

FACSIMILE TRANSMISSION



United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)



To: Ms. Song Li
GEF

Date: 4 February 1999

Fax: 202-522-3240

Pages: (13 including this sheet)

From: Richard Hosier
Principal Technical Adviser
Climate Change

R. Hosier

Subject: Revised Climate Change Enabling Activity proposal for Macedonia

Please find attached the revised Climate Change Enabling Activity proposal for **Macedonia** in which we have addressed your comments in your email dated 28 December 1998.

Thank you.

**UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY**

Proposal for Review

Country: F.Y.R. of Macedonia

Project Title: Enabling the F.Y.R. of Macedonia to Prepare its First National Communication in Response to its Commitments to the UNFCCC

GEF Focal Area: Climate Change

Country Eligibility: Eligible under financial mechanism of the UNFCCC
 Eligible under paragraph 9 (b) of the Instrument

GEF Financing: US \$ 345,000

Government Financing: n.a.

GEF Implementing Agency: UNDP

Executing Agency: Ministry of Urban Planning, Construction and Environment

GEF Operational Focal Point: Ministry of Urban Planning, Construction and Environment

FCCC Focal Point: Ministry of Urban Planning, Construction and Environment

Project Duration: 24 months

BACKGROUND AND PROJECT CONTEXT

The Former Yugoslav Republic of Macedonia is a landlocked country situated in the southeastern Europe, in the Balkan Peninsula. It was established as an independent state in 1991, after the break-up of the former Yugoslavia. It is bordered by the SR Yugoslavia in the North, Bulgaria in the East, Greece in the South and Albania in the West. The total land area of the country is 25,713 km².

The country is located within the area of high seismic activity. The topography is characterized by deep valleys and rugged mountains and hills. More than 1/3 of the country's territory along the western side and partly along the eastern side is covered by forests, consisting of beech, pine and oak trees. Cultivated areas cover some 25 % of the total land area .

The climate is a continental one consisting of hot and dry summers in the mountainous regions, while winters are cold with snowfall. The valleys and water basins record milder temperatures throughout the year.

The natural resources of the country include zinc, lead, manganese, nickel, chromium, copper, iron ore, and tungsten. Mineral and thermal springs are also common.

The population is approximately 2 million, of which about 60 % live in the urban areas. About 1/3 of the total population lives in Skopje, the capital of the country.

The economic situation of the country is characterized by the transition from the former centrally planned economy to a market economy. The GNP per capita in 1996 was US \$1860.

Energy and Industry

The total primary energy consumption is 105 PJ (1997), of which 40% is imported. Domestic energy resources consist of low quality coal, hydro power, firewood and geothermal energy.

Petroleum products account for approximately 33% of the total energy consumption, while the rest is covered by coal (54%), hydro power (13%), firewood and geothermal energy. By the year 2020, the electricity consumption is estimated to double from 27,138 GWh in 1995 to 57,924 GWh in 2020, with an average annual increase of 3,1%. An oil refinery has been operating since 1982. A natural gas pipeline from the Bulgarian border is currently under construction.

The main industrial activities of the country consist of mining, metal industry, food and textil industry.

Environmental Legislation and Activities

The Government is fully committed to several international agreements and conventions, the most important of which are:

- Convention on Climate Change;
- Convention on Biological Diversity;
- Vienna Convention for the Protection of the Ozone Layer;
- Montreal Protocol on Substances that Deplete the Ozone Layer;
- Convention on Long-Range Transboundary Air Pollutions (CLRTAR); and
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal

The Law on Environment and Nature Protection and Promotion was adopted in December 1996, and it represents the main legislative framework of environmental protection. To improve the environmental situation, and to utilize the country's natural resources in a sustainable manner, the Government has also prepared, with the support from the World Bank group and in co-operation with the municipalities, NGOs and private sector representatives, a National Environmental Action Plan (NEAP). Under the ongoing project, UNDP is building the environmental management capacity of the Government. Other activities include the establishment of an Air Pollution Monitoring System (supported by the Japanese Government), protection of Lake Ohrid (the most important water reservoir of the country), and the preparation of Local Environmental Action Plans (LEAPs) at the community level.

