

7. Climate Change

OVERVIEW

The Serbian government has started recognizing climate change as an important issue after the unprecedented floods of 2014. In the reporting period, first steps were made towards building up national climate policy. The country has made its first pledge to tackle greenhouse gas (GHG) emissions by submitting an Intended Nationally Determined Contribution (INDC) to the United Nations Framework Convention on Climate Change (UNFCCC). Regrettably, the proposed INDC of -9.8% compared to 1990 levels entails a *de facto* increase of GHG emissions compared to 2013. In addition, and as visible from the draft BUR, the set of emissions data that stretches back to 1990 is not consistent, given the different geographical coverage of emissions data.

The Paris Agreement, as well as the development of the National Climate Change Strategy in the coming years, will offer important opportunities to correct Serbia's climate pledge by aligning it with EU climate targets until 2030, and with the long term goal towards 2050. The EU 2050 long term goal involves effective decarbonisation of the economy, whereas EU has committed to reduce its GHG emissions by 80-95% compared to 1990 levels. This needs to be reflected in the Serbian national strategies, to provide the right signal for further investments and planning of other economic sectors, particularly energy.

RATIONALE

Developments

In the reporting period important steps have been made towards development of Serbian climate policy.

National Council on Climate Change has been founded in November 2014. The Serbian government founded the National Council on Climate Change¹², with the aim to monitor the development and implementation of climate policy in Serbia. The body is in charge of proposing climate mitigation and adaptation measures, as well as ensuring that Serbia moves its climate policy forward, in line with the obligations of EU accession and the UNFCCC. The Council brings together representatives of relevant national bodies (ministries, agencies and offices) and the academia, but no CSO representatives have been involved so far. The Council had two sessions - the founding one on January 26 and the second one on June 30. According to the media briefings issues by the Ministry¹³, sessions debated the following issues: the general need to raise awareness on climate change in Serbia; the need for cross-sectorial coordination; and the necessary work in order to meet its obligations towards the UNFCCC – namely the intended nationally determined contribution (INDC), First Biannual Update Report (FBUR) and the Second National Communication (SNC). However, it appears that the INDC was only debated after it was adopted by the Government, highlighting that the real impact of the Council has so far been limited. The body in itself is a major step forward towards coordinating different sectors and stakeholders. It should be put into much better use in the nearest future while also better informing the public about its activities. This would easily be ensured by granting CSOs permanent access to the Council meetings.

Intended nationally determined contribution. On June 11 2015, Serbia forwards its first climate pledge to the Paris Climate Summit. The pledge indicates that Serbia aims to reduce its GHG emissions by 9.8% compared to 1990, which stipulates an actual increase of 15%, given that emissions have already dropped by a quarter. A decision to go ahead with such an unambitious pledge is a clear sign that the Government does not have the will to truly tackle climate change and align its policy with the EU.

Moreover, the INDC document does not offer any concrete measures on how the target will be achieved. Instead, it leaves all major decisions to the National Climate Change Strategy which should be developed by 2018, according to the latest Transposition and Implementation Plan for Chapter 27¹⁴.

Finally, there was no public consultation process for this very important document, despite the guidelines¹⁵ prepared by the World Resource Institute (WRI) and the United Nations Development Programme (UNDP). The intended emissions reduction of -9,8% was announced to the interested public

¹² MAEP (2014) National Council on Climate Change founded: <http://www.eko.minpolj.gov.rs/osnovanacionalni-savet-za-klimatske-promene/>

¹³ MAEP Statements (2015): <http://www.mpzss.gov.rs/podizanje-javne-svesti-gradjana-jedan-od-prioriteta-uborbi-protiv-klimatskih-promena/>; <http://www.mpzss.gov.rs/odrzana-druga-sednica-nacionalnog-saveta-za-klimatske-promene/>

¹⁴ Government of the Republic of Serbia (2015): Transposition and Implementation of Environmental and Climate Change Aquis - Chapter 27: Status and Plans. Available at: http://www.pregovarackagrupa27.gov.rs/?wpfb_dl=71

¹⁵ UNDP & WRI (2015): Designing and Preparing Intended Nationally Determined Contributions. Available at: http://mitigationpartnership.net/sites/default/files/indcs_may27_v2.pdf

at public hearing in Parliament in April 2015. Lack of public consultation stipulates the lack of ownership of this climate goal by the society at large.

First Biannual Update Report. In October, the First Biannual Update Report was presented and opened for comments for 20 days. Expert analysis of the document indicates that it was based on flawed and unofficial data, such as on the draft Energy Strategy¹⁶. This raises serious concerns about the projections of future emissions. Moreover, the document presents scenarios in which the country misses its obligations from the Energy Community regarding the share of renewable energy sources. This is unacceptable so the draft document needs to be revised.

National Climate Change Strategy with the Action Plan. Limited progress has been made with the tendering procedure for the *Development of Climate Change Strategy with its Action Plan*. After a long period of inactivity, a short list of candidates has been made. This is already behind the planned schedule but there is hope that the actual work on the Climate Strategy will start in 2016. The Strategy is expected to set out measures for Serbia to meet its first climate target. It will be essential to use this Strategy to raise the ambition of the current pledge. The actual, legally binding pledge must, as a bare minimum, be in line with the EU GHG emissions reduction target of at least 40% by 2030. 2050 goals should also be enshrined in the Strategy.

