



Fairer, Cleaner, Safer

*Towards a more sustainable,
people centered approach to energy development
in South East Europe*



About Authors

The project *Synergies for Energy Awareness Change – SEA Change*¹ - has brought together CSOs representing different countries of the South East Europe region as well as different fields of expertise and disciplines to work together to tackle various aspects and interconnected challenges of sustainable energy future.

Marina Marković, Editor, Independent consultant, Podgorica, Montenegro

Anisa Xhitoni, Coordinator for public information and participation, EDEN center, Tirana, Albania

Lira Hakani, Project assistant, EDEN center, Tirana, Albania

EDEN center mission is to contribute to a sustainable development and healthy environment by informing, educating and offering services in partnership with the interested actors. www.eden-al.org

Miodrag Dakić, President, Center for Environment, Banja Luka, Bosnia and Herzegovina

Igor Kalaba, Project assistant, Center for Environment, Banja Luka, Bosnia and Herzegovina

Center for Environment is dedicated to protecting and improving the environment, advocating principles of sustainable development and increasing public participation in decision-making about the environment. www.czzs.org

Garret Tankosić-Kelly, Founder and coordinator, SEE Change Net, Sarajevo, Bosnia and Herzegovina

SEE Change Net is a regional sustainable development think tank whose mission is a sea-change in policy and practice, for sustainable development in SEE region. www.seechangenetwork.org

Igor Capan, Project coordinator, Society for Sustainable Development Design, Zagreb, Croatia

Maja Božičević Vrhovčak, President, Society for Sustainable Development Design, Zagreb, Croatia

Society for Sustainable Development Design's (DOOR) mission is promotion, education and communication of sustainable development and energy. www.door.hr

¹ First coined by Shakespeare, in his Ariel's song *Full Fathom Five*, the sea-change is an expression that connotes a significant change and transformation. The project SEA Change acts on the fact that envisioning and navigating sustainable energy future is a complex and long-term process, one that requires transformative change on political, social and economic, but at the same time on personal, individual level. Visually, as much as it has inspired music, art and literature and aroused scientific interest (e.g. Mandelbrot's *The fractal geometry of nature*), the image *The great wave off Kanagawa* of the Japanese artist Katsushika Hokusai also finds its place in discussions on climate change effects.

Kushtrim Kaloshi, Executive director, Advocacy Training and Resource Center, Pristina, Kosovo¹

Advocacy Training and Resource Center (ATRC) works on increasing citizen and civil society participation in decision-making, as a prerequisite for a developed democratic society and regional stability. www.advocacy-center.org

Sonja Risteska, Research and management coordinator, Analytica, Skopje, FYR Macedonia

Analytica is dedicated to supporting individuals and institutions with aim to foster lasting improvement in the democracy and governance in FYR Macedonia, the SEE region and wider in the EU. www.analyticamk.org

Sanja Svrkota, Energy program coordinator, Green Home, Podgorica, Montenegro

Green Home works on environmental protection and improvements that foster a sustainable future and lead to social and economical improvements in communities at national level. www.greenhome.co.me

Ana Ranković, Co-founder and project coordinator, NGO Fractal, Belgrade, Serbia

Filip Pavlović, Co-founder and president, NGO Fractal, Belgrade, Serbia

Danko Aleksić, Independent expert and project associate, NGO Fractal, Belgrade, Serbia

Fractal's mission is to work towards improvement of communication, trust and co-operation between people of different backgrounds. www.ngofractal.org

Angela Klauschen, Freshwater policy officer, World Wild Fund for Nature (WWF), Rome

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature. www.panda.org

¹ UNSCR 1244/99

Acknowledgments

The genesis of this paper has several milestones starting with the initiation of a project entitled Synergies for Energy Awareness Change by the NGO Fractal in 2009. At a subsequent regional CSO network development meeting in Belgrade in April 2010, the think tank SEE Change Net proposed the development of a fact based regional advocacy campaign for more sustainable energy policy in South East Europe as a joint network activity. The initial aim of the campaign was to develop an advocacy document which would provide a contribution to the European Commission progress reports.

A project grant from Balkan Trust for Democracy became the basis of the funding for this work. We are grateful to the Balkan Trust for Democracy, a project of German Marshall Fund, and their donor Compagnia di San Paolo for their sponsorship of this project.

The initial core issues for this paper were developed at a scoping workshop in Belgrade in April 2011. The workshop was valuable experience and we managed to link issues in an inclusive way and harness the potential of broader, cross-sectoral and regional CSO collaboration.