Institutional Framework and Initiatives relevant to Climate Change

The F.Y.R. of Macedonia ratified the United Nations Framework Convention on Climate Change on January 28, 1998. As a Party to the Convention, it has committed to produce a national communication to the Conference of the Parties (CoP) within 3 years of the entry into force of the Convention, starting April 28, 1998.

The role of the different institutions with respect to climate change related issues is as follows:

Ministry of Urban Planning, Construction and Environment deals with all the environment related matters. It is both the GEF and the UNFCCC operational focal point of the country.

The Hydrometeorological Institute represents the country in the WMO, and participates also the work under the UNFCCC.

Ministry of Economy deals with energy related issues. The Energy Department of the Ministry has been working on a National Program for Energy Efficiency and on the National Report for Energy Efficiency. The state owned electricity company "Elektrostopanstvo" produces and distributes electric energy.

Ministry of Finance plays an important role in financing different projects.

Ministry of Education and Sports is in the position to incorporate into its educational programs climate change issues and help to raise public awareness.

Ministry of Foreign Affairs supports international co-operation related to climate change.

Macedonian Academy of Sciences and Arts is an autonomic institution that deals with strategy planning and research.

Ministry of Agriculture, Forestry and Watershed Management deals with the policy formulation and preparation of master plans for the mentioned sectors.

Ministry of Development is the national Focal Point for all UNDP Projects.

In addition, there are several NGOs dealing with environmental issues, such as DEM (The Ecologists' Movement of Macedonia).

PROJECT OBJECTIVES

The immediate objective of the project is to facilitate the preparation of the first national communication of the country to the Conference of the Parties (CoP) in accordance with Article 12 of the UN Framework Convention on Climate Change, and following the guidelines adopted by the CoP for the preparation of initial national communications by Parties not included in Annex I to the Convention.

The project can also be seen as an essential exercise to enhance general awareness and knowledge of climate change related issues in the country thus enabling it to take those issues into account in general planning and strategy formulation for different economical and technical sectors, and to strengthen its role in the international scientific forums and negotiation processes related to climate change. A part of this task is to facilitate the dialogue, information exchange and co-operation among all the relevant players in the field including governmental, non-governmental, academic, private and other sectors.

Last but not least, the project will establish an institutional framework, and build endogenous capacity, preparing ground for eventual additional communication obligations, and for further development and implementation of the identified response measures addressing climate change and its adverse impacts.

PROJECT DESCRIPTION

During project preparation the following components were identified to respond to the objectives of the project, and to implement the project successfully:

1. Organize the work by: (i) establishing a National Climate Change Committee; (ii) establishing the Project Implementation Unit and Working Groups; (iii)

organizing a project initiation workshop with participants from all the relevant sectors to present the objectives of the project, to clarify links to other relevant ongoing national and international activities, and to clarify the institutional and other practical arrangements to facilitate a successful implementation of the project.; and (iv) preparing a detailed work plan for the project.

2. Strengthen links to both national and international sources of information, and eventually establish an information center/network with adequate equipment and personnel to facilitate an effective exchange of information between the participating institutions at the national level, as well as to assist them in gaining internationally available information on climate change related issues (e.g., from the USCSP and other bilateral programmes, UNEP, IPCC, CC:TRAIN, international research institutes, ongoing enabling activities in other countries etc.). The potential to use Internet/World Wide Web is used to the full extent. In that context, the project will cooperate, as appropriate, UNDP's SDNP (Sustainable Development Network Programme) and UNFCCC Secretariat's CC:INFO/Web initiatives at the outset of project operations.

It is foreseen that the network will continue to operate also after the project, facilitating interested parties in the country to learn about other national or international activities, and assisting interested individuals and institutions outside the country to obtain information on ongoing, planned or finalized climate change related activities in the country.

