

DCF members active in the sector in 2021	The World Bank, Sweden, UN, USA/USAID, Germany, Czech Republic, EBRD
Other key international organizations	Energy Community; South East Europe Energy Community; World Energy Council; International Atomic Energy Agency; Western Balkans Investment Framework; Regional Cooperation Council.
Key government partners	CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; National Assembly of Republika Srpska; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Regulatory Agency for Radiation and Nuclear Safety of BiH; State Electricity Regulatory Commission; Federal Ministry of Energy, Mining and Industry; Federal Ministry of Physical Planning; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Regulatory Commission for Energy in FBiH; Operator for Renewable Energy Sources and Efficient Cogeneration FBiH; Environmental Protection Fund of FBiH; Ministry of Industry, Energy and Mining of RS; Ministry of Physical Planning, Civil Engineering, and Ecology of RS; Ministry of Finance of RS; Ministry of European Integration and International Cooperation of RS; Ministry of Agriculture, Forestry and Water Management of RS; Regulatory Commission for Energy of RS; Fund for Environmental Protection and Energy Efficiency of RS; Foreign Trade Chamber of BiH; Chamber of Economy of FBiH; Chamber of Commerce of RS; Commission for Concessions of BiH; Commission for Concessions of FBiH; Commission for Concessions of RS; Association of cities and municipalities in RS and FBiH.
Total allocation / disbursement to the sector in 2021 by DCF members	<p>Total allocated € 24.73 million - € 12.99 million in a form of grants and € 11.74 million in a form of loans.</p> <p>Total disbursed € 55.76 million- € 14.96 million in a form of grants and € 40.81 million in a form of loans.</p> <p>Out of total ODA in 2021, 4% was allocated and 9% was disbursed in the sector.</p>
Legal framework and sector strategies adopted in 2021	<p>The Law on Changes and Amendments to the Law on Gas (RS Off. Gazette No.15/21); The Law on Electricity (BD BIH Off. Gazette No. 27/21).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p>
Coordination with and among development partners	<p>Energy connectivity: Informal <i>ad hoc</i> coordination, project-based and mostly bilateral/multilateral, self-organizing meetings between development partners with MoFTER attendance.</p> <p>Energy efficiency: Coordination meetings between development partners with MoFTER are held biannually.</p> <p>Renewable energy: There is a sub-sector DCF development partners group and MoFTER, however, the meeting has not been convened for one year.</p> <p>Informal <i>ad hoc</i> project-based coordination.</p> <p>Joint Bioenergy program was initiated, following the UN bilateral meetings with GIZ and USAID.</p> <p>Oil: Informal <i>ad hoc</i> project-based coordination</p> <p>Gas: Informal <i>ad hoc</i> project-based coordination</p> <p>Electricity: Informal <i>ad hoc</i> coordination</p>

Nuclear safety and radiation protection: Informal *ad hoc* project-based coordination.

Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.

Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2021.

Overview of activities in 2021

Energy sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020. The Ministry of Finance and Treasury of BiH has retained the IPA II classification in the Development Partners Mapping Report 2021, and in the next period the project is planned to upgrade the database that will enable the use of IPA III classification for the period 2021-2027.

Energy sector consists of seven sub-sectors:

- Energy connectivity,
- Energy efficiency,
- Renewable energy,
- Oil,
- Gas,
- Electricity and
- Nuclear safety and radiation protection.

Energy sector is one of the strongest sectors in the economy of Bosnia and Herzegovina, with long tradition and great potentials and opportunities for further development and investment. In the coming period, institutions at all levels of government in Bosnia and Herzegovina should make additional efforts to harmonize the legislation with the *acquis*, create preconditions for functional electricity and gas markets, establish sustainable energy efficiency mechanisms, and improve the investment environment of the Energy sector of Bosnia and Herzegovina.

In 2021, activities were undertaken in the Energy sector envisaged by the adopted strategic documents, primarily by the Framework Energy Strategy of Bosnia and Herzegovina until 2035. Realization of activities from the strategic documents contributes to implementation of the commitments under the Treaty on Establishing of the Energy Community as well as to the harmonization and further development of the Energy sector of Bosnia and Herzegovina with the European Union goals and plans.

In May 2021, the fifth meeting took place of the Subcommittee on Transport, Energy, Environment and Regional Development between Bosnia and Herzegovina and the European Union, whereby European Commission representatives urged the authorities in Bosnia and Herzegovina to continue the reforms under the Third Energy Package, adopt the Law on the Regulator of Electricity and Natural Gas of BiH as well as the laws on renewable energy at the entity level.

