



EU support for energy transition in the Western Balkans through the WBIF

State of Play – ongoing programmes & investment projects

DG NEAR, D5: Western Balkans Regional Programmes, Economic Investment Plan

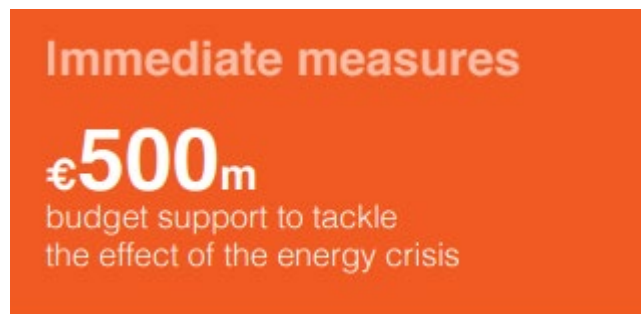
14 March 2024

Overview

- I. Energy Support Package
- II. EU support through the WBIF (including EIP flagships)
 - I. Public sector blending
- III. Regional Programmes
- IV. Reform and Growth Facility

Energy Support Package for the Western Balkans 2022

- EU response to the social and economic impact of the energy crisis generated by Russia's war of aggression against Ukraine.
- **Main objectives:**
 - Keep energy prices affordable especially for **vulnerable households**
 - Mitigate the impact of high energy prices for **small and medium-sized enterprises**
 - Support policy and investment measures to accelerate the **energy transition**



Energy Support Package

Immediate measures through budget support:

- 90% of the funds disbursed between **February and May 2023** against the adoption of national action plans by the beneficiaries.
- 10% of the funds will be disbursed against full implementation of the action plans, expected **end 2024** for most beneficiaries.

Immediate measures

€500m

budget support to tackle the effect of the energy crisis



* 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.

II. EU support through the WBIF

EIP State of play 2020-2023



Sustainable transport

- | | | |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 1 Rhine-Danube Corridor: Demining the Right Bank of the Sava River | 2 Corridor Vc: Johovac – Vukosavlje Motorway Section | 3 Corridor Vc: Šamac – Rječica Railway Section |
| 4 Corridor Vc: Medakovo – Ozimice Motorway Subsection | 5 Corridor Vc: Ozimice – Poprikuše Motorway Subsection | 6 Corridor Vc: Mostar North – Mostar South Motorway Subsection |
| 7 Corridor Vc: Mostar South – Kvanj Tunnel Motorway Subsection | 8 Corridor Vc: Kvanj Tunnel – Buna Motorway Subsection | 9 Rhine-Danube Corridor: Removal of Sunken WWII German Vessels from the Danube, Prahovo Sector |
| 10 Corridor X: Paraćin – Međurovo Railway Section | 11 Corridor X: Stalać – Đunis Railway Section | 12 Corridor Xc: Niš Rail Bypass |
| 13 Peace Highway: Pristina – Merdare Section | 14 Bar – Vrbnica Railway Line | 15 Bar – Vrbnica Railway Line, Bar – Golubovci Section |
| 16 Albania – Montenegro Rail Interconnection: Vorë – Hani i Hotit Section | 17 Blue Highway: Tirana Bypass | 18 Corridor VIII: Durrës – Progozhinë Railway Section |
| 19 Corridor VIII: Kriva Palanka – Border with Bulgaria Railway Section | 20 Corridor VIII: Cut-Slopes Stabilisation on Kriva Palanka – Stracin Express Road Section | 21 Safe and Sustainable Transport Programme |

Clean energy

- | | | |
|-------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 1 Kostolac Wind Farm | 2 Advanced System for Remote Meter Reading | 3 Trans-Balkan Electricity Corridor: Serbia – Montenegro – Bosnia and Herzegovina 400kV Interconnection |
| 4 Rehabilitation of Bistrica Hydropower Plant | 5 Vlačić Wind Power Plant | 6 Poklečani Wind Farm |
| 7 Rehabilitation of Čapljina Pump Storage Hydropower Plant | 8 Reconstruction of Vlasina Hydropower Plant | 9 Solar4Kosovo: Photovoltaic Power Plant |
| 10 Solar4Kosovo II: Solar District Heating for Pristina | 11 Rehabilitation of Fierza Hydropower Plant | 12 Vau i Dejës Floating Solar Photovoltaic Power Plant |
| 13 Green Transport Tirana | 14 Belshi Solar Photovoltaic Power Plant | 15 Rehabilitation of Six Hydropower Plants Phase 3 |
| 16 Oslomej 1 Solar Photovoltaic Power Plant | 17 Oslomej 2 and Bitola Solar Photovoltaic Power Plants | 18 Energy Efficiency Investments in Healthcare Buildings |
| 19 Strengthening the Transmission Network in the Southeast Region | 20 Bogdanci Wind Park Phase 2 | 21 Regional Energy Efficiency Programme (REEP) |

