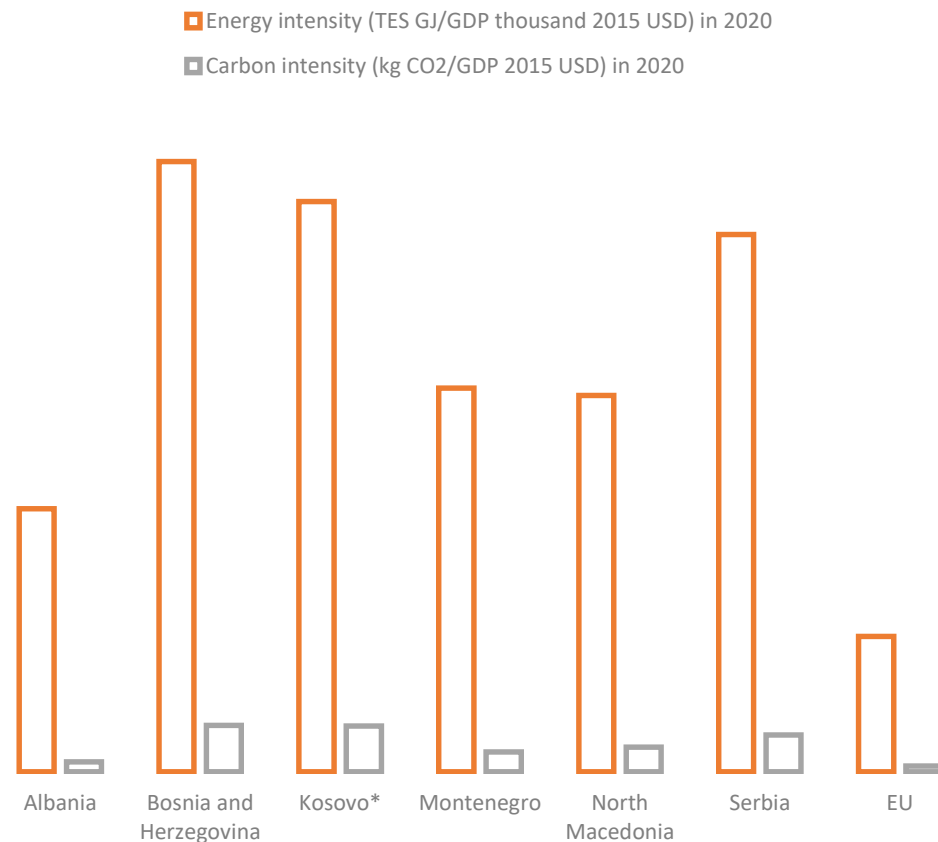


ENERGY POVERTY IN THE WESTERN BALKANS

How local governments can benefit of EU, national and local support?

