see [Figure 9](#)). When supervising the implementation of works, IFIs required regular reports from the PIU, but could not do so directly from the supervising engineers, who reported directly to the PIU. For one of the 12 sampled projects, we found that the supervising engineer had certified additional costs of works that were not in line with the initial contract. We also noted that weaknesses in the chain of supervision remained undetected until our audit took place (see [Box 4](#)).

### Box 4

#### Increased costs certified by the supervising engineer and validated by the IFI

For one project component, the project developer signed a contract with a Russian supplier to deliver the works within one year of the contract being signed (in September 2021). Following EU sanctions imposed on Russia due to its war of aggression against Ukraine, after which it was impossible to transfer funds to a Russian bank, the project developer signed a tripartite agreement in June 2023 with the first contractor and another one located in the EU. This agreement aimed to transfer responsibilities and obligations from the first to the second contractor. It also included higher prices due to inflated market prices, and extended deadlines. However, the terms of the initial contract did not include a clause to revise prices.

In November 2023, the contract price was increased further to cover additional costs for repairing damaged goods. Although the IFI's grant agreement stipulated that items should always be insured against all risks, the project developer did not properly insure the financed component.

As a consequence of these two factors, the final cost, which was certified by the supervising engineer and subsequently accepted by the IFI, was 27 % higher than the tendered price.

*Source:* ECA, based on project documentation.

- 47** One road project included mitigating measures to offset emissions in the grant application (see paragraph 20), but did not apply those measures in full during implementation (see [Box 5](#)). Neither the supervising engineer nor the IFI identified this issue as a weakness that would have required corrective action and reporting.

### Box 5

#### **Tree planting on the side of a motorway did not sufficiently offset additional greenhouse gas emissions**

One grant application included a budget of €1.05 million for tree planting and revegetation.

During our visit, we noted that the road had been built, but that the tree planting and revegetation were not visible.

The project developer explained that planting and revegetation had been possible only in certain areas. We received invoices of only €35 000 (around 3 % of the €1.05 million budget). The project developer explained that the remaining 97 % of the budget for planting and revegetation had been used to finance nets for slope stabilisation (see photo below).

Despite lower use of the budget for revegetation, the project developer planted a number of plants that exceeded the initial estimates. However, these were planted on a much smaller area, and resulted in vegetation densities that are too high to be sustainable.

**Picture 2 | Slope protected by a stabilisation net**



Source: ECA, based on project documentation and an on-site visit.

- 48** IFIs may conduct additional checks by hiring ad hoc consultants to check, for example, that the expected quality and quantity of works have been achieved. We saw two examples of such additional checks, which had helped the IFIs to obtain closer insight into technical aspects of the works. While these checks entail extra costs for the related IFIs, we noted their usefulness, especially for monitoring complex projects.
- 49** Based on the existing arrangements, the Commission relies on IFIs' supervision to ensure grants are disbursed on the basis of eligible costs. When those costs are validated by the IFI as described in [Box 4](#), the Commission has limited means to detect potential cases of misused EU funds when projects are being implemented under indirect management, and to take the necessary corrective measures, unless it decides on specific action such as monitoring visits and checks.

## **The Commission lacks effective procedures for monitoring delays and ensuring sustainability and EU visibility**

### **The Commission lacks sufficiently detailed and up-to-date information on delays in project implementation**

- 50** According to WBIF governance rules, the Commission does not directly monitor the implementation of grants, as this is the IFIs' responsibility. Instead, the Commission relies

on several mechanisms to collect information. We assessed whether the Commission obtained up-to-date and complete data to oversee project implementation.

- 51** Each year, lead IFIs upload an annual implementation report for each project benefiting from a WBIF grant, and update the information reported to the Monitoring and Information System (MIS). However, for all but one of the sampled projects, we found that data such as dates, execution stage and amounts entered into the platform were not up to date. Furthermore, we noted that the uploaded annual reports often failed to report in detail on project progress and implementation problems leading to delays. In 2021, the Commission introduced a section for explaining delays, but we found that the timelines for resolving the issues were too optimistic for five projects in our sample.
- 52** Since 2019, the Commission has organised twice-yearly meetings with lead IFIs to discuss the main challenges, including delays. However, the brief minutes of these meetings do not adequately describe all key implementation problems. The Commission also holds twice-yearly meetings with project developers to discuss agreed milestones. However, these milestones are only indicative, and are regularly postponed during implementation.
- 53** The Commission has not carried out any results-oriented monitoring visits to check the transport projects and acquire direct knowledge of the projects' performance. Although the EU delegations in the four sampled countries have not played any official role in project monitoring, they updated Commission headquarters about any meetings with the lead IFI, project developers or relevant authorities. We noted that these EU delegations had a general overview of implementation that includes delays, but were not systematically informed about technical details.
- 54** The consultants working for the WBIF secretariat (the office for coordination between the Commission and the financial institutions) have country representatives who share monthly reports with the Commission. These brief reports rely on information shared by the IFIs' country offices and project developers' PIUs, and provide the Commission with information similar to that shared by IFIs (see paragraph [51](#)). We found differences in how accurately and promptly these monthly reports highlighted implementation problems (see examples in [Box 6](#)).

## Box 6

### Examples of inconsistencies in reporting implementation problems to the Commission

For one of the 12 sampled projects, the PIU received confirmation at the end of February 2024 that a number of works carried out in 2023 were to be de-certified by the engineer due to the use of unapproved concrete. At the time of our audit in 2025, a decision about the need to destroy the works had not yet been taken. This risks delaying the project further, but was not included in the coordination office's monthly reports that it shared with the Commission, or in the IFI's 2024 annual implementation report.

By contrast, we found an example of reporting where the coordination office highlighted the suspension of works because of inadequate concrete quality. This problem was reported to the Commission in June 2025, two months after it had occurred.

*Source:* ECA, based on project documentation and on-the-spot visits.

- 55** In each sampled grant application, project developers included a limited number of output and outcome indicators. They did not include impact indicators, as the Commission did not consider these to be useful for monitoring progress. Although the indicators are relevant, nine approved applications did not have indicators reflecting all the components of works to be completed (see example in [Box 7](#)). Since 2021, the Commission has defined common performance indicators, and as of October 2025 was still working on a methodology for aggregating results.