Environment & climate

- | | | |
|----------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------|
| 1 Sewage System for Palilula, Belgrade | 2 Sarajevo Water Project | 3 Wastewater and Water Supply Systems for Kolašin, Rožaje and Mojkovac |
| 4 Podgorica Wastewater Treatment Plant | 5 Skopje Wastewater Treatment Plant | 6 Regional Waste Management System for Polog, Pelagonija, Vardar, Southwest and Southeast Regions |

Human capital

- 1 University Children's Hospital Tirsova 2 in Belgrade
- 2 Improving Energy Efficiency and Integrated Energy Management at Technical Faculties Campus in Belgrade
- 3 Education Infrastructure Improvement in Montenegro

Digital future

- 1 Rural Broadband Rollout Phase 2
- 2 Smart Labs - Network of ICT Laboratories for Pre-University Education System

Private sector

- 1 SME Go Green Programme
- 2 Western Balkans Climate Programme
- 3 Green Finance for Inclusion
- 4 GGF: Promoting Green Lending in the Western Balkans II
- 5 Sustainable Access to Finance for Entrepreneurship
- 6 Go Digital in the Western Balkans

II. EU support through the WBIF

EIP State of play 2020-2023

#	Projects	Lead IFI	WBIF grant (m EUR)	Total cost (m EUR)	Beneficiary	Endorsement
1	Rehabilitation of Fierza Hydropower Plant	KfW	8.7	49	Albania	2020
2	Green Transport Tirana	KfW	32.1	111	Albania	2023
3	Belshi Solar Photovoltaic Power Plant	EBRD	9.6	42	Albania	2023
4	Rehabilitation and Modernisation of Čapljinina Pump Storage Hydropower Plant	KfW	3	19	Bosnia and Herzegovina	2023
5	Poklečani Wind Farm	EIB	43.7	200	Bosnia and Herzegovina	2023
6	Vlašić Wind Power Plant	KfW	20.9	92	Bosnia and Herzegovina	2023
7	Solar4Kosovo: Photovoltaic Plant	KfW	32.8	104	Kosovo*	2022
8	Solar4Kosovo II: Solar District Heating for Pristina	KfW	22.3	82	Kosovo	2022
9	Oslomej 2 and Bitola Solar Photovoltaic Power Plants	EBRD	5.1	26	North Macedonia	2021
10	Bogdanci Wind Park Phase 2	KfW	9.2	30	North Macedonia	2022
11	Rehabilitation of Six Hydropower Plants Phase 3	KfW	11.1	36	North Macedonia	2022

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II. EU support through the WBIF

EIP State of play 2020-2023

#	Projects	Lead IFI	WBIF grant (m EUR)	Total cost (m EUR)	Beneficiary	Endorsement
12	Strengthening Transmission Network in the Southeast Region of North Macedonia	EBRD	8	35	North Macedonia	2023
13	Trans-Balkan Corridor: Serbia – Montenegro – Bosnia and Herzegovina 400 kV Interconnection	KfW	8.8	41	Serbia	2021
14	Advanced System for Remote Meter Reading Phase 1A	EBRD	8.1	18	Serbia	2021
15	Kostolac Wind Farm	KfW	31	145	Serbia	2022
16	Reconstruction of Vlasina Hydropower Plant	EBRD	16	78	Serbia	2022
17	Rehabilitation of Bistrica Hydropower Plant	EIB	7.7	41	Serbia	2023
18	Vau i Dejës Floating Solar Photovoltaic Power Plant	EBRD	2.7	12	Albania	2021
19	Oslomej 1 Solar Photovoltaic Power Plant	EBRD	1.6	9	North Macedonia	2021
20	Energy Efficiency Investments in Healthcare Buildings	WB	2.2	28	North Macedonia	2023
	Total		285	1.2bn		

