

07. CLIMATE CHANGE

OVERVIEW

The existing policy framework does not yet adequately address key issues in the area of climate change nor is it aligned with EU policies and laws. No new strategy or law regulating this area was adopted in the reporting period in Serbia. However, important developments have been noted in the second half of 2016.

The development of the National Climate Change Strategy (NCCS) of Republic of Serbia has begun. This is an important step in climate policy development in the country, following the first climate target developed in 2015 in the run up to the Paris Agreement. The NCCS development is an excellent opportunity for a wider public dialogue on climate change and the sectors affected by it, notably energy.

Nonetheless, the Government of Serbia is yet to express strong political commitment toward integrating climate change policy into other policy areas. It is also necessary to align the existing commitments with EU climate policy up to 2020, 2030 and 2050, as the European Commission and the European Parliament have repeatedly called for. This work should start with the expedite ratification of the Paris Agreement as well as the revision of the national climate target as part of the NCCS development process.

POLICY & LEGISLATIVE DEVELOPMENTS

Methodological clarification: *In the past, Serbia was designated with the status of a developing country (non-Annex I) under the United Nations Framework Convention on Climate Change (UNFCCC). This implied a more lax set of commitments on greenhouse gas (GHG) emissions reduction compared to developed countries, particularly the EU. However, the EU accession process requires Serbia to fully align with the EU climate policy and take over an adequate share of climate action. The Paris Agreement, adopted in December 2015, formally scraped the division of developed and developing countries, requiring everyone to take urgent and ambitious action. UNFCCC and EU obligations, particularly in the period after 2020, will go hand in hand. Therefore, this report examines Serbian obligations to the UNFCCC and EU jointly. The role of external financing in achieving the required emissions reduction is recognised and further elaborated on below.*

The **First Biennial Update Report (FBUR)** was submitted to the United Nations Framework Convention on Climate Change on the 28th of March 2016⁴⁴. The report presents a modest

44 http://unfccc.int/essential_background/library/items/3599.php?rec=j&preref=7838#beg

step towards inclusive decision-making, as a public consultation was carried out before the document was finalised. Some factual mistakes identified by civil society stakeholders have been adopted, resulting in some changes to the document; however the no fundamental changes to the content of the document resulted from the consultation. According to analysis by RES Foundation⁴⁵, the document was prepared with several breaches of guidelines concerning mitigation measures: GHG emissions were inconsistently presented in numerous tables and time series contain data on emissions with different geographical coverage. This includes the fact that the FBUR has clarified and confirmed that the emissions of Kosovo⁴⁶ are factored into the emissions data for 1990 but not 2030. Moreover, the Nationally Appropriate Mitigation Actions⁴⁷ (NAMAs) and the Energy Sector Development Strategy until 2025 (ESDS)⁴⁸ were used as a basis for mitigation actions despite the clear non-relevance of numerous NAMAs and the fact that the ESDS plans for an actual increase in GHG emissions.

It is positive that the Republic of Serbia supported the **Paris Agreement** in December 2015 and formally signed the agreement in New York in April 2016. The President of Serbia has announced that the country will revise its intended nationally determined contribution (INDC) during the development of the National Climate Change Strategy⁴⁹. The revision of the INDC, as an obligation accepted as part of the Paris Agreement, was also announced by the State Secretary of the Ministry of Agriculture and Environmental Protection. Unfortunately, even though the Paris Agreement has entered into force, the Republic of Serbia has not yet ratified it. The former Serbian Minister of Agriculture and Environmental Protection announced that the Republic of Serbia planned to ratify the Agreement in 2016⁵⁰. There was no development on this issue, seemingly due to snap elections held in April 2016 and a recent change of Minister. In June 2016, the State Secretary for Environment announced that the ratification will take place by mid-2017 at the latest⁵¹. We hope this announcement will be followed through on, given that the new government was endorsed by the National Assembly in August 2016.

The **National Climate Change Strategy (NCCS)** is being developed with funding provided under the EU Instrument for Pre-Accession (IPA). The implementing consortium was selected recently and a kick off meeting took place in Belgrade in September 2016. The Meeting was open to civil society representatives, which is a good start to the process. Moreover, representatives of civil society have been invited to join the working group that will support the development of the strategy.