3. Organize and undertake a national inventory of greenhouse gas emissions in 1994, following the guidelines adopted by the CoP, and using the revised 1996 IPCC guidelines.
4. Organize and undertake an analysis of potential options to abate the increase in greenhouse gas emissions and to enhance removals by sinks.
5. Study the potential impacts of climate change on the following sectors: agriculture, water resources, forestry and natural ecosystems.
6. By building on the results of the analysis of potential impacts of climate change in the country (vulnerability assessment), organize and undertake an analysis of potential options to adapt to climate change with respect to the specific geographical and climatic characteristics of the country.
7. Organize a workshop (with wide local participation and relevant international partners) to present the results of the project, together with results or status of other ongoing national projects relevant to the issue, and to discuss the results with an objective of formulating a national program / action plan for effective response measures to climate change (focusing on "win-win" abatement and adaptation measures).

8. Prepare and finalize a national program / action plan for effective response measures to climate change, including measures to facilitate adaptation to climate change, as well as measures to abate the increase in greenhouse gas emissions and to enhance removals by sinks.
9. Based on the results of the studies, compile and prepare the additional information that the country wants to present in its national communication including, *inter alia*: a) financial and technological needs and constraints associated with the implementation of the Convention under Articles 4 and 12; b) projects for financing; and c) material relevant for calculation of global emission trends.
10. Using the outputs of this project as well as results of other ongoing projects, prepare, translate (as appropriate), and publish the first national communication of the country following the guidelines adopted by the CoP.

PROJECT IMPLEMENTATION

As a prerequisite for implementation of the project, the Government will establish a National Climate Change Committee (NCCC). The tentative composition of the NCCC will be as follows:

Ministry of Urban Planning, Construction and Environment;
 State Hydrometeorological Institute;
 Ministry of Agriculture, Forestry and Watershed Management;
 Ministry of Finance;
 Ministry of Development;
 Ministry of Economy;
 Ministry of Science;
 Macedonian Academy of Sciences and Arts;
 Representatives from the key NGOs and private sector institutions.

The Executing Agency of the project will be the Ministry of Urban Planning, Construction and Environment. A Project Implementation Unit will be established within the Ministry to supervise and co-ordinate the overall implementation of the project, and to assume the main responsibility for the finalization of the national communication, in consultation with all the relevant stakeholders. For the sectoral studies, separate working groups will be established. Tentatively, the Hydrometeorological Institute will carry the main responsibility of the vulnerability assessment and adaptation analysis in co-operation with the sectoral ministries and expert institutions dealing with agriculture, forestry, water resources and natural ecosystems. The GHG inventory will be prepared in co-operation with the Statistical Institute and the sectoral ministries dealing with the energy and industry, agriculture, forestry and waste management. The database established for the inventory will be used for the GHG abatement analysis, which will be prepared in co-operation with the Macedonian Academy of Science and the sectoral ministries and expert institutions.

Regarding international collaboration, working links with relevant regional and international expert institutions will be created, and they will be consulted when selecting the methodologies for, and implementing the specific activities of the project. The project will also utilise results and lessons learnt from other ongoing or finalised international projects like UNEP Country Case Studies on Climate Change Impacts and Adaptation Assessment, CC:TRAIN and US Country Study Programme to avoid duplication of effort. Links to other countries in the region with ongoing or finalised enabling activities, or ones about to start will be created, and areas for collaboration such as regional training or information exchange workshops will be identified.

The activities will be carried out in sequence so that tasks building on the results of prior activities will only be undertaken if these prior steps have been taken. For instance, the GHG abatement analysis will build on the results of the inventory, and the adaptation analysis will build on the results of the vulnerability assessment. Based on the results of the studies, a national action plan for effective response measures to climate change will be formulated. In implementing the different activities, the project will follow the internationally adopted guidelines and use the existing methodologies and tools whenever available. Technical assistance will be provided by regional and local experts whenever possible.