II. EU support through the WBIF

Energy sector – most recent TA grants

#	Projects	Lead IFI	WBIF grant (m EUR)	Total cost (m EUR)	Beneficiary	Endorsement
1	Offshore Wind Power Plant: Conceptual Design, Feasibility Study, ESIA	EBRD	2.1	700	Albania	June 2023
2	New 400 kV OHTL Rrashbull (Albania) – Arachtos (Greece): Feasibility Study, ESIA	KfW	1.1	64	Albania	June 2023
3	400 kV Interconnection OHL Brezna – Crkvičko Polje – Sarajevo: Feasibility Study, ESIA	EBRD	1.9	72	Montenegro	June 2023
4	Central-Balkan Corridor: Pre-feasibility Study, SEA	KfW	0.7	195	Serbia	June 2023
	Total		5.8	1,031		

II. EU support through the WBIF

EIP State of play 2020-2023



Electro-mechanical rehabilitation of 500 MW Fierza hydropower plant in Albania



Construction of a 12.9 MW floating photovoltaic plant on the Vau i Dejës hydro reservoir in Albania



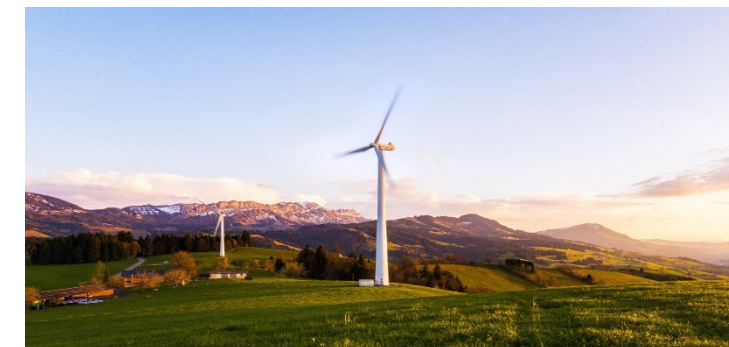
Installation of a 50 MW ground-mounted solar photovoltaic power plant in the Belsh area, Albania



Electric bus rapid transport system for Tirana, Albania



Electro- and hydromechanical rehabilitation of 220 MW Čapljina hydropower plant in Bosnia and Herzegovina



Installation of a 50 MW wind farm on the high plateau of the Vlašić mountain in Bosnia and Herzegovina

II. EU support through the WBIF

EIP State of play 2020-2023



Installation of a 132 MW wind farm in Poklečani in the West Herzegovina Canton



Construction of a 100 MW photovoltaic power plant on former ash dump fields at Kosovo A thermal power plant



Solar district heating for Pristina: 30 MW photovoltaic plant with seasonal storage and extension of the city's network by 50 MW



A 10 MW solar power plant was installed on the site of the exhausted coal mine in Oslomej, North Macedonia (completed in 2022)



Construction of 30 MW Oslomaj 2 and Bitola photovoltaic power plants in North Macedonia



Increase by up to 15 MW of the 36.8 MW wind park in Bogdanci, North Macedonia

II. EU support through the WBIF

EIP State of play 2020-2023



Electro-mechanical rehabilitation of six large hydropower plants with a total installed capacity of 443 MW in North Macedonia



Construction of 38.7 km of transmission and distribution lines and substations in the Southeast Region of North Macedonia



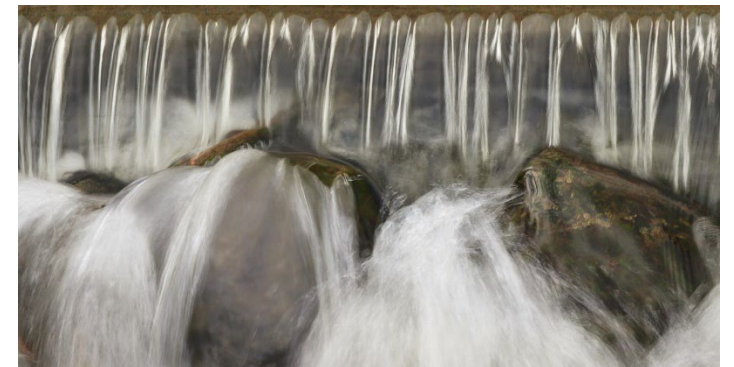
Renovation of 17 healthcare facilities in North Macedonia