## Box 7

### Example of indicators that do not accurately cover all project components

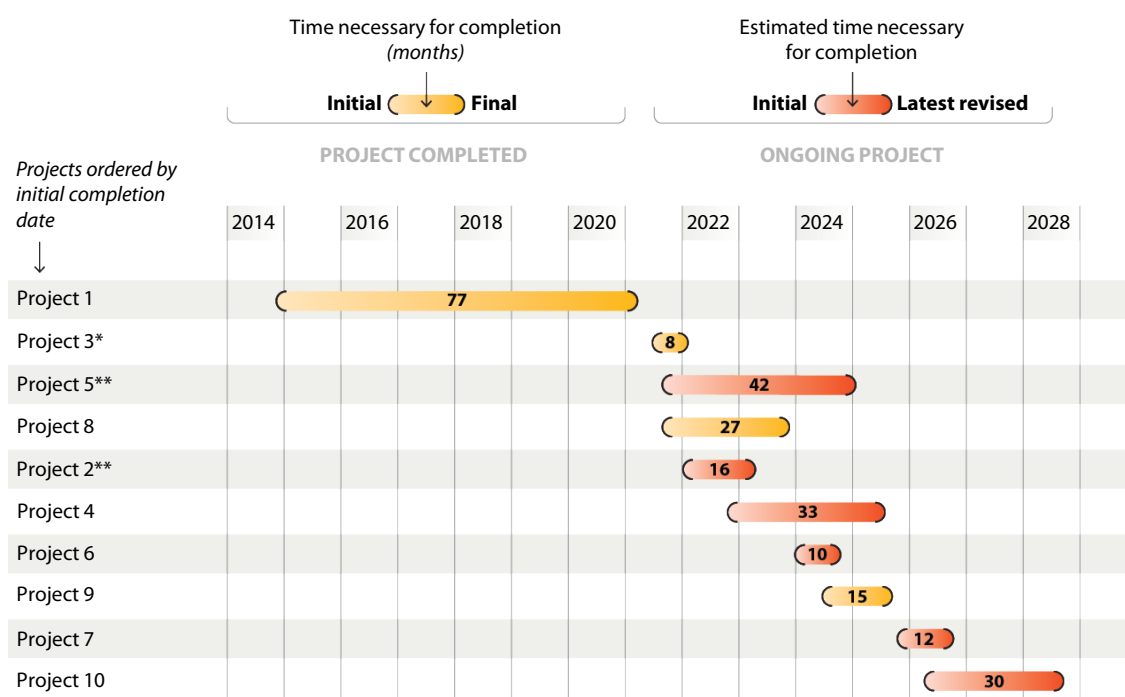
For the rehabilitation of one section of rail, the application included the total corridor length (148 km) as an expected output, rather than the 66.8 km subject to the planned works. The application also failed to mention additional works planned by the project developer, such as the number of tunnels, bridges and stations to be rehabilitated. Furthermore, there was no target for the outcome indicators referring to the number of passengers and freight tonnes per year. The speed requirement, a [European transport network](#) criterion, was not reflected in the indicators.

*Source:* ECA, based on project documentation.

## The Commission has limited means to enforce timely implementation

- 56** We assessed whether the Commission had designed and implemented effective measures for reducing delays.
- 57** Since 2015, the Commission has used a dashboard known as a “connectivity runner” to provide an overview of project implementation. This includes “traffic lights” to monitor the timeliness of works. [Figure 11](#) shows that all projects in our sample experienced delays. Despite technical assistance support for all but one of the PIUs, delays still occurred. At the time of the audit, these delays were significant (more than two years) for six projects, mainly because detailed designs had to be changed during implementation, often exacerbated by delays in permit authorisations.

**Figure 11 | Delays in completing the projects (initial compared to final/latest revised completion dates)**



*Note:* The completion date for two projects has not yet been updated, and so is not included in the Figure 11.

\* Without technical assistance for the Project Implementation Unit (PIU).

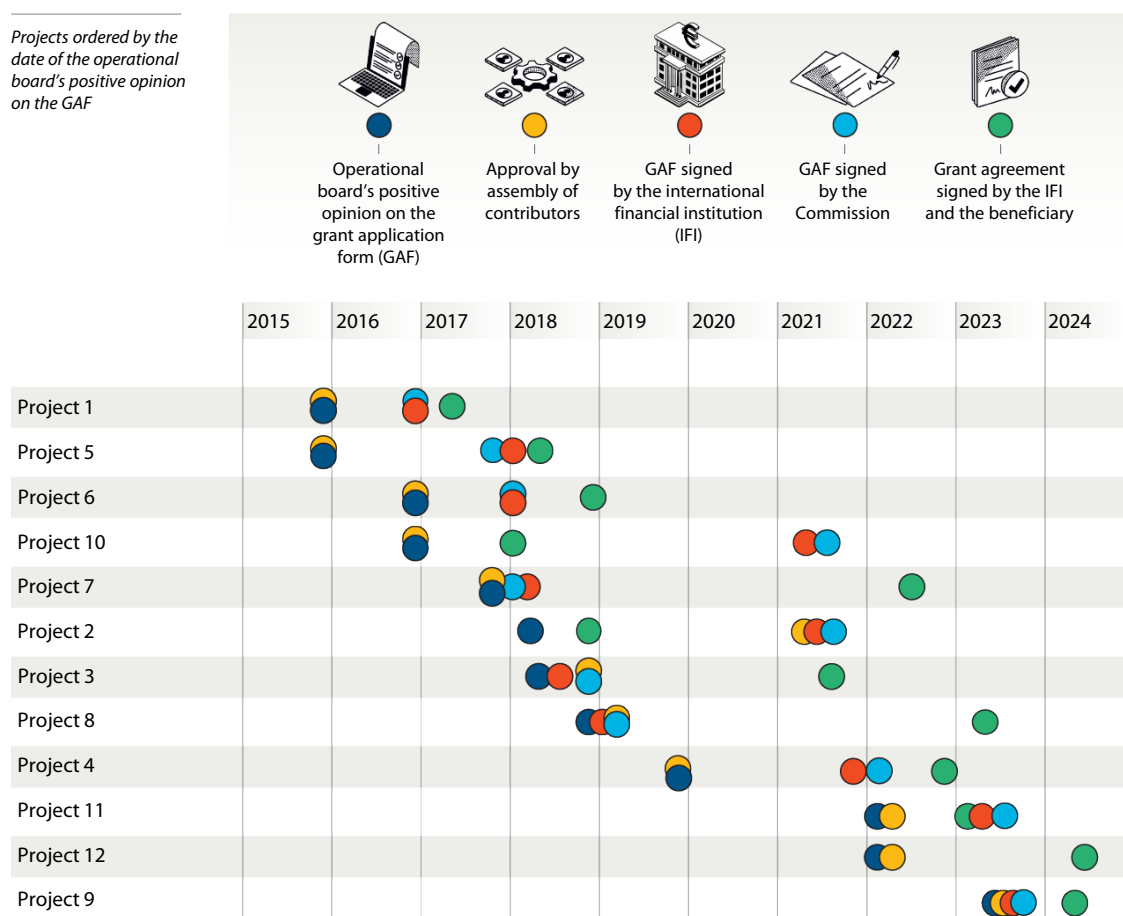
\*\* The contractors have not yet provided updated estimates that reflect actual delays.