As means of identifying and disseminating information, the project will utilise, to the extent feasible, electronic networks such as Internet and co-operate with the CC:INFO/Web initiative of the FCCC Secretariat

The detailed content and target audience for the workshops will be determined during the further preparation of the project. However, a general strategy is to open the "policy oriented" workshops for a broader audience, including both policy makers and technical experts from the governmental as well as from the independent sector, while targeting the technical training/co-ordination workshops more for the people who are actually conducting the studies or who need to be involved as providers of the data for the studies.

Monitoring and evaluation

After the detailed work plan has been prepared, an external review on it will be undertaken. The purpose of the review is to identify in the early stages of the project the eventual gaps, overlaps and other risks to successful implementation, as well as to identify potential partners and sources of information from which the project could benefit.

The executing agency, together with the National Climate Change Committee, will be responsible for monitoring the project on a continuous basis. In order to do this, the project manager, with the help of the leaders of the working groups, will prepare regular reports on the progress of the project as whole and the different sub-tasks under it.

For the remaining part, the project will rely on common UNDP monitoring and evaluation practices, including a midterm evaluation and a tripartite review to be held within the first 12 months of the start of the full implementation of the project.

PROJECT FINANCING AND BUDGET

As an enabling activity related to the communication obligations of the country under the UNFCCC, the “agreed full costs” of the project will be funded by GEF. A detailed project budget for expedited the processing of the proposal is presented as Annex II.

As an in kind contribution to the project, the Government will provide appropriate office facilities for the Project Management Unit and the Working Groups to be established as well as support staff, information gathering, and logistic support to the project staff for the implementation of the project activities.

ANNEX I

**COVERAGE OF THE ACTIVITIES IN THE F.Y.R. OF MACEDONIA TO PREPARE
THE INITIAL NATIONAL COMMUNICATION**

Information to be included into the national communication	Enabling activity to produce the information needed	Type of Activity ¹		
		Planning ² & Execution	Capacity Building	
			Institutional	Human
1. National circumstances	Compilation of the information from existing sources	-	-	-
2. Greenhouse gas inventory (incl. CO₂, CH₄ and N₂O) for: - all energy sources - industrial processes - agricultural processes - land use change & forestry - other sources	Data gathering and inventory of GHG emissions from: - all energy sources - industrial processes - agricultural processes - land use change & forestry - other sources	X	X	X
3. General description of steps				
(a) programs related to sustainable development, research, public awareness, etc.;	An assessment of potential impacts of climate change in the country	X	X	X
(b) policy options for monitoring systems and response strategies for impacts;	An analysis of potential options to adapt to the impacts of climate change.	X	X	X
c) policy frameworks for implementing adaptation measures and response strategies;	An analysis of potential options to abate the increase in GHG emissions and enhance the sinks.	X	X	X
d) building capacity to integrate CC concerns into planning;				
e) programs to address climate change and its adverse impacts, including the abatement of increase in GHG emissions and enhancement of sinks	Formulation of programs and policy frameworks for implementing the identified response measures.	X	X	X
4. Other information including, as appropriate:				
a) Financial and technological needs and constraints associated with the implementation of the Convention under articles 4 and 12. b) projects for financing c) material relevant for calculation of global emission trends	Based on the results of the studies compilation and preparation of the additional information that the country wants to present in its national communication	X	X	X
5. Compilation and production of the initial national communication	Preparation, translation (as appropriate), and publication of the national communication	X	X	X

² X activities covered by the proposed project

³ including data gathering and research related to the preparation of the national communication

ANNEX II

**BUDGET FOR EXPEDITED PROCESSING OF THE ENABLING ACTIVITY PROPOSAL
FOR PREPARING THE INITIAL NATIONAL COMMUNICATION OF THE F.Y.R. OF
MACEDONIA**

