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ANNEX 6

to the Commission Implementing Decision on the financing of the multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024

Action Document for “EU support to facilitate just transition for Western Balkans regions, industries and workers”

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23(2) of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1 Action Summary Table

Title	EU support to facilitate just transition for Western Balkans regions, industries and workers Multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024
OPSYS	ACT-62125
ABAC	ABAC Commitment level 1 number: JAD.1161483
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	Yes Priority Area: Digital (10%), Energy (25%), Environment and climate resilience (25%), Economic development (incl. private sector, trade and macroeconomic support) (20%), and Human Development (incl. human capital and youth) (20%)
EIP Flagship	Flagships: 4 - Renewable Energy, 5 - Coal Transition, 6 - Renovation Wave, 7 - Waste and Waste Water, 8 - Digital Infrastructure, 9- Support Competitiveness
Team Europe	No
Beneficiaries of the action	The action shall be carried out in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia)

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence

Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR INFORMATION				
Window and thematic priority	<p>Window 3: Green agenda and sustainable connectivity (60%)¹ Thematic Priority 1: Environment and climate change (30%) Thematic Priority 2: Transport, digital economy and society, and energy (30%)</p> <p>Window 4: Competitiveness and inclusive growth (40%) Thematic Priority 1: Education, employment, social protection and inclusion policies, and health (20%) Thematic Priority 2: Private sector development, trade, research and innovation (20%)</p>			
Sustainable Development Goals (SDGs)	Main SDG: SDG 7: Affordable and clean energy Other significant SDGs: SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all SDG 8: Decent work and economic growth SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable cities and communities SDG 13: Climate action			
DAC code(s)	16020 Employment creation (40%) ² 23110 Energy policy and administrative management (40%) 41010 Environmental policy and administrative management (20%)			
Main Delivery Channel	Donor Government 11000			
Targets	<input checked="" type="checkbox"/> Climate <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

¹ Shares of windows and thematic priorities are only estimations

² Shares of DAC sectors are only estimations

	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	RIO Convention markers	Not targeted	Significant objective	Principal objective				
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective				
	EIP	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
	EIP Flagship	<table border="0"> <tr> <td style="text-align: center;">YES</td> <td style="text-align: center;">NO</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		YES	NO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	YES	NO						
	<input checked="" type="checkbox"/>	<input type="checkbox"/>						
	Tags:	YES		NO				
	Transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>				
	Energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>				
	Environment and climate resilience	<input checked="" type="checkbox"/>		<input type="checkbox"/>				
	Digital	<input checked="" type="checkbox"/>		<input type="checkbox"/>				
	Economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>		<input type="checkbox"/>				
	Human Development (incl. human capital and youth)	<input checked="" type="checkbox"/>		<input type="checkbox"/>				
	Health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>				
	Migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>				
	Agriculture, food security and rural development	<input type="checkbox"/>		<input checked="" type="checkbox"/>				
	Rule of law, governance and Public Administration reform	<input type="checkbox"/>		<input checked="" type="checkbox"/>				
	Other	<input type="checkbox"/>		<input checked="" type="checkbox"/>				
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

	Tags digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	Budget line: 15 02 02 01 Total estimated cost: EUR 5 000 000 Total amount of EU budget contribution EUR 5 000 000			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (management mode and delivery methods)	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1			
Final date for concluding contribution / delegation agreements, procurement and grant contracts	At the latest by 31 December 2025			
Indicative operational implementation period	72 months following the adoption of the Financing Decision			

1.2 Summary of the Action

A just transition ensures that the substantial benefits of a green economy are shared widely, and the concerns faced by fossil fuel-dependent regions, industries and the affected communities are addressed during the transition process and beyond, in line with the 2050 target of achieving climate neutrality in line with the

Green Agenda for the Western Balkans³ (supporting the alignment of the Western Balkans with the goals of the European Green Deal⁴). This entails the adoption of necessary measures to protect those that are most vulnerable and affected by the changes. The present action “EU support to facilitate just transition for Western Balkans regions, industries and workers” aims to support the Western Balkans in managing the transition to a sustainable and climate-neutral economy, with a focus on just and fair transition away from coal and carbon-intensive industries.

The planned activities are in the areas of energy, environment and climate resilience, economic development (including private sector, trade and macroeconomic support), and human development (including human capital and youth) in line with the Economic Investment Plan for the Western Balkans⁵, the Sustainable Development Goals (SDGs) and the IPA III Programming Framework for the period 2021-2027⁶.

The specific objectives of the action are to: i) improve the understanding of the challenges and opportunities linked to the just transition through coherent strategy and policy development; ii) strengthen the engagement with the private sector and international financing institutions to support implementation of projects that enable just transition, including the introduction of new technologies; and iii) foster dialogue and actively engage government authorities, municipalities and citizens and other relevant stakeholders in decision-making for just transition pathways.

This action will deploy the necessary technical assistance to support the implementation of strategies that mitigate commercial, economic, social and environmental impacts of the transition and support human development and social assistance; mobilise finance from the private sector to support regional and industrial transformation and translate roadmaps into investment plans; facilitate and ensure the implementation of pilot projects; and enhance the dialogue on just transition between the Western Balkans partners and also with the EU Member States and other stakeholders.

1.3 Beneficiaries of the Action

The action shall be carried out in the Western Balkans region (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia).

2. RATIONALE

2.1 Context

The Western Balkans is one of the most heavily affected regions in Europe by the impacts of climate change⁷ and given the insufficient diversification of the energy mix, climate action and shifting to green and clean energy solutions have been long-standing objectives of our financial assistance. The phase out of coal-based resource use and the transformation of carbon-intensive industries is a major ecological and socioeconomic challenge for the region.

³ SWD (2020) 223 final

⁴ COM(2019) 640 final

⁵ COM (2020) 641 final

⁶ COM(2021) 8914 final

⁷ IPCC (2022): Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA

The **IPA III Programming Framework for the period 2021-2027** adopted in December 2021 foresees that the EU support in the field of energy will be reinforced under IPA III. Beside the strong emphasis put on energy market integration (including within the framework of the Energy Community Treaty), **decarbonisation, including the just transition of the present and future workforce, are key priorities** for the EU support.