19th September 2023

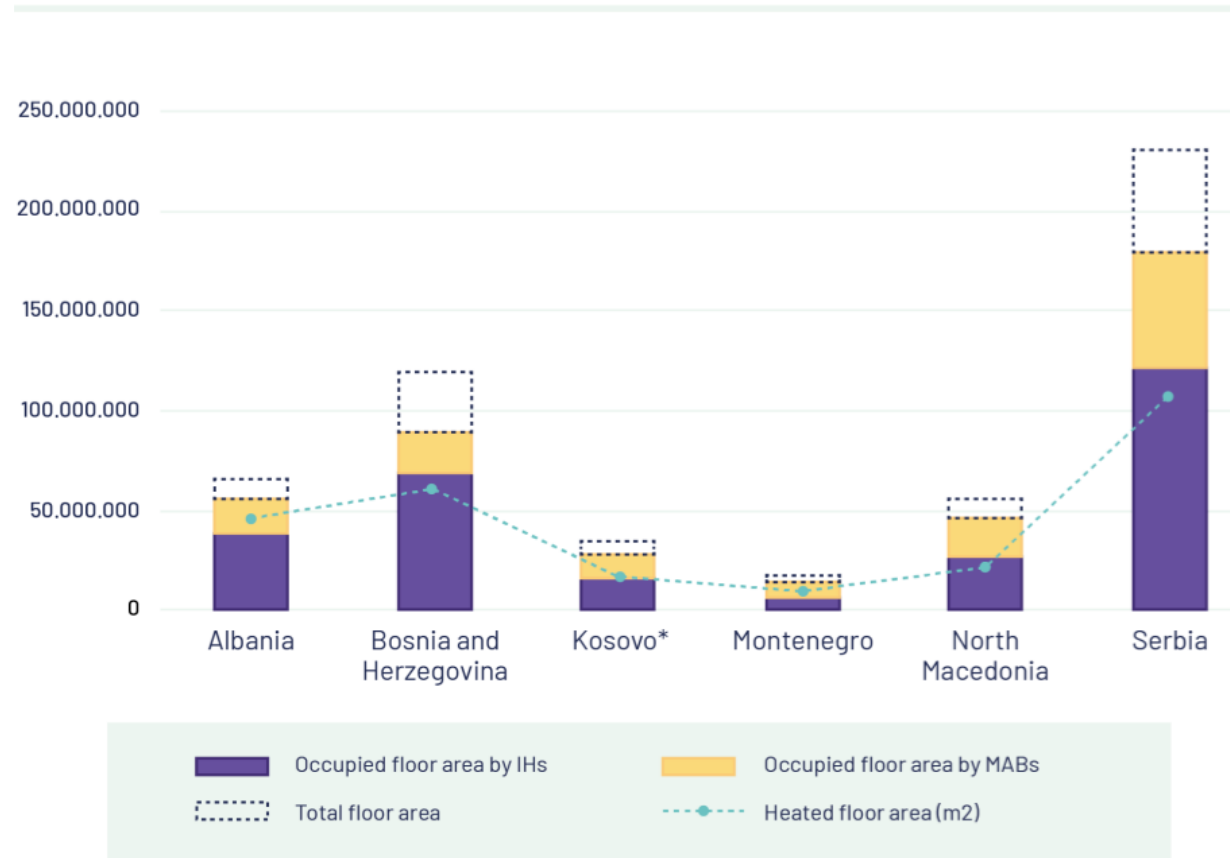
Energy and carbon intensive WB economies



- Six of seven countries with the largest number of years of life lost per 100,000 inhabitants associated with exposure to PM_{2.5} were the WB countries according to EEA
- 18 M people 5.5 M households

Buildings

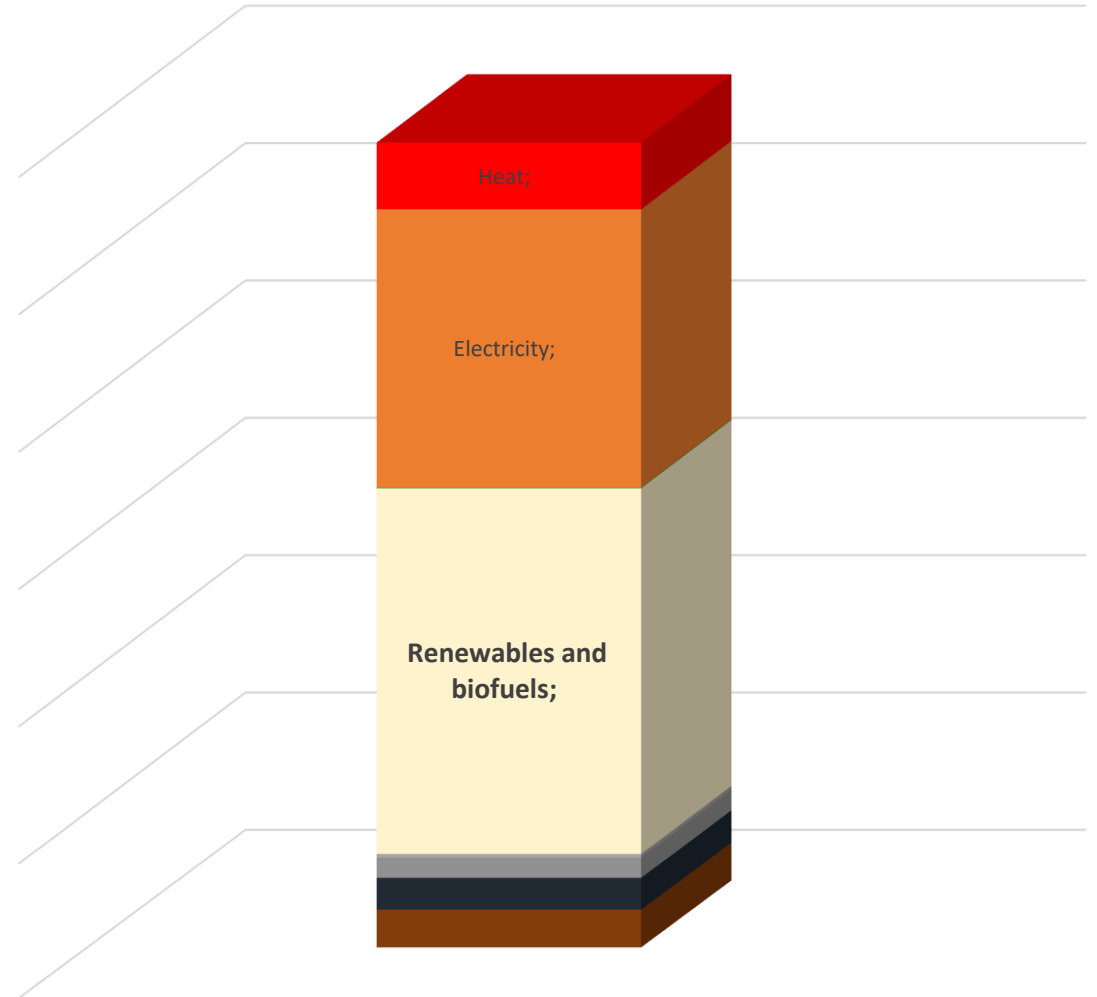
- Under the assumed renovation rates which are in line with the EU renovation wave ambitions, and which are much higher than current rates, WB will surpass the 50% share of renovated floor area only in 2038.