Throughout 2021, activities were intensified on the development of entity energy and climate plans, which will serve as the basis for development of the Integrated Energy and Climate Plan of Bosnia and Herzegovina (NECP BiH). For development and modelling of scenarios for development of the Energy sector of Bosnia and Herzegovina until 2030, with projections until 2050, activities were undertaken in the reporting period on establishing of the Centres for modelling and monitoring of the NECP system as well as the entity energy and climate plans and organized training for the staff of the Centres for modelling. In parallel, goals have been defined for each of the NECP dimensions, which should be achieved by 2030, and which will enable further development of the Energy sector of Bosnia and Herzegovina.

In the field of *energy efficiency*, activities continued in 2021 on development and adoption of the Action Plans for Energy Efficiency of Bosnia and Herzegovina and Entities, which all levels of government in Bosnia and Herzegovina are required to adopt under the Treaty on Establishing of the Energy Community. The Government of the Federation of BiH, at its 254th session held on February 4th, 2021, adopted the Action Plan for Energy Efficiency of the Federation of BiH, and the adoption of the Action Plan in Republika Srpska is expected in 2022, upon which the joint Action Plan for Energy Efficiency of Bosnia and Herzegovina will be sent in the adoption procedure.

The Government of the Federation of BiH, at its 261st session held on April 1st, 2021, adopted the Operational Plan to Improve Energy Efficiency in Federal Government Institutions, which includes the specific measures that institutions should undertake in order to achieve the energy efficiency in public buildings.

In order to achieve savings in energy consumption, during the reporting period, activities continued on the preparation of the final draft of the long-term Building Renovation Strategy for Bosnia and Herzegovina by 2050. The creation of this document represents one of the commitments of Bosnia and Herzegovina under the Treaty on Establishing of the Energy Community, and the Strategy will provide a long-term framework for the renovation of the stock of residential and commercial buildings in public and private ownership in Bosnia and Herzegovina.

In the field of *renewable energy sources*, in 2021 the Ministry of Foreign Trade and Economic Relations of BiH continued the activities envisaged by the Reform of the Incentive System, in order to improve the use of renewable energy sources and meet the requirements stemming from the Energy Community Treaty. As part of the Reform of the Incentive System, entity laws on renewable energy sources were under preparation in the reporting period, and their adoption is expected in 2022. These laws will introduce the auctions for allocation of subsidies for the construction of electrical power plants, powered by the renewable energy sources and define the conditions under which citizens and companies will be able to produce the green energy for their own consumption.

In June 2021, the Energy Community Secretariat approved the Fourth Progress Report on Bosnia and Herzegovina in implementation of the Renewable Energy Directive 2009/28/EC, submitted by the Ministry of Foreign Trade and Economic Relations of BiH.

In 2021, the International Renewable Energy Agency (IRENA) launched the activities to draft the document "Readiness Assessment of Bosnia and Herzegovina for Improvement of the Use of Renewable Energy Sources", which aims to improve the legal framework to support the development of the renewable energy markets in Bosnia and Herzegovina.

At the end of 2021, with the assistance of the Swedish International Development Cooperation Agency (SIDA) and the United Nations Development Program (UNDP), activities were launched to develop a "Study of e-mobility and markets in Bosnia and Herzegovina", which will provide an overview and the analysis of the existing market and the institutional framework, the analysis of business models for rapid introduction of the electro-mobility infrastructure, and the recommendations on the necessary policies and measures to be undertaken by Bosnia and Herzegovina in the coming period.

In March 2021, Podvezlje Wind Farm, the first wind farm of Elektroprivreda BiH, became operational, which is a significant breakthrough towards the environmental preservation and increasing the share of electricity production from the renewable sources in Bosnia and Herzegovina.

In mid-2021, the BiH Ministry of Foreign Trade and Economic Relations sent the BiH Council of Ministers for adoption the proposal of the Decision on the Quality of Liquid Petroleum Fuels in BiH, after the opinions were obtained on the text of the decision proposal from the Energy Community Secretariat and entity and Brcko District governments. Adoption of the Decision will contribute to the harmonization of requirements and commitments of Bosnia and Herzegovina under the Energy Community Treaty, regulation of the domestic market of petroleum products and the use of the highest quality fuels of the European standards in Bosnia and Herzegovina.

In the natural gas sector, in 2021 activities continued on harmonization of the legislative framework with the European directives and implementation of the infrastructure projects that should create a functional and sustainable natural gas market in Bosnia and Herzegovina in the coming period.

