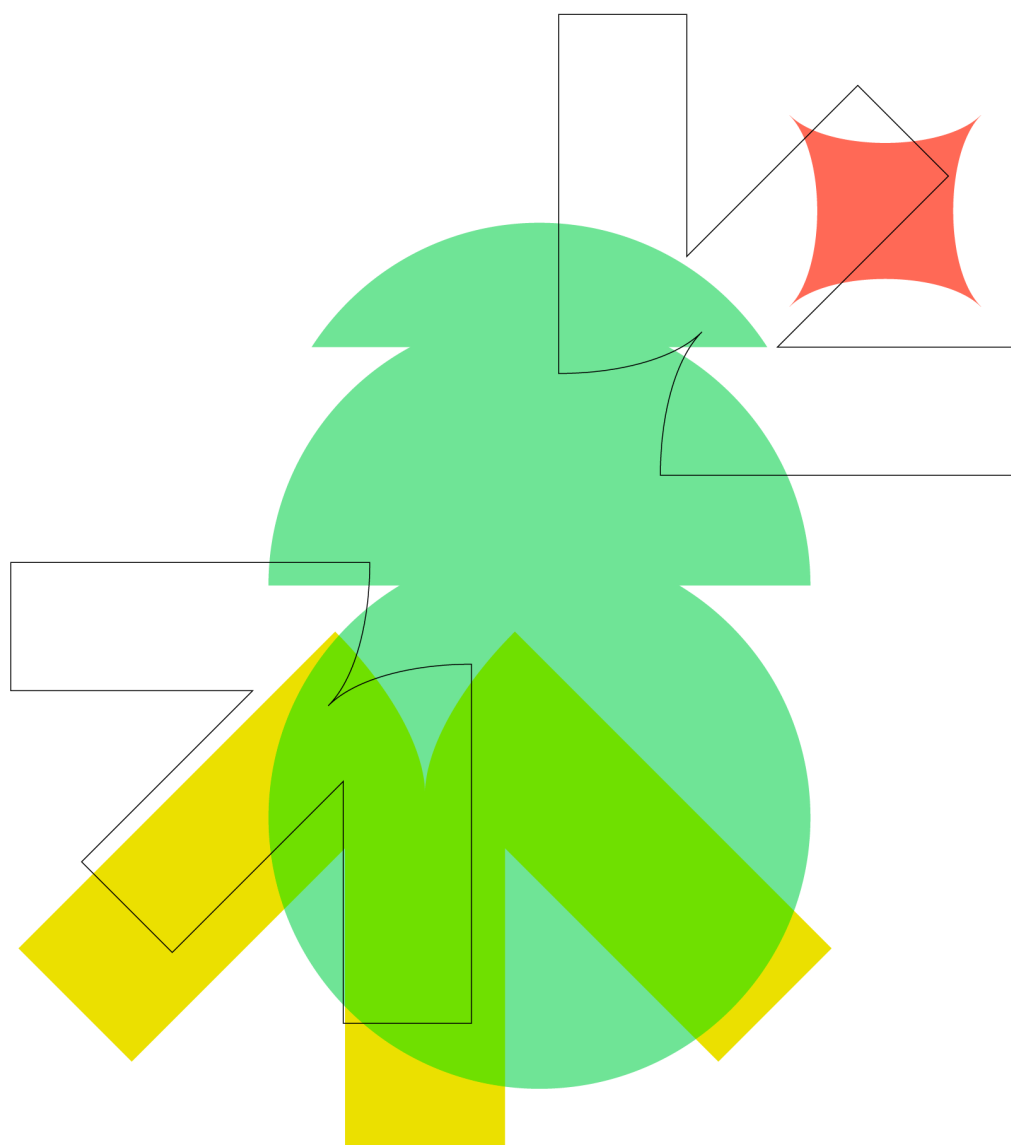


# Instrument for Pre-Accession Assistance (IPA) to WB6 - Opportunities, Challenges and Paths forward

Policy Paper

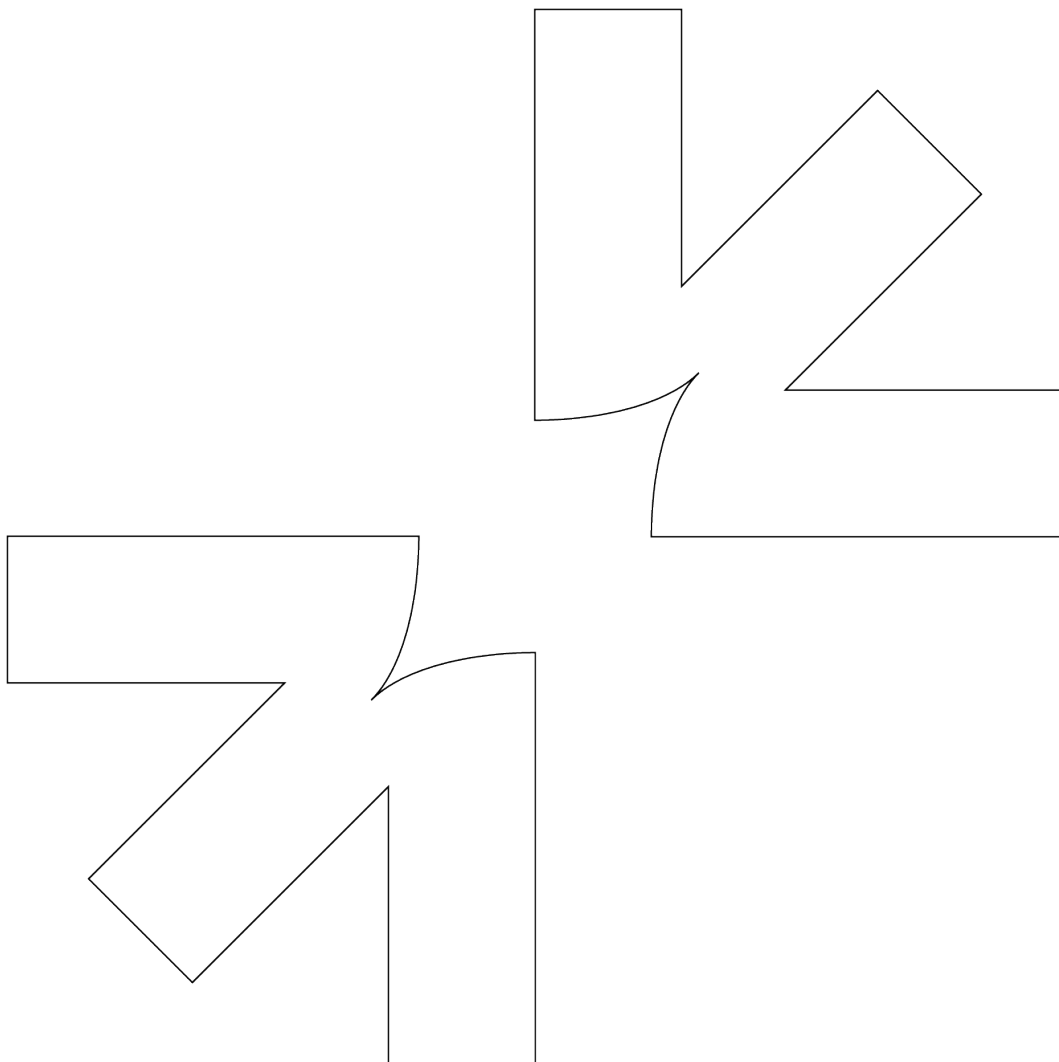
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## 1. Introduction

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This paper aims to explore and analyze the opportunities and challenges the new EU Financial Perspective 2021-2027 brought for national authorities in pre-accession countries, assessing whether there is sufficient ground for the IPA beneficiaries to effectively utilize these opportunities, especially regarding implementing green infrastructure. The focus is on the Western Balkans 6 (WB6) Beneficiary Countries<sup>1</sup>, all of which hold candidate country status, except for the Republic of Kosovo, which remains a potential candidate, each highlighted with its own particularities on the path towards EU.

In this context we are narrowing our analysis to the EU's support for green infrastructure investments in the WB6 that is instrumental in advancing the Green Agenda for the Western Balkans. Through financial mechanisms like WBIF, IPA III, and the Economic and Investment Plan, the EU has contributed to building a basis for sustainable growth in the WB Region. However, the analysis explores if the provided financial and technical support by EC is sufficient for achieving a truly green and sustainable Western Balkans.

The analysis is complemented with highlights from the discussions conducted with prominent panelists from the European Commission, national authorities, and non-governmental organizations during the Policy Meeting - *"Did EU and its "Green" funding meet the expectations of the WB Countries: Opportunities and challenges for Green Investments"* organized by IPECC and held on 29<sup>th</sup> November 2024, where they have shared their views and observations on the topic.

Obviously, the adoption of EU Financial Perspective 2021-2027 was delayed and it delayed the adoption of the IPA III Regulatory Framework. The set of IPA III Regulations<sup>2</sup> was adopted only in September 2021, with final provisions stating that

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<sup>1</sup> Reference to WB6 countries refers to Republic of Serbia, Republic of Albania, Bosnia and Herzegovina, Montenegro, Republic of North Macedonia, and Republic of Kosovo as per the UNSCR Resolution 1244 (1999)

<sup>2</sup> REGULATION (EU) 2021/947, dated 9<sup>th</sup> June 2021, establishing the Neighborhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009; REGULATION (EU) 2021/1529, dated 15<sup>th</sup> September 2021, establishing the Instrument for Pre-Accession (IPA III); COMMISSION IMPLEMENTING REGULATION (EU) 2021/2236 dated 15<sup>th</sup> December 2021, on the specific rules for implementing Regulation (EU) 2021/1529 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA III)



the regulation will be retroactively valid as of 1<sup>st</sup> January 2021, implicitly acknowledging the Commission delays. The delays were primarily due to prolonged discussions within the EU regarding the structure of the new budget and cost allocation. This initial delay triggered a domino effect, impacting the timelines on the beneficiary countries' side, with delays still persisting into 2024, that for the WB6 remain challenging to overcome or be compensated. Consequently, our aim is to further analyze how these delays in the early stage of the current EU Financial Perspective have affected the portfolio of IPA-financed projects in the WB6 Beneficiary Countries, particularly those involving green infrastructure, which inherently require extended preparation and implementation periods.