The **Economic and Investment Plan (EIP), the Western Balkans Agenda on Innovation, Research, Education, Culture, Youth and Sport** and the **Green Agenda for the Western Balkans** (supporting the alignment of the Western Balkans with the goals of the European Green Deal) are at the core of the IPA III policy framework. They aim to accelerate a just and socially inclusive clean energy transition, depollution, sustainable mobility and circular economy, which has taken an important role in our cooperation with the Western Balkans partners, both in terms of enhanced policy dialogue and concrete financial support. This will also be key for the region to meet its commitments under the Paris Agreement.

The action will contribute to several **key flagships of the EIP**, aimed at transitioning from coal, diversifying energy supply, investing in renewable energy sources, and intensifying energy savings through the renovation wave. It will also support key flagship actions for the development of a robust, innovative and competitive private sector and digital transformation, in particular in regions depending on coal or carbon-intensive industries. Furthermore, it will help the region prepare for the introduction of the **Carbon Border Adjustment Mechanism (CBAM)** by contributing to lowering the carbon content of electricity and industrial production.

The action will contribute to the **IPA III Programming Framework thematic Window 3** Green agenda and sustainable connectivity”, thematic priority 1 Environment and Climate change and “Thematic Priority 2: Transport, digital economy and society, energy”. The action also contributes to the IPA III Programming Framework **thematic Window 4** Competitiveness and Inclusive Growth and “Thematic Priority 1: Education, Employment, social protection and inclusion policies and health”.

The commitment taken by the Governments of the Western Balkans at the Sofia Summit in November 2020 (*Leaders’ Declaration on the Green Agenda*), was reinforced through the adoption of the **Action Plan for the implementation of the Green Agenda** at the Brno Summit in October 2021. The agenda is a driver for the transition to modern, climate-neutral, climate-resilient and resource-efficient economies, and for unlocking the potential of the circular economy, sustainable food systems, fighting against pollution and improving waste management, towards a cleaner, safer and healthier future.

In 2021, the Energy Community Ministerial Council adopted the Decarbonisation Roadmap for the Contracting Parties of the Energy Community, a political document outlining the sequence of adoption, transposition and implementation of decarbonisation-focused legislation in order to put the Contracting Parties on a path towards achieving 2030 and mid-century decarbonisation targets. The Decarbonisation Roadmap was followed up by the adoption of 2030 energy and climate targets at the Ministerial Council in 2022.⁸ These targets are essential to put the Western Balkans partners on a path towards achieving climate neutrality of their economies by 2050 and decreasing dependence on fossil fuels in the shorter term. On this basis, the development of strategies to achieve the targets through the **National Energy and Climate Plans (NECPs)** is ongoing, with the final NECPs expected by 30 June 2024. Programmes for just transition are mentioned in the **National Energy and Climate Plans** and national **energy strategies** of IPA III beneficiaries, with North Macedonia, Montenegro and Bosnia and Herzegovina having just transition action plans and roadmaps, respectively. Just transition policy measures are also included in some national action

⁸ Decision 2022/02/MC-EnC

plans developed by the Western Balkans partners in the framework of the **Western Balkans Energy Support Package**. Bilateral donors, International Financial Institutions and International Organisations, notably the EBRD (active or planned activities in North Macedonia and Serbia), the World Bank (in Bosnia and Herzegovina), and the United Nations Development Programme (UNDP) (in Montenegro) are implementing dedicated just transition programmes in the region.

The action is also in line with the recommendations in the **Enlargement Package 2022**, mentioning that “further efforts are needed on reforms to support the green transition and regional economic integration so as to unleash the full potential of investments” in the Western Balkans region.

The **Economic Reform Programmes** (ERPs) and the policy guidance agreed annually in the joint conclusions also include green and energy transition as one of the key structural challenges and reform priorities as well as improving the quality and relevance of the education system to increase employment and mitigate skills mismatches. This cross-sectoral action will contribute to the implementation of the ERPs of the IPA III beneficiaries by increasing the Western Balkans economies’ competitiveness while ensuring higher employment rates and better inclusion. The action will also complement the national agendas of reforms and strategies in the social, education and training, employment and skills sectors.

Implementing the Green Agenda and the specific actions related to just transition requires a coordinated effort of the **bilateral and the regional programmes**, and the mobilisation of all the implementation modalities and **financial instruments** available under IPA III. The **Western Balkans Investment Framework** (WBIF) is the main tool under IPA to implement the EIP and to address the green agenda and more specifically the transition towards clean energy. All WBIF components, i.e. the blending instruments for public infrastructure, the Regional Energy Efficiency Programme, the Green for Growth Fund, and the Western Balkans Guarantee Facility (implemented within the EFSD+ framework) provide direct support to *inter alia*, energy efficiency and renewable energy investments (e.g. wind parks, solar power plants, rehabilitating hydro-power infrastructure), green investments and green lending for SMEs putting in focus also circular economy and digitalisation.

Since the beginning of IPA III, **bilateral programmes** have also consistently addressed the Green Agenda, including aspects of the just transition, with a strong focus on administrative capacity building, improvement of the legal and regulatory frameworks, and active support to mitigate the social impacts of the green transition, particularly through direct intervention on active labour market measures, creation of green jobs, up-skilling and re-skilling of workers.

The action is in line with the **European Pillar of Social Rights** which has been endorsed by the Western Balkans as well as with the **Digital Agenda for the Western Balkans**. The action also has strong synergies with the **Covenant of Mayors for Climate and Energy for Western Balkans** [and Türkiye] regional programme, implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. This action will build on the experiences of the initiative *Coal regions in transition in the Western Balkans and Ukraine* (CRiT WBUA) and other initiatives that focus on the social, industrial and economic aspects of the transition, for example the centres of vocational excellence in the green transition; Greening Responses to Excellence through Thematic Actions (GRETA) initiative developed by the European Training Foundation.