One of the key issues for consideration within the NCCS will be to raise the ambition of the current climate pledge. The actual, legally binding GHG emissions reduction target must, as a bare minimum, be in line with the EU GHG emissions reduction target of at least 40% by 2030. Goals for the period after 2050 that are compliant with the globally adopted net zero

45 RES Foundation (2016): Monitoring Republic of Serbia's climate policy: Quality of Climate- Can we do more?

46 Hereby used without prejudices on its status.

47 <http://www.klimatskepromene.rs/english/mitigation-actions>

48 Available at the following link, under Strategic documents (in Serbian): <http://www.mre.gov.rs/dokumenta-efi-kasnost-izvori.php>

49 <http://www.un.org/sustainabledevelopment/wp-content/uploads/2016/04/SerbiaE.pdf>

50 <http://beta.rs/zelena-srbija/zs-srbija/21024-bogosavljevic-boskovic-srbija-ce-u-narednih-godinu-ratifikovati-sporazum-o-klimi>

51 <http://www.euractiv.rs/odrzi-razvoj/10076-srbija-e-ratifikovati-pariski-sporazum-o-klimi-do-polovine-2017>

greenhouse gas emissions target should also be enshrined in the NCCS in order to provide guidance to society and business in the transition to a low carbon economy by mid-century.

It is also crucial that the NCCS looks into scenarios that are not based on the existing policy options but rather, as set out in the NCCS Terms of Reference⁵², envisage a scenario that will explore **maximum technical GHG emission reduction potential in case all best available technologies are put in place.**

Box 4: Revising INDC

As noted, the **intended nationally determined contribution (INDC)** should be revised through the development of the National Climate Change Strategy. Serbia made its first pledge to tackle greenhouse gas emissions by submitting an INDC to the UNFCCC in June 2015. The INDC is, however, highly problematic, as it does not meet some of the crucial conditions required of it:

The Serbian INDC is unambitious and does not contribute to global climate action: The pledge indicates that the Republic of Serbia aims to reduce its GHG emissions by 9.8% compared to 1990, which stipulates an actual increase of 15% as emissions are currently 25% below 1990 levels.

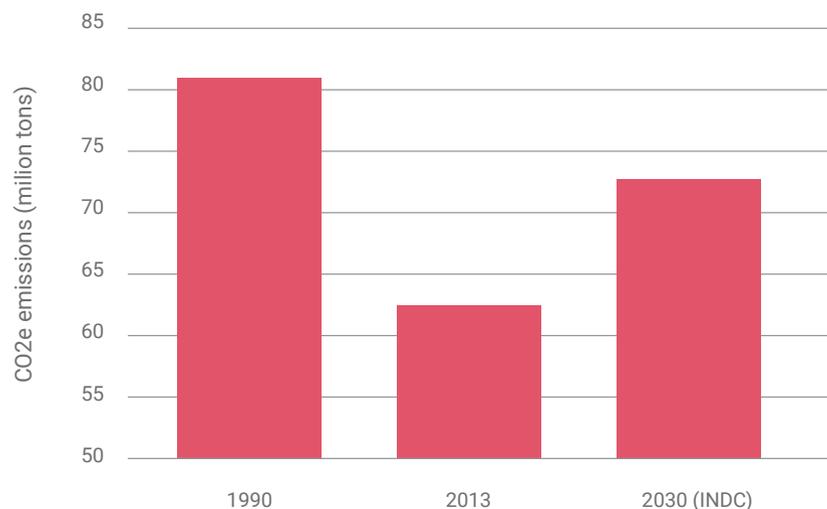


Figure 1. GHG emissions in million tons of CO₂e.^{53 54}

52 Available upon request.

53 Ministry of Environment and Spatial Planning (2010): Initial National Communication of the Republic of Serbia under the United Nations Framework Convention on Climate Change. Available at:

<http://unfccc.int/resource/docs/natc/srbnc1.pdf>

54 Jovic, A (2015): Greenhouse gases inventory and emissions projections with mitigation measures; presentation made at the workshop Climate change policies – importance of climate change considerations in sectorial and local/regional development goals.

The Serbian INDC is not equitable. The Republic of Serbia plans to increase CO₂ emissions at a time when the whole world, including developing countries, is trying to reduce them.

The process of the development of the INDC was not transparent. There was no public consultation process regarding this very important document. It was merely presented to the public in April 2015 at an event in the National Assembly, which must not be mistaken for a proper process of public consultation that requires adequate time for analysis and development of written comments. Lack of public consultation risks a lack of ownership of this climate goal by society at large.