Furthermore, the European Commission has introduced in the current Financial Perspective 2021-2027 various updates and requirements compared to the previous EU perspectives in respect to management of IPA funds, including new structures such as Managing Authorities and Intermediate Bodies similar to those in the European Structural Funds. As countries adjust to these changes, alignment at the national level remains ongoing, which may further delay the assistance's implementation. Additionally, shifts in the approach to programming assistance have been introduced, where sectors have been replaced with Windows and the programming rules were enforced by being adopted with a Commission Decision, also affecting timelines.

Now, in 2024, nearly midway through the period of 2021-2027 covered by the current EU Financial Perspective, what we could report are mostly data on allocated and approved financial allocations of IPA III and very low progress in implementing the portfolio of projects. The **Section 3 below** provides an overview of the approved actions across annual action programs and operational programs in the Western Balkans to date. Operational Programmes (Ops\_, where available as modality, bring implementation closer to the model used by EU member states. However, not all Western Balkan countries, such as Kosovo and Bosnia and Herzegovina, have national structures necessary for operational program implementation, which requires establishment of a management and control system for indirect management of the pre-accession assistance.

The challenge of preparing mature infrastructure projects, again similarly to the previous EU perspectives, especially for environmental initiatives, remains significant for national authorities. The practice shows that not fully mature projects are frequently approved by the EC, despite the fact that maturity principle is one of the guiding elements in the programming framework. Moreover, the



REGULATION (EU) 2021/1529 dated 15<sup>th</sup> September 2021 for Establishing the Instrument for Pre-Accession (IPA III) requires that to address global challenges, such as sustainable development and climate change, and to align with the Union's efforts to address those issues.

The purpose of this paper is to examine the opportunities and challenges that the EU Financial Perspective 2021-2027 has introduced for the WB6 as candidate countries that are implementing the EU pre-accession assistance, focusing on three main aspects:

- **IPA III programming approach** – exploring whether the measures introduced under the new programming approach, particularly those focused on streamlining priority identification for green and sustainable infrastructure, are effectively achieving their intended results. Specifically, assess whether they are enhancing how candidate countries select and prioritize projects or if significant challenges persist in adapting fully to these programming changes.
- **Institutional and organizational setup** – exploring the challenges that occurred while the WB6 are aligning existing structures for indirect management with the updates introduced in IPA III assistance.
- **Implementation of green infrastructure under IPA III** – exploring lessons learned and best practices for overcoming implementation challenges, particularly for green infrastructure projects in the current financial period.

## 2. IPA III Programming approach

The European Commission has established the programming rules by adopting the IPA III Programming Framework for the period 2021-2027 with COMMISSION IMPLEMENTING DECISION C (2021) 8914 dated 10<sup>th</sup> December 2024. Whereas previous programming rules served primarily as guidelines for countries, the new programming framework, adopted through a Commission Implementing Decision, **reinforces the legal structure and enforces a stricter approach to planning principles.**

In the context of **green infrastructure**, the programming rules, aligned with the IPA III regulation read: *"IPA III is expected to contribute 18 % of its overall financial envelope to climate objectives, with the objective to increase this percentage to 20% by 2027. In order to achieve these objectives, one of the thematic windows (Window 3) is dedicated to sustainable connectivity and the green agenda while climate, environment and climate-related energy considerations will be*



*mainstreamed in all windows.*" Although the requirements are put forward, there is no evidence that a mechanism was established nor at EC side or at the side of the national authorities to track fulfilment of this requirement. The most adequate approach would be including the measurement of achieving this indicator in IPA III Regulation<sup>3</sup> Annex VI – *List of Key Performance Indicators* which serve to measure the progress of implementing IPA III of each country towards the achievement of the specific Instrument's objectives. Given that this is not currently the case, it is expected that an additional mechanism will be established to monitor these aspects of planning and further support the effective implementation of the assistance.

Under IPA III assistance, green investments for the WB6 align with the European Green Deal and the Green Agenda for the Western Balkans (GAWB), focusing on environmental sustainability, climate action, and transitioning to a low-carbon economy, such as:

- **Renewable Energy and Energy Efficiency Projects** - solar, wind, and hydropower, including financing for the development of new facilities, grid modernization to integrate renewable energy sources, and energy storage solutions that can help stabilize renewable energy supply. Actions also target renovating public buildings and households, support energy-efficient public lighting, industrial processes, and district heating systems, to improve energy efficiency, and cut greenhouse gas emissions.
- **Sustainable Transport** - targeting low-emission public transport options, such as electric buses, charging infrastructure for electric vehicles, and the modernization of rail networks to improve regional connectivity while reducing reliance on fossil fuels.
- **Water and Waste Management and Circular Economy** - wastewater treatment, waste collection, recycling facilities, and waste-to-energy initiatives. These investments are intended to improve sanitation, reduce environmental pollution, increasing recycling rates, and supporting sustainable production and consumption patterns and support the shift toward a circular economy.
- **Biodiversity and Ecosystem Conservation** - reforestation, habitat restoration, and nature-based solutions to protect ecosystems. This focus includes sustainable land use and forest management practices that help maintain biodiversity and reduce the risk of environmental degradation.

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<sup>3</sup> Regulation (EU) 2021/1529

- **Climate Resilience and Adaptation** - increase resilience to climate change, such as flood protection, sustainable agriculture practices, and early warning systems for natural disasters.

These areas of investment are not only instrumental in helping the WB6 progress toward meeting EU environmental standards but are also part of the broader strategy to support sustainable economic growth, create green jobs, and enhance the quality of life in the region.

For the **operational tools** to be used by the WB6, under the EU Financial Framework 2021–2027, IPA III funds will be implemented through a combination of Annual Action Programmes (AAPs) and multiannual Operational Programmes (OPs), with a stronger focus on OPs as a central tool for achieving strategic long-term objectives. Among the WB6, only North Macedonia and Montenegro have prior experience implementing OPs under IPA I and IPA II, and now OPs are also available for Serbia and Albania. Meanwhile, Bosnia and Herzegovina and Kosovo will continue to receive assistance solely through direct management, with EU Delegations (EUDs) in these countries managing the IPA funds. OPs are instrument particularly suited to large-scale infrastructure projects, including green infrastructure. As highlighted in **Section 3 below** and **Annex 1 to this Policy Paper**, countries like Serbia, North Macedonia, Albania and Montenegro intend to use OPs for significant projects in energy efficiency, environmental protection, but also connectivity. Nevertheless, what was detected as a challenge in IPA III is that for instance, AAPs for 2021 and 2022 for North Macedonia and Serbia have also included large-scale projects, like establishing regional waste management facilities and wastewater treatment plants, that are not typical interventions for AAPs and may not align well with AAP timeframes, often insufficient for preparation and implementation of a large infrastructure.

Considering that for most of the countries, including for North Macedonia and Montenegro where high staff turnover is evident, implementing OPs is expected to have sharp learning curve, the proper guidance from the EC has crucial importance. Yet, observations reveal that the necessary support from the EC services, particularly within DG NEAR, is sometimes limited, as there may be also a lack of expertise on implementing multi-annual OPs.

In summary, while candidate countries have taken necessary steps to align with IPA III requirements and streamline programming, significant challenges remain in capacity building and OP implementation. Enhanced support and guidance from the European Commission will be essential for these countries to fully capitalize on



the new financial perspective. In the new financial perspective, the European Commission aimed to enhance the programming approach, particularly by providing a more strategic overview of planned activities to be financed under pre-accession assistance and by assessing project maturity. This enhancement is reflected in the adoption of a regulation and the programming framework through a formal Commission decision, rather than informal guidelines that lack binding force for beneficiaries during implementation. Additionally, the programming approach has evolved, resembling the structure of IPA I, with new 'windows' that parallel previous IPA components. For instance, Windows 3 and 4 in IPA III mirror the context of Components 3 and 4 in IPA I, guiding IPA beneficiaries toward structural fund implementation practices.

Opinions are divided on whether these modifications have effectively improved the programming quality. While they have aligned the overall programming process to an extent, challenges remain—particularly with project maturity. Delays continue, even a year or more after the approval of Annual Action Plans, with many major interventions, especially in green infrastructure, stalled due to insufficient readiness at approval.

### **Opportunities**

- A key feature of the new programming approach is its expanded scope, now including more countries implementing OPs (while only Montenegro and North Macedonia implemented operational programs under IPA I and II, Serbia and Albania are now joining this process for the first time). This multiannual model should strengthen IPA beneficiaries' capacity for effective fund use and readiness for future Structural Funds.
- This approach creates opportunities for countries to collaborate and share best practices and lessons learned in implementing Operational Programs (OPs) by establishing regional networks.
- The multiannual financial framework of OPs offers a strong foundation for the WB6 to leverage, particularly with ring-fenced funding for large-scale infrastructure projects, such as different types of green investments.