Information to be included into the national communication	Enabling activity to produce the information needed	Type of Activity			Total Costs in US \$
		Planning & execution	Capacity Building		
			Inst.	Training	
1. National circumstances	Compilation of the information from existing sources	-	-	-	-
2. Greenhouse gas inventory	Data gathering and an inventory of GHG emissions	65,000	5,000	17,000	87,000
3. General description of steps					
(a) programs related to sustainable development, research, public awareness, etc.;	An assessment of potential impacts of climate change in the country	25,000	5,000	10,000	40,000
(b) policy options for monitoring systems and response strategies for impacts;	An analysis of potential options to adapt to the impacts of climate change	20,000	5,000	5,000	30,000
c) policy frameworks for implementing adaptation measures and response strategies;	An analysis of potential options to abate the increase in GHG emissions and enhance sinks.	20,000	5,000	5,000	30,000
d) building capacity to integrate Climate change concerns into planning;	Formulation of programs and policy frameworks for implementing the identified response measures.	20,000	5,000	10,000	35,000
e) programs to address climate change and its adverse impacts, including the abatement of increase in GHG emissions and enhancement of sinks					
4. Other information:					
a) Financial and techn. needs and constraints associated with the implementation of the Convention under articles 4 & 12	Based on the results of the studies, compilation and preparation of the additional information that the country wants to present in its national communication	10,000			10,000
b) projects for financing					
c) material relevant for calculation of global emission trends					
5. Compilation and production of national communication	Preparation, translation (as appropriate), and publication of the national communication.	15,000		5,000	20,000
Project management		55,000	5,000	8,000	68,000
Monitoring/Evaluation		15,000			15,000
Subtotal					335,000
Project support services (3%)		10,000			10,000
GRAND TOTAL		255,000	30,000	60,000	345,000

Annex IV**A BRIEF SUMMARY OF THE GUIDELINES ADOPTED BY THE COP2 FOR THE CONTENT OF THE NATIONAL COMMUNICATIONS FROM NON-ANNEX I COUNTRIES**

The guidelines for the communications of non-annex 1 countries were adopted by the CoP in July 1996. In accordance with the article 12 of the UNFCCC, and following the detailed guidelines presented in the document FCCC/CP/1996/L.12, the communications of the Parties not included in Annex I should include the following elements:

- a) Information on national circumstances
- b) A national inventory of anthropogenic emissions by sources and removals by sinks of the following greenhouse gases: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), to the extent the Party's capacities permit. Other greenhouse gases may be included at the discretion of the Parties. The guidelines and simplified default methodologies adopted by the IPCC should be used to the extent possible, and the best available data should be provided, being either for the year 1994 or alternatively for the year 1990. The format of providing this information is presented in table II below.
- c) General description of steps taken or envisaged by the Party to implement the Convention including, as appropriate: (i) programmes related to sustainable development, research and systematic observation, education and public awareness, training, etc.; (ii) policy options for adequate monitoring systems and response strategies for climate change impacts on terrestrial and marine ecosystems; (iii) policy frameworks for implementing adaptation measures and response strategies in the context of coastal zone management, disaster preparedness, agriculture, fisheries and forestry, with a view to integrate climate change impact information, as appropriate, into national planning processes; (iv) in the context of undertaking national communications, building of national, regional and/or sub-regional capacity, as appropriate, to integrate climate change concerns in medium and long term planning; and (v) programmes containing measures the Party believes contribute to addressing climate change and its adverse impacts, including the abatement of increase in greenhouse gas emissions and enhancement of removals by sinks.
- d) Any other information that the country considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication. This may include: proposals for projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits; material relevant for calculation of global emission trends; constraints and obstacles; etc.

FROM: MINIS. ZA URB. GRAD. SODR. EKO. SK PHONE NO. : 389 91 117 163

Oct. 08 1998 22:35PM P2

REPUBLIC OF MACEDONIA
MINISTRY OF URBAN PLANNING,
CONSTRUCTION & ENVIRONMENT

Department of Environment

Skopje,

October 8, 1998

Your No.

14-7122

Our No.

MR DAVID VOUSDEN
UNDP/GEF REGIONAL COORDINATORSubject: GEF Activity Enabling Funds for
Climate Change

Dear Mr. Vousden,

As you may now on 28 January 1998, Republic of Macedonia has ratified the United Nations Convention on Climate Change. Wishing to start with the fulfilment of the obligation deriving from the Convention, we are addressing you to assist us in the approach to GEF Activity Enabling Funds for Climate Change.