Regarding a **Team Europe approach**, the WBIF serves as an ideal platform for pulling together resources from EU Member State agencies and bilateral and multilateral financing institutions, operating under a policy framework which is oriented towards the Green Agenda.

2.2 Problem Analysis

Short problem analysis

The energy sector in the Western Balkans is characterised by a relatively high reliance on fossil fuels, a late deployment of renewable energy (beyond hydropower and residential biomass), limited energy efficiency, high rates of energy poverty, and a limited private sector participation in several sub-sectors. The region is already experiencing unprecedented climate change consequences, with further expected increasing temperatures, decreasing precipitation and intensifying frequency of droughts, flooding as well as intense extreme weather phenomena. It is therefore in the interest of the citizens of the region that, in line with the Paris Agreement, carbon reduction commitments are implemented in respect of decreased energy intensity, clean energy supply and of smart mobility solutions. Energy efficiency of buildings and businesses, including small and medium enterprises, will need to be equally addressed and accompanied by the necessary human resource development.

Furthermore, the transition is more difficult for the Western Balkans than for the EU Member States because of the difficult financial situation and also the very high dependence of most of the Western Balkans partners on coal⁹, as well as higher coal-related air pollution levels.

Several of the Western Balkans partners have difficulties to comply with the air pollution limits¹⁰ set by the National Emission Reduction Plans (NERPs) by emitting much higher quantities of pollutants. Inefficient individual burning units and low quality and polluting burning fuels (i.e. coal, wet firewood/woodchips) are widely present in the Western Balkans and are the cause of harmful emission of hazardous gasses and particulate matter (PM). This in turn causes thousands of air-pollution-related deaths in the region¹¹.

The region economies rely on the consumption of fossil fuels and on resource-intensive and inefficient industrial plants which have not been fully modernised. Therefore, some of these power plants and related coal mines should go through a process of refurbishment, rehabilitation and clean-up. In addition, the extraction and use of new natural resources should be reduced, while recycling and reuse should be promoted (e.g. by using innovative green technologies, catering both to the local and the European markets).

The future of solid fossil fuels in the Western Balkans and Ukraine and the impact of the energy transition on the number of jobs related to these activities was also investigated recently by the Joint Research Center.¹²

An initial screening completed by the **Initiative for coal regions in transition in the Western Balkans and Ukraine** has identified at least 17 Western Balkans regions with significant coal mining activities and coal-based energy production that are eligible to participate in the initiative. Several other regions in the Western Balkans – while with no ongoing coal mining activities – are characterised with a significant reliance on coal for energy production (like electricity, heat). Indicative examples of affected coal regions in the

⁹ Share of coal in electricity generation (2019): 0% in Albania, 63% in Bosnia and Herzegovina, 95% in Kosovo, 44% in Montenegro, 60% in North Macedonia and 68% in Serbia (source: “The Green Tank and CEE Bankwatch Network (2021), A Just Transition Fund for the Western Balkan countries”)

¹⁰ Belis, C., Djatkov, D., Lettieri, T., Jones, A., Wojda, P., Banja, M., Muntean, M., Paunovic, M., Niegowska, M.Z., Marinov, D., Poznanović, G., Pozzoli, L., Dobricic, S., Zdruli, P. and Vandyck, T., Status of environment and climate in the Western Balkans, EUR 31077 EN, Publications Office of the European Union, Luxembourg, 2022, ISBN 978-92-76-52722-0, doi:10.2760/374068, JRC129172

¹¹ “The Green Tank and CEE Bankwatch Network (2021), A Just Transition Fund for the Western Balkan countries”

¹² Ruiz Castillo, P., Medarac, H., Somers, J. and Mandras, G. (2021), Recent trends in coal and peat regions in the Western Balkans and Ukraine, EUR 30837 EN, Publications Office of the European Union, Luxembourg, ISBN 978-92-76-41930-3, doi:10.2760/238209, JRC126154.

Western Balkans include: Tuzla canton, Srednjobosanski canton, Zeničko-Dobojski canton, Ugljevik region, Gacko region (in Bosnia and Herzegovina), Prishtina region (in Kosovo), Pljevlja region (in Montenegro), Bitola region, Kičevo region (in North Macedonia) and Kostolac region, Kolubara region, Obrenovac region, Pomoravlje region (in Serbia).

In addition, several additional regions in the Western Balkans are home to carbon-intensive industries that constitute considerable sources of income and employment for citizens and might be impacted by CBAM, for instance, aluminium, cement, iron and steel¹³. The energy transition in the EU and in the region poses risks to their sustainability, unless appropriate measures are implemented to support the industrial transformation and the communities affected by it. This action aims to target both coal and carbon-intensive regions and the respective communities which will be fully identified through the activities of this action document. It should adapt to the current state of play for each of the Western Balkans partners, depending on the individual level of preparedness for just transition processes.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The main stakeholders impacted by the issues raised include municipalities, administrative regions, residents, local businesses, non-governmental organisations, universities and youth organisations in several regions in the Western Balkans.

The main institutional stakeholders include the public authorities in both central and local governments, with a special focus on municipalities of the relevant regions. A multi-sectoral approach is critical, with involvement of line ministries responsible for the areas covered by the just transition, such as energy, economy/industry, finance, education, employment and social affairs, agriculture, environment, labour or tourism and/or local governments in the relevant regions.

Additionally, regional or international organisations active in the area of just transition such as the Energy Community Secretariat (EnCs), the UNDP or International Financial Institutions (IFIs), will be closely associated (e.g. annual event and monthly online meetings with the stakeholders). Bilateral donors supporting the just transition in the region, EU Member States (including but not limited to Sweden, Slovakia, Germany), as well as other bilateral partners like Norway or Switzerland should also be involved.

The stakeholders identified above will be playing an important role in ensuring that other relevant stakeholders at central and regional level are adequately involved in the action.