### **Challenges**

- Limited knowledge regarding the specifics of managing multiannual OPs among both national authorities and EC services has already led to delays in OP implementation.
- This knowledge gap is further compounded by challenges in programming, as many operations/actions include projects that lack

sufficient maturity, which additionally hinders the implementation of both AAPs and OPs.

- A significant portion of the overall allocations is still programmed to be managed directly by the EU Delegations across the WB6 Region, primarily under the Annual Action Programmes. This remains a limitation for the national authorities in terms of their preparation for future management of both pre-accession and post-accession funds, hindering efforts to further strengthen their capacities.

### 3. Overview of approved allocations and the share of green investments within the Financial Perspective 2021-2027 in the WB6

The figures presented below represent the planned allocations under IPA III for the WB6 countries, derived from both the Annual Action Programmes and multiannual OPs. For Kosovo and Bosnia and Herzegovina, however, the figures are based solely on the Annual Action Programmes, covering the period from 2021 to 2023.

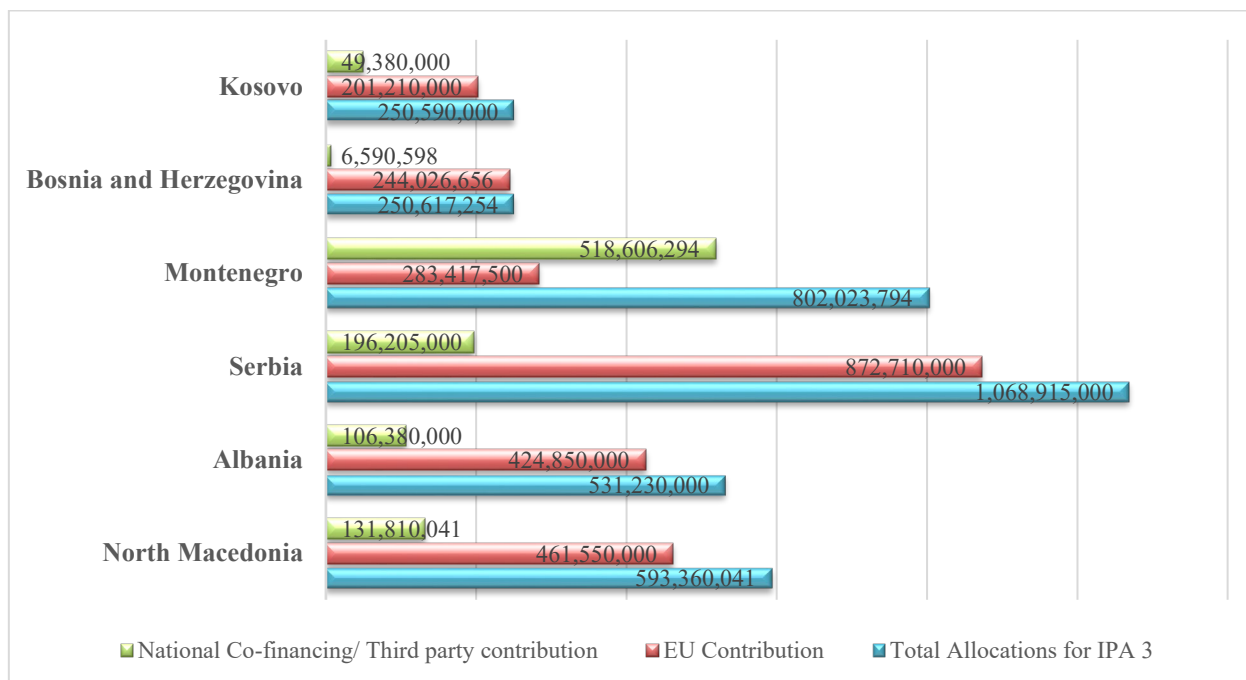
Based on this, the analysis extrapolated data on the allocations programmed by each country for green investments. Detailed information on the actions classified as green investments and the related amounts considered in the calculations is provided in **Annex 1 of this Policy Paper**.

**Table 1\*** – Total approved allocations for WB6 from the EU Financial Perspective 2021-2027

Country	Total approved allocations	EU Contribution	National Co-financing/ Third party contribution
North Macedonia	593,360,041	461,550,000	131,810,041
Albania	531,230,000	424,850,000	106,380,000
Serbia	1,068,915,000	872,710,000	196,205,000
Montenegro	802,023,794	283,417,500	518,606,294
Bosnia and Herzegovina	250,617,254	244,026,656	6,590,598
Kosovo	250,590,000	201,210,000	49,380,000

\* The calculation of total approved allocations is based on the Commission Decisions for approved AAPs and multiannual OPs published by the European Commission<sup>4</sup>, with detailed breakdown provided in Annex 1.

**Chart 1 - Overview of the approved allocations from EU FP 2021-2027 to WB6**



**Table 2 – Green Investments as a share in the total approved allocations and IPA III for the WB6**

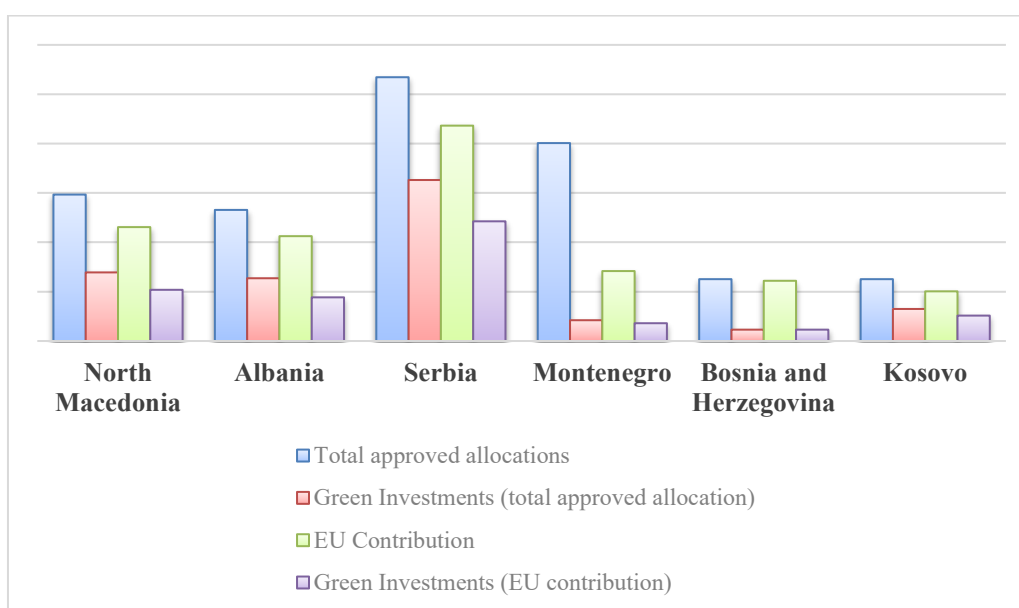
Country	Total approved allocations per country	Green Investments (GI) (from the total approved allocation)	% of GI/total allocations
North Macedonia	593,360,041	277,976,000	46.85%
Albania	531,230,000	254,300,000	47.87%
Serbia	1,068,915,000	652,400,000	61.03%
Montenegro	802,023,794	84,226,728	10.50%
Bosnia and Herzegovina	250,617,254	46,000,000	18.35%
Kosovo	250,590,000	129,850,000	51.82%

<sup>4</sup>[https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/overview-instrument-pre-accession-assistance\\_en](https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/overview-instrument-pre-accession-assistance_en)

**Table 3** – Green Investments as a share in the total approved allocations of IPA III for the WB6

Country	EU Contribution approved per country	Green Investments (from the total EU contribution)	% of GI/EU Contribution
North Macedonia	461,550,000	207,450,000	44.95%
Albania	424,850,000	176,900,000	41.64%
Serbia	872,710,000	485,000,000	55.57%
Montenegro	283,417,500	72,047,500	25.42%
Bosnia and Herzegovina	244,026,656	46,000,000	18.85%
Kosovo	201,210,000	102,950,000	51.17%

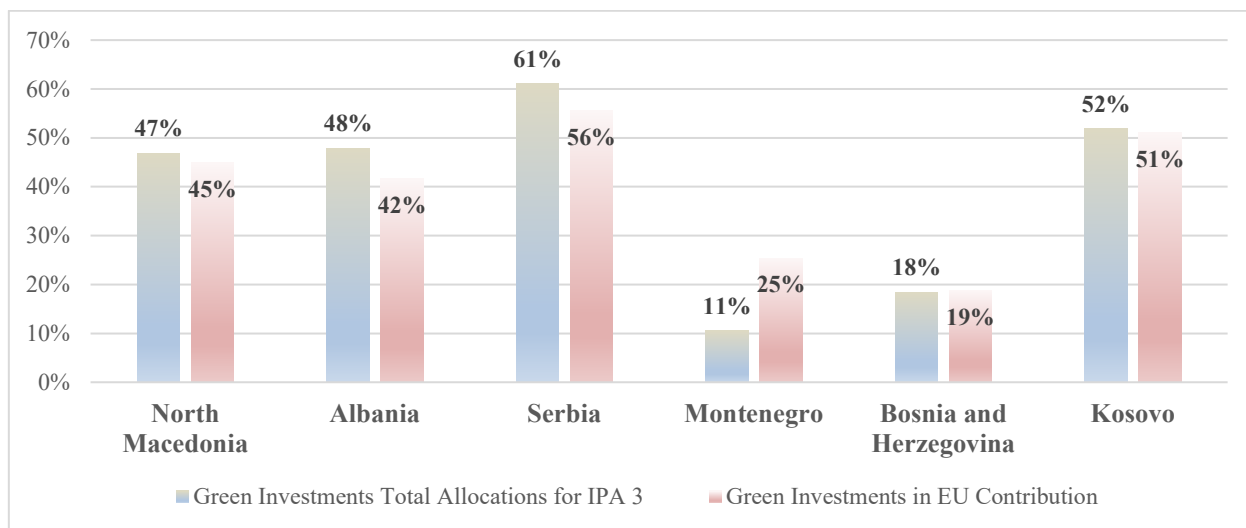
**Chart 2** - Green Investments under IPA III in WB6



Both Table 2 and Table 3 show that biggest share of green investments, both as share in the total approved allocations and as a share in the EU contribution (approved IPA allocations) has Serbia with 61% and approximately 56%, respectively. Lowest share has Montenegro and Bosnia and Herzegovina.