*Source:* ECA, based on contract documentation as of June 2025.

- 58** The Commission sent letters to IFIs and national authorities in July 2020 about three of the sampled projects, the main purpose being to obtain updated project implementation schedules. The Commission sent similar requests about two other sampled projects after July 2020. In most cases, the Commission received general replies with updated schedules. However, none of these letters prevented further delays after the updates.
- 59** Payment delays have also impacted implementation. Once a grant has been approved by the operational board and then by the assembly of contributors, the Commission and the lead IFI sign the grant application form. However, funds are not available to the project developer until the grant agreement has been signed and – in some countries – ratified by the national authorities (see [Figure 12](#)). Ratifying the signed grant agreement can also make the process longer (e.g. by one year in Bosnia and Herzegovina), depending on the national authorities. In our sample, project developers had to advance funds for five projects, mainly because grant agreements had not been signed or ratified.

**Figure 12 | Delays between grant approval and signing of the grant agreement**

Projects ordered by the date of the operational board's positive opinion on the GAF



Source: ECA, based on Commission and IFI information up to June 2025.

**60** The Commission's disbursements correspond to prefinancing transferred to the Joint Fund account managed by the EBRD. Although IFIs should forecast disbursements based on actual need, we identified six cases where the Commission disbursed grants on the basis of IFI forecasts calling for amounts that were higher than warranted by the financial and physical progress of projects. This resulted in funds being transferred to the Joint Fund too early (see example in [Box 8](#)). The Commission explained that it mostly relies on forecasts from IFIs before it validates Joint Fund disbursement requests.

## Box 8

### Example of unnecessarily high pre-financing by the Commission

For one project, the Commission paid the Joint Fund 63 % of the total amount, corresponding to pre-financing of €52 million in October 2024 on the basis of the IFI's forecast. However, this forecast was over-optimistic, as no costs had been incurred by the time of our visit in June 2025 because the works contract had not yet been signed.

*Source:* ECA, based on project documentation.

## Many projects have been launched, but progress on connecting the Western Balkans to the EU is slow and project sustainability is at risk

- 61** Ten years after the first transport projects in the four sampled countries were approved, we examined whether the 12 sampled projects had delivered tangible results. We also assessed whether the Commission had defined project indicators to monitor progress made at project and aggregate level. Our sample includes seven corridors (see [Annex II](#)).
- 62** To monitor overall progress, the Commission has established three main indicators<sup>10</sup> (GDP growth, the value of trade in goods and services, and a human development index), but it has never collected and reported on the data. However, these indicators do not allow for a meaningful assessment of the specific effects of WBIF projects on socio-economic development and competitiveness in the Western Balkans (the overall objective). This is because such development is influenced by diverse external factors, including extensive non-WBIF support.
- 63** The WBIF's specific objective in the transport sector is to improve connectivity within the region, and between the Western Balkans and the EU<sup>11</sup>. When signing the Transport Community Treaty<sup>12</sup>, the Western Balkan countries committed to respecting European

<sup>10</sup> Multi-country action programmes for the years [2016](#), p. 10; [2017-2018](#), p. 11; [2018-2019](#), p. 13; and [2020](#), p. 8.

<sup>11</sup> Multi-country action programmes for the years [2015-2016](#), p. 4; [2016](#), p. 10; [2017-2018](#), p. 11, [2018-2019](#), p. 13; and [2020](#), p. 8.

<sup>12</sup> Article 1 and Annex I.1 of the [Treaty establishing the Transport Community](#).

transport network targets<sup>13</sup>, which include completing the core network by 2030<sup>14</sup>. However, the Commission did not gather information on the completion of the core [European transport network](#) in the Western Balkans (see paragraph 17), such as the degree of completeness (e.g. the length of completed and operational sections per corridor) and compliance with the standards of the network for the supported corridors. It relies on [Transport Community](#) reports, which do not include such detailed information for each corridor. This information is available only when specifically requested, and was not used by the Commission to monitor the specific effects of WBIF funding.

**64** The Transport Community, an international organisation promoting regional cooperation in transport between the European Union and the Western Balkans, has published annual reports on the implementation of the [European transport network](#) in the Western Balkans since 2021. These reports show slow progress overall on implementing all the standards (see [Box 9](#)).

### Box 9

#### Progress towards achieving the European transport network's standards in the Western Balkans

The European transport network's standards include:

- electrification of the rail network, for which 65 % of the core network was electrified in 2024 (versus 73 % in 2021, the first year when data were available);
- a minimum speed for freight trains of 100 km/h by 2030, for which 60 % of the core network met the speed requirement (versus 72 % in 2021);
- separate carriageways for both directions of road traffic by creating a dividing strip not intended for traffic, and rest areas every 100 km along the motorway by 2030. In 2024, the core network compliance rate reached 54 % (versus 45 % in 2021).

*Source:* ECA, based on [Regulation \(EU\) 2024/1679](#) and Transport Community reports on development of indicative trans-European transport network extensions of the comprehensive and core network in the Western Balkans [2022](#) and [2024](#).

**65** For the four sampled countries, the Commission approved 43 investment grants between 2015 and June 2025 in the transport sector. By June 2025, 22 of these investments had

<sup>13</sup> Articles 38(3) and 39 of [Regulation \(EU\) No 1315/2013](#), repealed by [Regulation \(EU\) 2024/1679](#).

<sup>14</sup> Article 6(1)(a) of [Regulation \(EU\) 2024/1679](#).

started and six were completed. Four of the six completed projects are road projects from our sample in Bosnia and Herzegovina and North Macedonia which have been opened to traffic. While it is too early to assess the outputs achieved for four projects that were not expected to be completed by the time of the audit, the picture is mixed for the other eight projects (four completed and four that should have been completed). Three projects had fully achieved their objectives, two had achieved them partially, and three were not operational. [Annex III](#) provides more information on outputs achieved and their operability at the time of the audit for the 12 sampled projects.