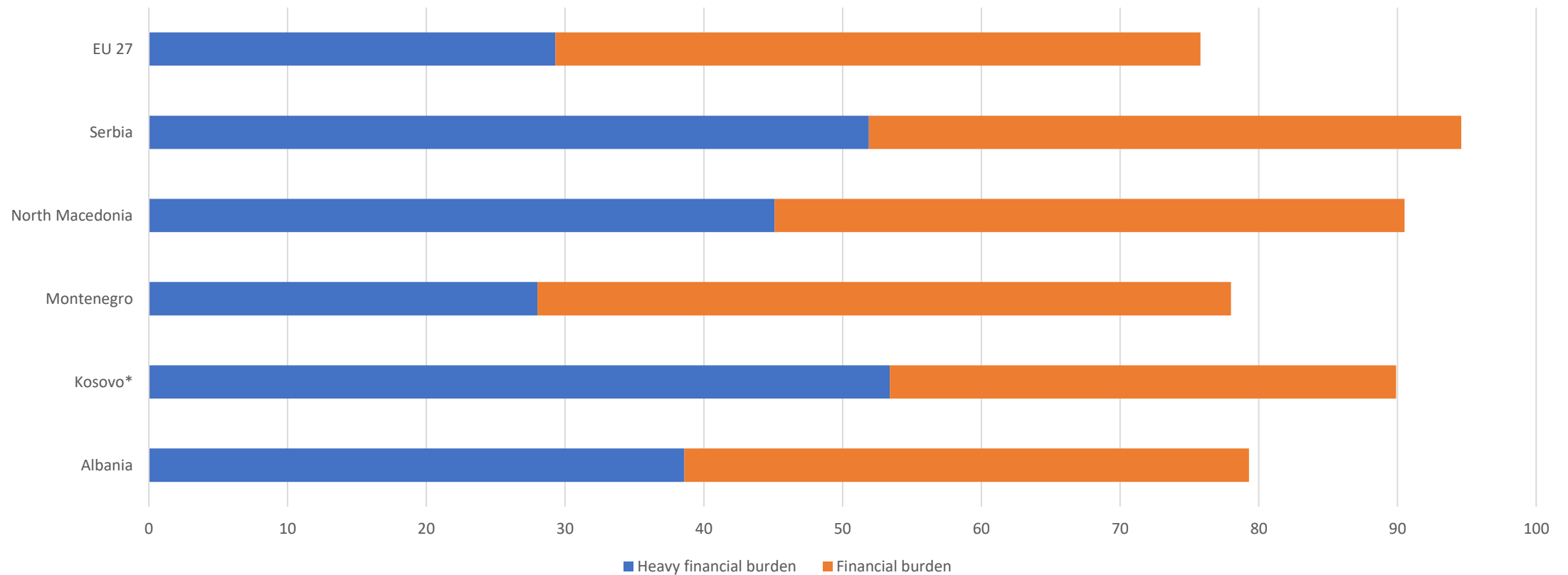
3 million

- Individual heaters (stoves, ovens, masonry stoves) are the most widespread devices used for heating in the WB. Almost 3 million households rely on heat produced in such devices. Real-life efficiency of these devices is estimated to be in the range from 30-40%. 125 000 new such devices sold annually across the region.

