

Role of Public Finance in Western Balkans' Energy Transition

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Balkan Gas Conference, 17 October 2024



State of play

- WB power capacity dominated by coal (8.9 GW) and hydropower
- utility-scale solar and wind fleet comprises just 7% of the current electricity mix (1.5 GW); under construction 1.3 GW (GEM & Bankwatch report 2024)
- 2.6 GW of potential gas-powered capacity additions (GEM & Bankwatch report 2023)

The energy mixes of the Western Balkan countries in 2020 (share of total energy supply)

| | Coal | Oil and oil products | Fossil gas | Renewable energy |
|------------------------|-------|----------------------|------------|------------------|
| Albania | 7.7% | 53.0% | 2.1% | 37.3% |
| Bosnia and Herzegovina | 53.8% | 20.6% | 2.3% | 23.2% |
| Kosovo | 57.4% | 27.6% | | 15.0% |
| Montenegro | 37.8% | 32.5% | | 29.7% |
| North Macedonia | 31.6% | 41.4% | 11.7% | 15.2% |
| Serbia | 49.6% | 22.0% | 12.5% | 15.8% |
| EU average | 11.0% | 31.9% | 25.0% | 18.5% |

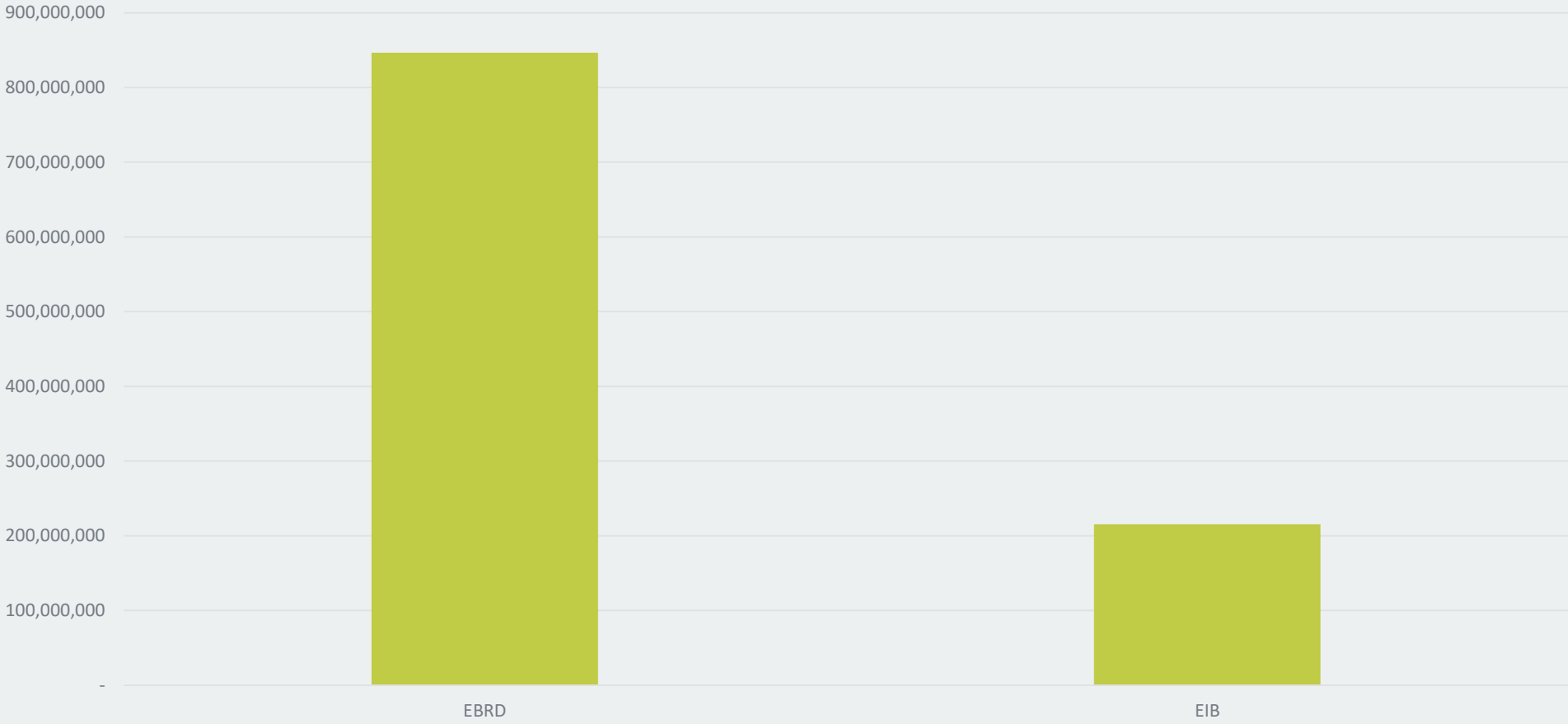
Source: IEA 2024

Public Finance in Western Balkans

- IFIs lending policies exclude coal and oil financing
- EIB ended FF financing (2021)
- EBRD, WBIF and US DFC - some gas eligible (pipelines & power plants)