2.3 Lessons Learned

At Commission level, support projects and initiatives include the **Just Energy Transition Partnership**, the **Just Transition Mechanism (including the Just Transition Fund)** and the **Just Transition Platform (including the Coal regions in transition initiative)**. The European Green Deal established the Just Transition Mechanism and Fund inside the European Union. The EU's Just Transition Mechanism is expected to mobilise around EUR 55 billion of investments over the period from 2021 to 2027 to help the most affected regions and communities to deal with the negative impacts of the transition. The Just Transition Fund is part of the mechanism, supporting citizens and workers in the regions impacted the most by this economic transformation. While the Western Balkans are also affected by the transition and have made commitments to climate neutrality under the 2020 Sofia Declaration on the Green Agenda and the 2021 Energy Community Roadmap; there is currently no dedicated fund to help the Western Balkans

¹³ Elena Herrera Merino (2021) "Impact Assessment Report - Carbon border adjustment mechanism and its influence in trade flows between the European Union and NEAR countries"

partners end their reliance on coal and address the social and economic impacts of such a change. Nevertheless, the European Commission has supported the just transition in the Western Balkans for several years within different projects and initiatives in line with the EIP flagships and Green Agenda objectives.

As for the enlargement region, the European Commission is implementing the EIP policy objectives through IPA bilateral and regional programmes and the Western Balkans Investment Framework. Accompanying the EIP, the Guidelines for the Implementation of the Green Agenda provide an indicative list of areas for IPA support. It is important to ensure the peer-to-peer exchange with EU Member States that have gone through or are going through the just transition process. Providing coherent EU guidance on transition from coal is essential in order to bring the information and knowledge directly in the affected regions.

In several Western Balkans partners where a full-fledged just transition diagnostic was conducted producing a set of deliverables and a Just Transition Action Plan/Roadmap (e.g. North Macedonia), an important lesson learnt is the communication with the relevant stakeholders and direct engagement with the municipalities and the local population. The efforts of this project and the ongoing WBIF supported investments in the regions of Kičevo and Bitola in North Macedonia have demonstrated firsthand what the transition to green energy would look like. Thus, the concept *leave no one behind* is extremely important. Besides North Macedonia, Montenegro has been implementing just transition actions at country level and locally in the municipality of Pljevlja, with some inspiring examples or lessons learned from the aspect of community engagement and stakeholder involvement.

The **Initiative for coal regions in transition** was launched in 2017 focusing on the European Union (CRiT EU). In 2020, it became part of the Just Transition Platform. The initiative for coal regions in transition in the Western Balkans and Ukraine (CRiT WBUA) includes six Beneficiaries: Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, and Ukraine. It mirrors the CRiT EU initiative to offer coal regions in the Western Balkans and Ukraine the possibility to exchange with coal regions within the EU and will be operating until December 2023. CRiT WBUA is delivering support to coal regions in EU neighbouring countries by providing an open platform allowing region-wide and multi-stakeholder dialogue. A whole series of bilateral exchanges with EU regions, workshops and webinars has already taken place, while others are being planned. Therefore, the CRiT WBUA enables exchange of knowledge, good practices, and establishes relevant networks between key stakeholders. This has proven useful in fostering and facilitating the dialogue in the Western Balkans and Ukraine with international financial institutions, regional partners and EU regions. In addition, it has supported the development of roadmaps and action plans for just transition and increased awareness in the local population and governments for the need to have a just energy transition. This action will build on the experiences of the CRiT WBUA initiative and other initiatives that focus on the social, industrial and economic aspects of the transition such as the GRETA initiative developed by the European Training Foundation which supports the greening of vocational education and training.

Up to date, approximately EUR 1 billion has been invested in supporting the green transition of the region and its economies (funded through IPA bilateral and through the WBIF 2021-2023). Some of the projects broadly contribute to just transition, such as clean energy investments, creation of green jobs and the upskilling and reskilling of the labour force, education and training for young people and unemployed to be ready for new work opportunities in the green and circular economy industries. This EU support also includes EUR 500 million budget support to the regional economies to cope with the immediate impact of the energy crisis. More investments are in the pipeline for 2023 under the WBIF where it is expected that several new infrastructure projects in the field of clean energy and environmental protection will be endorsed in 2023.

Through the planned IPA III funded **Multi-Annual Operational Programmes for Albania, Montenegro, North Macedonia and Serbia** (currently under preparation), several projects would focus on the **decarbonisation pillar** of the green agenda, contributing to climate change mitigation, increasing resilience and adaptation to climate change, circular economy, promoting renewable and clean energy and reinforcing environmental protection. Some actions will also focus on **creation of green jobs**.

Lessons learnt from the implementation of the projects referred above point to the **need to focus more on implementation, involve and engage with national, regional and local authorities, coordinate the activities** being developed for just transition between different international institutions and **differentiating the existing needs depending on different Beneficiary, regional and sub-regional contexts**. Equally, the **experience and lessons learned from Member States** such as Greece or Slovakia is considered relevant.

Developing pilot / seed interventions that can demonstrate the social and economic opportunities of just transition – and that can be rolled out and scaled up rapidly - will be critical to successful implementation of this action. Working closely with the governments on setting up Operational Programmes and with IFIs to develop bankable projects catering for specific needs to deliver concrete solutions (including the implementation of National Energy and Climate Plans) will also be essential.

The action will build on the results of previous and existing programmes in the region and will complement the actions and platforms already implemented. It will continue to focus on peer-to-peer exchanges with EU regions and the Western Balkans, stakeholder engagement, outreach and cooperation with international financial institutions.

A multi-stakeholder dialogue will be necessary. Sharing experiences, knowledge and best practices on transition-related issues and encourage ties between affected regions and sectors in the Western Balkans and their EU counterparts through region-to-region exchanges will be supported.

3. DESCRIPTION OF THE ACTION

3.1 Intervention Logic

The Overall Objective and Impact of this action is to support the Western Balkans in managing the transition to a sustainable and climate-neutral economy, with a focus on just and fair transition away from coal and carbon-intensive industries.

