

## Framework, Benefits and Costs of Renewable Energy in the Western Balkans

**Experts from the energy sector, politicians and civil servants, and representatives of numerous non-governmental organizations took part in a Regional Renewable Energy Symposium on April 25th in Sarajevo, Bosnia and Herzegovina. The Konrad-Adenauer-Stiftung's Sarajevo office enjoyed the support and partnership of the Joint Committee on Economic Reforms and Development of the Parliamentary Assembly of Bosnia and Herzegovina in the symposium's implementation.**

The organizers sought to connect key actors from the Western Balkans and the European Union (EU) who, together, will be committed to fulfilling the EU's standards and securing the region's energy future. The symposium included a Networking Forum, a Renewable Energy Fair and a conference in the Blue Hall of the Parliamentary Assembly of Bosnia and Herzegovina. A large and diverse number of participants, who travelled from both of Bosnia and Herzegovina's entities, Brčko District and abroad, attended the symposium. The guests were high ranking representatives from the parliaments, ministries, economic chambers, business, as well as from the universities and the NGO sector.

Upon opening the conference on April 25th, the organizers noted that, "the motor of development for any society is energy." However, highly industrialized countries have traditionally relied on finite energy sources for their economic development. The same is true of the former Yugoslavia. Today, the Western Balkans is at a crossroads. The countries of the region must decide between a future aligned with the EU's standards and

committed to the development of renewable energies, or one in which they risk environmental degradation and the rising cost of fossil fuels.

For symposium participants, this vital decision is clear. Throughout the course of the conference, speakers pointed out the obvious benefits of developing renewable energies. These include the creation of an environmentally friendly, sustainable energy supply, economic growth and a catalytic force for science, research and new technologies.

In the case of Bosnia and Herzegovina, securing the country's energy future will require political, legal, financial and technological adjustments. Current barriers to the introduction of renewable energy in the region do not constitute a "mission impossible." Rather, as the Ambassador of the Federal Republic of Germany to Bosnia and Herzegovina, Ms. Ulrike Maria Knotz, explained, "the time has come for new strategies" that will allow experts and entrepreneurs across the region to work together.

Mr. Miroslav Kukobat, Head of the Energy and Infrastructure Unit of the Regional Cooperation Council, noted that "a high level of cooperation represents the correct path" for addressing energy challenges. Guests from the Republic of Croatia, which will accede to the EU in 2013, shared their expertise and experience with representatives from Bosnia and Herzegovina. The Croatian example demonstrates that while taking on the EU's energy standards, as defined in the *acquis*, is no easy task, it can and has been done.

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Ms. Sanja Ivelj, an Expert Advisor in Croatia's Ministry of Economy, Labor and Entrepreneurship told conference attendees how her country harmonized its laws in the energy sector with those of the EU. "Croatia's strategy is the EU's strategy," said Ms. Ivelj. In the case of Bosnia and Herzegovina, harmonization of laws at the state level proves consistently challenging given the country's complex political system in which the entities enjoy a high degree of autonomy. However, Ms. Ermina Salkičević-Dizdarević of the state-level Ministry of Foreign Trade and Economic relations pointed out that, "both entities have adopted regulations for the use of renewable energy sources."

These regulations must now be implemented. "The first step is legislation, but the next is implementation of the adopted laws," warned Mr. Slavtcho Neykov of the Secretariat of the Energy Community Treaty. Thus, two of the concrete challenges Bosnia and Herzegovina will face as it seeks to prepare its legal framework for the use of renewable energies are the harmonization and implementation of the EU's directives. Another significant challenge will be garnering the foreign investment to make renewable energy projects possible.

If Bosnia and Herzegovina hopes to carry out renewable energy projects on its territory, such as the construction of wind farms or small-scale, private plants that make efficient use of its rivers, as recommended by Mr. Libor Krkoska of the European Bank for Reconstruction and Development, increased foreign investment is essential. Unfortunately, the combination of Bosnia and Herzegovina's complicated political system and lack of transparency often scares away would-be investors.

Mr. Sead Miljković, Vice President of the Foreign Investors Council of Bosnia and Herzegovina, painted a troubling picture for potential investors, noting that out of the 112 concessions granted for projects in the Republika Srpska, only three have been implemented. This is due to concession laws in need of significant reforms in both entities, poor planning and potential corruption.

Corruption is precisely what holds the Western Balkans back from making progress in multiple sectors according to Saša Šegrt, Director of Transparency International's Croatian office. Instead of realizing modern, sustainable and environmentally-friendly projects for which funding has been allocated, Bosnia and Herzegovina is instead left with outdated, inefficient infrastructure. Legal reform and transparency are of critical importance if Bosnia and Herzegovina's leadership hopes to secure significant foreign investment that will allow the country to introduce new – and often expensive – technologies.

The Western Balkans will need the right technology to reach its full potential in the renewable energy sector. Dr. Olaf Heil of RWE Innogy GmbH noted that Bosnia and Herzegovina "has the second highest potential, directly following Romania," of all Southeast European countries. The country clearly enjoys a privileged position in terms of its hydro resources.

Despite the hydro sector's prevalence, the potential for developing other renewable resources such as biomass, wind and solar energies must be further explored. "Don't forget wind," said Mr. Bakir Đonlagić, Head of the RE Section at Končar, Zagreb's Electrical Engineering Institute. Providing a similar sentiment, representatives of the Center for Development and Support (Centar za razvoj i podršku), a Tuzla-based non-governmental organization, displayed the solar panels they produce at the Renewable Energy Fair held in Bosnia and Herzegovina's Parliamentary Assembly. "We want to show people what is possible," said Mr. Ismet Salihović. "If we're going to get citizens to understand these new technologies, they must be accessible."

Introducing renewable energies to the countries of the Western Balkans is a process that is happening – slowly but surely – as the region aligns its energy policies with those of the EU. Since neither energy nor environmental damage can be contained by state borders, a regional approach is critical. Bosnia and Herzegovina should seize the opportunity to work constructively with

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its neighbors by “making use of local resources and then entering into productive partnerships,” said Ivan Bobovčan, Head of the Energy Sector at Siemens Croatia.

After an informative and successful day, the conference participants concluded that if Bosnia and Herzegovina is to meet its potential in the renewable energy sector, it will be necessary to:

- Harmonize and implement relevant laws and regulations, which are in line with the EU’s energy policy
- Design and implement projects making use of renewable resources that are friendly to both the environment and local populations
- Create an environment that is enticing and understandable for foreign investors
- Work in productive partnerships with regional neighbors
- Inform the general public of the benefits using renewable energy can provide