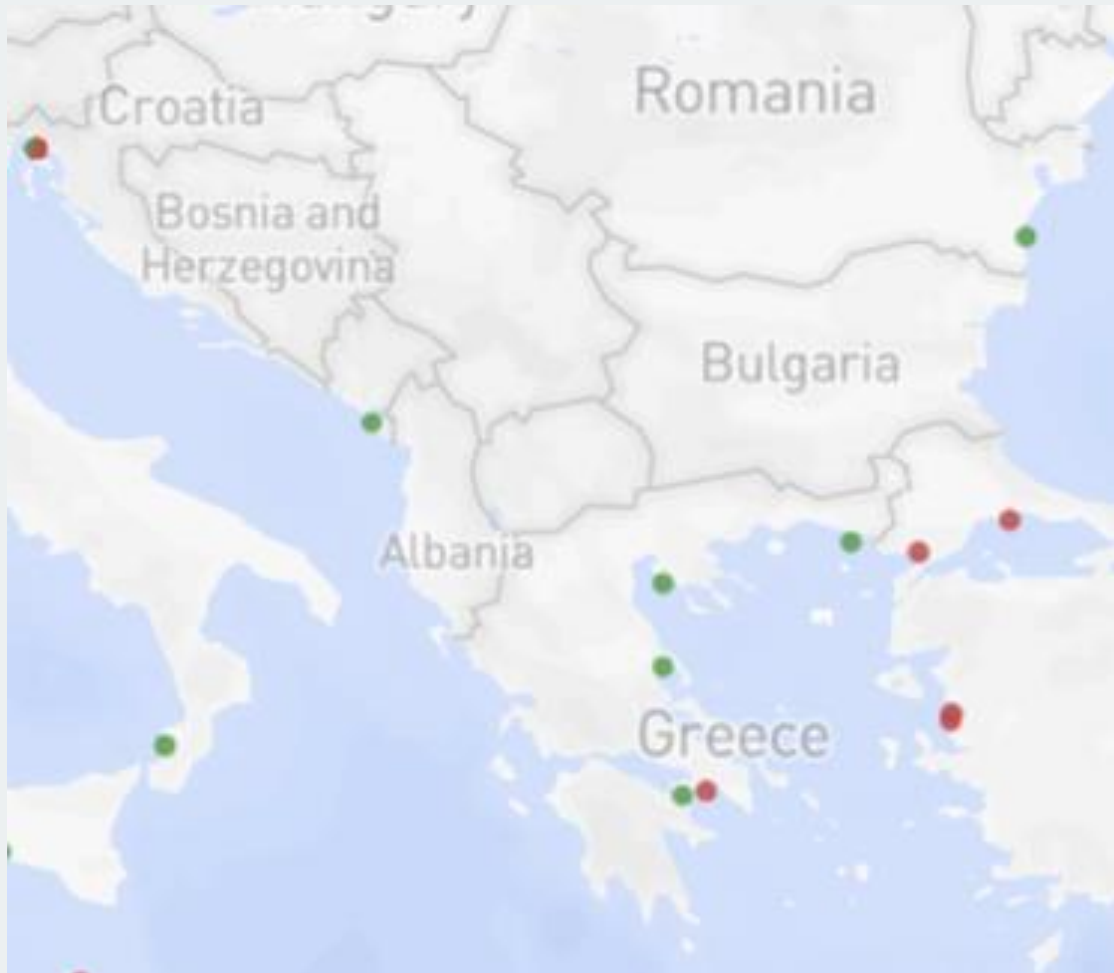


Public Finance in Western Balkans 2019-2024



Source: Bankwatch 2024

Gas supply – LNG terminals



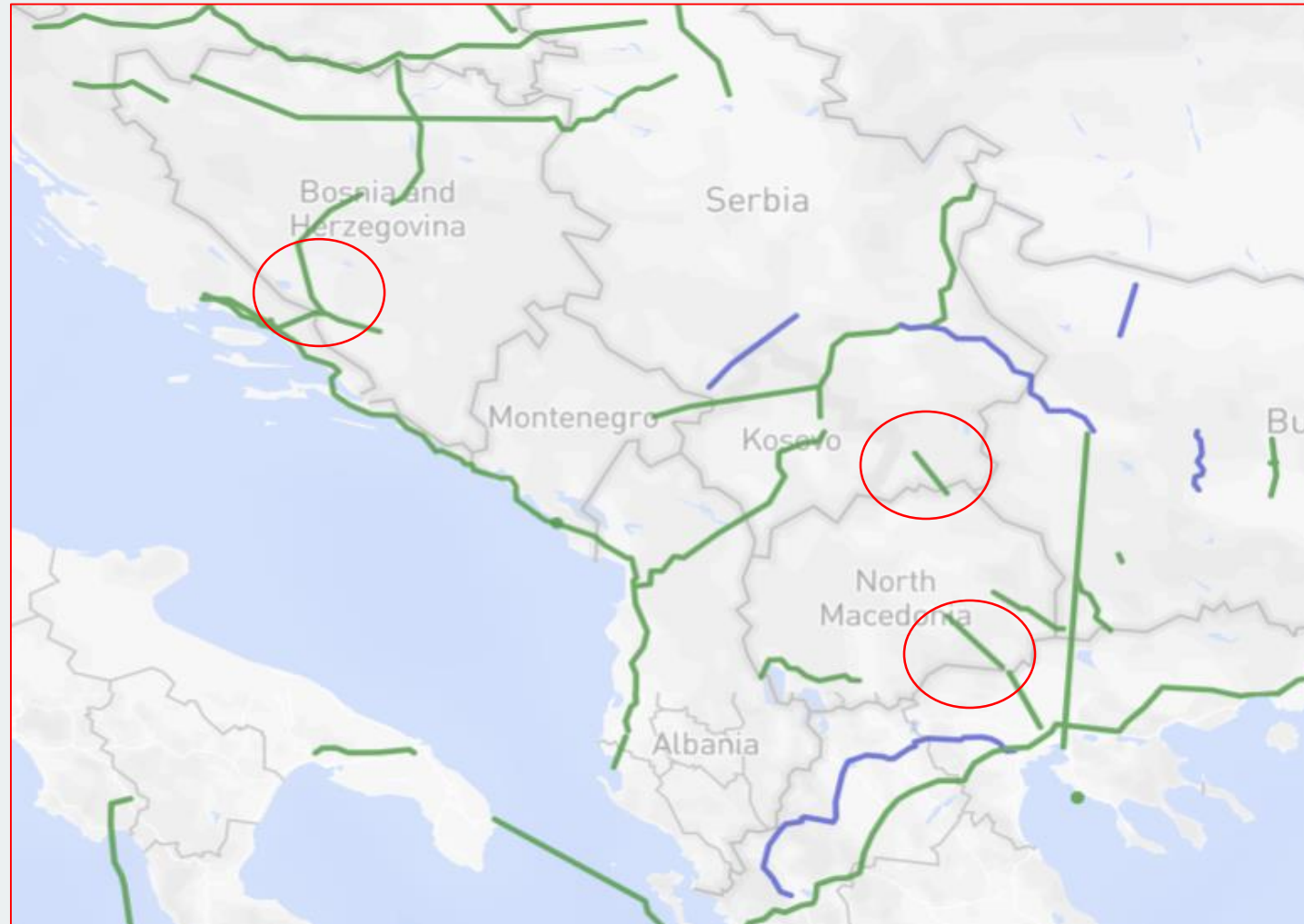
- Operating terminals
- Planned

Source: GEM 2024

Gas supply – Southern Gas Corridor (SGC)



Gas supply – planned gas interconnectors



North Macedonia – Greece gas pipeline



- issues: public consultations, emissions, project size & purpose, state aid, expropriation
- complaints to EBRD and the Energy Community

Conclusion

- Lack of gas: an opportunity!
- Coal-to-clean switch could avert an estimated 103 million tonnes in lifetime CO2 emissions; save more than €9 billion in energy costs and stranded assets (GEM, 2024)
- Public finance: Sustainable renewables, grids (strengthening to achieve clean flexibility), energy efficiency, increase of administrative capacity



Thank you!



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