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Energy in the Western Balkans

Policy challenges on the path to reform and reconstruction

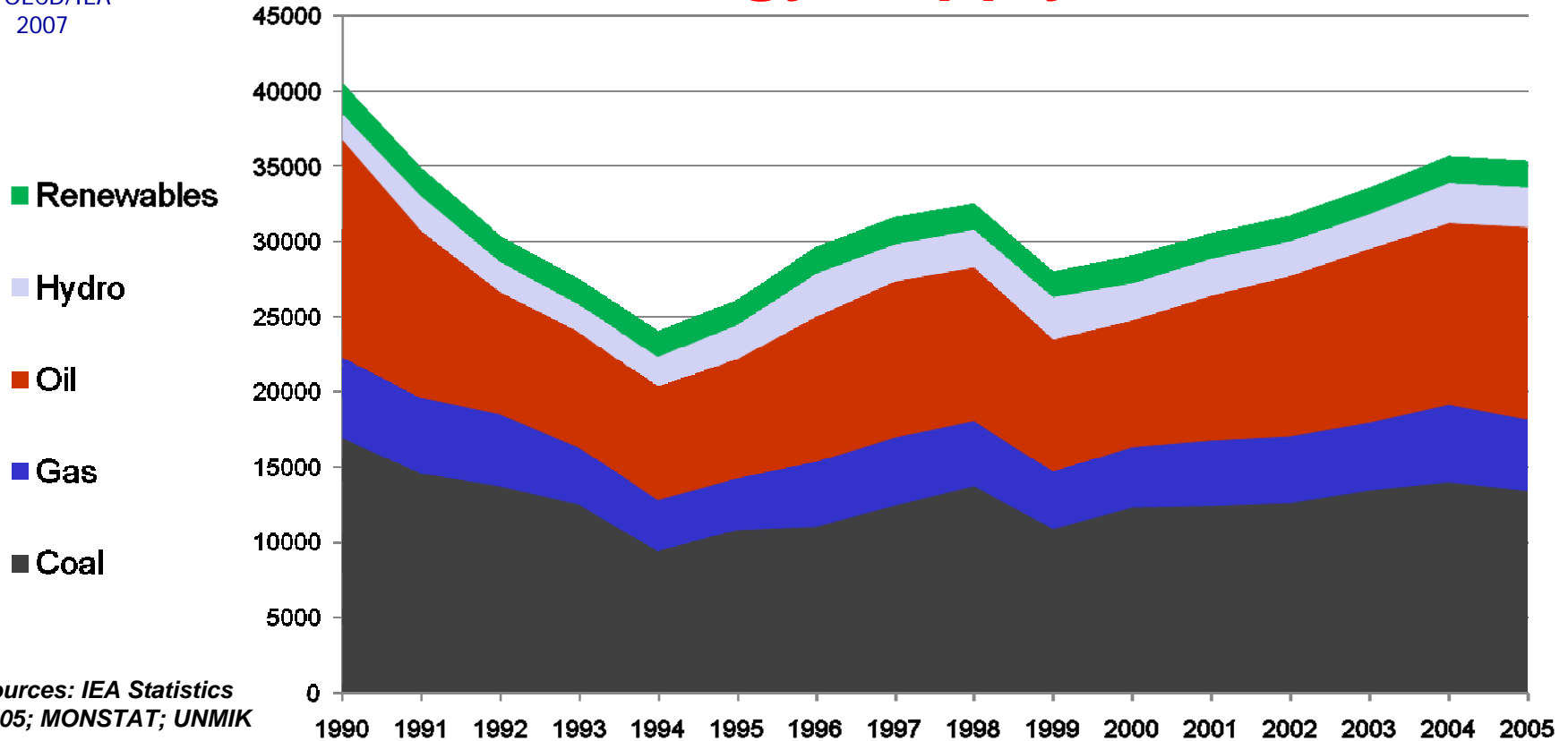
Tim Gould

Office of Global Energy Dialogue
2nd Southeast Europe Energy Dialogue
Thessaloniki, 21-22 May 2008