The **Specific Objectives (outcomes)** of this action are to:

- 1 Improve the understanding of the challenges and opportunities linked to the just transition through coherent strategy and policy development.
- 2 Strengthen engagement with the private sector and international financing institutions to support implementation of projects that enable just transition, including the introduction of new technologies.
- 3 Foster dialogue and actively engage government authorities, municipalities and citizens and other relevant stakeholders in decision-making for just transition pathways.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

1.1 Contributing to **Specific Objective 1** is Output 1.1: a complete *mapping of coal regions and carbon-intensive industries* is developed, building on available information.

1.2 Contributing to **Specific Objective 1** is Output 1.2: *measures and recommendations* are proposed to strengthen the attractiveness and competitiveness of affected regions (focusing on CBAM) to mitigate commercial, economic, social and local impacts of the transition; and to support human development and social assistance by making the best use of digital transition. It is important that the negative effects of potential job losses are mitigated; the guidance should include recommendations for re-skilling, re-training and means on how to redeploy employees to other jobs and stimulate new job opportunities by investing in low carbon and green technologies and services. Measures and recommendations should be proposed based on qualitative/quantitative analysis and monitoring of the relevant planned and ongoing activities of the Beneficiaries in the field of just transition.

2.1 Contributing to **Specific Objective 2** is Output 2.1: develop *guidelines for a regional joint approach for relevant EU partners to finance just transition. Prepare a toolkit for the Western Balkans* to accelerate the mobilisation of public and private sector finance supporting the just transition. Translate roadmaps for regional and industrial transformation into investment plans and identify future investment projects.

2.3 Contributing to **Specific Objective 2** is Output 2.2: *pilot projects are identified in all Western Balkans partners, and the implementation of the most advanced / mature pilot projects is launched and facilitated* to accelerate the just transition towards sustainable and inclusive market economies. These concrete pilot actions would also support the demonstration of real benefits and would help to explore the options to strengthen the involvement of the private sector.

3.1 Contributing to **Specific Objective 3** is Output 3.1: *Western Balkans and EU regions exchange best practices as well as lessons learnt and exchange on action plans on just transition and implementation of projects.*

3.2 Contributing to **Specific Objective 3** is Output 3.2: Strengthened engagement of the main stakeholders; including citizens, governments, municipalities, businesses, labour unions, non-governmental organisations and international institutions. Enhanced understanding of just transition benefits and awareness of the regions' efforts and the EU contribution in the implementation of a just transition.

The underlying intervention logic for this action is to identify and pave the way for the rollout and scale-up of measures on just transition at central and regional level. In this way, this action will support the Western Balkans to develop measures, recommendations and roadmaps to prepare the ground for the implementation of the CBAM and future investment projects on just transition possibly funded through WBIF. It also aims to facilitate the implementation of pilot projects and tool kits that can translate roadmaps and action plans into investments.

This action will build on the results of the ongoing CRiT WBUA initiative, ending at the end of 2023, and extend the scope to carbon-intensive industries and building on the work of the Just Transition Platform, considering the social, human and economic perspectives. Similar to the CRiT WBUA initiative, the IFIs and the EnCS will be key stakeholders and closely involved in this action.

The objectives of the action contribute to the general objectives of the EIPs, which are: Flagship 5 - Transition from coal which aims to enable a just transition from coal to more sustainable and green energy production, but it also contributes to Flagship 4 - Renewable Energy, 6 - Renovation Wave, 7 - Waste and Wastewater, 8 - Digital Infrastructure and 9 - Support Competitiveness. In addition, this action supports the implementation of the external dimension of the European Green Deal and is in line with the Green Agenda for the Western Balkans and the Sofia Declaration on the Green Agenda. This will be key for the region to meet its commitments under the Paris Agreement.

3.2 Indicative Activities

Indicative list of activities:

Activities related to Output 1.1

- Complement the existing mapping of coal regions by adding and updating the existent lists of projects being financed by the different stakeholders in the region, ongoing and past initiatives, platforms, and just transition plans already developed or drafted.
- Complete the existing information on regions depending on carbon-intensive industries in order to map the current projects, initiatives, platforms and plans; most affected geographic areas; sectors; industries; actors; costs and opportunities.
- Analyse the NECPs, the ERPs and any other relevant policy document in close collaboration with the EnCS to understand the different paces of transition and the main challenges of each Beneficiary.

Activities related to Output 1.2 are:

- Create a comprehensive list of measures and recommendations for the targeted regions, taking into account the funding gaps and possible sources of funding, but also impacts on women and vulnerable populations to mitigate commercial, economic, social and local impacts of the transition, including the introduction of the CBAM, in coordination with local actors.
- Identify the work force and assets that are the most adversely affected by the green economy transition in the relevant regions and develop possible scenarios, measures and recommendations for human development (career guidance and counselling, **training, upskilling and reskilling**), gender-responsive transition policies and programs, and social protection measures (unemployment benefits and social assistance transfers), taking into consideration the digital transformation.
- Support national and local governments in the development of just transition roadmaps, where not existing or under development, outlining measures addressing the impacts of the transition towards climate neutrality and in line with the Nationally Determined Contributions (NDCs), the NECPs and the lessons learned by EU Member States in the Territorial Just Transition Plans. Include the possibility for support in introducing roadmap measures into relevant national planning documents and ad hoc requests depending on the circumstances of each Beneficiary (including suggestions for capacity building).
- Ad-hoc support and monitor activities and reforms the Beneficiaries are planning and implementing at central and municipal level in the field of just transition and regularly on the advancement and the state-of-play of the implementation of measures, possible challenges.

Activities related to Output 2.1 are:

- Develop a toolkit for the Western Balkans partners, with close cooperation of IFIs active in the field of just transition on how to mobilise the existing public and private sector financing to develop bankable projects related to the transition, fostering innovation (including social innovation), circular economy and digitalisation, as well as to enhance the potential of most affected regions and territories. The toolkit should build on current initiatives, for example the CRiT EU and WBUA, the European Training Foundation and the Initiative and the Eco-Industrial Parks in Western Balkans Single-Donor Trust Fund.
- Develop guidelines for a regional joint approach to financing just transition, based on the principles of what just transition requires, for relevant EU partners and IFIs to follow to scale-up investments in a coherent manner.