Installation of a 66 MW wind farm on the site of depleted open-cast mines in Kostolac, Serbia



Electro- and hydromechanical rehabilitation of 136 MW Vlasina hydropower system in Serbia



Electro- and hydromechanical rehabilitation of 103 MW Bistrica hydropower plant in Serbia

II. EU support through the WBIF

EIP State of play 2020-2023



Construction of 84 km of double-circuit 400 kV overhead transmission line from Bajina Bašta to the Bosnia and Herzegovina and Montenegro borders, the last section of the Trans-Balkan Electricity Corridor in Serbia



Introduction of smart metres in the electricity distribution system in Serbia: deployment of smart meters in Kraljevo, Čačak and Niš

II. EU support through the WBIF

Regional Energy Efficiency Programme for the Western Balkans

- REEP blends policy support with loans, technical assistance and incentives to **support energy efficiency and renewable energy investments** in the public and private sectors in the Western Balkans
 - Support public authorities to prepare and implement energy efficiency projects
 - Credit lines through partner financial institutions
 - Lending to state entities and municipalities for public buildings
 - Policy Dialogue Support
- REEP new replenishment foreseen in 2025 (Estimated EUR 90 million IPA funding)

Regional Energy Efficiency Programme

Up to end 2021:

€**630**m

total investment mobilised

€**80**m

EU grant contribution

2022 replenishment:

€**102**m

additional EU grant funding

€**540**m

expected leverage

PARTNERS:



REEP results to date

REEP delivery	Beneficiaries	Impacts
Signed €297m in credit lines with >30 PFIs	~1,000 SMEs	Energy saved 964k MWh/y ~ 30% North Macedonia's residential el. consumption
Signed €196m direct lending (private & public)	~ 16,000 households	Avoided 540kt CO₂/year removing 135,000+ cars from the road
~90 policy deliverables	399 public buildings	Installed 121 MW renewable energy capacity
	across 700+ cities and towns	



REEP 2022 replenishment, most recent status

- **Conditions to draw EU funds** by the implementing IFIs were **fulfilled** by end 2023 / early 2024.
- **KfW**
 - 2 loans signed with **Serbia** for the projects **Energy Efficiency in Public Buildings III and Biomass in District Heating Systems II** in October 2023.
 - Project for **energy efficiency in student dormitories in North Macedonia** will be supported with additional REEP funds of €4.3 million to construct innovative **nearly-zero-energy buildings (NZEB)** end 2024.
- **EBRD**
 - Policy dialogue ongoing: 4-6 policy assignments planned mainly focusing on the **transposition and implementation of Energy Efficiency Directive and Energy Performance of Buildings Directive** in 2024
 - Intermediated finance: in 2023 **five partner financial institutions signed transactions with EBRD** totalling EUR 17.5m in loans and EUR 3.58 m of incentives for sub-borrowers. In 2024, loan signing volume is expected to exceed EUR 50 million with a total of 10 partner financial institutions.
 - Infrastructure investment grants: **5 priority projects in the pipeline on energy efficiency investments in public buildings and renewable energy in district heating**

