

This cluster covers four chapters: 14-transport policy, 15-energy, 21-trans-European networks and 27-environment and climate change. In the first half of 2021, Serbia submitted an action plan on oil stocks and an action plan on gas unbundling, fulfilling the remaining requirements to move towards the opening of the cluster. This cluster is at the heart of the Green Agenda for the Western Balkans endorsed by Serbia in November 2020 and closely linked to Serbia's Economic Reform Programme and the Commission's €9 billion Economic and Investment Plan for the Western Balkan region.

In March 2021, Serbia adopted a climate law that sets the legal framework for its future climate action. In April 2021, Serbia adopted a package of important energy laws, including new laws on renewables and energy efficiency.

In the coming period, Serbia is invited to focus on the following areas: improve investment prioritisation, planning and management across all areas; adopt a new transport strategy and strategy on intelligent transport systems in line with the EU's sustainable and smart mobility strategy; implement its action plan on gas unbundling in line with planning and fully engage on regional energy integration; adopt a National energy and climate plan consistent with the European Green Deal's zero emission target for 2050 and step up efforts on implementing and enforcing environment and climate legislation, in particular on environmental impact assessment, waste management, air and water quality, trans-boundary cooperation and law enforcement by inspectorates.

TRANSPORT



Transport sector projects funded by the EU in Serbia are aimed at improving transport connectivity and thus better economic integration within the region and with the EU. In addition, significant efforts of the EU funded projects in transport sector are dedicated to market opening and appliance of EU standards. The EU funded projects significantly supported the railway reform process, introduction of contemporary and most cost-effective maintenance practices of road infrastructure, introduction of river information system for improving navigability on Serbian inland waterways.

Assistance figures

The support from the EU to transport sector in Serbia has amounted to more than **EUR 420 million** EU grants from 2000 up to now. In addition, more than **40 million EUR** EU grants are allocated to preparation of strategically priority transport investments, of a total value of more than **EUR 3.7 billion** to be implemented combining future EU grant funds and favourable IFI loans.

Key projects

- ▶ Modernisation and reconstruction of Railway corridor from Belgrade – Nis – Presevo (border with North Macedonia). This important 350 km long project will be implemented in sections and the overall costs is estimated at more than EUR 2.5 billion, to be funded by EU grant funds, EIB and EBRD loans. This project is part of the extended E TEN-T Core network in Serbia.
- ▶ Modernisation of railway line Nis – Dimitrovgrad (border with Bulgaria) is one of the priorities supported with the EUR 104 million grants, while EIB provided EUR 134 million loan. This project is essential for electrification of this important section of Rail Corridor X which so far have not been electrified. This would significantly contribute to improvement of railway operations and furthermore reduce pollution.
- ▶ The Construction of highway Nis-Merdare (part of the Peace highway) will enhance socio-economic development of the entire region and contribute to faster and safer movement of goods and people, enhance security of supply and market integration. For the construction of the first phase, from Nis to Plocnik (34km), the € 40 million grant funds provided through the WBIF, together with the € 180 million loans from EIB and EBRD. Works commenced beginning of December 2021.
- ▶ Construction of Intermodal Terminal in Batajnica, in the vicinity of Belgrade. This important project was supported with nearly EUR 13 million grants, out of 14.5 total investment cost.

Priorities for Serbia

By opening the Chapter 14-Transport, Serbia has committed to align its legislation with the EU acquis in this sector and strengthen its administrative capacities. In addition to strategically important flagship transport investment projects, the railway reform, road sector reform, introduction of contemporary and cost-effective infrastructure maintenance practices, support to road traffic safety are important areas for further cooperation. Further improvement in the field of intelligent transport system, including ERTMS (European Rail Traffic Management System) will help Serbia to catch-up with trends in economy and even more contribute to raising the importance of transport services in that sense. This goes in line with decarbonisation of transport and climate policies of the EU.

ENERGY



Energy projects funded by the EU in Serbia provide security of energy supply, increase connectivity, encourage market liberalization and investment in energy infrastructure and introduction of policies on renewable energy, energy efficiency and clean energy production. All these activities should help to mitigate energy sector's impact on environment and climate change and facilitate efficient trading of energy in markets within Europe.

Assistance figures

The support from the EU to energy sector in Serbia has amounted to more than **EUR 830 million** from 2000 up to now / **100 million EUR** EU grants for energy sector for 2022.