**66** Connections within the corridors concerned by our sampled projects are progressing unevenly (see [Table 1](#)). In Serbia, support for the railway sector is mostly at planning phase with a view to upgrading to EU standards<sup>15</sup>. In North Macedonia, a railway section of 23 km that should have started in 2024 is yet to be constructed at the Bulgarian border, with a planned completion date of 2030. For Bosnia and Herzegovina, in June 2022 the Commission put on hold two initially approved projects (including unconnected sections of Corridor Vc) because of the political situation in Republika Srpska, the administrative entity that spans the north of the country. In Kosovo, rail conditions at the time of the audit were worse than before the project started. Traffic has been disrupted since 2020 because some tunnels collapsed during the works. In addition, there is no foreseeable start date for works in the northern part of Kosovo. At the time of the audit (June 2025), the signalling and electrification were not yet in place.

---

<sup>15</sup> WBIF rail corridor X factsheet.

**Table 1 | State of play of the core European transport network concerned by our sample**

Corridor in the core network	Country	Total length (km)	Completed (km)	Operational (km)	EU co-financed (km)	Sampled projects in the corridor
Road corridor Vc	Bosnia and Herzegovina	323.5	144.2	133.3	119.9	3 projects totalling 19.9 km
Rail route 10	Kosovo	148.0	0.0	0.0	100.2	2 projects totalling 100.2 km
Rail corridor X	Serbia	513.0	0.0	513.0	256.1	1 project of 17.7 km
Rail corridor Xc	Serbia	104.0	0.0	0.0*	104.0	1 project of 90 km
Road corridor VIII	North Macedonia	308.0	286.0	286.0	47.2	2 projects totalling 47.2 km
Rail corridor VIII	North Macedonia	261.0	30.5	30.5	57.4	1 project of 23 km

*Note:* \*Traffic is ongoing under special conditions while construction works are carried out. This table does not include the two sampled inland waterway projects which relate to the Rhine-Danube corridor.

*Source:* ECA, based on information obtained from the Transport Community, the MIS and project developer, as of September 2025.

**67** Furthermore, we found that the sustainability of seven sampled projects was not fully ensured due to pending administrative procedures, a lack of funds to continue with the investments, insufficient maintenance, or unused infrastructure (see [Annex III](#)). [Box 10](#) provides an example of unused infrastructure.

## Box 10

### Tunnel with no connection to a road puts sustainability at risk

Our sample included a tunnel of 3.2 km for which the main infrastructure works had been completed in September 2023. At the time of the audit visit, electromechanical equipment was being installed to complete the project, but the tunnel is still disconnected from the adjacent road networks funded by other donors. There is a risk not only that the tunnel will remain unused for several years owing to delays in the adjacent road works, but also that it will require maintenance and protection against potential damage.

*Source:* ECA, based on project documentation and an on-the-spot visit.

## The role of the WBIF is visible, but the EU's support less so

- 68** All recipients of EU funding have a general obligation to acknowledge the origin and ensure the visibility of any EU funding received<sup>16</sup>. We reviewed whether the projects in our sample placed sufficient emphasis on their EU funding by using adequate means of communication, such as social media, events, reports, and display panels. The latter must be erected beside access routes to the site where an action is taking place, and must remain in place from the time the action starts until six months after it has been completed<sup>17</sup>.
- 69** With two exceptions, the projects in our sample of 12 included display panels stating EU support. In one of the two projects with EU visibility issues, the contractor had made two billboards accessible to the public, but these only acknowledged the lead IFI support.
- 70** IFIs must report on costs incurred in connection with visibility activities in their annual implementation reports. Such financial information was missing for four sampled grants supervised by two IFIs. As a result, it was impossible to assess the activities carried out and their effectiveness in terms of ensuring EU visibility. For one of these grants, the lead IFI explained that no WBIF funds had been spent on visibility, despite a budget of €20 000 in the application.

<sup>16</sup> Articles 24 and 25 of [Commission Implementing Regulation \(EU\) No 447/2014](#) and Article 18(1) of [Regulation \(EU\) 2021/1529](#).

<sup>17</sup> 2009 [Communication and visibility manual](#) for European Union external actions, p. 20; 2018 [Communication and visibility in EU-financed external actions](#), p. 21.

- 71** For three other grants in our sample, one IFI had appointed a dedicated person to coordinate visibility activities, organise events, and produce content (e.g. video, multimedia content, photos, and social media messages). We found that the IFI had used the grants' visibility budgets to pay this person's salaries to promote the IFI's activities in the Western Balkans and only to a limited extent the EU. Similarly, an internal monitoring report requested by the Commission observed that WBIF support is mainly being associated with the IFIs rather than with the EU.
- 72** To improve EU visibility, we noted a positive example where the EU delegation in Bosnia and Herzegovina proposed that additional billboards should be added to those required during the construction works under EU visibility guidelines. After negotiations, two IFIs agreed on a common message that was suitable for all donors (see [Picture 3](#)).

**Picture 3 | Billboard message: “We are helping Bosnia and Herzegovina to build Corridor 5C (Vc)”**




Source: ECA.

---

This report was adopted by Chamber III, headed by Mr George Marius Hyzler, Member of the Court of Auditors, in Luxembourg at its meeting of 28 April 2026.

*For the Court of Auditors*



Tony Murphy  
*President*

# Annexes

## Annex I – About the audit

### The Commission supports the transport sector in the Western Balkans through the WBIF

- 01** In 2008, the [Council](#) encouraged the Commission and international financial institutions (IFIs) to pool resources and to finance priority infrastructure projects in the Western Balkans. The Western Balkan countries – Albania, Bosnia and Herzegovina, Kosovo<sup>1</sup>, Montenegro, North Macedonia, and Serbia – are at the heart of [EU enlargement policy](#).
- 02** In December 2009, the Commission, in partnership with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), and the Council of Europe Development Bank, with the endorsement of EU member states, launched the Western Balkans Investment Framework (WBIF) to coordinate and channel donors' technical and financial support for Western Balkan countries through a single entry point. The WBIF framework leverages additional investments by blending grants<sup>2</sup> with loans<sup>3</sup> through the European Western Balkans Joint Fund ("the Joint Fund")<sup>4</sup>.
- 03** The German development bank *Kreditanstalt für Wiederaufbau*, the European Investment Fund, the *Agence française de développement*, and the World Bank Group – including the International Finance Corporation – subsequently joined the WBIF.