We would like to thank to Vida Ogorelec, President of the Slovenian Foundation for Sustainable Development Umanotera, for her support and facilitation of our diverse and challenging discussions during the workshop that provided backbone of this advocacy paper. Based on country-based research and inputs of the CSO authors, drafts of the various sections of the paper were then developed under the invaluable editorial guidance of Marina Marković. We express our special gratitude to Marina for her supplementary research, figures and creative ways in which she has helped to express many of the complex ideas and points discussed in our online communication. We would additionally like to thank the many colleagues who gave interviews, read and commented on several drafts of this advocacy paper, especially Katharina Mathias, Geert Luteijn and Dragana Nikolić.

We believe that interrelated nature of sustainable energy challenges requires broader coalitions and synergies that move us away from narrow single-issue oriented approach. We acknowledge that the areas touched upon in this paper are diverse. Due to resources and time limits not all of them could be analysed in depth. We nevertheless hope that our efforts will be a valuable contribution to numerous debates in and beyond the South East Europe region. This paper is a living text and will grow to reflect future discussions and comments.

Opinions expressed in this paper are those of the authors, who accept responsibility for any errors of fact or interpretation and do not necessarily represent those of the Balkan Trust for Democracy, the German Marshall Fund, or its partners.

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Authors

Executive Summary

At the end of the first decade of the 21st century, South East Europe (SEE)¹ stands at a crossroads. Decisions made in the next ten years, by national authorities, European Union (EU) institutions, banks, international financial institutions (IFIs) and the private sector will determine, for better or for worse, how the energy landscape in SEE will look for the next half century and beyond.

The low road

Looking down one road, one can see increased energy prices without the balancing force of a proactive, investment-backed, approach to improving energy efficiency, coupled with a prolonged reliance on conventional energy solutions such as coal and large hydropower. Investors and governments of the region appear committed

“The countries of South East Europe are extremely energy inefficient. Between 1.7 and 3.9 times more energy is used to produce a unit of GDP in the SEE compared to the EU average.”

to more energy production from coal, without prioritizing a switch to natural gas, and the damming of many of our most valuable freshwater ecosystems with the risk that the generated energy would be exported out of the region, reaping large profits for the investors on the evolving energy market. Based on current investment portfolios and investment patterns of the private sector, development banks and governments of the region, the free market would largely be left to “take care of energy efficiency” with the possibility of causing much hardship to people across the region.

The high road

However, there is another road and a viable alternative policy and investment framework that would be good for the people of the region (our pockets, our health and our precious environment) based on much greater attention to, and investment in, energy efficiency, reducing energy losses and introducing smart electricity grids - to help consumers make better choices. This strategy should be combined with a diversified use of renewable energy; including solar, wind and biomass. As a principle, investment should be focused on development of energy production for home/regional consumption first, and export only when the region’s energy security and sustainability issues have been resolved. Underpinning all of the above there should be a genuine commitment to a fully transparent, people centered approach to decision making, which takes into account the full cost of all energy decisions for all those affected by them.

The crossroads

While some have called such a vision unrealistic, several highly respected reports, from the EU amongst others, are proposing exactly this route to greater energy efficiency and security. What this region and the world will look like in 2050 depends on policy choices made now, and whether we as a society will dare to think constructively and find solutions.

“Saving a kilowatt of energy is 1000 to 10000 times more cost effective than generating a new kilowatt of energy.”

¹ For the purpose of this energy advocacy paper, the region of South East Europe encompasses Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYR Macedonia, Montenegro, and Serbia.

Recognising the importance of the choices which need to be made we, an alliance of CSOs from across South East Europe, have come together in a project entitled Synergies for Energy Awareness Change to advocate for a practical approach to a sustainable energy future for the SEE region.

We are aware that our vision may be met with some disbelief and reluctance in a region where scepticism often prevails, due to prolonged experience of failed policies, economic hardship, the negative impacts of transition, conflicts, and mistrust of institutions and within society. Nevertheless, we believe that a change is possible in our societies and that we are capable grasping the opportunities for a better and more sustainable future and even of catching up with the current front runners in the fields of climate change and sustainable energy policies.

We furthermore believe that the solutions for successful transition towards a more sustainable energy future can be accelerated through mutual learning, cooperation and common efforts to overcome both shared and country specific problems in the SEE region.

Why are we not on the high road?