Also, Chart 3 below provides a comparative overview of the WB6, illustrating the share of green investments planned by each country within their overall allocations, as well as the proportion of green investments from the EU contribution.

**Chart 3 - Overview of the share of green investments in the total allocations in the WB6**

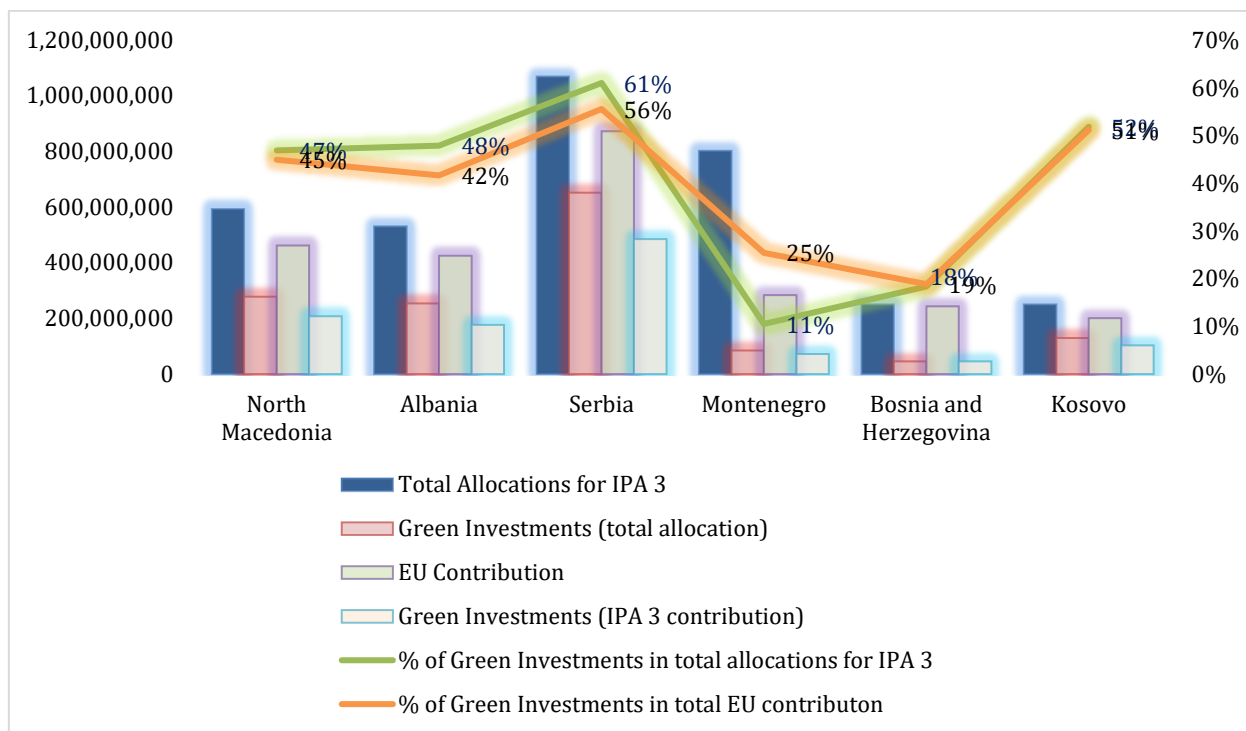


North Macedonia is performing well in planning green investments, with a total share of approximately 47% and 45% of overall allocations, including EU contributions. This positions the country among the top three in the WB6, giving high priority to green investments when EU funding is involved.

This high share of green investments also demonstrates a strong awareness among the authorities involved in the programming stage at national level, including European Commission counterparts, regarding the importance of green investments—particularly in addressing the environmental challenges faced by all the countries.

Chart 4 below provides further details for the planned green infrastructure in the WB6.

**Chart 4 - Overview of Green Investments under IPA 3 in WB6**



### Conclusions

By analyzing the data, we can draw meaningful conclusions regarding regional trends in green investment allocation under the IPA III framework for the WB6 countries. This analysis highlights the varying levels of commitment each country has toward sustainable development and green investments to facilitate alignment with European Environmental Standards. The findings reveal not only the distinct priorities and funding proportions dedicated to green initiatives across these countries but also underscore the critical role these investments play in the WB6 region's transition toward a low-carbon, resilient economy aligned with the EU's Green Agenda. Based on the updated data provided for the WB6 under IPA III allocations, we can draw a series of insights into regional trends, country-specific commitments, and the EU's emphasis on green investments for sustainable development and alignment with EU standards.

Across the WB6, green investments constitute a significant proportion of the total IPA III allocations, reflecting a clear regional priority on advancing the green agenda. Serbia, Albania and Kosovo are leading in terms of the share of their IPA III funding directed toward green initiatives, with Serbia allocating the highest



share at 61%, followed by Kosovo at 52%, and Albania at 48%. These percentages highlight a strong regional alignment with EU objectives for climate action, environmental protection, and sustainable energy transition. However, it should be noted that Kosovo's total allocations in absolute terms are half those of Albania and a quarter of those allocated to Serbia.

The EU contribution is closely aligned with green investments in each country, further emphasizing the EU's strategic focus on environmental sustainability within the Western Balkans. The EU's funding allocation prioritizes green investments in Serbia (56%), Kosovo (51%), and North Macedonia (45%), which suggests a concerted effort to support countries where green initiatives might have the most impact or require the most support. By supporting green initiatives, the IPA III program not only accelerates the Western Balkans' environmental and energy transitions but also aligns these countries more closely with EU standards and policies, facilitating their path toward eventual EU membership.

#### **4. Institutional and organizational setup of the national authorities responsible for managing EU funds**

IPA III introduced significant changes to the institutions involved in the management and control systems for administering IPA funds. New entities, such as Managing Authorities and Intermediate Bodies—including Intermediate Bodies for Policy Management (IBPMs) and Intermediate Body for Financial Management (IBFM)—have been established. While the roles of IBPMs and IBFM remain similar to those under IPA I and IPA II, the introduction of Managing Authorities, typically located within leading line ministries for specific areas, is a novelty for the WB6, even for those countries that have previously implemented OPs.

In the past three years, WB6 which are implementing IPA under indirect management<sup>5</sup> have made substantial progress in adapting their institutional frameworks to meet IPA III requirements, with the EC providing significant technical support to expedite the process. However, a major ongoing challenge is the need for capacity building due to high staff turnover across the IPA structures in all the countries and the resulting loss of institutional knowledge accumulated over the years. This turnover has necessitated renewed capacity-building efforts to restore and strengthen the capacities of the countries to manage the substantial amounts of funds allocated through IPA III.

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<sup>5</sup> North Macedonia, Serbia, Montenegro and Albania



Another challenge, as mentioned above, is the reassignment of roles within line ministries. Some ministries that previously served as implementing bodies now take on roles as Managing Authorities, while others continue to serve as IBPMs. Moreover, some IPA Units in line ministries that would implement projects for their ministry, would have the role of both MAs and IBPMs. This shift introduces new responsibilities for the line ministries which has the role of MAs - MAs now supervise the overall implementation of the programme, supervise the intermediate bodies, and monitor financial management handled by bodies like the Central Financial and Contracting Units (CFCUs).

This cultural shift under IPA III presents further challenges, particularly as some structures may need to manage projects under both IPA II and IPA III until at least 2028. This dual responsibility will require line ministries to simultaneously manage both portfolios, while for IPA II reporting to CFCU as subordinated in the management and control system and in IPA III overseeing the work of CFCU as the IBFM or contracting authority in compliance with PRAG, with due respect of their autonomy in the financial decisions. Even before implementation has begun, there is a lack of clarity in nearly all countries implementing IPA III under indirect management regarding the responsibilities and lines of cooperation between the MAs and the Intermediate Bodies. A particular challenge for MAs is defining the borderline where they should oversee IBFM activities, while also respecting the autonomy of IBFM in making financial decisions.

To navigate these complexities, line ministries must improve their ability to identify risks, enforce accountability, and provide guidance to maintain cohesion among all the IPA Bodies. In our opinion, the leadership of the MAs and their ability to effectively guide and streamline the implementation of the Programs will be crucial for transitioning to the new modality and institutional setup established under IPA III. Addressing these challenges methodically will be crucial to avoiding disruptions in the implementation of assistance and maintaining effective inter-institutional relationships.

However, it should not be expected that the shift will happen smoothly or quickly. Several preconditions must be met first, such as ensuring sufficient capacity in terms of number of staff members, and concentration of knowledge and skills, which would enable the IPA structures within the MAs to effectively exercise authority over the intermediate bodies.