---

<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UN [Security Council Resolution 1244/1999](#) and the International Court of Justice [opinion](#) on the Kosovo declaration of independence.

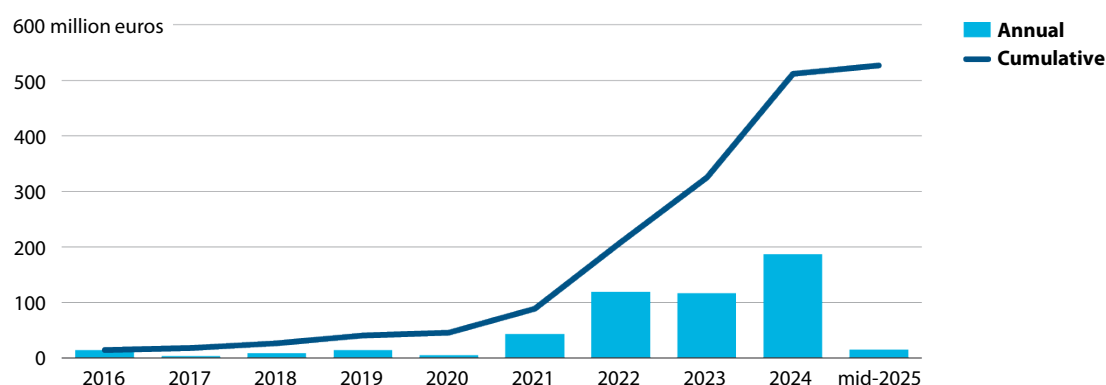
<sup>2</sup> 2008 Council Conclusions, [Western Balkans Investment Framework](#).

<sup>3</sup> Annex to the [Commission implementing decision adopting a multi-country action programme for Connectivity for the year 2020](#), p. 4.

<sup>4</sup> [The European Investment Bank in the Western Balkans](#), p. 17.

- 04** To tackle infrastructure under-development in the Western Balkans, the Commission – through the [Berlin process](#) set up in 2014 – recognised the importance of linking the region to the core [European transport network](#) by investing in strategic transport infrastructure projects.
- 05** The WBIF is a platform for preparing, selecting and funding strategic investment projects in the Western Balkans.
- 06** The Commission is supporting six sectors (sustainable transport, clean energy, environment and climate, private sector, human capital, and a digital future) in the Western Balkans via the WBIF. Better infrastructure helps to reduce the [investment gap](#), and is a step towards meeting the EU’s accession criteria<sup>5</sup>. From 2015 to mid-2025, the Commission paid €527 million from the Instrument for Pre-accession Assistance (IPA) II and III to the Joint Fund for transport projects (see [Figure 1](#)).

**Figure 1 | Cumulative and annual EU payments to the Joint Fund for transport projects (2016 to mid-2025)**



*Note:* The Commission did not make any payments in 2015.

*Source:* ECA, based on data from the Joint Fund forecast as of January 2026.

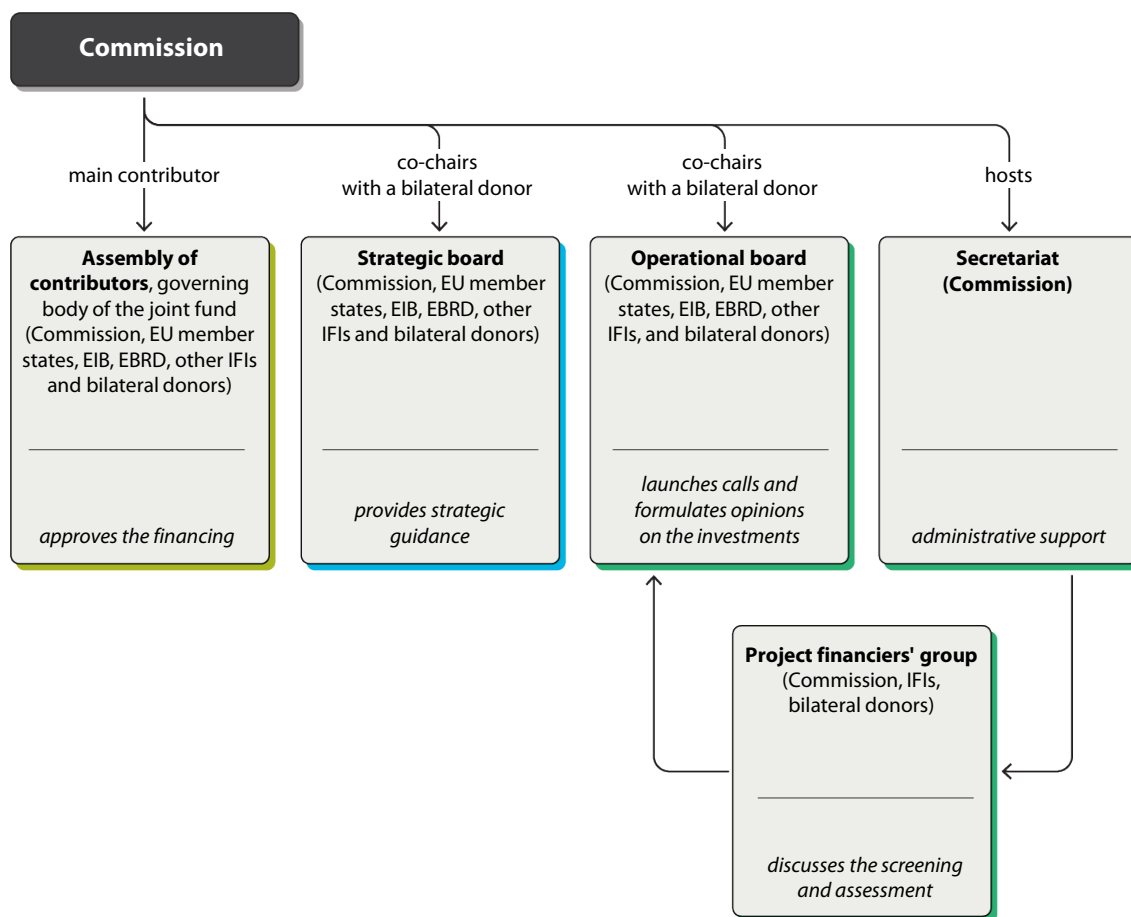
## Roles and responsibilities

- 07** The Joint Fund pools the contributions of the Commission, IFIs and bilateral donors. The EBRD and the EIB (as co-managers) are entrusted with administering the Joint Fund. Both IFIs have been long-standing partners in the inception, realisation and implementation of

<sup>5</sup> Commission staff working document of 2020: report on [Bosnia and Herzegovina](#), p. 93; [Kosovo](#), p. 95; [Serbia](#), p. 86; and [North Macedonia](#), pp. 55 and 76.

the WBIF<sup>6</sup>. The main governance bodies involved in the WBIF are the assembly of contributors, the strategic board, the operational board, and the project financiers' group. **Figure 2** summarises the roles and composition of the main WBIF bodies where the Commission plays a role.