III. Regional Programmes

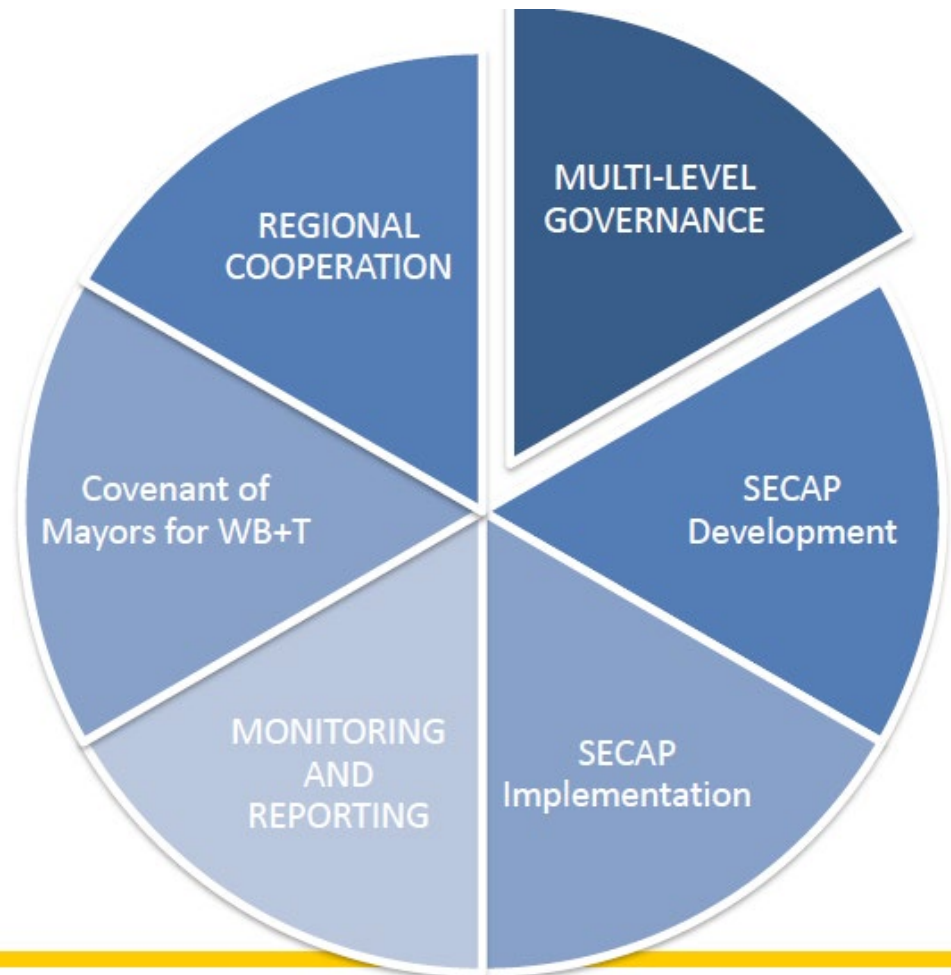
III. EU support through regional programmes

EU4Energy Transition: Covenant of Mayors for Climate and Energy in the Western Balkans and Türkiye

EU support to facilitate just transition for Western Balkans regions, industries and workers

III. EU support through regional programmes

EU4Energy Transition: Covenant of Mayors in the Western Balkans and Türkiye



Volume; EUR 9.3 million (co-funded by Germany)

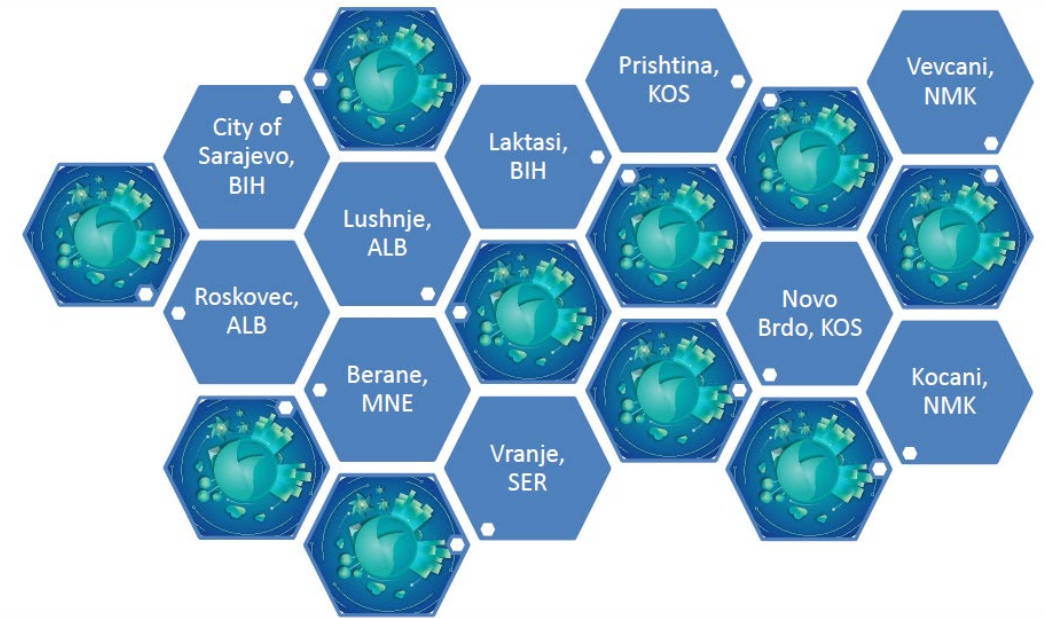
Duration; 1 March 2021 to 28 February 2025

