

# CLIMATE SUPPORT FACILITY (CSF)

## Western Balkans Plus (WeBa+) Program



### BOSNIA AND HERZEGOVINA COUNTRY BRIEF

The WeBa+ program has helped Bosnia and Herzegovina advance its green transition by supporting the just transition in coal mining, sustainability and efficiency in residential heating, hydropower rehabilitation, revitalization of the rail sector, green and resilient public transport systems, and air quality and extreme heat management. These efforts have strengthened institutional capacity, informed larger World Bank investments, and laid the groundwork for more resilient, low-carbon economic development.

The Western Balkans Plus (WeBa+) Program under the World Bank's Climate Support Facility (CSF) is exclusively supported by the Austrian Federal Ministry of Finance (BMF) and has the objective to advance climate and green growth priorities in the Western Balkans and other countries in Europe and Central Asia. Since its inception in December 2020, the WeBa+ Program supported 41 grants representing a total commitment of US\$ 8.8M. By being linked to World Bank lending, Program funding supports critical phases of operational readiness including upstream analysis, design, implementation and monitoring and evaluation. Austria's contribution to the WeBa+ Program has helped inform US\$ 791M in World Bank financing in the region.<sup>1</sup>

This Country Brief summarizes ongoing and closed activities under the WeBa+ Program aimed at supporting climate and green growth priorities in Bosnia and Herzegovina.

### WeBa+ Program Support to Bosnia and Herzegovina at a Glance

**10**Number of grants  
(active and closed)**US\$ 1.3M**

Funding (active and closed)

**US\$ 823K**

Funding (active)

**US\$ 104M**

World Bank lending informed

Grant Title	Approval Date	Status	Budget	Linked World Bank Lending Operation
Hydropower Plants Rehabilitation	Nov 2024	Active	US\$ 200K	N/A
Railway System Improvements	Oct 2024	Active	US\$ 150K	<a href="#">Republika Srpska Railway Restructuring Project</a> (US\$ 60M)
Resilient Cities and Urban Heat	Dec 2023	Active	US\$ 38K <sup>2</sup>	<a href="#">Bosnia and Herzegovina Air Quality Improvement Project</a> (US\$ 50M)
Transforming Intercity Public Transport	Oct 2023	Active	US\$ 75K <sup>3</sup>	N/A
Supporting a Just Transition in Coal Mining	Nov 2022	Active	US\$ 360K	<a href="#">Just Transition in Select Coal Regions of Bosnia and Herzegovina</a> (US\$ 86M)
Low-Carbon Response to the Energy Crisis in the Western Balkans	Jan 2023	Closed	US\$ 83K <sup>4</sup>	N/A
Stakeholder Engagement Platform and Social Dimensions of Green Growth Analysis in the Western Balkans	Dec 2021	Closed	US\$ 7K <sup>5</sup>	N/A
Behavioral Insights for Air Quality Management and Energy Efficiency in the Western Balkans	Nov 2021	Closed	US\$ 32K <sup>6</sup>	<a href="#">Bosnia and Herzegovina Air Quality Improvement Project</a> (US\$ 50M)
Greening Motorization in the Western Balkans	July 2021	Closed	US\$ 55K <sup>7</sup>	<a href="#">Bosnia and Herzegovina Air Quality Improvement Project</a> (US\$ 50M)
Analyses for Air Quality Management for Selected Airsheds in the Western Balkans	Dec 2021	Closed	US\$ 330K <sup>8</sup>	<a href="#">Bosnia and Herzegovina Air Quality Improvement Project</a> (US\$ 50M)

## FOCUS ON IMPACT

### Linking Improved Air Quality Management to Energy Efficiency

Through the *Behavioral Insights for Air Quality Management and Energy Efficiency in the Western Balkans* (US\$ 32K, closed), the WeBa+ Program helped identify innovative solutions to improve air quality and energy efficiency and support the transition toward more sustainable residential heating. An [upstream regional analysis](#) based on survey data examined sustainable heating behaviors and identified bottlenecks for energy efficiency programs. The grant facilitated an inclusive approach to subsidy program design, emphasizing financial and non-financial constraints on households, and empowered government counterparts in strategy formulation and implementation.

The grant informed components related to residential energy efficiency and heating upgrade activities in the [Bosnia and Herzegovina Air Quality Improvement Project](#) (US\$ 50M). As a result of the linked lending operation, 25,000 households are expected to be able to implement sustainable heating and/or energy efficiency investments supported by project grants. In addition, US\$ 20M in private sector capital is anticipated to be mobilized through household contributions including own funds and commercial loans.

<sup>2</sup> This grant totals US\$ 150K and is split among Bosnia and Herzegovina, Albania, North Macedonia and Serbia.

<sup>3</sup> This grant totals US\$ 150K and is split among Bosnia and Herzegovina and North Macedonia.

<sup>4</sup> This grant totals US\$ 500K and is split among the 6 Western Balkans countries.

<sup>5</sup> This grant totals US\$ 40K and is split among the 6 Western Balkans countries.

<sup>6</sup> This grant totals US\$ 130K and is split among Bosnia and Herzegovina, Kosovo, North Macedonia and Serbia.