### Opportunities

- The shift towards new structures and authorities introduced under IPA III presents an opportunity for national authorities to establish systems that can be more seamlessly transitioned to implement structural funds after accession.
- For Line Ministries designated as Managing Authorities (MAs), this represents an opportunity to demonstrate leadership in the Programme’s implementation. By proactively assuming a driving role, these ministries can strengthen their partnership with the Commission services, combining responsibility for managing IPA assistance with their role in the EU negotiation process within their specific sectors.

### Challenges

- The consistently high staff turnover rates across the WB6 countries have led to significant losses in knowledge and institutional memory, both of which are essential for building implementation strategies based on lessons learned and best practices.
- The simultaneous implementation of IPA II and IPA III has created overlaps and requires shifts in responsibilities within the same institutions, depending on the financial perspective under which each project falls.
- The short transition period from IPA II to IPA III, along with anticipated overlaps, will likely lead to delays across the project portfolio. For green investments, this poses a substantial risk, potentially impacting their readiness for implementation.

## 5. Implementation of IPA III funded Green Investments in WB6

Although we are already in 2024, when the implementation of the approved IPA III allocation for 2021 or 2022 in all WB 6 should have begun, the implementation, particularly of infrastructure projects, including green infrastructure, evidently has not yet started in any of the WB6. Several tender procedures for projects financed under IPA III have been launched across the WB6, primarily focused on soft measures with limited impact. Apart from Serbia, which has initiated procurement activities for a Regional Waste Facility funded under AAP 2021 and North Macedonia where a project aimed at clean air was entrusted to UNOPS, no other countries have yet begun work on the planned green investments financed under IPA III.

The analysis confirms that delays are evident on both sides - national authorities and EC services - particularly regarding activities that should have been completed by the latter. The logical question is what causes these delays, and the analysis reveals that there are multiple factors at play:

- A significant percentage of the proposed infrastructure projects, including green investments, were not sufficiently mature when they were submitted for financing.
- EC services delayed the entrustment of budget implementation tasks to national authorities, hindering their ability to begin implementation earlier than the current situation allows.
- For green infrastructure in particular, project documents became outdated due to market fluctuations and uncertainty, revealing that project budgets were underestimated and additional financing will need to be secured.
- Insufficient capacity at the national level to lead and coordinate preparatory activities, as well as at the EC level to effectively assess proposed investments and expedite the approval process.
- The EC expectation from the national authorities preparing 'perfect files' and the excessive demands from EC services for them to complete steps in the pre-tendering phase that could otherwise be done in parallel with the tendering process that sometimes lasts 6-9 month. Such approach significantly contributes to backlogs and delays in implementing infrastructure and green investments. In such cases, based on past experience, we would strongly recommend decisions to be guided by risk assessments and addressed on a case-by-case basis jointly by EU Delegations and the national authorities.
- Backlogs and bottlenecks caused by delays and challenges in implementing the IPA II portfolio in some countries (e.g., North Macedonia) are overshadowing the implementation of IPA III, making it seem of secondary importance at present.

The combination of all the above factors creates complex situations, further compounded by both objective and subjective elements specific to each investment, which, in most cases, require additional efforts to address.

Considering the fact that, in most cases, IPA III green investments have not progressed due to **insufficient preparation and lack of maturity**, leaving them unable to move past the tendering stage and into full implementation, key question would be how EC has approved these operations, considering that maturity was

one of the main principles of the assistance. Maturity was explicitly stated as a key criterion in the second stage of the selection process during the programming phase, as outlined in the IPA III Programming Framework. Another critical question is whether the existing IPA structures are sufficiently prepared and equipped with the necessary skills to manage preparatory activities for infrastructure projects. When addressing project maturity, responsible authorities should, during the programming phase, consider incorporating technical assistance support into the portfolio to support maturing projects for future financial perspectives. Given the time required to prepare 'green investments', as observed in the implementation of IPA in some countries, such an approach could significantly enhance absorption rates.

Numerous analyses and practical experience indicate that each of the WB6 countries has a highly complex legal framework at the national level for infrastructure investments, especially regarding the preparation of essential project documentation and meeting required preconditions to begin on-site work. Issues like expropriation, location permits, and urban planning documents pose significant challenges for many infrastructure projects. It would be beneficial for the WB6 countries to review their legal frameworks and, where necessary, consider implementing similar conditions and waivers as those granted to other investors in the past, including the use of '*lex specialis*' for specific types of infrastructure<sup>6</sup>.

Furthermore, as mentioned in **Section 4 above**, there has been a high turnover of staff across all IPA bodies in the WB6. This turnover has led to a loss of institutional memory, with most lessons learned and best practices being lost, resulting in a significant loss of knowledge. Consequently, it is now crucial to reinitiate capacity-building efforts within these structures to address the capacity gaps identified during the preparation of the new institutional setup within the IPA bodies.

Lastly, **funding has become a significant challenge for many planned green investments** due to recent market fluctuations. Project costs are increasingly underestimated, with numerous IPA II tender procedures across all WB6, particularly for environmental infrastructure projects, resulting in tenderers' offers that exceed the available budget, often leading to cancellations. Given the current

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<sup>6</sup> E.g. The Law on Determining Public Interest and Nominating a Strategic Partner for the Implementation of the Infrastructure Corridor 8 Project (North Macedonia, Official Gazette No.163/2021);

Law on Special Procedures for the Realization of the International Specialized Exhibition EXPO BELGRADE 2027 ("Official Gazette of the Republic of Serbia," No. 92/2023)



market instability, similar issues are likely to impact the IPA III portfolio, as cost unpredictability continues to intensify.

To address these challenges, it may be crucial for WB6 countries to implement a mechanism that would enable a quick cost assessment and adjust project budgets to better reflect current market conditions, whenever is needed. Building flexibility into project planning and procurement procedures could help mitigate the risk of cost overruns. Finally, establishing a rapid response mechanism to revise budgets and procurement timelines could help prevent project delays and cancellations. This proactive approach would position WB6 countries to navigate market fluctuations more effectively, ensuring that green investment projects remain feasible and aligned with sustainability goals.

Additionally, exploring co-financing opportunities, leveraging public-private partnerships, and seeking supplementary funds from other EU or other mechanisms such as WBIF or similar tool might be necessary to support these green investments, particularly in high-priority sectors like waste management and renewable energy infrastructure.

### Conclusions

IPA III has provided a solid foundation for green infrastructure development within the WB6, emphasizing alignment with EU standards. However, overcoming existing capacity limitations and mitigating implementation delays will be essential to fully realize these opportunities. The analysis, along with the discussions during the Policy Meeting, offers critical insights into the strengths and gaps in the implementation of the IPA III program in the WB6 region, which are highly relevant to highlight and share in this paper:

1. **Governance and Rule of Law:** Good governance and the Rule of Law are essential for creating an environment that fosters effective mechanisms to combat corruption and fraud. These principles are crucial for ensuring sound procurement practices and the smooth implementation of large-scale infrastructure projects, including green investments.
2. **Enhanced Capacity Building and Retention:** To maintain institutional knowledge and strengthen the capabilities required for IPA III implementation, the WB6 countries should intensify efforts to reduce staff turnover in IPA bodies. Implementing structured training programs, upgrading of existing retention policies that have been introduced in



some of the pre-accession countries<sup>7</sup>, and knowledge retention strategies will be crucial in sustaining expertise, prevent knowledge losses and ensuring continuity in managing EU assistance.

3. **Project Maturity and Readiness Improvement:** Establishing a more comprehensive project review process could help ensure that only fully mature projects are approved for IPA III funding. This step could mitigate delays stemming from insufficiently prepared projects, particularly for large-scale green infrastructure initiatives.
4. **Streamlining Regulatory Approvals for Green Infrastructure:** Introducing “fast-track” approval processes specifically for green infrastructure projects could reduce delays and lower administrative burdens. Streamlined regulatory pathways would help ensure that projects meet required standards while advancing on time.
5. **Adaptable Funding Mechanisms:** Given the instability in market prices affecting project costs, creating flexible budget mechanisms will be of high importance for implementing the infrastructure projects. WB6 countries could benefit from mechanisms allowing for quick cost reassessments and budget adjustments, reducing the likelihood of project cancellations due to budget overruns. Exploring opportunities for closer link with the Reform Agenda and the Growth Facility.
6. **Explore Co-Financing:** Expanding financing options through seeking additional funding sources, such as WBIF, could provide the necessary support to sustain green investments in critical sectors like renewable energy and waste management.
7. **Strengthening Coordination with the European Commission:** To advance the implementation of IPA III, greater collaboration and support from the EC, particularly within DG NEAR, will be essential. The WB6 countries should advocate for increased technical guidance to streamline the implementation of OPs and AAPs and overcome current challenges with the EC's assistance. As mentioned above, the engagement of the relevant Directorate-Generals (DGs) that implement the Cohesion Policy at EU level, such as DG Regio and DG Employment, Social Affairs and Inclusion, in collaborations with Pre-Accession Countries and IPA implementation, would be of great benefit for building the capacities of the national structures for future management of the Structural Funds.

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<sup>7</sup> For example, in North Macedonia, the government took initial steps in 2021 by adopting a retention measure that includes top-ups for officials working on IPA and EU integration matters

- 8. Establishing Regional Knowledge-Sharing Networks:** Creating a platform for knowledge exchange across the WB6 could facilitate the sharing of best practices, lessons learned, and technical expertise.

By tackling these challenges and following some of the above-mentioned recommendations, WB6 countries can accelerate the effective implementation of IPA III, advancing their sustainable development goals and strengthening their prospects for EU integration.