Key projects

- ▶ Construction of 108 kilometres long gas interconnector Serbia-Bulgaria (IBS gas pipeline) is the most important connectivity project with € 49.6 million of EU grant funding. The commencement of works is planned for the beginning of 2022. The project will provide diversification of gas supply routes and gas sources including LNG gas and Azeri gas.
- ▶ In autumn of 2020, new temporary "COVID hospitals" were built in Serbia - in Batajnica near Belgrade and in Kruševac. Both hospitals were supplied with electricity through 35/10 kV mobile substations donated to Serbia by the European Union (EU). Overall value of donated mobile substations is around 3.7 M EUR.
- ▶ The Trans-Balkan Electricity Corridor project will enhance security of supply and market integration, connecting Southeast Europe region with Italy. The € 21 million grant funds provided through the WBIF will trigger € 240 million of investments.
- ▶ Available energy efficiency funds and programmes: Western Balkans Investment Framework (WBIF); Green Economy Financing Facility (GEFF), Green for Growth Fund (GGF); Regional Energy Efficiency Programme (REEP and REEP Plus).
- ▶ One of the flagship energy efficiency projects in Serbia is retrofit of the Military Hospital (VMA) in Belgrade with estimated costs over €200 million. For the first phase worth €105 million the EU is contributing with €35 million grant. The upcoming retrofit of public buildings in Belgrade and in Serbia is supported with €20 million IPA grant and will be implemented in next four years, together with support to the energy efficiency fund.

Priorities for Serbia

By opening the Cluster IV including Chapter 15-Energy, Serbia has committed to align its legislation with the EU acquis in the energy sector and strengthen its administrative capacities. The actions plans in the gas sector and mandatory oil stocks would be implemented. Further improvement of energy efficiency, increased use of renewable sources and implementation of the integrated national energy and climate plan will help Serbia to decarbonise its economy and make progress in implementation of the European energy and climate policies.

ENVIRONMENT



The European Union is the world leader in environmental protection. The EU supports Serbia on its path to a healthier environment. With 435 million EUR of non-refundable grants invested in environmental protection and climate action in Serbia, the EU is the largest donor in this area in the country.

With EU's financial support, Serbia is working to develop and implement strategic plans for the protection of environment and for climate action, for the benefit of Serbian citizens.

Assistance figures

In the past 15 years, EU donated more **435M** euros as of 2007, allowing **220M** euros of Serbia co-financing, for a total of **655M** euros.

Key projects

- ▶ Cleaner air : 28 measuring stations put into operation, Support for development of the first Programme of Air Protection of the Republic of Serbia for the 2022-2030
- ▶ The very first regional sanitary landfill in Duboko opened now serves nine municipalities in Western Serbia, receiving 80.000 tons of waste annually. In Subotica, the EU funded the construction of a modern Regional Waste Management Centre for an amount of 20.3 million EUR.
- ▶ Cleaner water: construction of wastewater treatment plants in Subotica, Šabac, Leskovac, Kula, Vrbas and Raska.
- ▶ Development of a medical/hazardous waste management system
- ▶ Construction and rehabilitation of water supply systems in Veliko Gradište, Požarevac, Indija, Petrovac na Mlavi, Rasina district: Kruševac, Alksandrovac, Čičevac and Varvarin.
- ▶ The EU also funded a flood defense system in Šabac with 10 million EUR.
- ▶ Pollution control construction of ash disposal system in thermal power plant Nikola Tesla B, installation of a precipitation system in "Nikola Tesla" A and B. Installation of hazardous substances measuring equipment in thermal power plants "Nikola Tesla" A and B and "Kolubara" A
- ▶ Nature protection – preparation for Natura 2000, joining the largest coordinated network of protected areas in the world
- ▶ Waste management construction of regional landfills built in Piroć, Užice- Čačak (Duboko), Sremska Mitrovica- Šabac, and Subotica. Source Separation in 4 regions in Duboko, Piroć, Srem – Mačva, and Pančevo.
- ▶ Support in improving environmental standards- Support in implementation of the Green Agenda and Chapter 27 planning and implementation. Capacity building of public authorities to harmonise legislation and create the framework for sustainable development and efficient use of natural resources

In preparation:

- ▶ Construction of WWTP and network in Kraljevo to provide water treatment for 67.000 population equivalent
- ▶ Support in design and implementation of environmental projects- Support for institutions: Serbia Waters and Waters of Vojvodina as well as the local Public utility companies, Regional Development Agencies.
- ▶ Construction of sewage and stormwater collectors in Brus and Blace to provide water treatment to 10.000 population equivalent
- ▶ Air quality new automatic air quality monitoring stations and modelisation of air pollution
- ▶ Construction of WWTP in Cacak, Loznica and Sokobanja to provide water treatment to 158.000 population equivalent
- ▶ Water quality supply of water monitoring units in Danube, Sava, Morava.
- ▶ Construction of wastewater treatment plant, upgrade of the existing drinking water treatment plant and construction of sewage network in Niš.
- ▶ Waste management preparation for construction of regional waste centre in Novi Sad for 500.000 inhabitants

Priorities for Serbia

Following the opening of the chapter, Serbia now needs to complete alignment with EU environmental legislation and improve implementation and enforcement. Priority areas are an ambitious National Integrated Energy and Climate Plan, strict adherence to rules on environmental impact assessment, increased investments across sectors including on waste reduction, separation and recycling. Work on improving air and water quality needs to accelerate, including through phasing out coal.