The global policy trend is obvious, so the first question must be why SEE is not moving in that direction? While there are variations in the type and seriousness of issues being faced across the region we have identified the following issues which are blocking a move towards a more sustainable energy future:

- Energy efficiency in all parts of the energy chain and through all sectors is low, with significant losses, high levels of unpaid bills and increasing concerns for energy poverty.
- Although the region has significant potentials of sustainable renewable energy sources and a high level of public support for their use, the share of the so-called new renewable energy sources is currently negligible, with an excessive reliance on dirty carbon fuels and unsustainable large hydropower plants.
- The transition fuel of choice for low carbon economies is gas, which faces many blocks to full utilization in this region.
- In spite of the adoption in many countries of Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) regulations and other important EU Directives, the quality of implementation has been very poor.
- Corruption is one of the main problems in the region, the energy sector being no exception. The energy sector is probably even more exposed to the corrosion of corruption than other sectors due to the very large amounts of money invested, centralized planning and low levels of public participation resulting in very poor levels of transparency and accountability.
- Public awareness and education in all aspects of sustainability are much neglected in this region and networking amongst related institutions equally poor.

“Corruption is defined by Transparency International as the abuse of entrusted power for private gain. Entrusted power is not only the power a citizen confers to a public office holder. It is the power that future generations have vested in all of us, in our stewardship role for the planet.”

How do we get there?

Since the institutional frameworks in the region control most of the resources and define most of the policies related to the energy sector we have formulated our main recommendations on how the sustainable energy vision could be implemented in the following manner:

We recommend that the governments and public/state institutions of the region:

- Provide mechanisms that would allow and encourage people centered solutions and decision making in relation to energy strategies and plans;
- Greatly improve the transparency and access to justice in energy planning and privatisation;
- Focus policy and budgetary priorities on reducing losses and increasing efficiency across the energy system from production and transmission to consumption;
- Ensure measures to help people offset the impacts of rising energy prices, especially the most vulnerable;
- A stable, reliable, independent judicial system that is capable of addressing even the most sensitive of legal disputes, conflicts of interest or cases of corruption in a competent, effective and timely manner thus boosting the confidence of potential investors in the region;
- Ensure the best possible independent evaluations of the full impact (including external costs, such as social and environmental) of energy strategies and projects, which should be available to the public in a timely manner and in an easily understandable form.

We recommend that the European Commission:

- Lays greater emphasis on implementation of laws and regulations related to environment, energy and transparency, in addition to monitoring the adoption of laws and regulations required by the *acquis communautaire*;
- Ensures that the enlargement policies and funding mechanisms in the region take due account of the EC 20/20/20 Communication¹ and the EC 2050 Road Map² ;
- Uses its considerable influence to ensure much greater transparency and less corruption in the privatisation and tendering of energy projects.

We recommend that the development banks and IFIs:

- Change majority of portfolio investments in energy and environment away from energy production and towards energy efficiency and smart grids;
- Cease investments in coal fired power stations unless for clean technology or energy switching towards gas.

¹ http://ec.europa.eu/clima/policies/package/index_en.htm

² http://ec.europa.eu/clima/policies/roadmap/index_en.htm

We encourage the people of the region to:

- Demand greater transparency and participation in decision making in energy sector;
- Demand to know the full costs, e.g. in terms of health and environment, for all energy plans and projects;
- Demand a focus on more sustainable green jobs over a longer period of time.

We recommend that the Energy Community Treaty Secretariat (ECTS):

- Provides programmes and funds to allow civil society organizations to participate in sharing information and observing the work of ECTS;
- Strengthens their expert profile in terms of the level and number of staff engaged in energy efficiency, smart grids, energy poverty, calculation of externalities on a programme and project basis and energy sustainability;
- Provides a series of studies in relation to the sustainability of energy networks, implementation issues related to smart grids, the poverty impact and amelioration mechanisms of the single energy market.

We recommend the private sector to:

- Be an example by developing energy efficiency programmes with targets and budgets;
- Make a commitment to engage in a meaningful public consultation and make contracts in energy projects available to public in timely manner.

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In the context of these challenges and recommendations, the authors have produced the sustainable energy advocacy paper entitled *Fairer, Cleaner, Safer: Towards a more sustainable, people centered approach to energy development in South East Europe*. The paper comprises of three components:

1) An analysis of the current situation in the region in relation to legal and institutional frameworks, patterns of energy consumption, production and efficiency, also issues related to privatisation, transparency and public participation.

2) An identification of a set of alternative opportunities focused on a people centered approach to energy solutions, the sustainability of production and consumption, and greater respect for environment and health issues.

3) A set of broad policy recommendations about how to achieve a more secure, sustainable energy system in South East Europe.

The paper aims to address identified needs and problems in the South East Europe based on factual data related to specific case studies. At the same time, it recognizes the different levels of progress in the region and aims at using these gaps as an opportunity for cooperation and regional advancement.