Activities related to Output 2.2 are:

- Identify, facilitate exchanges and mobilise investment for the implementation of pilot projects to advance the just transition and access to quality employment by taking into account the results of the mapping, roadmaps and investment plans. These should include pilot projects in the targeted coal and carbon intensive regions on **low carbon technology deployment** (including innovative solutions) and **social assistance and protection solutions**. The pilots should leverage current initiatives, for example the Eco-Industrial Parks in Western Balkans Single-Donor Trust Fund or the implementation of bilateral IPA programmes.
- Develop a pipeline of projects and identify investment priorities with a time horizon of 2030 and beyond (including potential WBIF / IFI financing) based on the existing strategic documents, outcomes and lessons learnt from this Action. In beneficiaries where such project pipelines exist, it is necessary to build on those lists and upgrade them further if/where needed.

Activities related to Output 3.1 are:

- Organise peer exchanges between EU Member States and the Western Balkans regions including at local level to discuss and exchange on good practices and support central or regional authorities to formulate clear orientations for the transition/transformation plans for the most affected sectors, industries and communities focusing on the lessons learned by the EU in the territorial just transition plans and the implementation of the Council Recommendation on ensuring a fair transition towards climate neutrality.

- Organise bilateral specific workshops with all relevant stakeholders (including municipalities, NGOs, IFIs and youth associations) to exchange good practices for the creation of jobs locally and to support the authorities to formulate clear orientations for the transition/transformation for the most affected workforce and industries, taking into account the lessons learned in the peer exchanges and the specific needs of each region and partner.
- Follow the development of the Coal Learning Academia in collaboration with the World Bank and the College of Europe and the expansion of the external stakeholders list developed by the CRiT WBUA.

Activities related to Output 3.2 are:

- Advise stakeholders (e.g. public authorities, municipalities, media, NGOs, youth associations) on communicating on just transition issues effectively, with the objective of encouraging authorities, citizens, businesses and others to take ownership of sustainable development, social, environment and energy ideas, policies and projects.
- Organise visibility events throughout project`s lifespan in coordination with other regional authorities and provide support to the Western Balkans partners in the organisation of their own events on just transition.
- Organise training and education programmes in collaboration with the Western Balkan local authorities to provide capacity building to local actors (promoting access to alternative livelihoods for those who are the most affected by the transition process through reskilling and enhancing entrepreneurship).
- Develop information content and materials for different communication channels and actors.
- Implementation of visibility actions according to the Communication and Visibility in EU-financed external actions guidebook and the visibility strategy of the action.

3.3 Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The action has a direct link to EU climate, environment and clean energy transition policies as it will provide support to implementation of the Green Agenda. Just energy transition is one of the key global challenges of our time. The European Green Deal adopted by the European Commission on 11 December 2019 puts forward the ambitious long-term goal of making Europe a resource efficient economy and a climate neutral continent by 2050 and sets out a number of related targets and concrete actions in the field of climate, energy, mobility, economy, industry, agriculture, pollution and biodiversity management, while ensuring the preservation and development of the workforce responsible for the implementation of the ambitious objectives of the system. The achievement of these objectives will not be possible without an upstream involvement of the Western Balkan region and the adoption and implementation of the National Energy and Climate Plans. This is not only because of their European perspective confirmed in the Western Balkans Strategy and the subsequent summits, but also because this is essential for their citizens since the effects of climate change and polluted air and water know no geographical borders and are intergenerational.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender **equality and empowerment of women and girls** is relevant in the different areas of energy, industrial, social and economic policy. Gender relations between women and men, and girls and boys, play a key role in the access to and control of energy resources¹⁴, as well as the goods and services they provide.

¹⁴ World Bank and Extractives Global Programmatic Support (2023). Just Transition for All: A Feminist Approach for the Coal Sector.

Sustainable development and just transition approaches will be more efficient, effective, responsive and provide broader benefits when women and men have equal access to opportunities, resources, decision-making.

The action will focus on the gender impacts of coal transition and aim at ensuring that the green and digital transitions, in order to be just and fair, do not create inequalities and that women are not forced to shift to economies with much lower incomes, but are introduced with a more equal access to energy, resources, jobs and lifelong learning opportunities.

Monitoring the gender balance outcomes of these policies is important in order to inform the necessary reforms so that adaptation and mitigation responses promote inclusiveness, gender equality, poverty eradication and sustainable development. The empowerment of women where gaps exist in distribution of labour-market access and presence, power, resources, services, and participation will be foreseen specific with positive actions, where possible.

3.4 Risks and Assumptions

Category	Risk	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigation measures
2-Planning, processes and systems	Lack of capacity and willingness to implement just transition plans	M	M	Regular dialogue, including at high level, participation of the European Commission in workshops to raise the profile, addressing the implementation of just transition plans.
2-Planning, processes and systems	Limited control over the action and little visibility due to the strong leadership of Implementing partner	M	M	Governance ensured by regular meetings of Coordination Group and Advisory Board. Visibility is part of governance discussions.
5-Communication and information	Insufficient openness for cooperation and exchange among relevant authorities (including at local level)	L	L	Showcasing success stories and positive narrative on the just transition and green economic growth.

External Assumptions

The key assumption and condition for this action is the existence of the necessary level of engagement and ownership from the different Western Balkans partners and actors.