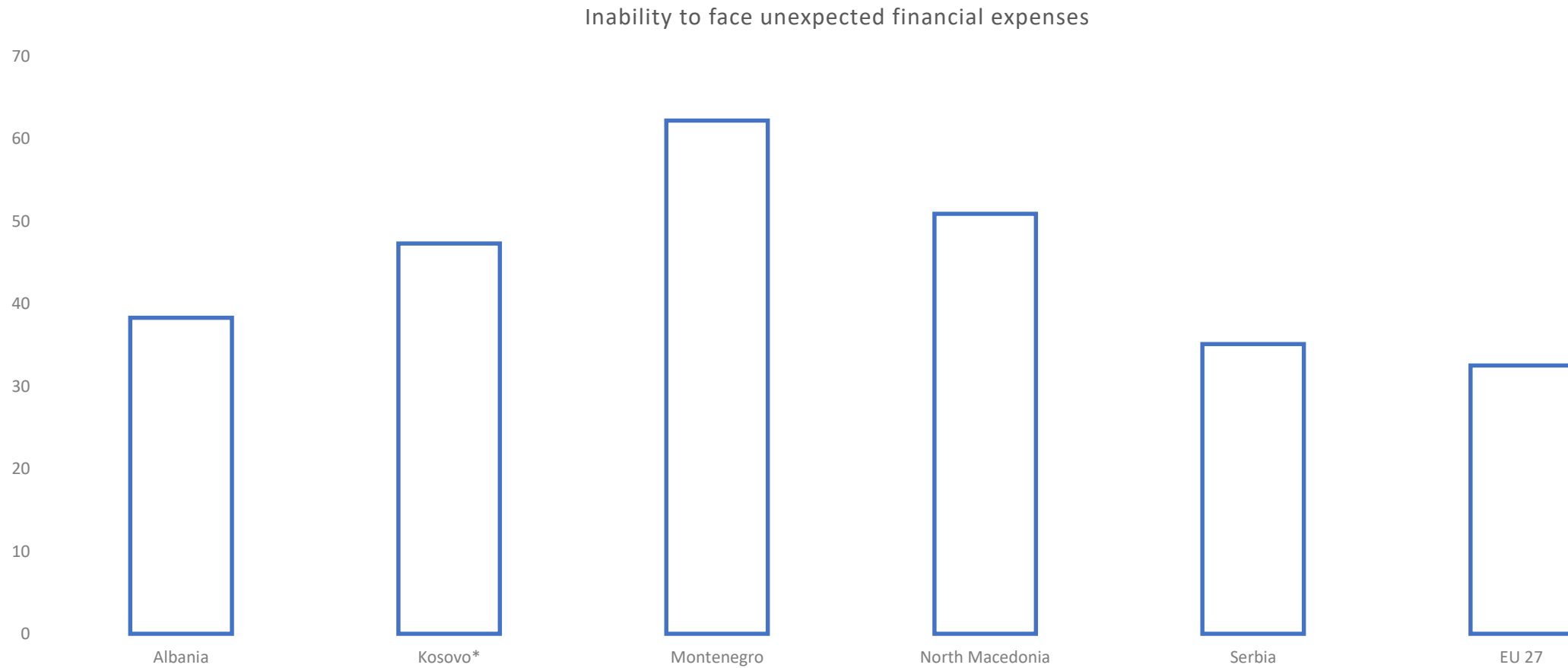
Final energy consumption (TJ) in households per fuel type/energy carrier in 2020 in the WB



Share of households experiencing 'financial burden' and 'heavy financial burden' due to the housing costs (%)



Inability to face unexpected financial expenses



The smarter heat “value-chain”

Fuel (Wood) Mgt.

- Processing
- Drying
- Burning

Building efficiency

- Typology of buildings
- Awareness
- Capacity/ purchasing power

Current Device

- Technology
- Use / burning practices
- Maintenance.