**Figure 2 | The Commission's role in WBIF governance**



Source: ECA, based on the WBIF rules of procedure.

- 08** As the main contributor, the Commission plays a key role in the decision-making of the WBIF. Since the Joint Fund was established until 2024, the Commission provided €898.6 million (85.9 % of the total contributions) to the Fund for all sectors, including transport<sup>7</sup>. It provides grants to leverage lending from IFIs to cofinance the selected projects, the aim being to enhance connectivity in the Western Balkans.
- 09** At the time of our audit, the Commission itself (the Directorate-General for Enlargement and the Eastern Neighbourhood – DG ENEST) had one team responsible for all public

<sup>6</sup> Annex to the [Commission Implementing Decision adopting a multi-country action programme for Connectivity for the year 2020](#), p. 13.

<sup>7</sup> [WBIF Annual Report 2024](#), p. 29.

investments, including the transport sector. At country level, each EU delegation has one focal person coordinating WBIF activities, and may also involve expert staff. The Commission has hired consultants (the coordination office for the financial institutions) to help in areas such as the screening procedure, secretariat activities (organising meetings), and project monitoring through country representatives.

- 10** The national authorities apply for grants that benefit project developers. The developers are responsible for project preparation and implementation, including studies, procurement and supervision of works.
- 11** The EBRD, the EIB and the World Bank – as the lead IFIs – were responsible for coordinating loans for the sampled projects and supervising their implementation. The three audited IFIs have arranged their representation in the beneficiary countries via local or regional offices and by providing ad hoc support from headquarters.

## Audit scope and approach

- 12** In previous years, we have published several reports on the Western Balkans. This includes audits on [pre-accession assistance for strengthening administrative capacity](#) and the [rule of law](#), and an opinion on establishing the [Reform and Growth Facility](#).
- 13** In this audit, we examined whether the Commission ensured that the WBIF contributes effectively to developing transport infrastructure in the Western Balkans that is linked to the EU core network. We assessed whether the Commission had set up WBIF procedures for effective:
  - selection of transport projects;
  - supervision of project implementation; and
  - monitoring and reporting.
- 14** The audit did not include funding from the Reform and Growth Facility because it was established in 2024, nor did we examine the procedures for providing technical assistance grants. In addition, we did not check the accuracy of project expenditure, as the Commission had not financially approved any of the sampled projects by the end of our audit.
- 15** The audit covers a 10-year period from the first grant applications submitted in 2015 up to June 2025, when we carried out the on-the-spot visits. Between 2015 and mid-2025, the Commission committed €2 665 million for 55 transport projects in the Western Balkans.

The EU funds committed in the four countries we visited (Bosnia and Herzegovina, Kosovo, North Macedonia, and Serbia) totalled €2 115 million (see [Table 1](#)).

**Table 1 | Western Balkans Investment Framework grants approved in million euros (2015 to mid-2025)**

Country	Total EU amount approved	Total EU amount sampled
Bosnia and Herzegovina	914.8	61.5
Kosovo	158.6	55.8
North Macedonia	292.9	84.6
Serbia	748.6	139.7
Total	2 114.9	341.6

Source: ECA, based on data taken from the Commission's Monitoring and Information System.

- 16** We sampled 12 transport projects from the core European transport network (see [Annex II](#)) worth €341.6 million (16.2 % of total funds committed for transport in the sampled countries), based on materiality and the level of completion, to examine advanced projects and different networks (road, rail, and inland waterways) as far as possible.
- 17** We examined WBIF procedures. We specifically analysed the Commission's role in the screening and selection procedures; the lead IFI's procedures to ensure effective supervision during the procurement process and implementation of projects, as the Commission has delegated procurement and implementation to the lead IFI; and the monitoring arrangements for informing the Commission, such as the MIS, monitoring reports, and minutes of meetings.
- 18** We corroborated evidence from documentary reviews, interviews, on-the-spot visits, and MIS data to validate our findings. Our [audit methodology](#) complies with the international standards on auditing issued by the [International Organization of Supreme Audit Institutions](#) (INTOSAI).
- 19** The Commission has made significant commitments to infrastructure in all sectors (including transport) in the Western Balkans. The EU's contributions to the Joint Fund come from:
- €0.9 billion through the IPA II connectivity multi-country programmes from 2015-2020;

- the EU's 2021-2027 [Economic and Investment Plan for the Western Balkans](#), launched in 2021 with up to [€30 billion in investments](#), including €9 billion in EU grants through IPA III, aims, among other things, to support the transport sector so as to bring the Western Balkans closer to the EU<sup>8</sup>;
- the [Reform and Growth Facility for the Western Balkans](#) that was adopted in 2024. This contribution may reach €3 billion if the beneficiary countries progress as planned with their reform agendas<sup>9</sup>.

**20** Given the increased contributions to the WBIF, we expect our findings to improve the way the Commission selects, monitors and reports on EU-funded WBIF projects.

---

<sup>8</sup> [Economic and Investment Plan - Endorsed Flagship Investments 2020-2024](#), p. 2.

<sup>9</sup> [2023 WBIF key achievements](#) p. 7.