## 6. Paths Forward

The paths forward outlined below aim to empower the WB6 countries to make the most of the opportunities provided by IPA III, enhancing their capacity to implement green investments effectively. By addressing current challenges in institutional capacity, project readiness, and adaptability to market conditions, these strategies offer a roadmap for aligning with EU environmental standards and advancing regional sustainability. Through these actions, the WB6 countries can strengthen their green transition, better prepare for future EU membership, and build a foundation for long-term economic resilience and environmental responsibility.

- 1. Enhanced Capacity Building and Retention:** To maintain institutional knowledge and strengthen the capabilities required for IPA III implementation, the WB6 countries should intensify efforts to reduce staff turnover in IPA bodies. Structured training programs, upgrading of existing retention policies that have been introduced in some of the pre-accession countries, and knowledge retention strategies will be crucial in sustaining expertise and ensuring continuity in managing EU assistance.
- 2. Project Maturity and Readiness Improvement:** Establishing a more robust project review process could help ensure that only fully mature projects are approved for IPA III funding. This step could mitigate delays stemming from insufficiently prepared projects, particularly for large-scale green infrastructure initiatives.
- 3. Streamlining Regulatory Approvals for Green Infrastructure:** Introducing “fast-track” approval processes specifically for green infrastructure projects could reduce delays and lower administrative burdens. Streamlined regulatory pathways would help ensure that projects meet required standards while advancing on time.
- 4. Adaptable Funding Mechanisms:** Given the volatility in market prices affecting project costs, creating flexible budget mechanisms will be vital. WB6 countries could benefit from mechanisms allowing for quick cost



reassessments and budget adjustments, reducing the likelihood of project cancellations due to budget overruns. Exploring opportunities for closer link with the Reform Agenda and the Growth Facility.

5. **Explore Co-Financing:** Expanding financing options through public-private partnerships or seeking additional funding sources, such as WBIF, could provide the necessary support to sustain green investments in critical sectors like renewable energy and waste management.
6. **Promoting Partnership approach at all levels:** Enhancing coordination and collaboration between local and central institutions in identifying financing priorities is crucial for obtaining ownership in implementing “green infrastructure” projects. Moreover, fostering a partnership approach with civil society organizations active in green-related areas is also a boost that could have an added value to the overall implementation.
7. **Strengthening Coordination with the European Commission:** To navigate the complexities of the IPA III framework, greater collaboration and support from the EC, particularly within DG NEAR, will be essential. The WB6 countries should advocate for increased technical guidance to streamline the implementation of OPs and AAPs and overcome current challenges with the EC's assistance. As mentioned above, the engagement of the relevant Directorate-Generals (DGs) that implement the Cohesion Policy at EU level, such as DG Regio and DG Employment, Social Affairs and Inclusion, in collaborations with Pre-Accession Countries and IPA implementation, would be of great benefit for building the capacities of the national structures for future management of the Structural Funds.
8. **Establishing Regional Knowledge-Sharing Networks:** Creating a platform for knowledge exchange across the WB6 could facilitate the sharing of best practices, lessons learned, and technical expertise.
9. **Intensifying the EU Negotiation Process:** Last but not least, the EU accession negotiation process should be accelerated, as the benchmarking system will further refine and guide the identification of green priorities and the implementation of green infrastructure, but also serve as a catalyst for the efforts of national authorities.

Implementing these strategies could empower the WB6 countries to optimize the available funding under IPA III, advancing their green agendas and paving the way for sustainable growth and EU integration.

## **ANNEX 1 – Overview of approved allocations under IPA III in the WB6, including allocations for green Investments**

## ANNEX 1 – Overview of approved allocations under IPA III in the WB6, including allocations for green Investments

<b>I. North Macedonia</b>					
<b>Action Plans/Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
<b>AAP 2021</b>			<b>110,176,000</b>	<b>90,450,000</b>	<b>19,726,000</b>
EU for Rule of Law and Anti-corruption	Direct	No	9,600,000	8,500,000	1,100,000 <sup>8</sup>
EU against organised crime, in support of trade	Direct	No	14,000,000	10,600,000	3,400,000 <sup>9</sup>
EU Integration Facility	Direct	No	5,500,000	5,500,000	0
EU for Environmental Standards and Clean Air	Direct/Indirect	Yes	26,000,000	22,000,000	4,000,000 <sup>10</sup>
EU for Prespa	Direct/Indirect	Yes	21,726,000	18,000,000	3,726,000 <sup>11</sup>
EU for Green Economy	Direct	Yes (partially)	33,350,000	25,850,000	7,500,000 <sup>12</sup>
<b>AAP 2022</b>			<b>109,120,000</b>	<b>72,500,000</b>	<b>36,620,000</b>

<sup>8</sup> This action is financed in parallel co-financing by North Macedonia for an amount of EUR 1,000,000 and in joint co-financing by the grant beneficiaries for an amount of EUR 100,000

<sup>9</sup> This action is financed in parallel co-financing by North Macedonia for an amount of EUR 1,700,000 and in joint co-financing by North Macedonia for an amount of EUR 1,700,000

<sup>10</sup> This action is financed in joint co-financing by UNOPS for an amount of EUR 4,000,000

<sup>11</sup> This action is financed in parallel co-financing by North Macedonia for an amount of EUR 1,600,000 and in joint co-financing by grant beneficiaries for an amount of EUR 416,000. This action is financed in joint co-financing by entrusted entities for an amount of EUR 1,710,000

<sup>12</sup> This action is financed in joint co-financing by the grant beneficiaries for an amount of EUR 7,500,000



<b>I. North Macedonia</b>					
<b>Action Plans/Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
EU for Modern Wastewater Systems	Indirect	Yes	63,000,000	26,500,000	36,500,000
Improved Health, Social Protection and Gender Equality	Direct	No	11,120,000	11,000,000	120,000
EU for Improved Border and Migration Management	Direct	No	10,000,000	10,000,000	0
EU for Modern Public Administration	Direct	No	18,000,000	18,000,000	0
EU Integration Facility	Direct	No	7,000,000	7,000,000	0
<b>AAP 2023</b>			<b>80,000,000</b>	<b>80,000,000</b>	<b>0</b>
State and Resilience Building Contract for North Macedonia	Direct	Yes (partially)	80,000,000	80,000,000	0
<b>AAP 2024</b>			<b>61,795,000</b>	<b>58,600,000</b>	<b>3,195,000</b>
Action Document for EU for Economic Cohesion	Direct	Yes (partially)	20,635,000	20,100,000	535,000
EU for Rights and Security	Direct	No	12,000,000	11,500,000.00	500,000
EU Integration Facility	Direct	No	15,000,000.00	15,000,000.00	0
EU for Health	Direct	No	14,160,000	12,000,000.00	2,160,000
<b>Multiannual Operational Programme on environment in favour of the Republic of</b>			<b>89,300,000</b>	<b>70,000,000.00</b>	<b>19,300,000</b>

<b>I. North Macedonia</b>					
<b>Action Plans/Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
<b>North Macedonia for 2024-2027</b>					
Area of support 1: Water	Indirect	Yes	45,000,000	33,773,500	11,226,500
Area of support 1: Waste	Indirect	Yes	35,800,000	29,014,500	6,785,500
Area of support 3 – Other support	Indirect	Yes	8,500,000	7,212,000	1,288,000
<b>Multiannual Operational Programme on transport in favour of the Republic of North Macedonia for 2024-2027</b>			<b>93,301,000</b>	<b>50,000,000</b>	<b>43,301,000</b>
Area of support 1: Rail Transport	Indirect	No	30,050,000	15,915,000	14,135,000
Area of support 2: Road Transport	Indirect	No	58,800,000	30,050,000	28,750,000
Area of Support 3: Other support	Indirect	No	4,451,000	4,035,000	416,000
<b>Multiannual Operational Programme on human capital in favour of the Republic of North Macedonia for 2024-2027</b>			<b>49,668,041</b>	<b>40,000,000</b>	<b>9,668,041</b>
Area of support 1: Employment and Labour Mobility	Indirect	No	33,769,999	26,486,667	7,283,332

<b>I. North Macedonia</b>					
<b>Action Plans/Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
Area of support 2: Social Inclusion and reduction of poverty	Indirect	No	13,050,000	11,092,500	1,957,500
Area of support 3: Other support	Indirect	No	2,848,042	2,420,833	427,209
<b>TOTAL</b>			<b>593,360,041</b>	<b>461,550,000</b>	<b>131,810,041</b>

<b>II. Albania</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>AAP 2021</b>			<b>64,900,000</b>	<b>64,900,000</b>	<b>0</b>
EU for Justice	Direct	No	8,000,000	8,000,000	0
EU for Property Rights Phase II	Direct	No	10,000,000	10,000,000	0
EU for Nature	Direct/ Indirect	Yes	6,000,000	6,000,000	0
EU for Circular Economy and Green Growth	Direct/ Indirect	Yes	30,900,000	30,900,000	0
EU for Innovation Phase II	Indirect	No	10,000,000	10,000,000	0
<b>AAP 2022</b>			<b>132,500,000</b>	<b>82,600,000</b>	<b>49,900,000</b>
EU for Law Enforcement	Indirect	No	14,900,000	14,900,000	0
International Monitoring Operation (IMO): Support to the process of temporary re- evaluation of Judges and Prosecutors in Albania - Phase III	Indirect	No	11,200,000	9,700,000	1,500,000 <sup>13</sup>
EU for Democracy	Direct	No	5,000,000	5,000,000	0
European Union Integration Facility	Direct/ Indirect	No	19,000,000	19,000,000	0
EU for Youth	Indirect	No	5,000,000	5,000,000	0
EU for Water	Indirect	Yes	77,400,000	29,000,000	48,400,000 <sup>14</sup>