In line with the Treaty on Establishing of the Energy Community, Bosnia and Herzegovina needs to harmonize the regulatory framework with the Third and Fourth Energy Packages for Electricity and Gas, and one of the commitments that Bosnia and Herzegovina needs to meet as soon as possible is the adoption of the Law on the Regulator of Electricity and Natural Gas of BiH. Since April 2021, Bosnia and Herzegovina started receiving natural gas from the Turkish Stream pipeline, and the activities have begun on the construction of the pipeline "Southern Interconnection Bosnia and Herzegovina - Croatia", which will reduce Bosnia and Herzegovina's dependence on one source of gas and increase the security of the supply.

The Assembly of Brcko District, at its 15th session held on October 28th, 2021, adopted the Law on Electricity of Brcko District, which prescribes the legal framework for planning and implementation of the electricity policy, terms and conditions related to performance of the electricity activities in line with the EU regulations and the Treaty on Establishing of the Energy Community.

In the field of *nuclear safety and radiation protection*, activities were undertaken in the reporting period on drafting of the Law on Radiation and Nuclear Safety of BiH, as well as the Rulebook on Radiation Safety in Activities with the Sources of Ionizing Radiation, which will significantly harmonize this area with the European directives. The State Regulatory Agency for Radiation and Nuclear Safety of BiH has prepared and revised the documents related to the radioactive waste management.

Investments of DCF members in 2021

DCF members active in the Energy sector in 2021 are The World Bank, Sweden, UN, USA/USAID, Germany, Czech Republic and EBRD.

Total allocations of DCF members to the Sector in 2021, amounted to € 24.73 million, out of which, € 12.99 million in the form of grants and € 11.74 million in the form of loans.

Total disbursements of DCF members to the Sector in 2021 amounted to € 55.76 million, out of which € 14.96 million in the form of grants and € 40.81 million in the form of loans.

Figure 5.1 compares grants allocated and disbursed per development partners, according to the amount of invested funds. Leading development partners in 2021, who allocated i.e. disbursed largest grants were Sweden, Germany and UN.