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Western Balkans Total Primary Energy Supply



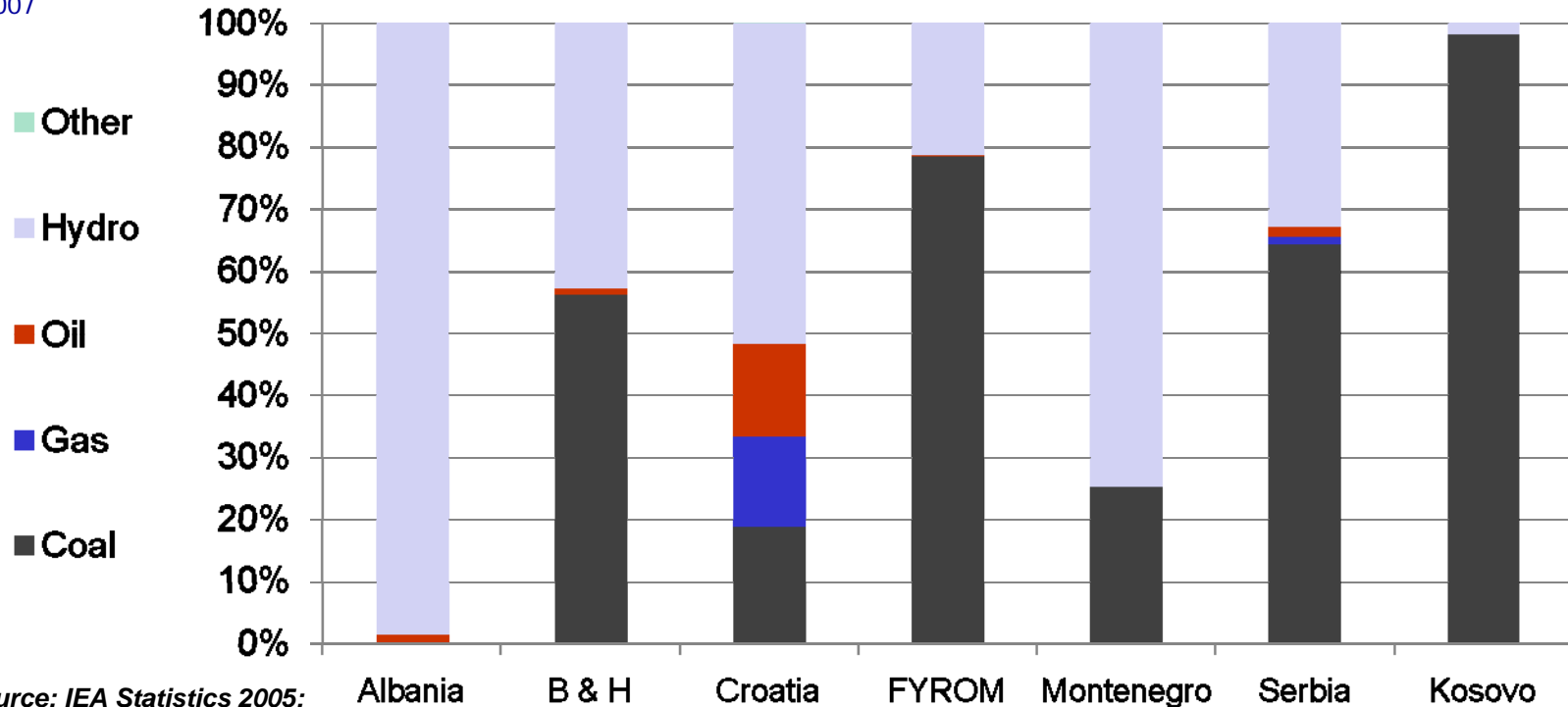
Sources: IEA Statistics
2005; MONSTAT; UNMIK

**Back to 90% of the 1990 level by 2005,
coal (mostly local lignite) and oil and gas (mostly imported)**



Electricity Output by Source

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Source: IEA Statistics 2005;
MONSTAT; UNMIK

Significant diversity across the region in power generation, strong rationale for cooperation and trade



