

## 4<sup>TH</sup> MEETING OF THE WESTERN BALKAN INVESTMENT FRAMEWORK (WBIF) STRATEGIC BOARD

### MINUTES OF THE MEETING

29 June 2023

**Venue:** Hotel Sommerro Oslo, hosted by the Norwegian Ministry of Foreign Affairs

**Participants:** list of participants annexed.

#### **I. Introductory remarks by the WBIF Co-Chairs**

The meeting opened with introductory remarks by the WBIF Co-chairs:

- Katarína Matheriová, Deputy Director-General DG NEAR, European Commission, and
- Frode Overland Andersen, Director General, Department for European Affairs and International Trade, Norway, in representation of the WBIF Bilateral Donors.

**EC-NEAR** Deputy Director-General Matheriová, in her introductory remarks to her last Strategic Board meeting as WBIF chair, recalled how WBIF has been able to adapt and evolve to fit the purpose of the new realities, notably the COVID19 crisis, the invasion of Ukraine and its consequences on the energy crises. The WBIF ultimate objective has always been to stay by the side of the Western Balkans.

She recalled that the implementation of the Economic and Investment Plan for the Western Balkans (EIP) is in full swing, and first results on the ground are starting to come in. Still, there is the need to accelerate implementation to achieve the expected socio-economic convergence to the EU of the region. The WBIF has an important role to play in contributing through investments to advance on several key sectors on reforms and policy objectives implementation. The unique inclusive way of working of its members will facilitate all the needed future transitions in its modus operandi to keep this platform and financial vehicle fit to the new times and move the region closer to the EU.

**Norway** welcomed participants and mentioned challenges that apply to the Western Balkans, including high unemployment, high inflation and others. WBIF is a fundamental tool not only for the Western Balkan partners' EU perspective, but also a vehicle that rapidly addresses multiple challenges. Norway confirmed their continued commitment to support the Western Balkans, in particular through investments in the social sector and to underpin the region digital and green transition.

#### **II. Adoption of the agenda and the minutes**

The 4<sup>th</sup> WBIF Strategic Board members adopted, by consensus, the agenda of the meeting and the minutes of the 3<sup>rd</sup> WBIF Strategic Board (Brussels, 5 December 2022).

#### **III. Opening interventions of WBIF stakeholders**

The **EU Council Presidency, Sweden**, mentioned the importance of the enlargement policy and the positive momentum of the delivery of investments and reforms in the region through WBIF, applying the "Team Europe" approach.

From the perspective of the **European Parliament**, **MEP** Tonino Picula emphasised the importance of rigorous application of the “rule of law”, solidarity and regional integration and noted economic advances in the region. Yet, there is a noticeable lack of political will to address certain reform-related issues.

The **Western Balkans Partners**<sup>1</sup> mentioned their challenges in addressing issues pertaining to the energy and cost of living crisis and highlighted their efforts concerning Just Transition, green and digital transition, economic growth, communication and visibility and emphasised the value of inclusiveness under WBIF.

**Norway**, representing the **Bilateral Donors**, underlined the importance of adopting the new General Conditions, to conclude the governance updates. The Bilateral Donors remain firmly committed to co-finance small-scale high-impact projects. At the same time the Bilateral Donors are concerned about the recent developments in some Beneficiary Countries, which are not in line with the EU values. They hinder the respective countries’ path towards EU rapprochement and EU membership, and lead to consequences which also have impact on the work of the WBIF. **Croatia** aligned with the bilateral donors’ statements and expressed discomfort with the removal of projects submitted by one beneficiary to WBIF in 2023, and surprise on the procedure. Croatia sees this measure provisional and reversible and hopes that the four projects submitted by Kosovo\* will be re-considered as soon as possible, once the current situation is resolved.

The **EIB** mentioned the WBIF central role in the rollout of the EIP, the importance of the “Team Europe” approach and the relevance of just energy transition for the alignment of the region to the EU-aligned climate and energy targets and socio-economic resilience.