Figure 5.1. Allocated and disbursed grant funds per development partners in 2021

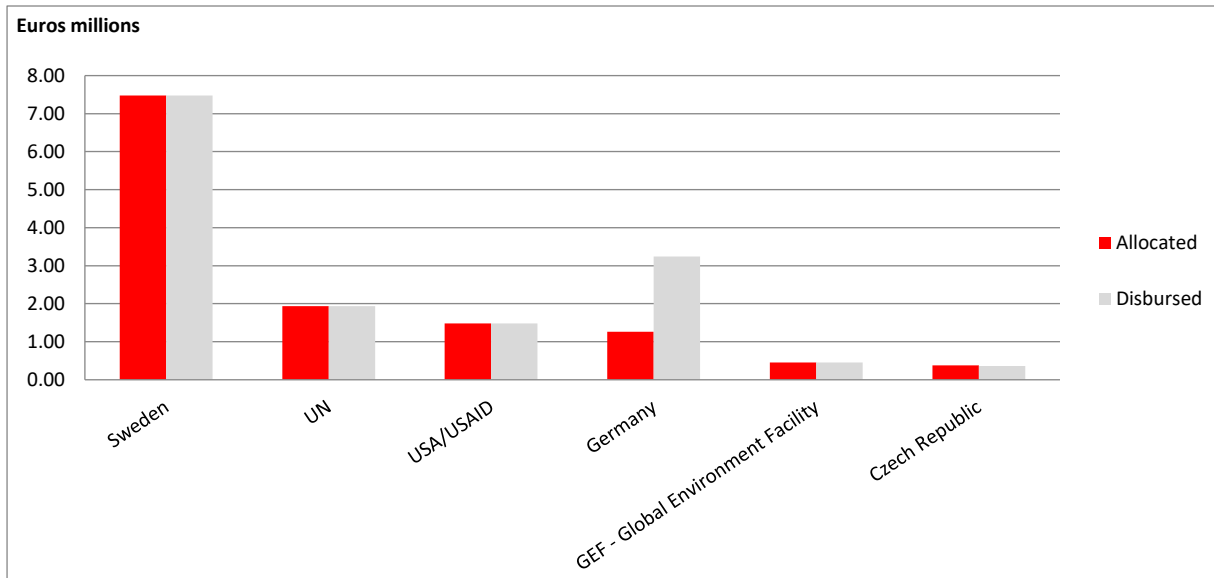
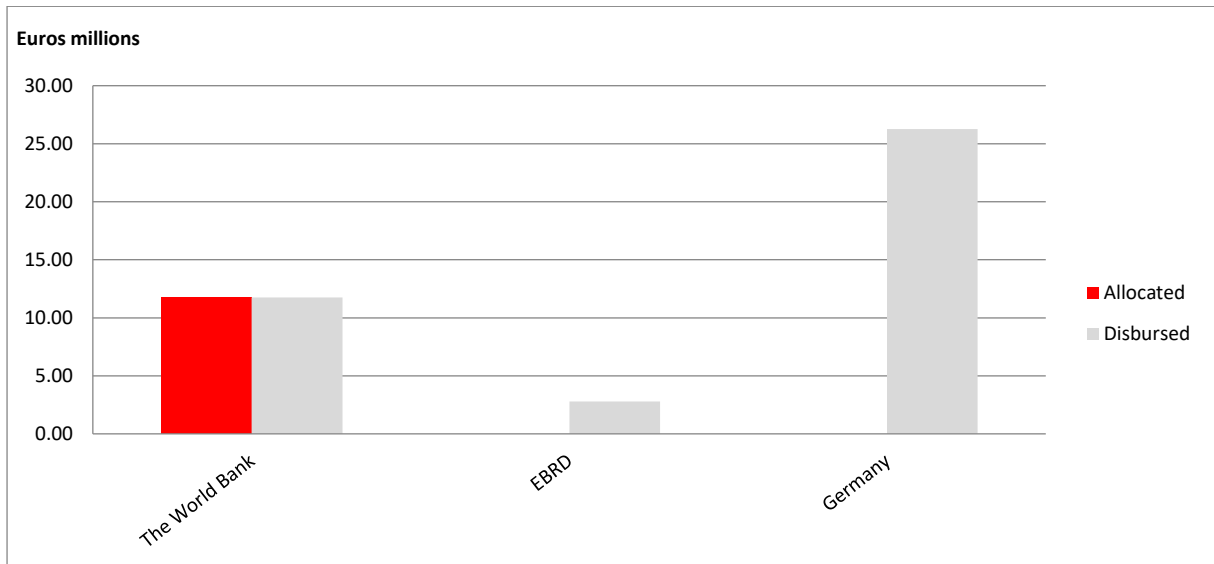


Figure 5.2. presents allocated and disbursed loans in 2021.

Development partners who allocated or disbursed the largest amounts of loans in 2021 are Germany followed by The World Bank and EBRD.

Figure 5.2. Allocated and disbursed loans per creditors in 2021



Energy sector consists of 7 sub-sectors. Figure 5.3. presents the structure of total allocated funds per sub-sectors.

Out of total allocated funds in 2021, 96.8 % of funds were allocated entirely to the sub-sector Energy efficiency. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.3. Total allocated funds per sub-sectors in 2021