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(i) Capacity and Institutions

- Twin goals of reform and integration offer the best opportunity to build sustainable, reliable and efficient energy sectors in the Western Balkans
- Need to integrate these policy goals into broad and robust strategies for each market, and to ensure sustained commitment to their practical implementation
 - ⇒ Means strengthening public energy administrations, ensuring that they have necessary capacity, resources and skills.. and a clear separation of functions of policymaking, regulation and ownership
 - ⇒ Means fully independent and empowered regulators



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(ii) Elements of Strategy

- **National and Regional measures to address:**
 - Energy market development
 - Efficiency and environmental performance
 - Energy security
 - Energy and poverty
 - Coordination on facilitating trade and investment
- **Sequencing of reforms and market opening**
- *sine qua non..* **Strong, sustained political support**



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(iii) The External Dimension

- **A well functioning regional market, anchored within a broader European market, is a core instrument of ‘external’ policy**
- **Developing new oil and gas transportation routes to new supply sources will help to diversify supply, enhance market performance and transparency**
- **Integration and development of markets in Southeast Europe will help to improve the economics of future natural gas import and transportation projects**
- **Governments set the framework for energy investment and trade, commercial operators see the risks and the opportunities - and make the investments**

Gas Transportation and Supply

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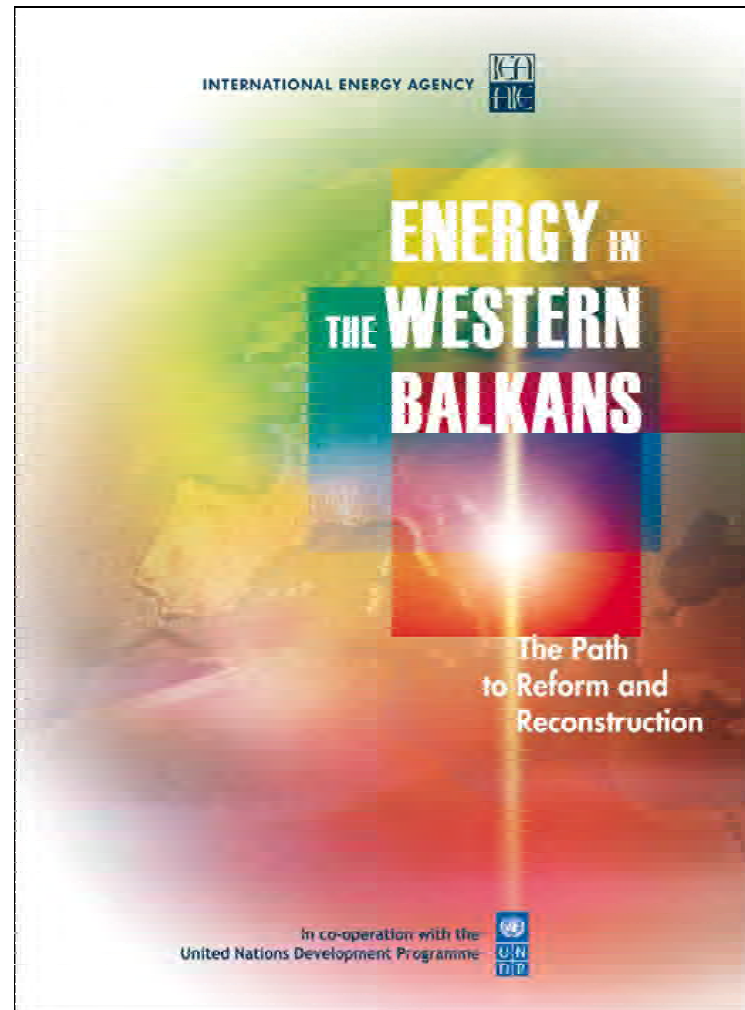


The boundaries, and names shown and the designations used on maps included in this publication do not imply official endorsement or acceptance by the IEA.
Note: Routes of planned pipelines are based on publicly available information, which in many cases is approximate.