3.5 Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To support the Western Balkans in managing the transition to a sustainable and climate-neutral economy, with a focus on just and fair transition away from coal and carbon-intensive industries	Assessment of the preparedness of the transition to a sustainable climate-neutral economy, focussing on a just and fair transition	Baseline to be developed at inception	Improved engagement – target to be determined	Just Transition Roadmaps, National Energy and Climate Plans	<i>Not applicable</i>
Outcome 1	Improve the understanding of the challenges and opportunities linked to the just transition through coherent strategy and policy development	Number of reports prepared	0	1 per Beneficiary	Annual Business activity of companies reports from Chamber of Commerce and Industry of each Western Balkans partner	Key actors are not entirely aware of affected regions, sectors, industries, and actors already operating and possibly affected by the just transition and the CBAM, but are showing interest
Outcome 2	Strengthen engagement with the private sector and international financing institutions to support implementation of projects that enable just transition including the introduction of new technologies	Number of prepared guidelines set	0	1 per Beneficiary	Annual Business activity of companies reports from Chamber of Commerce and Industry of each Western Balkans partner	Cooperation with and between actors in the Western Balkans
		Number of pilot projects implementation facilitated	0	2		
		Number of projects that receive funding following the implementation of guidelines for a regional joint approach to financing just transition, and /or sector of innovation / digital in which pilots were implemented	0	1 per Beneficiary		
Outcome 3	Foster dialogue and actively engage government authorities, municipalities and citizens and other relevant stakeholders in decision-making for just transition pathways	Number of public meetings/workshops organised between Western Balkans economies/regional and local authorities / sectoral actors and EU Member States / geographic areas/sectoral actors	0	3	“Initiative for coal region in transition in transition in the Western Balkans and Ukraine” Newsletter issues	Good cooperation and coordination between local actors and other relevant Ministries, institutions and stakeholders
		Number of participants (divided by gender and age group)	0	200		
		Assessment of the level of engagement of Western Balkans actors and the impact of the action deployed.	Baseline to be developed at inception	Improved engagement		
		Number of trained businesses who made a change, developed a new way of doing business	0	4		
		Quality of training (based on feedback survey of participants)	Baseline to be developed at inception	Target to be developed at inception		
Output 1.1	A complete mapping of coal regions and on carbon-intensive industries is developed, building on available information	Number of regions added to the existent mapping from the Initiative for coal region in transition in the Western Balkans and Ukraine (including the estimated amount of GHG emissions for the identified regions)	0	Complete analysis	“Initiative for coal region in transition in transition in the Western Balkans and	Cooperation and access to information from the different actors operating in coal regions and

					Ukraine” website and NECPs	related to carbon-intensive industries in the Western Balkans.
Output 1.2	Create a new mapping on carbon-intensive industries to identify the most affected geographic areas, sectors, industries and actors within the Western Balkans.	Identification and analytical assessment of affected sectors for carbon intensive industries (including the estimated amount of GHG emissions)	Baseline to be developed at inception	Completed	Annual Business activity of companies reports from Chamber of Commerce and Industry of each Western Balkans partners and the NECPs	Western Balkans actors are interested to increase their awareness of affected sectors, industries actors, and regions.
		List and analytical assessment of affected industries				
		Identification and analytical assessment of affected actors				
		Mapping and analytical assessment of affected geographic areas				
Output 1.2	Measures and recommendations are proposed to strengthen the attractiveness and competitiveness of affected regions (focusing on CBAM) to mitigate commercial, economic, social and local impacts of the transition and to support human development and social assistance by making the best use of digital transition	Capacities of stakeholders for just transition and CBAM adaptation	Limited	Advanced	NECP implementation report of the EnCS	Key actors are not engaged in the Western Balkans but are showing increased interest to mitigate the impact of the transition away from coal and the CBAM of industrial actors and can be mobilised.
		Governance structures are prepared for further implementation and implications of the Just Transition and CBAM	Limited	Advanced	EnCS progress report	
		Report with measures and recommendations is developed	0	1 report with specific recommendations per Beneficiary		
		Number of quality actions in support of the attractiveness and competitiveness of decarbonised areas in the Western Balkans initiated/taken up and deployed by local actors	0	3	NECP implementation report of the EnCS EnCS progress report	
Output 2.1	Develop guidelines on a regional joint approach for relevant EU partners to finance just transition. Prepare a toolkit for the Western Balkans to accelerate the mobilisation of public and private sector finance supporting the just transition. Translate roadmaps for regional and industrial transformation into investment plans and identify future investment projects.	Guidelines are developed Guidelines on regional joint approach for relevant EU partners to finance just transition	0	1 report for the region	NECP implementation report of the EnCS EnCS progress report	Western Balkans actors are interested to increase their awareness of affected sectors, industries actors, and regions and in having more tools on how to mobilise investments.
		Toolkit on how to mobilise investment	0	1 report for the region	NECP implementation report of the EnCS EnCS progress report	
Output 2.2	Pilot projects are identified in all Western Balkans partners, and the implementation of the most advanced / mature pilot projects is launched and facilitated to accelerate the just transition towards sustainable and inclusive market economies.	List of projects for financing (including the estimated carbon emission reduction potential)	0	1 project list per Beneficiary	NECP implementation report of the EnCS EnCS progress report	Willingness of Western Balkans actors to support and or participate in the action
		Number of pilot projects successfully implemented	0	Minimum 2 pilot projects implemented (total in the region)	“Initiative for coal region in transition in transition in the Western Balkans and Ukraine” Newsletter issues	Willingness of Western Balkans actors to support and or participate in the action
		Number of quality actions in support of the attractiveness and competitiveness of decarbonised areas in the Western Balkans initiated/taken up and deployed by local actors	Baseline to be developed at inception	Target to be developed at inception		

Output 3.1	Western Balkans and EU regions exchange best practices as well as lessons learnt and discuss action plans on just transition and implementation of projects	Number of peer exchanges organised	0	3	“Initiative for coal region in transition in transition in the Western Balkans and Ukraine” website and the CRiT EU initiative	Willingness of Western Balkans actors to support and or participate in the action
		Number of workshops	0	3		
Output 3.2	Strengthened engagement of the main stakeholders; including citizens, governments, municipalities, businesses, labour unions, non-governmental organisations and international institutions Enhanced understanding of just transition benefits and awareness of the regions efforts and the EU contribution in the implementation of a just transition.	Number of training and education programmes delivered	0	3	NECP implementation report of the EnCS EnCS progress report	Key actors are not engaged in the Western Balkans but are showing increased interest to mitigate the impact of the transition away from coal and the CBAM of industrial actors and can be mobilised.
		Number of events organised by local stakeholders on just transition in which support was provided	0	1 event per Beneficiary	NECP implementation report of the EnCS EnCS progress report	Willingness of Western Balkans actors to develop their own events on just transition
		Social media and communication content developed on just transition.	0	1 communication package per Beneficiary	“Initiative for coal region in transition in transition in the Western Balkans and Ukraine” website and social media	Willingness of Western Balkans actors to develop their own events on just transition
		Capacities of local stakeholders for just transition	Limited	Advanced	NECP implementation report of the EnCS EnCS progress report	Key actions are not engaged in the Western Balkans but are showing increased interest to mitigate the impact of the transition away from coal and the CBAM of industrial actors and can be mobilised.

4. IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude financing agreements with the IPA III beneficiaries in the Western Balkans.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁵.

4.3.1. Indirect Management with a pillar-assessed entity¹⁶

This action may be implemented in indirect management with a pillar assessed entity, which will be selected by the Commission's services using the following criteria: operational and managerial capacities, capacity in terms of human resources, organisational set-up, specific thematic expertise, practical experience in implementing similar project / actions in the area of just transition, and engagement with the region.

The implementation by this entity entails the full implementation of this action; among others the coordination, monitoring and reporting on the activities as well as technical assistance and capacity building provided on an on-demand basis to achieve the action's specific objectives and the related outputs as per section 3.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.3.2.

4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management as defined in section 4.3.1 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by procurements under direct management would be used.

¹⁵ [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

¹⁶ The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, (amount in EUR)
Methods of implementation – cf. section 4.3		
All outcomes and outputs		
Indirect management with entrusted entity– cf. section 4.3.1	5 000 000	N.A
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision	
Strategic Communication and Public Diplomacy – cf. section 6	will be covered by another Decision	
Totals	5 000 000	N.A

4.6 Organisational Set-up and Responsibilities

The responsibility of the programme lies with the European Commission.

The steering of the action will be led by Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D5.

Other European Commission services (such as Directorate-General for Climate Action, Directorate-General for Environment, Directorate-General for Energy, Directorate-General for Regional and Urban Policy, Directorate-General for Employment, Social Affairs & Inclusion, Directorate-General for Agriculture and Rural Development, Directorate-General for International Partnerships) and the European External Action Service will be closely associated as relevant.

A Steering Committee will be led by European Commission services for reviewing the results of the project and guide the way forward with main stakeholders. The Steering Committee will be chaired by the European Commission DG NEAR, and of any other concerned Directorate-General of the Commission. Participation of relevant EU Delegations/EU Office will be ensured. The Steering Committee shall meet at least twice a year to be updated on the annual activities and for the monitoring of the implementation. With the support of the entrusted entity, an annual meeting chaired by the European Commission will be organised with representatives of the Western Balkans, with the Energy Community Secretariat and the IFIs as observers. EU Member States may also be invited. Other relevant meetings could be organised back to back or together with similar meetings under the context of the Covenant of Mayors related initiatives in the Western Balkans or the action EU4Green Recovery.

The Implementing Partner, in close collaboration with the European Commission, will ensure the coordination and communication with the interested stakeholders, including relevant European Commission Services and EU Delegations/EU Office. Programme specific contact points shall be nominated at headquarters, in EU Delegations/EU Office and in field offices to ensure coordinated internal and external communication. The main institutional stakeholders include line ministries responsible for the areas covered by the just transition, such as transport, energy, economy, agriculture, environment or tourism.

International Financial Institutions and other regional organisations such as Energy Community and the Regional Cooperation Council will be closely associated, in order to exchange information, knowledge and experience and to find possible synergies amongst different institutions and programmes on Just Transition in the region. This will be implemented through a possible annual meeting (in-person), monthly meetings (virtually) and presence in different events of the identified stakeholders. In addition, the stakeholders identified above will be playing an important role in ensuring that other relevant stakeholders at central and regional level are adequately involved in the action, in order to coordinate and identify solutions to overcome possible barriers in implementation of just transition programmes.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

- Baselines and targets which are not yet available will be provided at contracting level (at the latest at the end of the inception phase) by the selected implementing partners;
- Implementing partners will collect, record and track key data with particular focus on assessment against the indicators identified in the logical framework to inform on progress towards planned results' achievement;
- SDGs indicators and, if applicable, and jointly agreed indicators as, for instance, those from the EU Results Framework, should be taken into account.

The reports shall be laid out in such a way as to allow monitoring of the resources envisaged and employed and of the budget details of the Action.

5.2 Evaluation

Having regard to the nature of the action, an evaluation will not be carried out for this action.

However, the Commission may, during implementation, decide to undertake an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

When appropriate, the financing of such evaluation shall be covered by another measure constituting a financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the Beneficiaries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, IFIs and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

7. SUSTAINABILITY

Given the limited absorption and administrative capacities of the Beneficiaries, sustainability of the action is one of the concerns that need to be actively addressed throughout the implementation of the action.

In order to strengthen sustainability of results, any support on preparation of policy documents will be done in accordance with the approach advocated by the 'Better Regulation Agenda', which aims to ensure that "policies and legislation are prepared, implemented and reviewed in an open and transparent manner, informed by the best available evidence and backed up by involving internal and external stakeholders". In particular, assistance shall focus on providing analytical prerequisites such as concept notes, options analyses and support to impact assessment. Support in drafting action plans and developing pilot projects shall be paired with capacity building of the Beneficiaries (introduction of international examples, detailed

explanation of proposed texts, etc. the action will also ensure that the new policy documents or guidelines are consulted among the relevant institutions and with the target groups which are likely to be affected by the new guidelines).

In addition, any training, capacity-building and human resources development activities shall be coordinated with the institutions that are centrally responsible for human resources management and professional development of civil servants.

Finally, whenever written procedural manuals or guidelines are developed, they should be simple enough to be regularly updated and changed by the staff of the beneficiary organisations without further external support. Any guidelines or procedures developed cannot contradict with any legal provision of the Beneficiaries.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

Action level (i.e. Budget support, Blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action