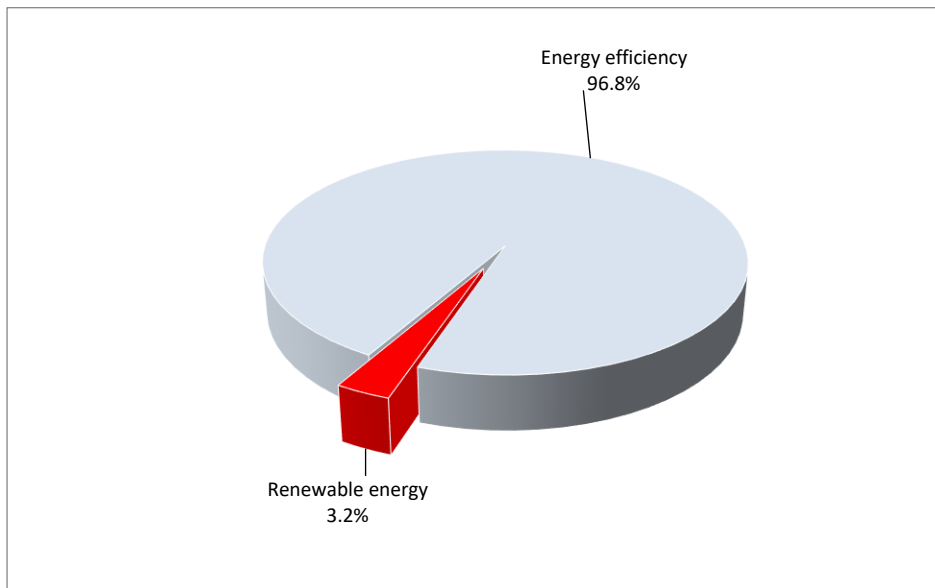
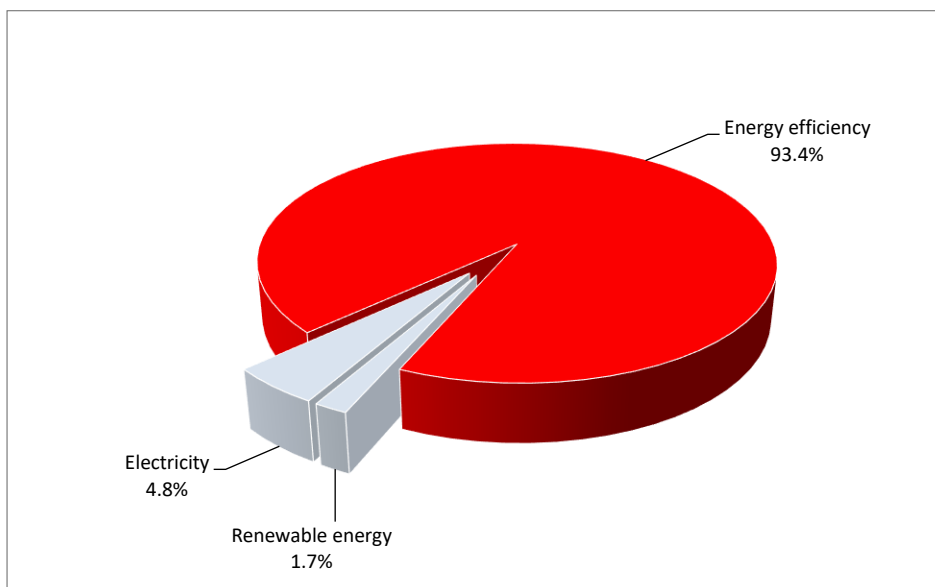


Figure 5.4. presents the structure of total disbursed funds per sub-sectors in 2021.

Out of total disbursed funds in 2021, 93.4% of funds were disbursed entirely to the sub-sector Energy efficiency. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.4. Total disbursed funds per sub-sectors in 2021



Ten major projects in the sector that allocated or disbursed funds in 2021 are listed below:

PROJECT TITLE	Development partner	Total project value (EUR mil)
Japanese ODA loan for Flue Gas Desulphurisation Construction Project for Ugljevik Thermal Power Plant	Japan	105.28
Construction of Wind Farm (WF) Podvelezje	Germany	65.00
Construction of Wind Farm Hrgud	Germany	60.23
Energy Efficiency Project	The World Bank	52.39
Sectoral Program Renewable Energy and Energy Efficiency: Wind farm Vlasic	Germany	36.10
Distribution SCADA/DMS/OMS System	Germany	34.05
Green Economic Development Project Phase II	UN, Sweden	11.53
Rehabilitation of Hydro Power Plant Trebinje Phase 3	Germany	10.01
ISO - EMS, SCADA and IT upgrade	EBRD	8.50
Elektrokrajina Power Distribution Project	EBRD	7.50

All projects are available in the Development Partners Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

In the forthcoming period, activities should be continued on harmonization of legislation in Bosnia and Herzegovina with the European standards, as well as strengthening of infrastructure and capacities of the Energy sector. Based on the responses of BiH Institutions from all levels of government and DCF members that participated in the preparation of this Report, further efforts should be made in the following period:

- implement the activities envisaged by the Framework Energy Strategy of Bosnia and Herzegovina;
- finalize and adopt the Integrated Energy and Climate Plan of Bosnia and Herzegovina for the period 2021-2030;
- undertake activities to meet the commitments assumed by the Treaty on Establishing of the Energy Community and other international commitments;
- adopt the Law on the Regulator of Electricity and Natural Gas, Transmission and Electricity Market in BiH and the Law on Transmission System Operator of BiH;
- adopt the energy efficiency action plans at all levels of government in BiH;
- continue to develop and implement energy efficiency measures in the area of final consumption savings in building management, industry, transport and other areas;
- adopt the Law on Energy and Regulation of Energy Activities of the Federation of BiH, the Law on Electricity of the Federation of BiH and the Law on the Use of Renewable Energy Sources and Efficient Cogeneration of the Federation of BiH;
- establish obligatory reserves of oil and oil derivatives in BiH.