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IEA in
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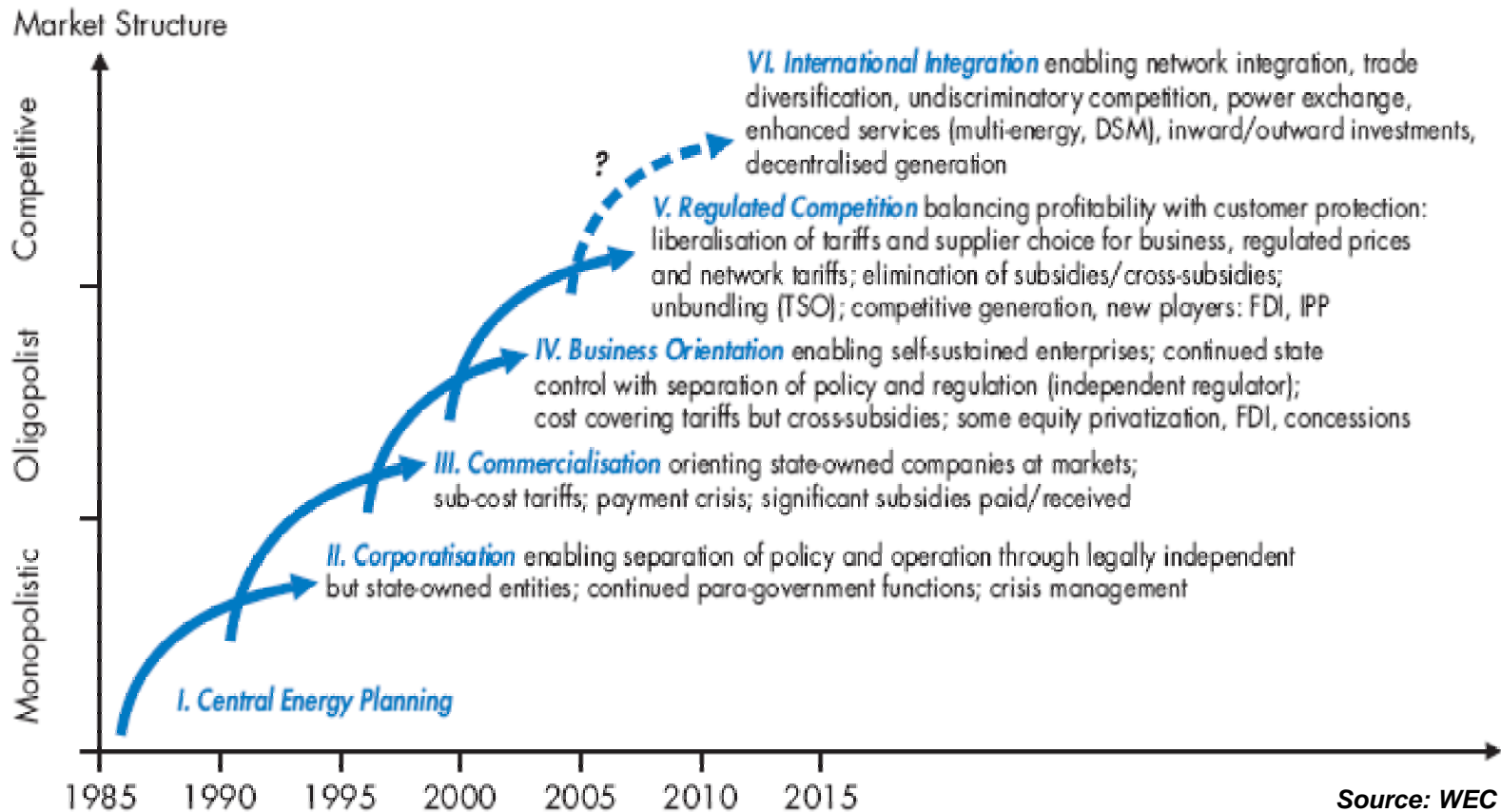
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Reserve slides



Sequencing of Reforms

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FDI: foreign direct investment, IPP: independent power producer