#### **IV. Update on political developments in the Western Balkans**

**EC-NEAR** mentioned the geo-political developments and reiterated that the European Union stands firmly by the Western Balkan partners in mitigating the consequences of the Russian war of aggression in Ukraine. The EC President, in May, announced a new “Growth Plan”, which underlines the importance of the regional economic integration, based on EU rules and standards; of a better integration with the EU single market through deepening reforms needed to accelerate the economic convergence of the region with the EU and to strengthen stability. The Commission is ready to support this plan with increased pre-accession funding in addition to technical support, which is particularly important when it comes to the single market and is looking forward to the endorsement of the outcome of the mid-term review of the multiannual financial framework 2021-2027 by the European Council and the European Parliament.

The **Netherlands, France and Spain** showed support for deepening the region socio-economic integration including on conditioning investments and assistance to reforms.

#### **V. Western Balkan Economic Outlook**

**EBRD** presented the outlook for the economic growth in the region, which, while noticeable, is still “slow” across the region and subdued. Reasons include high inflation, low level of regional integration, demographic issues (low birth rates, emigration), and skills mismatches with the labour market. At the

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<sup>1</sup> Kosovo did not participate in the 4th WBIF Strategic Board meeting.

\* 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.

same time, these barriers, if removed, also present an opportunity to improve the quality of growth, as would the use of public-private partnerships.

## **VI. Economic and Investment Plan for Western Balkans implementation: State of Play**

**EC NEAR** presented the state of implementation of the EIP in the Western Balkans. At present, the total EU contribution in the region has reached €3.7 billion, with an expected leverage of €9 billion. Significant support has been given to renewable energy, transition from coal and the renovation wave. While substantial investments can be noted in the waste and wastewater management infrastructures, greater uptake of projects could be encouraged. There are very limited investments in digital infrastructure with significant room for improvement, while investments in support of the private sector competitiveness show high potential impact.

## **VII. Policy implementation, reforms, investments in the transport sector**

The **Transport Community Secretariat** highlighted the importance of the transport Action Plans, produced *from the region and for the region*, and addressing infrastructure and reforms priorities. The Transport Community is updating the Plans. A stronger link to policy reform and small-scale projects will be reflected in the new versions. Main challenges include large financing gaps for infrastructure, lack of capacity and, partly a slow pace of reforms, e.g. those related to border crossing points.

## **VIII. Advancing on Just Transition in the Western Balkans**

The objective of the session was to take stock of just transition initiatives in the region, particularly on the pressing need to couple the energy transition of the affected areas with active support to workers impacted by the energy transition, including through upskill and reskill.

**EC ENER** reiterated the importance of the green transition of the region, recalled the important mandate of the Energy Community for the region and current preparation of the NECPs. Just transition represents an important component of the overall green transition as they combine economic and social support actions to mitigate the impact on the citizens and the workers of affected areas. The importance of stable governance frameworks for the integration of the Western Balkans into the EU energy market was also mentioned.

**EC NEAR** described the objective of the IPA 2024 Just Transition Initiative in the making to support the transition to sustainable and climate-neutral economies in the region, with a focus on a just and fair transition away from coal and carbon-intensive industries.

**UNDP** presented the just transition project in Montenegro (video [link](#)) that includes a strong local social dimension, such as re-skilling and education, gender equality and youth inclusion. The representatives from Montenegro reiterated the importance of just transition for the most affected areas.

**EBRD** presented the just transition road maps for Serbia and North Macedonia. There is a need for structural diversification of the labour market (from labour to knowledge intensive) with about 100,000 jobs at risk in the region (coal power plants and mines). The costs are very high, and the engagement of the private sector is necessary, e.g. public asset financing and private operations of renewable (green) energy generation, regional grid strengthening and introduction of carbon pricing.

**North Macedonia and Serbia** representatives briefly commented on the EBRD work, reiterating the importance of advancing on just transition in an inclusive way to mitigate the effects on the citizens of the affected areas.

**AFD** emphasised the importance of social aspects of just transition approach and shared their experience, including the current work with the World Bank and KfW on energy reform in Serbia.