Implementing Partners: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Central Project Management Agency (CPMA)

III. EU support through regional programmes

EU4Energy Transition: Covenant of Mayors in the Western Balkans and Türkiye

- Support to development and implementation of Sustainable Energy and Climate Action Plans
- Small-scale energy efficiency and renewable energy projects
- Examples:
 - (1) Roof insulation on a cultural centre in Berane, MNE
 - (2) PV to supply water pumps for agriculture in Roskovec, ALB
 - (3) PV for a wastewater treatment plant in Vevcani, NME



III. EU support through regional programmes

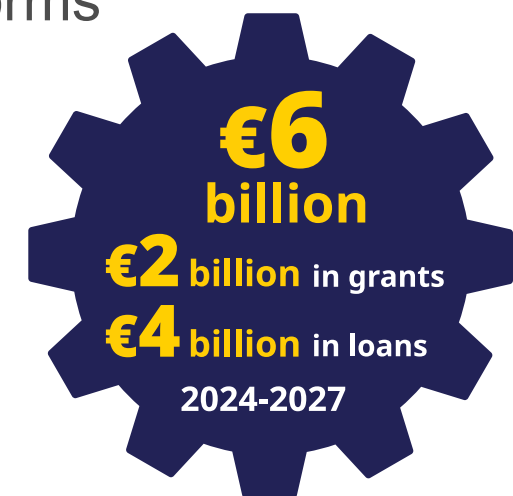
EU support to facilitate just transition for Western Balkans regions, industries and workers

- The action will continue the work started under the **Coal Regions in Transition for the Western Balkans and Ukraine** (CRIT WBUA initiative).
- The new action builds on the results of the CRIT WBUA initiative, but it will also broaden the scope; it targets energy intensive industries (in view of CBAM) and also strengthen engagement with the private sector and International Financial Institutions, as well as municipalities.
- In addition, it aims to support the implementation of **pilot projects** in the Western Balkans region.
- The budget will be EUR 5 000 000 (an increase compared to the funding provided under the CRIT WBUA).

IV. Reform and Growth Facility

Reform and Growth Facility

- Proposal of a new financing instrument: **the Reform and Growth Facility** for the Western Balkans, combining grants and loans. Each government to prepare a Reform Agenda linked to the implementation of **specific socio-economic reforms and reforms related to the fundamentals of the enlargement process**, including the rule of law.
 - Payment conditions linked to fulfilment of qualitative and quantitative steps
- Key objective to support the implementation of socio-economic reforms necessary to unlock economic growth potential
- **€3 billion** to go to **direct support to the national budgets** of partners.
- At least **€3 billion** will deliver investments through the **Western Balkans Investment Framework (WBIF)**.
- **Complements** the current financial assistance under IPA III.



3. Reform Agendas – Policy areas

Reform Agendas will focus on **socio-economic reforms** to unlock economic growth potential as well as **key fundamental reforms** aligned with the accession process:

Rule of law
and other
Fundamentals

Governance, Public
Administration
Reform, Public
Financial
Management

Private sector
development and
business
environment

Energy and green
transition

Digitalisation

Human capital

Priority reforms by policy area – Energy and green transition

Sub-Policy areas	Priority Reforms
Market reforms	<ul style="list-style-type: none">- Enable Integration into the EU internal electricity market (implementation of the electricity integration package under the Energy Community)
Decarbonisation policy	<ul style="list-style-type: none">- Adopt and implement National Energy Climate Plans- Implement Just Transition Roadmaps
Clean energy	<ul style="list-style-type: none">- Develop transparent and competitive procedures for deployment of renewable energy (e.g. through auctioning)- Implement the Renewable Energy Sources Directive and streamline permitting for renewables- Implement the energy efficiency <i>acquis</i> (e.g. increase renovation rate)
Carbon Pricing	<ul style="list-style-type: none">- Work on carbon pricing with the aim of having an Emissions Trading Scheme in place by 2030 (precondition for CBAM exemption for electricity exports)

Thank you



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