<sup>13</sup> Austrian Development Agency

<sup>14</sup> 47,000,000 Kreditanstalt fuer Wiederaufbau (KfW), 1,300,000 Austrian Development Agency and 100,000 Entity to be selected

<b>II. Albania</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
<b>AAP 2023</b>			<b>80,000,000</b>	<b>80,000,000</b>	<b>0</b>
State and Resilience Building Contract for Albania	Direct	Yes (partially)	80,000,000	80,000,000	0
<b>AAP 2024</b>			<b>67,350,000</b>	<b>67,350,000</b>	<b>0</b>
EU for Fight against Corruption	Direct		3,850,000	3,850,000	0
EU for Local Governance	Indirect	No	10,000,000	10,000,000	0
EU for Food Safety	Indirect	No	12,500,000	12,500,000	0
EU for Forests	Indirect	Yes	13,000,000	13,000,000	0
EU for Employment and Social Inclusion	Direct	No	28,000,000	28,000,000	0
<b>Multiannual Operational Programme on EU for Energy in favour of the Republic of Albania for 2024-2027</b>			<b>79,000,000</b>	<b>50,000,000</b>	<b>29,000,000</b>
Area of Support 1: Support to renewable energy and energy efficiency of buildings	Indirect	Yes	34,500,000	24,000,000	10,500,000
Area of Support 2: Deployment of electric high-speed recharging	Indirect	Yes	13,500,000	6,000,000	7,500,000

<b>II. Albania</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
infrastructure for clean road vehicles					
Area of Support 3: Energy efficiency and environmental protection in the water sector	Indirect	Yes	25,000,000	15,834,000	9,166,000
Area of Support 3: Other Support	Indirect	Yes	6,000,000	4,166,000	1,834,000
<b>Multiannual Operational Programme on Digital Economy and Society in favour of the Republic of Albania for 2024 – 2027</b>			<b>44,000,000</b>	<b>30,000,000</b>	<b>14,000,000</b>
Area of Support 1: ICT infrastructure for better services for the society	Indirect	No	29,000,000	20,150,000	8,850,000
Area of Support 2: Integration with EU information technology systems, cybersecurity and digital connectivity	Indirect	No	12,000,000	8,425,000	3,575,000
Area of Support: Other Support	Indirect	No	3,000,000	1,425,000	1,575,000
<b>Multiannual Operational Programme on EU for Youth Employment in favour of the</b>			<b>63,480,000</b>	<b>50,000,000</b>	<b>13,480,000</b>

<b>II. Albania</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>Republic of Albania for 2024- 2027</b>					
Area of Support 1: Youth Employment	Indirect	No	30,230,000	24,000,000	6,230,000
Area of Support 2: Vocational Education and Training	Indirect	No	25,540,247	20,500,000	5,040,247
Area of Support 3: Other Support	Indirect	No	7,709,753	5,500,000	2,209,753
<b>TOTAL</b>			<b>531,230,000</b>	<b>424,850,000</b>	<b>106,380,000</b>

<b>III. Serbia</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>AAP 2021</b>			<b>159,840,000</b>	<b>122,140,000</b>	<b>37,700,000</b>
EU for Connectivity and Green Agenda	Direct/ Indirect	Yes	100,700,000	63,200,000	37,500,000
EU for Sustainable Economy, Agriculture and Rural Development	Indirect	No	15,640,000	15,640,000	0
EU for Enabling a More Responsive Healthcare System	Indirect	No	12,000,000	12,000,000	0
European Integration Facility	Direct/ Indirect	No	31,500,000	31,300,000	200,000 <sup>15</sup>
<b>AAP 2022</b>			<b>198,050,000</b>	<b>162,200,000</b>	<b>35,850,000</b>
EU support to Fundamental Rights	Direct/ Indirect	No	5,150,000	5,000,000	150,000 <sup>16</sup>
Sector Reform Performance Contract for Justice Reform	Direct	No	30,000,000	30,000,000	0
EU Integration Facility	Direct/ Indirect	No	16,900,000	15,900,000	1,000,000
Sector Budget Support for Public Administration Reform	Direct	No	30,000,000	30,000,000	0

<sup>15</sup> UNDP

<sup>16</sup> Civil Society Organizations



<b>III. Serbia</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
EU support to speed up the Implementation of the Green Agenda in Serbia	Direct/ Indirect	Yes	107,500,000	72,800,000	34,700,000
EU for Inclusive Growth through Improved Social Service Provision and Quality Systems for Labour and Education	Direct/ Indirect	No	8,500,000	8,500,000	0
<b>AAP 2023</b>			<b>165,000,000</b>	<b>165,000,000</b>	<b>0</b>
State and Resilience Building Contract for Serbia	Direct	Yes (partially)	165,000,000	165,000,000	0
<b>AAP 2024</b>			<b>93,895,000</b>	<b>83,370,000</b>	<b>10,525,000</b>
EU for Good Governance	Direct	No	21,000,000	20,870,000	130,000 <sup>17</sup>
EU for Green Economic Development	Direct/ Indirect	Yes (partially)	22,500,000	12,500,000	10,000,000
EU for Rule of Law	Indirect	No	4,895,000	4,500,000	395,000 <sup>18</sup>
European Integration Facility	Direct	No	15,500,000	15,500,000	0
Sector Reform Contract for Education Reform in Serbia: Towards Quality Education and	Direct	No	30,000,000	30,000,000	0

<sup>17</sup> Council of Europe

<sup>18</sup> UNICEF 225,000 and Council of Europe 170,000

<b>III. Serbia</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
Lifelong Learning for Improved Employability					
<b>Multiannual Operational Programme on Employment, Skills, and Social Inclusion in favour of the Republic of Serbia for 2024-2027</b>			<b>126,930,000</b>	<b>100,000,000</b>	<b>26,930,000</b>
Area of Support: Employment and Skills	Indirect	No	71,230,000	55,450,000	15,780,000
Area of Support: Social Inclusion	Indirect	No	44,200,000	34,850,000	9,350,000
Area of Support: Other Support	Indirect	No	11,500,000	9,700,000	1,800,000
<b>Multiannual Operational Programme on Environment and Energy in favour of the Republic of Serbia for 2024-2027</b>			<b>325,200,000</b>	<b>240,000,000</b>	<b>85,200,000</b>
Area of Support: Waste and Water Management	Indirect	Yes	141,900,000	109,000,000	32,900,000
Area of Support: Air Quality and Energy Efficiency	Indirect	Yes	140,000,000	94,200,000	45,800,000
Area of Support: Other Support	Indirect	Yes	43,300,000	36,800,000	6,500,000
<b>TOTAL</b>			<b>1,068,915,000</b>	<b>872,710,000</b>	<b>196,205,000</b>

<b>IV. Montenegro</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
<b>AAP 2021</b>			<b>24,517,353</b>	<b>23,410,000</b>	<b>1,107,352.94</b>
EU Integration Facility	Direct/ Indirect	No	3,650,000	3,650,000	0
EU for Environment and Climate Action policies in Montenegro	Indirect	Yes	7,382,352.94	6,275,000	1,107,352.94
EU for Sustainable Connectivity and Green Economy in Montenegro	Direct	Yes	3,485,000	3,485,000	0
EU Reform Facility	Direct/ Indirect	No	10,000,000	10,000,000	0
<b>AAP 2022</b>			<b>37,720,000</b>	<b>37,720,000</b>	<b>0</b>
EU for Integrated Border Management	Direct	No	15,000,000	15,000,000	0
EU for Public Administration Reform	Direct/ Indirect	No	14,000,000	14,000,000	0
EU Integration Facility	Direct/ Indirect	No	8,720,000	8,720,000	0
<b>AAP 2023</b>			<b>30,000,000</b>	<b>30,000,000</b>	<b>0</b>
State and Resilience Building Contract for Montenegro	Direct	Yes (partially)	30,000,000	30,000,000	0
<b>AAP 2024</b>			<b>29,655,000</b>	<b>26,600,000</b>	<b>3,055,000</b>

<b>IV. Montenegro</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
European Union support to the Rule of Law IV (EUROL IV)	Indirect	No	7,000,000	7,000,000	0
European Union Integration Facility (EUIF)	Direct/ Indirect	No	12,500,000	11,000,000	1,500,000
European Union support for Environment and Climate Change in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation	Indirect	Yes	6,875,000	5,500,000	1,375,000
European Union support for Employment and Social Policy in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation	Direct/ Indirect	No	3,280,000	3,100,000	180,000
<b>Multiannual Operational Programme on Environment and Climate Change in favour of Montenegro for 2024-2027</b>			<b>48,484,375.00</b>	<b>38,787,500.00</b>	<b>9,696,875.00</b>
Area of Support 1: Municipal Water Management	Indirect	Yes	11,151,406.25	8,921,125	2,230,281.25

<b>IV. Montenegro</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
Area of Support 2: Municipal Waste Management	Indirect	Yes	11,151,406.25	8,921,125	2,230,281.25
Area of Support 3. Nature Protection and Climate Change	Indirect	Yes	18,424,062.50	14,739,250	3,684,812.50
Area of Support 4. Other Support for Environment Sector	Indirect	Yes	7,757,500	6,206,000	1,551,500
<b>Multiannual Operational Programme Employment and Social Inclusion in favour of Montenegro for 2024-2027</b>			<b>31,647,066</b>	<b>26,900,000</b>	<b>4,747,066</b>
Area of Support 1 – Inclusive Labour Market	Indirect	No	23,176,473	19,700,000	3,476,473
Area of Support 2 – Social Inclusion and Protection	Indirect	No	5,411,767	4,600,000	811,767
Area of Support 3 – Administrative capacity support	Indirect	No	3,058,826	2,600,000	458,826
<b>Multiannual action plan 2024 – 2027 in favour of Montenegro for extension of the TEN-T core network – Bar-Boljare Highway</b>	<b>Indirect</b>		<b>600,000,000</b>	<b>100,000,000</b>	<b>500,000,000<sup>19</sup></b>