Moreover, the INDC document does not offer any concrete measures on how the target will be achieved. Instead, it leaves all major decisions for the National Climate Change Strategy.

Transposition of Regulation 525/2013 on **monitoring mechanism regulation (MMR)** began in May 2015 with the support of the IPA 2013 Twinning project. However, we are not aware of any progress regarding the establishment of a MMR system in Serbia.

Serbia is in the early stages of preparing for the implementation of the **EU Emissions Trading Scheme (EU ETS)**. The Ministry of Agriculture and Environmental Protection has begun transposing elements of the EU ETS directive concerning the system for monitoring, reporting and verification (MRV) of greenhouse gas emissions. The establishment of an MRV system was planned within IPA 2013 financing but the process has been delayed due to a lack of an appropriate institutional set-up. A draft of the Law on GHG Emission Reduction System has been developed, with public consultation and adoption expected by the end of 2016. The official working group developing the law included civil society representatives, which is another positive development regarding the transparency of the decision-making process.

Progress was recorded in the area of **climate change adaptation**. The Climate Change Adaptation Plan and Vulnerability Assessment for the City of Belgrade was adopted in October 2015⁵⁵. The Plan was prepared with civil society participation. The First National Adaptation Plan has also been developed but has not yet been adopted by the Government. Participation in the Covenant of Mayors and Mayors Adapt initiatives was very low.

Overall, there is a significant need for enhanced cooperation and coordination in order to strengthen local level stakeholders to implement mitigation and adaptation measures.

WHAT HAS SERBIA DONE SO FAR?

June
2015

Serbia submitted its first climate target to the UN Convention on Climate Change



Serbia supported Paris Climate Agreement

December
2015

April 2016

Serbia signed the Paris Climate Agreement



Preparatory work on several laws and the National Climate Change Strategy is ongoing



WHAT NEEDS TO BE DONE?



URGENTLY:

Ratification of the Paris Climate Agreement

Increasing our **CLIMATE TARGET**, leading to a real decrease of our greenhouse gases emissions

Developing National Climate Change Strategy, in line with the long-term objectives of the Paris Climate Agreement



Shifting focus away from fossil fuels and on to zero-carbon energy, climate smart agriculture and increased resilience of other sectors

CLIMATE TARGET OF SERBIA SHOULD BE REVISED WHILE DEVELOPING THE NATIONAL CLIMATE CHANGE STRATEGY, AS THE EXISTING ONE IS HIGHLY PROBLEMATIC. IT DOES NOT MEET SOME OF THE CRUCIAL CONDITIONS REQUIRED FOR SUCH A DOCUMENT AS DESCRIBED IN THE BOX 04.

IMPLEMENTATION

Assessing the implementation of climate policy in Serbia is not a straight-forward exercise. The limited existing strategic and legislative framework prescribes hardly any specific measures that can be tracked.

However, some indirect indicators that are important for effective and successful climate policy implementation can be identified. These include intersectoral cooperation and climate action mainstreaming in other sectors and policy areas. Further, it is possible to assess the political willingness to deal with climate change based on the administrative capacity dedicated to the issue.

In 2016 administrative capacities dedicated to climate change remained limited.

The new government, formed in August 2016, retained separate climate change divisions within both the Ministry of Agriculture and Environmental Protection (MAEP, Climate Change Division) and the Ministry of Energy and Mining (Sustainable Development and Climate Change Division). Although the Climate Change Division at MAEP still only has five members of staff⁵⁶, it is important to note that certain improvements in the climate change policy agenda are the result of their devoted work. Given the intense legislative and strategic activity planned for the next three years, it is evident that the Climate Change Division of MAEP will require significant support.

A considerable lack of **climate action mainstreaming** is still evident in other sectors, with the Energy Sector Development Strategy until 2025 (ESDS) offering the clearest example. The Strategy shows that the Government plans to continue to rely heavily on fossil fuels, notably coal, until 2050 and beyond. 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 or its future impact on the Serbian energy sector and economy as a whole. The situation is no better in other sectors.

The National Council on Climate Change, which was established in November 2014, offered hope for improved **intersectoral cooperation** and better climate action mainstreaming. However, as the previous report⁵⁷ by Coalition 27 noted, this hope has not yet been realized. There was no change on this matter in most of 2016, with the exception that the Council held one session⁵⁸ in February 2016 to discuss the implications of the Paris Agreement for Serbia.