<sup>7</sup> This grant totals US\$ 330K and is split among the 6 Western Balkans countries.

<sup>8</sup> This grant totals US\$ 660K and is split among Bosnia and Herzegovina and North Macedonia.

## GRANT SUMMARIES

### Hydropower Plants Rehabilitation (US\$ 200K, active)

This grant supports the green energy transition of the power system, where coal-based generation accounts for at least two-thirds of electricity production. The grant will prepare two hydropower plants for rehabilitation (Salakovac and Jajce II) through techno-economic studies, thereby supporting the diversification of the electricity generation mix and achievement of related NDC targets.

### Railway System Improvements (US\$ 150K, active)

This grant aims to revitalize the railway sector, increase the competitiveness of freight rail transport, and promote transport decarbonization and the resilience of strategic routes. It will develop a Reform Action Plan, identifying short- and long-term reforms enabling railways to provide competitive service as alternatives to road transport and facilitating transport along main corridors. It will also develop a Critical Investments Report identifying and estimating costs of investment needs, with prioritization towards profitable rail operations and sustainable operation and maintenance. The grant will also define projects for private sector investments including last mile connectivity and container centers.

### Resilient Cities and Urban Heat (US\$ 38K, active)

A [methodology](#) for modeling the cascading impacts of climate hazards and the costs and benefits of potential adaptation interventions accompanied the [Western Balkans Country Climate and Development Report](#). The work done through this grant is brought to completion via the publication of the [Unlivable: How Cities in Europe and Central Asia Can Survive and Thrive in a Hotter Future](#) flagship report on extreme heat in cities in the region, which points to steps cities can take to minimize negative impacts from rising temperatures and integrate these in development planning. Extreme heat mapping was carried out in Sarajevo and Mostar in Bosnia and Herzegovina in close conjunction with mayors, community leaders and universities and resulted in a widespread understanding of the problem of extreme heat. Grant activities informed the urban heat monitoring component of the supported air quality response mechanism in the linked investment lending operation.

### Transforming Intercity Public Transport (US\$ 75K, active)

The grant aims to identify pathways towards developing efficient, green and resilient transport systems in meeting EU acquis. A debt analysis for the public transport operator (GRAS) in Sarajevo has been completed. Critical analytics to identify a roadmap for reform for public transport are under preparation with both the Canton government and the public operator. This will be linked to a new investment lending operation for public transport.

### Supporting a Just Transition in Coal Mining (US\$ 360K, active)

The grant aims to inform options for mitigating social and labor impacts associated with the anticipated closure of coal mines. The grant supported the upstream design of the linked investment lending project by operationalizing the first phase (pre-closure planning) of the Just Transition for All approach. It informed the design of social and labor mitigation plans for mine workers and affected local communities in the context of the phase-down of mining activities at two coal mine sites. As a result of the activities supported by the grant and the investment lending operation, the closure of two coal pits of Zenica mine will be moving forward. The activities are also preparing for a gradual phasing out of coal in Banovici mine.



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### Low-Carbon Response to the Energy Crisis in the Western Balkans (US\$ 83K, closed)

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Two energy challenges converged in the region in 2021-2022: aligning the COVID-19 recovery with the transition to a low-carbon energy sector, and the other, mitigating the ongoing energy crisis. The grant supported a range of analytics to assist the Western Balkans countries in developing and implementing policy and investment responses in a programmatic manner towards a more sustainable and less carbon-intensive energy mix. In Bosnia and Herzegovina, new generation capacities have been identified, including biomass and rooftop solar. Related to CBAM, the grant supported an analysis of Emissions Trading System design options to inform future policy decisions. New lending operations are under consideration based on the analytical findings.

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### Stakeholder Engagement Platform (US\$ 7K, closed)

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This grant was one of the first supported by the WeBa+ Program and was developed in the midst of the green recovery agenda from the COVID pandemic. The activity addressed best practices in policy and governance to help manage just transitions across industries/sectors and places by identifying transition pathways and a typology of policy responses. It was complemented by case studies of transitions management in three countries: Italy, Spain and South Korea.

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### Greening Motorization in the Western Balkans (US\$ 55K, closed)

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The grant supported [an analysis](#) of vehicle, fuel, and electricity markets and institutional frameworks, backed by stakeholder consultations across Western Balkans countries. It delivered recommendations for environmental improvements in road vehicle fleets that are informing pipeline lending operations in the region.

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### Analyses for Air Quality Management for Selected Airsheds in the Western Balkans (US\$ 330K, closed)

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This grant supported the development and implementation of comprehensive policy reform programs and associated investments aimed at reducing the burden of air pollution, and thereby meeting EU Air Quality Management standards. The grant delivered a concept design for a low emissions zone in Sarajevo, a [functional review](#) and political economy of air quality management in Sarajevo, and a review of the plan of intervention measures in case of excessive air pollution in the Canton Sarajevo. The grant informed the design of the linked investment lending operation on strengthening air quality monitoring and management and supporting the transition to low emissions transport. The linked lending operation is expected to result in 600,000 tons of projected lifetime GHG emission reductions through the investments supported by the project in the residential heating and urban mobility sectors.

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