Change options

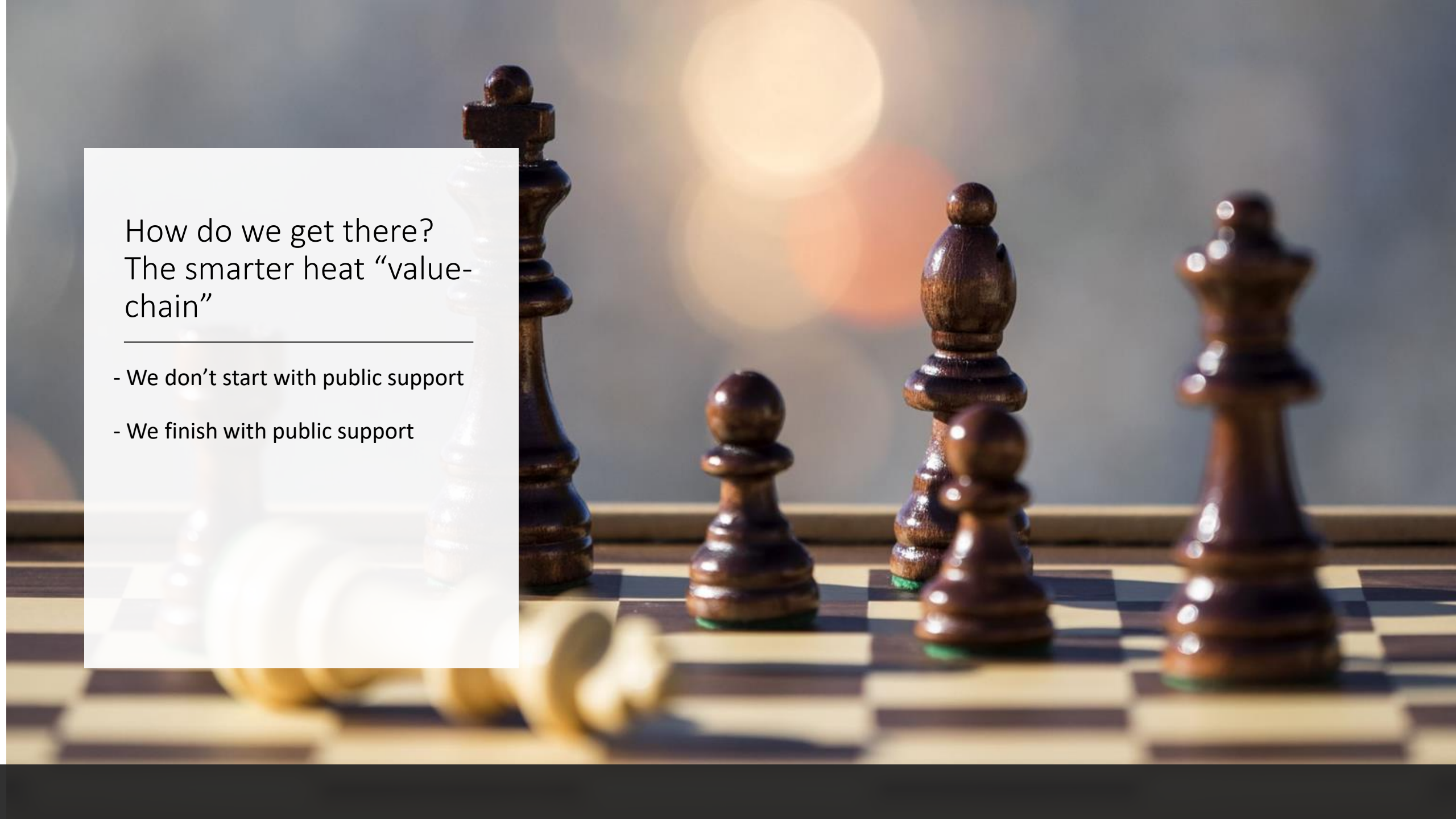
Technology
Availability
Market segments
Investment NPV
User preferences

Financing

Users
Vendors
Retail bank

Public support

- Local govt
- National
- Donor

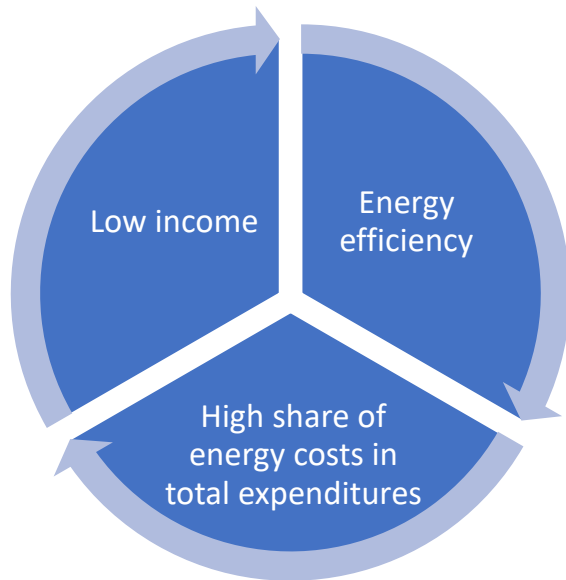


How do we get there?
The smarter heat “value-
chain”

