

Talking points by the RCC Secretary General *Majlinda Bregu*
at the
Leaders Dialogue “Implementing Green Agenda for Economic and Societal Prosperity in the Western Balkan”

Excellencies, Partners, Colleagues,

Meeting here today, just two days after the World Environment Day, is a great opportunity for us to take collective stock of the implementation of GA. A moment to reflect on the ways in which we can bolster it.

It is also an important momentum to reaffirm our “reform alliances” and our “coalition of the willing” - as the implementation necessitates a true Governments-EU-private sector-CSO nexus.

Finally, a crucial moment to see how the Berlin Process can be an even more important lever for regional energy security and green transition and how the announced Growth Plan’s pillars could boost the implementation of GAWB.

Dear colleagues,

In 2020, just a year after the EU, Western Balkans embarked on a regional political consensus around the joint climate-neutrality vision, the Green Agenda.

The Green Agenda of WB, developed and facilitated by RCC, is a good document, of commitment, a good example of this region’s shared vision with EU, but not a contract with binding mechanisms for economies to adopt. Why so? Because the implementation and enforcement of this plan is up to the national governments. All of them should meet the obligations through the adopted EU and Energy Community acquis, and National Energy and Climate Plans.

While WB clearly has the same finish line on climate neutrality as the EU, unfortunately the starting line unfortunately differs.

Climate change is becoming more and more expensive, representing an additional burden for the weak economies of the Western Balkans, where energy poverty is a major issue.

The energy crisis caused by the war in Ukraine brought about some new emergencies. The coal and fuel demand was high in Europe, where fuel consumption surpassed 8bn tonnes, for the first time in history, let alone the demand in the WB.

The international Energy Agency predicts that coal demand will remain higher until 2025. All Western Balkan economies, except Albania, rely on coal as their main energy source. More than half of energy supplies in Serbia, Bosnia and Herzegovina, and Kosovo* are derived from coal.

While coal and lignite heat the households during winter, the smoke comes with it. 67% of households still use fuelwood or solid fuels.

The region is over reliant on obsolete lignite-fired facilities of 16 thermal power plants that exceed the emission of 250 coal power plants present within the EU.

Every year, the high level of pollution causes 3,000 premature deaths, 8,000 cases of bronchitis in children and other chronic diseases, costing both the health systems and economies EUR 6.1-11.5 billion. In terms of years of life lost per 100,000 inhabitants, the largest impacts of hazardous emissions in Europe are registered in Kosovo* and Serbia. The annual economic cost associated with health risks from air pollution in Bosnia and Herzegovina, Kosovo* and North Macedonia ranges between 3.6% and 8.2% of GDP.

So, how to breathe deeply after all this?

Can the Green Agenda contribute to depollution, reducing carbon emissions, and meeting the ambition the region shares with the EU of becoming climate-neutral by 2050?!

Hard to say but it will be hard if we don't try.

First: the region has to make up its mind that the GA should not be seen as a decision that has been suddenly imposed by Brussels without considering our specific economic and energy characteristics.

First again: In the past period, EU has supported green transition of WB. So far EU has adopted financing for 40 flagship projects, with €1.8 billion in support and a total investment value of €5.7 billion. That is something; however the convergence gap still remains huge.

WB economies are poorer, so they cannot afford a) new and costly green assault on their economies, and b) their national energy systems are much more dependent on coal than those in the West.

Decommissioning and repurposing a lignite power plant ranges from 10 million to 50 million EUR per gigawatt of its capacity.

Average power plant in WB has the capacity of 0.25 GW. This means that the average price of "greening" would be between 2.5 and 12 million EUR. When it comes to power plants, old cost gold. Let me give you an example - the power plant of Tuzla in Bosnia and Herzegovina is 60 years old and is one of the largest sources of air pollution in Europe. Decommissioning and repurposing this power plant would cost from 7 to 35 million EUR.

Carbon-pricing instruments have not been introduced in the WB region yet, with the exception of Montenegro. An estimate of carbon emission cost shows that only in 2021 the cost of emission

* 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.

allowances for power produced would have reached EUR 3.8 bill. If internalised, the avoided costs of emissions would have amounted close to 1.5% of GDP of the parties to Energy Community and could have been used to offset, at least partially, the costs of energy transition.

GA implementation has proceeded in the permacrisis context that engulfed us all. Pandemics, war, energy, inflation crises, regional tensions, etc. – all piled up various existential treats for our region, threatening the relegation of GA. In a developing region, such as ours, the concerns are related to daily life and struggles, making it more difficult to think about the form and ways the future is threatened.

Leveraging our convening role and capacities, we have embarked on the difficult task of regional coordination. This includes managing the regional platform on the environment, as well as the newly launched NGO Forum. We are also in the process of establishing the Local Self Government Forum and regional donor coordination process. By fall, we will publish the first-ever comprehensive report on the implementation of the Green Agenda. This report is the result of extensive work by our team in cooperation with all regional actors involved in the implementation of the Green Agenda. Lastly, I remain optimistic that the Western Balkans will endorse the Regional Joint Statement on the Prevention of Plastic Pollution, including marine litter, at the upcoming Tirana Summit.

Ladies and Gentlemen,

Few crucial messages remain:

Our region must remain steadfast on the sustainable, green transition and decarbonisation path, despite pressing challenges. No U-turns on energy security and green transition are a viable option. Policy implementation: reliable, supranational monitoring mechanisms of the state of environment and related effective health effect enforcement mechanisms to ensure compliance; transparency and awareness-raising amongst the population about the negative effects of pollution; and socially just and inclusive action that tackles both pollution and energy poverty.

GAWB must be seen through the truly development and growth opportunities and positive perspective it has. GAWB cannot just be seen from a cost perspective. GAWB can be a source of substantive growth in the region. Recent examples of massive expansion in renewables capacities and building interconnectors in parts of the region are a step in the right direction. Important avenues for green growth lie in greening our transport and mobility, investing in energy efficiency, building upon EU's renovation wave. In greening jobs and investments.

GAWB is a dynamic and evolving initiative that, like a living organism, requires collective efforts of the governmental, private and non-governmental sectors to nurture, grow and shape towards a sustainable plan for the future.

Akin to the energy policy, which is a clear example of the potentials of early phasing in in EU's market and policies, the region needs earlier integration in relevant policies, mechanisms and funding instruments in relation to environment and climate change. Welcoming the Energy Support Package, integration of our region in EU's REPowerEU plan, and common gas purchasing initiative - further

support, integration in EU mechanisms and finances are needed for the region whose convergence gap with EU is growing. The capital-intensiveness of green transition and energy security and alignment with EU standards is massive.

Investment in environmental and energy resilient WB is a long-term investment in EU. Though the brunt of responsibilities for GA implementation lies with governments in the region, ownership both by region and EU is essential for results.

Ramping-up regional cooperation and integration in EU's energy and environmental initiatives is the solution forward. The Regional Climate Partnership between Germany and Western Balkans announced within BP can be an important part of the solution.