56 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

57 Coalition 27 (2016): Serbia on the Road to EU Accession: Securing ambition for Chapter 27. Available at: https://rs.boell.org/sites/default/files/uploads/2016/02/coalition27_shadow_report_2015.pdf

58 <http://www.mpzss.gov.rs/treca-sednica-nacionalnog-saveta-za-klimatske-promene/>

Box 5: Changes after the reporting period

In November 2016, representatives of civil society organizations were invited to join the National Council on Climate Change during the process of amending the decision of the Serbian Government on establishing the National Council on Climate Change. This was due to a large number of changes among the Council's members. CSO representatives have been invited to take a permanent role in the activities of the Council, which is a very welcome step forward.

In December 2016, the Law on Ratification of the Paris Agreement entered the legislative procedure at the National Assembly.

FINANCING

The Republic of Serbia does not have a dedicated financing mechanism for climate action and significantly depends on external financial support. So far, all activities related to UNFCCC and EU obligations have been conducted with support from UNDP, EU, bilateral or other international donors. The Republic of Serbia should continue to develop projects that support GHG emissions reduction and build the country's resilience to the impact of climate change in order to access funds from the IPA II and other funding available through the Western Balkans Investment Framework (including implementation of regional cooperation programmes such as the Energy Community, Sustainability Charter of the Western Balkans 6 process, etc.), while ensuring true environmental and social sustainability of these projects.

The Green Fund, which the Government has announced will become operational on January 1st 2017, will be indispensable for beginning the process of implementing climate-friendly measures in all sectors. Further inaction in the area of climate change is usually politically justified by its high costs, while at the same time the fossil fuel and mining industries are being heavily subsidised. The debate does not adequately consider the costs of inaction on climate change. Underinvesting now will result in more severe impacts of climate change that will cost Serbian citizens and economy more in the future.

Targeted policy action, coupled with appropriate use of public and international funds, would help leverage further investment in clean technologies by private investors, who are a necessary part of the solution to the climate challenge.

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 the EU 2050 Roadmap, must be the minimum requirement when formu-

lating the National Climate Change Strategy. These EU goals need to be fully reflected in other sectors as well; therefore thorough revision of the ESDS is necessary. Moreover, climate change mitigation and adaptation measures must be developed through intersectoral cooperation between the competent ministries and partnerships with local government, business and civil society.

Policy & Legislation

- Address the shortcomings of the First Biennial Update Report in the next communication to the UNFCCC, in accordance with the issues raised by the civil society stakeholders.
- Initiate Paris Agreement ratification procedure in order to enable formal ratification by the National Assembly by mid-2017 at the latest.
- Revise and increase the INDC by the end of 2018 at the latest, in order to align it with the EU 2030 and 2050 goals and ensure that the country achieves true reduction of emissions, comparable to the EU goal of at least 40% by 2030 compared to 1990 levels.
- Consider ambitious decarbonisation scenarios when developing the NCCS, taking into consideration externalities, such as health costs of proposed policy options.
- Build on the progress made in 2016 on stakeholder engagement and continue good cooperation with civil society; ensure the widest possible public involvement and fair public consultation processes enabling local municipalities, civil society and citizens to actively participate in the development of the NCCS and the revision of the INDC.

Implementation

- Improve public access to climate change and energy related information, especially regarding climate-related finance.
- Make better use of the National Climate Change Council and allocate permanent council membership to CSO representatives⁵⁹.
- Increase the number of civil servants appointed to deal with climate change in ministries and focus on raising their capacities.
- Develop educational programmes on climate change and its effects, as well as training for scientific, technical and managerial personnel relating to Article 6 of the UNFCCC. Include energy efficiency and use of renewable resources in the education curriculum and offer professional training in accordance with the Sustainability Charter of the Western Balkans 6.
- Provide obligatory trainings for local municipalities to assess climate change exposure and vulnerabilities and produce action plans for mitigation and adaptation.

⁵⁹ Partially achieved in November 2016, when civil society representatives were granted access to the National Climate Change Council.

Financing

- Develop projects that support a real GHG emissions reduction and build the country's resilience to climate impact in order to access funding from EU, regional and other international donors, while ensuring true environmental and social sustainability of these projects.
- Develop a domestic financing mechanism to support strategic priority needs, inter alia, by shifting funds from polluting fossil fuel subsidies to climate action.
- Use both international and domestic sources to further leverage private financing of climate-proof solutions in all sectors.