The **Energy Community Secretariat (ECS)** updated on the current state of play of the National Energy and Climate Plans (NECPs) and highlighted the importance of just transition national plans. They informed that a regional just transition forum is planned on 4 October 2023 in Skopje.

The **EIB** presented the Bank approach to just transition as part of its Just Resilience Strategy. The **World Bank** announced a pilot project in Bosnia and Herzegovina on just transition. **Albania** requested that the benefits for citizens should be central to any just transition initiatives. The **CEB** emphasised the importance of 3 social aspects in the design of just transition initiatives and plans: (1) education and skills development, (2) job creation and (3) relocation, notably housing. **KfW** mentioned a high risk of political opposition to just transition for the impact on the labour market. **Croatia** seconded Albania and recommended a strong link of reforms to investments.

**EC NEAR** wrapped up this session and noted the magnitude of challenges that just transition imposes. More work is needed to align all the just transition initiatives in the region and WBIF could have a role in contributing to the implementation of plans in the making in the different economies and on advancing on the implementation of policies, reforms and investments. The new Growth Plan, once approved, may also contribute to advancing on just transition in the region.

#### **IX. EWBJF General Conditions**

**EC NEAR** informed participants about the status of the updated European Western Balkan Joint Fund General Conditions. A written procedure will be launched still this summer for their adoption by the Assembly of Contributors.

**END OF THE MEETING**



## **4<sup>TH</sup> MEETING OF THE WBIF STRATEGIC BOARD OPERATIONAL CONCLUSIONS, SUMMARY**

**29 June 2023**

1. Adoption of the Agenda for the meeting and of the Minutes of the 3<sup>rd</sup> Strategic Board meeting of 5 December 2022, by consensus.

## ANNEXES

### Annex 1: Adopted Agenda

#### 4<sup>th</sup> MEETING OF THE WBIF STRATEGIC BOARD

##### AGENDA (draft)

29 June 2023; Oslo - Hybrid meeting

- 08:30 - 09:00 Registration**  
*Please see instructions*
- 09:00 - 09:30 Introductory remarks by the WBIF Co-chairs**
- Katarína Mathernová, Deputy Director-General DG NEAR, European Commission
  - Frode Overland Andersen, Director General, Department for European Affairs and International Trade, Norway, in representation of the WBIF Bilateral Donors
- 09:30 - 09:35 Adoption of the Agenda**  
**Adoption of the minutes from the previous Strategic Board meeting (December 2022)**
- 09:35 - 10:30 Opening interventions of WBIF stakeholders (3-5 min each)**
- EU Presidency
  - European Parliament
  - Western Balkan partners
  - Bilateral Donors statement
  - IFIs statement and EIB
- Discussion*
- 10:30 - 11:00 Coffee break**
- 11:00 - 11:30 Update on political developments in the Western Balkans**  
Michela Matuella, acting Director, European Commission DG NEAR  
*Q&A, discussion*
- 11:30 - 12:00 Western Balkans Economic Outlook**  
Peter Tabak, EBRD Regional Lead Economist  
*Q&A, discussion*
- 12:00 - 12:30 Economic and Investment Plan for Western Balkans implementation: state of play**  
Holger Schröder, Head of Unit, European Commission, DG NEAR  
*For information*
- 12:30 - 13:00 Group Photo**
- 13:00 - 14:30 Lunch**

##### AFTERNOON SESSION

- 14:30 - 15:15 Policy implementation, reforms, investments in the transport sector**  
*DGNEAR; Transport Community Secretariat*  
*Discussion and Q&A*
- 15:15 - 16:45 Advancing on Just Transition in the Western Balkans**  
*DG NEAR, UNDP, EBRD, Energy Community Secretariat*  
*Discussion*
- 16:45 - 17:00 WBIF General Conditions**  
*For information*
- 17:00 - 17:30 AoB & concluding remarks**
- Confirmation of co-chair for the Bilateral Donors

End of meeting

Evening Event at 19:00 (see logistic note)