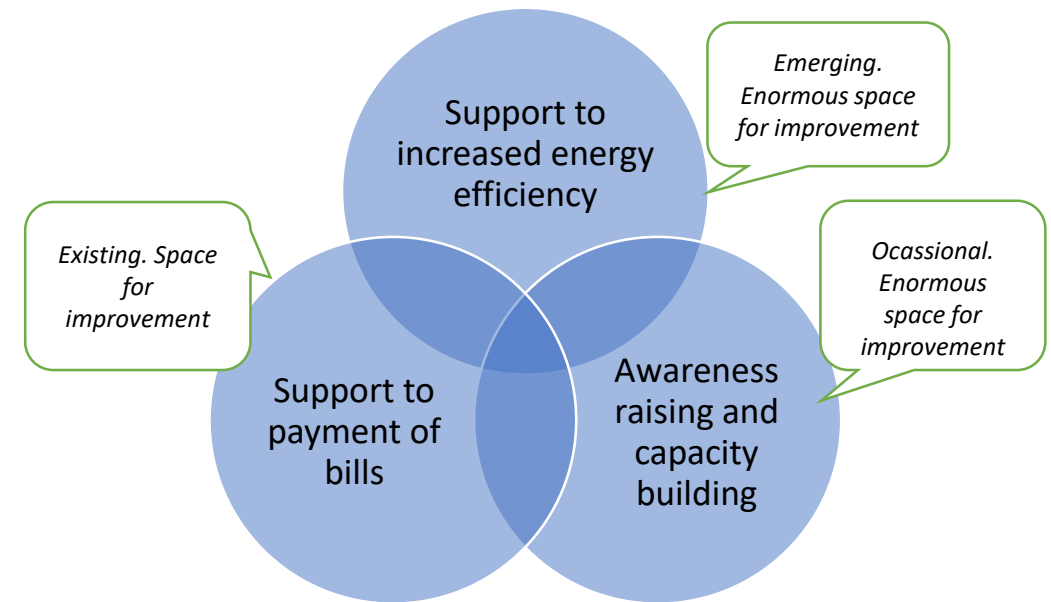
- We don't start with public support
- We finish with public support

Energy poverty and how to overcome

ENERGY poverty



Possible interventions





Key challenges

- Targeting
- Measures design
- Financing

- **Capacity development and continuous direct technical support needed at both central and local level**

100% subsidy, centralised procurement, private donors participated

Single measure

Eco-design compliant wood stoves/cookers in Priboj, Serbia

Social care centre selected the beneficiaries

Old devices scrapped

10 million EUR,
100% subsidy

First come-first
served, priority
access for
low-income

Air-to-air heat pumps in North Macedonia

Single
measure

Old devices
scrapped

Three largest areas of country level IPA II & IPA III energy support (2014-2022)

Out of all programmed IPA country support 2014 to 2022 that we labelled as energy related, almost 70% were allocated around only three topics, two in Kosovo* and one in Serbia

All three target fossil fuel energy infrastructure

Area of support	EUR
Kosovo A and B coal power plants	95,000,000.00
District heating in Priština	33,600,000.00
Niš - Dimitrovgrad	49,600,000.00


IPA 2014-2022 programmed energy support vs. energy package – immediate measures 2022



Total IPA 14-22



22 energy package- immediate measures



The direct budgetary support creates a great uncertainty about the utilisation of the funds for at least two reasons

- The first relates to the lack of progress in the rule of law of the WB countries on their path to the EU. The EU progress reports for the individual WB countries continuously highlight the challenges in the reform process related to the rule of law. As a result, the progress in the EU integration process is now conditioned with the *fundamentals first* principle.
 - The second is in regards of the envisaged design of the immediate support. By locking in available funds in such a flexible way, the room for other measures to combat energy poverty could be significantly narrowed down.
-

Existing supranational tools- adjustment needed

*EC policy
recommendations*

*Policy guidelines on
identifying and addressing
energy poverty in the
Energy Community
Contracting Parties*

How to increase benefits of the EU energy related support to the WB?

introduce new dedicated programming and implementation mechanism on the WB/national level

thoroughly rethink and redesign the EU support programming accompanied with the appropriate national framework

the utilisation of immediate support needs to be better monitored and conditioned

WHAT...

...are synergies and coordination potential (who would work jointly, on what)?

...is program timeframe, capacities?

...are human and financial resources, limitations?

... is the modality of implementation?