<sup>19</sup> European Bank for Reconstruction and Development for an amount of EUR 200,000 000 and Government of Montenegro for an amount of EUR 300,000,000

<b>IV. Montenegro</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>TOTAL</b>			<b>802,023,793.94</b>	<b>283,417,500.00</b>	<b>518,606,293.94</b>

<b>V. Bosnia and Herzegovina</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>AAP 2021</b>			<b>73,662,000</b>	<b>73,000,000</b>	<b>662,000</b>
"EU4 Migration, Border management and Mine Action	Direct / Indirect	No	15,000,000	15,000,000	0
EU4 Electoral Process	Direct	No	2,000,000	2,000,000	0
EU Integration Facility	Direct / Indirect	No	8,500,000	8,500,000	0
EU4 Regional Development	Direct	No	2,000,000	2,000,000	0
EU4 Energy	Indirect	Yes	9,000,000	9,000,000	0
EU4 Transport	Direct	No	10,000,000	10,000,000	0
EU4 Mitigating Socio-Economic Consequences of COVID-19 pandemic in Bosnia and Herzegovina: Employment, Social Protection and Inclusion Policies	Indirect	No	12,500,000	12,500,000	0

<b>V. Bosnia and Herzegovina</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co-financing/ Third party contribution</b>
EU4 Private Sector Development in BiH (Post COVID-19)	Direct / Indirect	No	10,000,000	10,000,000	0
EU4 Animal disease control"	Direct	No	4,662,000	4,000,000	662,000
<b>Individual Measure</b>			<b>5,327,627</b>	<b>2,413,328</b>	<b>2,914,299</b>
Individual Measure in favour of the Office of the High Representative (OHR) in Bosnia and Herzegovina from July 2021 to June 2022	Direct	No	5,327,627	2,413,328	2,914,299
<b>AAP 2022</b>			<b>45,500,000</b>	<b>45,500,000</b>	<b>0</b>
EU Support to Justice	Direct	No	3,500,000	3,500,000	0
EU4 Public Administration Reform (PAR) Increased Administrative Capacity	Direct	No	6,000,000	6,000,000	0
EU4 Public Finance Management (EU4PFM)	Direct	No	3,500,000	3,500,000	0
EU Integration Facility	Direct / Indirect	No	5,500,000	5,500,000	0
EU4 Environment and Climate Change	Direct	Yes	4,000,000	4,000,000	0
EU4People (Employment and Social Protection)	Indirect	No	23,000,000	23,000,000	0

<b>V. Bosnia and Herzegovina</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>Individual Measure</b>			<b>5,327,627</b>	<b>2,413,328</b>	<b>2,914,299</b>
Individual Measure in favour of Bosnia and Herzegovina concerning support to the Office of the High Representative (OHR) from July 2022 to June 2023, for 2022	Direct	No	5,327,627	2,413,328	2,914,299
<b>AAP 2023</b>			<b>70,000,000</b>	<b>70,000,000</b>	<b>0</b>
State and Resilience Building Contract for Bosnia and Herzegovina	Direct	Yes (partially)	70,000,000	70,000,000	0
<b>AAP 2024</b>			<b>50,800,000</b>	<b>50,700,000</b>	<b>100,000</b>
EU 4 Rule of law and equality (Justice, Roma inclusion, Gender equality)	Direct / Indirect	No	13,100,000	13,000,000	100 000 <sup>20</sup>
EU Integration Facility	Direct/ Indirect	No	3,700,000	3,700,000	0
EU4 Green Economy	Indirect	Yes	22,500,000	22,500,000	0
Support to Youth Employment in Bosnia and Herzegovina	Indirect	No	3,000,000	3,000,000	0

<sup>20</sup> UNICEF





<b>V. Bosnia and Herzegovina</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
Harnessing culture and creativity for sustainable development	Indirect	No	8,500,000	8,500,000	0
<b>TOTAL</b>			<b>250,617,254</b>	<b>244,026,656</b>	<b>6,590,598</b>

<b>VI. Kosovo</b>					
<b>Annual Action Plans/ Operational Programmes</b>	<b>Type of modality</b>	<b>Green Investments</b>	<b>Total Allocations</b>	<b>IPA</b>	<b>National Co- financing/ Third party contribution</b>
<b>AAP 2021</b>			<b>83,760,000</b>	<b>63,960,000</b>	<b>19,800,000</b>
Demining Action	Direct	No	3,900,000	3,900,000	0
EU for Better Municipal Governance	Indirect	No	33,000,000	15,000,000	18,000,000 <sup>21</sup>
EU for Approximation	Direct/ Indirect	No	15,360,000	14,360,000	1,000,000
EU for Environment	Direct/ Indirect	Yes	16,000,000	16,000,000	0
EU for Trade and Internal Market	Direct	No	5,500,000	5,500,000	0
EU for Agriculture and Rural Development		No	10,000,000	9,200,000	800,000 <sup>22</sup>
<b>AAP 2022</b>			<b>91,830,000</b>	<b>62,250,000</b>	<b>29,580,000</b>
EU for Fundamental Rights	Indirect	No	8,880,000	6,800,000	2,080,000 <sup>23</sup>
EU Approximation	Direct	No	7,000,000	7,000,000	0
EU for Environment and Green Energy	Indirect	Yes	68,850,000	41,950,000	26,900,000 <sup>24</sup>

<sup>21</sup> This action is co-financed in parallel co-financing by: - Swedish International Development Cooperation Agency (SIDA) for an amount of EUR 3,000,000 and Government of Kosovo for an amount of EUR 15,000,000

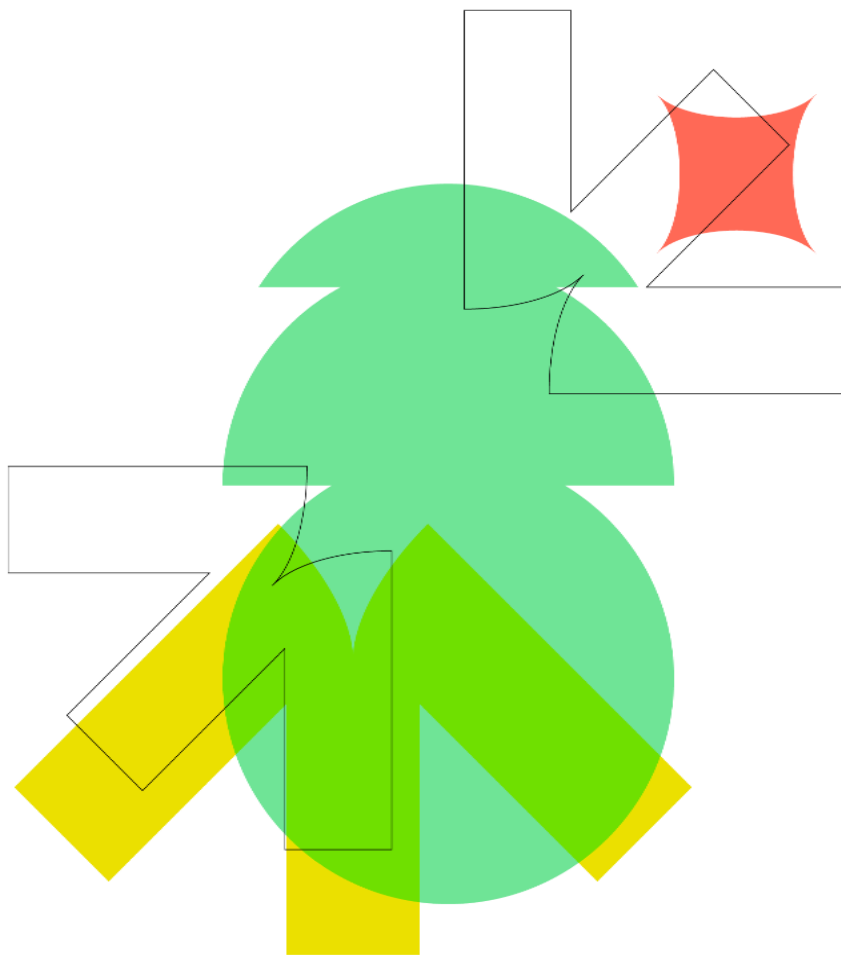
<sup>22</sup> Action is co-financed in parallel co-financing by: - The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany for an amount of EUR 700,000 - Italian Agency for Development Cooperation, Italy for an amount of EUR 100,000

<sup>23</sup> Ministry of Communities and Returns for an amount of EUR 2,000,000; and Council of Europe for an amount of EUR 80,000

<sup>24</sup> Kosovo government budget for an amount of EUR 2,100,000; BMZ/German Federal Ministry for Economic Cooperation and Development for a provisional amount of EUR 1,400,000; and KfW Development Bank for an amount of EUR 23,400,000



EU for inclusive socio-economic development		No	7,100,000	6,500,000	600,000
<b>AAP 2023</b>			<b>75,000,000</b>	<b>75,000,000</b>	<b>0</b>
State and Resilience Building Contract for Kosovo	Direct	Yes (partially)	75,000,000	75,000,000	0
<b>TOTAL</b>			<b>250,590,000</b>	<b>201,210,000</b>	<b>49,380,000</b>



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