EU Emissions Trading Scheme (EU ETS). In September 2014, the Government of Serbia adopted Conclusion on the Establishment of Institutional Organisation for Implementation of the Monitoring, Reporting and Verification (MRV) system for the EU ETS. The responsible Ministry started the transposition of the Regulation on a mechanism for monitoring and reporting greenhouse gas emissions. The establishment of an MRV system is planned within IPA 2013 financial instrument but the process is delayed due to the lack of a Decentralised Implementation System that should be established within the Ministry of Finance. Pre-draft version of the Law on GHG Emission Reduction System¹⁷ is developed. Interested public, particularly industry, local authorities and CSOs were given the opportunity to be introduced with this document. Working group for the development of this legal act was established in April with presence of CSOs within working group. This approach, together with similar experience within Law on Environmental Liability development, represents rare but very positive example of inclusive decision-making process. Having that in mind we hope this approach will be practiced more in the future.

Adaptation. There is a significant need for enhanced cooperation and coordination in order to strengthen the local level stakeholders to implement mitigation and adaptation measures. A very low level of participation in Covenant of Mayors/Mayors Adapt initiatives is recorded.

Post-screening document. In July 2015, MAEP published the draft of the Post-screening document, analyzing the administrative and financial needs of the Ministry required to carry out harmonization of national legislation with the EU. The document also laid out timing for transposition and implementation of climate acquis. The document was again developed in a non-transparent process, with extremely limited time given to civil society, local authorities and the private sector for comments (10 working days for 300 pages, with unclear and changing deadlines). The document was adopted by the Government in September and is now known under the title *Transposition and Implementation of Environmental and Climate Change Acquis - Chapter 27: Status and Plans*. Adopting this plan is surely

¹⁶ The draft Energy Strategy was still in the parliamentary procedure during reported period and it was adopted in December 2015.

¹⁷ This is unofficial translation. In Serbian pre-draft version, it is *Zakon o sistemu smanjenja emisija gasova sa efektom staklene bašte*.

a step forward, but it remains difficult to assess its financial feasibility as the background data are missing. Administrative capacity will surely need to be expanded, given that the plan is to have most of the acquis transposed by 2018. In terms of the content, our biggest concern is the fact that climate plans do not reference the EU's 2030 or 2050 Climate and Energy Framework, which are inseparable parts of the EU climate policy.

Challenges

Limited Administrative Capacity. In the current Government, since April 2014, the Ministry of Agriculture and Environmental Protection is responsible for climate change policy, while Division for Sustainable Development and Climate Change in energy sector remained under the Ministry of Energy and Mining. The same administrative division existed within the former Ministry of Energy, Development and Environmental Protection, indicating that no integrated approach to climate change has been considered. Section (*Odsek* in Serbian) is an administrative subunit within the Sector for international cooperation and European integration. The position of the climate change unit illustrates that it is an issue of less importance. Moreover, the Climate Change Section at MAEP has only 5 staff members according to the NPAA¹⁸. However, it is valuable to mention that certain improvements in climate change policy agenda are the result of devoted work of the Section for climate change. Given the intense legislative and strategic activity planned for the next three years, it is evident that the Section will require significant administrative support.

Mainstreaming Climate Action into other policies. A considerable lack of climate policy mainstreaming is still evident in other sectors, whereas the draft of the *National Energy Strategy until 2025 with projections until 2030* demonstrates the most notorious example. The draft Strategy shows that the Government still plans to heavily rely on fossil fuels, notably coal, all the way through to 2050. The Strategy does not take into account the future price of carbon that Serbia will have to pay upon its accession to the EU. This demonstrates a complete lack of understanding of the significance of climate change and its future impacts on Serbian energy sector and economy as a whole. Despite the fact that several public events were organised in the second half of the year,¹⁹ public debate on climate policy development is in its earliest stage. A more open and trustful approach towards civil society is needed in order to boost dialogue on future climate policy and keeping the track with the EU.

Lack of Finance for Climate Action. The abolishment of the Fund for the Environment had adverse impacts on climate action too. Further inaction in the area of climate change is usually politically justified by its high costs, while in the same time the fossil fuel industry and mining are being heavily subsidised. The debate does not adequately consider the costs of inaction on climate change, leading to stronger and more frequent impacts that will cost the Serbian economy more.

RECOMMENDATIONS

Serbian climate policy should be formulated to be fully compatible with EU climate policy and UNFCCC obligations. This means that the EU 2030 Climate and Energy Framework, as well as EU 2050 Roadmap, must be the minimum requirement when formulating future National Climate Change Strategy. These EU goals need to be fully reflected in other sectors as well, so a thorough revision of the draft Energy Strategy is needed. Moreover, climate change mitigation and adaptation measures need

¹⁸ European Integration Office (2014): National Programme for the adoption of the EU Acquis (NPAA). Available at: http://www.seio.gov.rs/upload/documents/nacionalna_dokumenta/npaa/npaa_eng_2014_2018.pdf

¹⁹ It was initiated and supported by Embassy of the French Republic in Serbia.

to be the result of cross-sectorial cooperation between the competent ministries and partnerships with local government, business and civil society.

Coalition 27 hereby calls on the Serbian Government to swiftly undertake the following specific measures:

- Revise and increase the INDC by the end of 2018 at the latest, in order to align it with the EU 2030 goal and ensure that the country achieves true reduction of emissions, of at least 40% compared to 1990 levels;
- Make better use of National Climate Change Council and invite CSOs representatives to its meetings;
- Revise the draft BUR according to comments submitted by the civil society;
- Mandates MAEP to ensure wide participation of civil society and other interested stakeholders in the development of the National Climate Change Strategy from the very beginning of its preparation;
- Increase the number of civil servants within the ministries that deal with sectorial climate change impacts and focus on raising their capacities;
- Provide obligatory trainings for local municipalities to assess climate change exposure and vulnerabilities and produce action plans for mitigation and adaptation;
- Develop a financing mechanism to support strategic priority needs, inter alia, by shifting funds from polluting fossil fuel subsidies to climate action.