## Annex II – List of sampled projects

Project number	Beneficiary country	EU flagship	Corridor in the core network	Type of network	Amount of grant adopted, without implementation and administrative fees (thousand euros)	Year of adoption
1*	Bosnia and Herzegovina	Connecting North to South	Road corridor Vc	Road 10.7 km long	24 540	2015
2*	Bosnia and Herzegovina	Connecting North to South	Road corridor Vc	Road 3.2 km long	19 000	2018
3	Bosnia and Herzegovina	Connecting North to South	Road corridor Vc	Road 6 km long	14 940	2018
4	Bosnia and Herzegovina	Connecting East to West	Rhine-Danube core corridor	Inland waterway (harbour installations) and rail of 6.3 km	3 020	2019
5*	Kosovo	Connecting North to South	Rail route 10	Stretch of rail 66.8 km long	38 540	2015
6*	Kosovo	Connecting North to South	Rail route 10	Stretch of rail 33.4 km long	17 240	2016
7*	North Macedonia	Connecting East to West	Rail corridor VIII	Stretch of rail 34 km long	68 626	2017

Project number	Beneficiary country	EU flagship	Corridor in the core network	Type of network	Amount of grant adopted, without implementation and administrative fees (thousand euros)	Year of adoption
8	North Macedonia	Connecting East to West	Road corridor VIII	Stretch of road 13.2 km long	2 470	2018
9	North Macedonia	Connecting East to West	Road corridor VIII	Stretch of road 23 km long	13 508	2023
10	Serbia	Connecting East to West	Rail corridor Xc	Stretch of rail 80 km long	43 730	2016
11	Serbia	Connecting East to West	Rail corridor X	Stretch of rail 17.7 km long	80 150	2022
12	Serbia	Connecting East to West	Rhine-Danube core corridor	Inland waterway (21 sunken vessels)	15 850	2022
TOTAL					341 614	

Note: \*EU/WBIF support received for the detailed design study.

# Annex III – ECA project assessments

- Satisfactory
- Some weaknesses
- Significant weaknesses
- Not yet possible to conclude

Project number	APPLICATION				IMPLEMENTATION			
	Connectivity	Sustainable transport	Mature at the time of the application	Start of implementation as planned in the application	Outputs achieved	Timely completion as originally planned	Sustainability	
		Operational at the time of the audit, as planned						
1	Satisfactory	Significant weaknesses	Some weaknesses	Satisfactory	Some weaknesses <i>Road 10.7 km long open to traffic, including a bridge and a crossing point open to traffic that is not fully functional</i>	Significant weaknesses	Some weaknesses	Some weaknesses
2	Some weaknesses	Significant weaknesses	Significant weaknesses	Some weaknesses	Some weaknesses <i>Road (tunnel) 3.2 km long built, but not open to traffic</i>	Significant weaknesses	Significant weaknesses	Some weaknesses
3	Satisfactory	Significant weaknesses	Satisfactory	Some weaknesses	Satisfactory <i>Road 6 km long, including a toll station and a bridge open to traffic</i>	Satisfactory	Satisfactory	Satisfactory
4	Some weaknesses	Some weaknesses	Significant weaknesses	Significant weaknesses	Some weaknesses <i>Harbour installations in place and operational, but rail construction is ongoing</i>	Significant weaknesses	Some weaknesses	Some weaknesses
5	Satisfactory	Some weaknesses	Significant weaknesses	Significant weaknesses	Some weaknesses <i>Rail tracks, stations, tunnels and bridges – rehabilitation ongoing</i>	Significant weaknesses	Significant weaknesses	Some weaknesses
6	Satisfactory	Some weaknesses	Significant weaknesses	Significant weaknesses	Some weaknesses <i>Rail tracks, stations and bridges – rehabilitation ongoing</i>	Significant weaknesses	Significant weaknesses	Some weaknesses
7	Some weaknesses	Satisfactory	Significant weaknesses	Significant weaknesses	Some weaknesses <i>Construction or rehabilitation of rail tracks, stations, tunnels and bridges ongoing, but signalling and telecommunication awaits contracting</i>	Significant weaknesses	Not yet possible to conclude	Not yet possible to conclude
8	Satisfactory	Significant weaknesses	Some weaknesses	Some weaknesses	Satisfactory <i>Road 13.2 km long built and open to traffic</i>	Significant weaknesses	Satisfactory	Some weaknesses
9	Satisfactory	Some weaknesses	Satisfactory	Satisfactory	Satisfactory <i>Cut slopes finalised and road open to traffic</i>	Some weaknesses	Satisfactory	Satisfactory
10	Satisfactory	Some weaknesses	Significant weaknesses	Significant weaknesses	Some weaknesses <i>Rehabilitation or construction of rail, tracks stations and bridges ongoing</i>	Significant weaknesses	Not yet possible to conclude	Some weaknesses
11	Satisfactory	Satisfactory	Satisfactory	Significant weaknesses	Not yet started	Not yet possible to conclude	Not yet possible to conclude	Not yet possible to conclude
12	Satisfactory	Satisfactory	Satisfactory	Some weaknesses	Some weaknesses <i>4 out of 21 vessels removed</i>	Not yet possible to conclude	Not yet possible to conclude	Not yet possible to conclude

## Abbreviations

Abbreviation	Explanation
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EIB</b>	European Investment Bank
<b>IFI</b>	International Financial Institution
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>MIS</b>	Monitoring and Information System
<b>PIU</b>	Project Implementation Unit
<b>WBIF</b>	Western Balkans Investment Framework

# Glossary

Term	Definition/explanation
<b>Annual implementation report</b>	In the context of the WBIF, document submitted to the Commission by the lead financial institution about a project's progress during the previous financial year.
<b>Assembly of contributors</b>	Governing body of contributors to the European Western Balkans Joint Fund; determines the main direction of the Joint Fund, and monitors its financial resources and payments.
<b>Blending</b>	Practice of teaming EU grants with loans from public and private financiers.
<b>Connectivity</b>	In the context of transport, being linked by road, railway and inland waterway networks facilitating the movement of people and goods.
<b>Coordination office for the financial institutions</b>	Service provider financed by the Commission and supporting the work of the WBIF secretariat.
<b>Cost-benefit analysis</b>	Comparison of the estimated costs of a proposed course of action with the benefits it is expected to bring.
<b>Deadweight</b>	Situation where an EU-funded activity would have gone ahead even without receiving the grant.
<b>Economic and investment plan</b>	EU initiative adopted in 2020 to support socio-economic development in the Western Balkans, including investments in transport infrastructure, followed in 2023 by an EU growth plan for the same region.
<b>EU delegation</b>	Diplomatic representation of the EU in a non-EU country.
<b>European Western Balkans Joint Fund</b>	Pooled financial resources channelled through the Western Balkans Investment Framework and managed by the European Bank for Reconstruction and Development and the European Investment Bank.
<b>Feasibility study</b>	Assessment of whether a suggested method, plan or piece of work is possible or reasonable.
<b>Gross domestic product</b>	Basic measure of the overall size of a country's economy.
<b>Human development index</b>	Measure of countries' progress, based on people's average life expectancy, years of education, and income levels.
<b>Indirect management</b>	Method of implementing the EU budget whereby the Commission entrusts implementation tasks to other entities (such as international financial institutions).
<b>Instrument for Pre-accession Assistance</b>	The EU's tool for building the technical and administrative capacity of candidate countries and potential candidate countries.
<b>International financial institution</b>	Bank established by more than one country to provide financial support and professional advice in relation to development goals, and promote international economic cooperation and stability.

<b>Lead international financial institution</b>	Bank that oversees the assessment and implementation of a development project, and coordinates the provision of support from multiple lenders.
<b>Median</b>	Middle value of a dataset.
<b>National IPA coordinator</b>	Official in each beneficiary country responsible for coordinating IPA-funded projects and liaising with the Commission.
<b>Paris group</b>	Representatives of the Commission, lead international financial institutions and the bilateral donor co-chair who meet regularly after grant applications are screened and before meetings of the project financiers' group.
<b>Project developer</b>	Entity – usually public – that benefits from and is responsible for transport infrastructure.
<b>Project financiers' group</b>	Representatives from the Commission, international financial institutions and donors who shortlist investment projects.
<b>Operational board</b>	Body, with members from the Commission, the EU member states, international financial institutions, and bilateral donors, which is responsible for screening, assessing and approving projects eligible for the Western Balkans Investment Framework.
<b>Single project pipeline</b>	Central list of projects that beneficiary countries have prioritised and that may be co-financed under the Western Balkans Investment Framework.
<b>Steering committee</b>	Body, with members from the Commission, international financial institutions, and bilateral donors, which was responsible until 2021 for screening, assessing and approving projects eligible for the Western Balkans Investment Framework.
<b>Strategic board</b>	Body, with members from the Commission, the EU member states, international financial institutions, and bilateral donors, which provides strategic guidance and oversight for the selection and implementation of investment projects in the Western Balkans Investment Framework.
<b>Sustainability</b>	Capacity of EU funding to continue producing effects after it ends.
<b>Sustainable transport</b>	Movement of people and goods in a way that uses resources more efficiently, with the ultimate aim of reducing greenhouse gas emissions from transport.
<b>Trans-European transport network</b>	Network of cross-border transport, energy or telecommunications infrastructure established to support and enhance the functioning of the EU single market by facilitating the free movement of goods, people and services.
<b>Western Balkans Investment Framework</b>	Arrangement that blends various financing methods (e.g. grants or loans) to support socio-economic development in the Western Balkan countries, focusing particularly on infrastructure projects.

## Replies of the Commission

<https://www.eca.europa.eu/en/publications/SR-2026-16>

## Timeline

<https://www.eca.europa.eu/en/publications/SR-2026-16>

## Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber III – External action, security and justice, headed initially by ECA Member Bettina Jakobsen followed by George Marius Hyzler.

This audit was led by ECA Member Laima Liucija Andrikienė, supported by Tomas Mackevicius, Head of Private Office and Aldona Dregvaite, Private Office Attaché, Margit Spindelegger, Principal Manager; Aurelia Petliza, Head of Task; Bertrand Tanguy and Erik Kotlarik, Auditors. Aleksandra Mazilu provided graphical support and Joanna Piotrowicz provided administrative support.



*From left to right: Georgia Pergamali, Tomas Mackevicius, Bertrand Tanguy, Laima Liucija Andrikienė, Erik Kotlarik, Sara Perez Miguel, Aldona Dregvaite.*

---

# COPYRIGHT

© European Union, 2026

The reuse policy of the European Court of Auditors (ECA) is set out in [ECA Decision No 6-2019](#) on the open data policy and the reuse of documents.

Unless otherwise indicated (e.g. in individual copyright notices), ECA content owned by the EU is licensed under the [Creative Commons Attribution 4.0 International \(CC BY 4.0\) licence](#). As a general rule, therefore, reuse is authorised provided appropriate credit is given and any changes are indicated. Those reusing ECA content must not distort the original meaning or message. The ECA shall not be liable for any consequences of reuse.

Additional permission must be obtained if specific content depicts identifiable private individuals, e.g. in pictures of ECA staff, or includes third-party works.

Where such permission is obtained, it shall cancel and replace the above-mentioned general permission and shall clearly state any restrictions on use.

To use or reproduce content that is not owned by the EU, it may be necessary to seek permission directly from the copyright holders.

Cover photo: © Lev – stock.adobe.com.

Software or documents covered by industrial property rights, such as patents, trademarks, registered designs, logos and names, are excluded from the ECA's reuse policy.

The European Union's family of institutional websites, within the europa.eu domain, provides links to third-party sites. Since the ECA has no control over these, you are encouraged to review their privacy and copyright policies.

## Use of the ECA logo

The ECA logo must not be used without the ECA's prior consent.

HTML	ISBN 978-92-849-7642-3	ISSN 1977-5679	doi:10.2865/1153457	QJ-01-26-026-EN-Q
PDF	ISBN 978-92-849-7643-0	ISSN 1977-5679	doi:10.2865/5418824	QJ-01-26-026-EN-N

---

## HOW TO CITE

European Court of Auditors, [special report 16/2026](#) “Western Balkans Investment Framework – EU support addresses connectivity needs, but integration into the core transport network is slow”, Publications Office of the European Union, 2026.

The Western Balkan countries committed to completing the core EU trans-European network by 2030. We examined the effectiveness of EU support through the Western Balkans Investment Framework for transport infrastructure in the Western Balkans, focusing on connecting the region to the EU's core transport network by 2030. We found that while the audited projects match the stated connectivity priorities, progress is slowed by immature projects being selected and shortcomings in the supervision by financial institutions. Monitoring, reporting and EU visibility were also insufficient, with delays and sustainability issues persisting. Given the implementation delays and operational challenges, we concluded that the 2030 deadline is unlikely to be met. We recommend that the Commission should improve the selection, monitoring, sustainability and visibility of projects.

*ECA special report pursuant to Article 287(4), second subparagraph, TFEU.*



EUROPEAN  
COURT  
OF AUDITORS



Publications Office  
of the European Union

**EUROPEAN COURT OF AUDITORS**  
12, rue Alcide De Gasperi  
1615 Luxembourg  
LUXEMBOURG

Tel. +352 4398-1

Enquiries: [eca.europa.eu/en/contact](https://eca.europa.eu/en/contact)  
Website: [eca.europa.eu](https://eca.europa.eu)  
Social media: @EUauditors