Preparation of our initial National Communication will be the first task in this direction. We would be very grateful if UNDP could assist us in preparation of project proposal. We hope that you will send your climate change officer to visit our Country to facilitate project proposal preparation. In this regard we expect that UNDP Office in Skopje to provide you maximum conditions for performing this task. We would very much appreciate your answer before the COP4 in Argentina.

Looking forward for your prompt reaction, I remain

Sincerely yours,

Mihail Dimovski
Undersecretary of Environment
Acting GEF Operational Focal Point, Republic
of Macedonia

OO:

Mr. Mohamed T. El-Ashry, Chief
Executive Officer and Chairman, GEF
SecretariatMr. Vesa Rutanen, GEF Regional Advisor
on Energy and Climate ChangeMs. Raquel Ragrojo, UNDP
Representative in Macedonia

FROM: RAFAEL ASENJO UNDP GEF
 DEC. -15-98 (TUE) 11:04 GFF/RBEC
 11-12-98 15:33 UNDP SKOPJE

TEL: 212 906 3102

P. 003

ID-3899118261

P. 91



REPUBLIC OF MACEDONIA
 MINISTRY OF URBAN PLANNING,
 CONSTRUCTION & ENVIRONMENT

Department of Environment

Skopje, 10 Dec. 1998

Your No.

Our No.

14-8606

To: Mr. David Vouden,
 GEF Regional Coordinator

Dear Sir,



I have a pleasure to submit a Project proposal " Enabling Macedonia to prepare its
 First National Communication in Response to its Commitments to the UNFCCC ".
 Please Sir, accept the assurance of my highest consideration.

Best regards,

Mihail Dimovski

Under-secretary of Environment
 Acting GEF Operational Focal Point
 Republic of Macedonia

- C.C. Ms. Raquel Ragregio,
 UNDP Representative in Macedonia
- C.C. Mr. Vesa Rutanen, GEF Regional Advisor on
 Energy and Climate Change

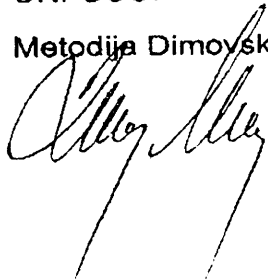
 REPUBLIC OF MACEDONIA MINISTRY OF URBAN PLANNING, CONSTRUCTION & ENVIRONMENT Dame Gruev 14, 91000 Skopje			
		Date:	08/10/1998
		Number of pages, including this one:	2
TO:		FROM:	
Mr. Mohamed T. El-Ashry Chief Executive Officer and Chairman GEF Secretariat		Metodija Dimovski Assistant Minister of Environment	
Tel:	+1 202 458 9274	tel:	+389 91 117 288 ext. 313
Fax:	+1 202 522 3240	fax:	+389 91 117 163

Subject: GEF Activity Enabling Funds for Climate Change

Message:

Please find herewith the letter signed by GEF National Operational Focal Point of the Republic of Macedonia, requesting UNDP assistance for facilitation of the preparation of the Initial National Communication of our Country to the UNFCCC.

Metodija Dimovski





REPUBLIC OF MACEDONIA
 MINISTRY OF URBAN PLANNING,
 CONSTRUCTION & ENVIRONMENT

Department of Environment

Skopje,

October 8, 1998

Your No. 14-7122

Our No. _____

MR DAVID VOUSDEN
 UNDP/GEF REGIONAL COORDINATOR

**Subject: GEF Activity Enabling Funds for
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Looking forward for your prompt reaction, I remain

Sincerely yours,

Mihail Dimovski
 Undersecretary of Environment
 Acting GEF Operational Focal Point: Republic
 of Macedonia

CC: Mr. Mohamed T. El-Ashry, Chief
 Executive Officer and Chairman, GEF
 Secretariat
 Mr. Vesa Rutanen, GEF Regional Advisor
 on Energy and Climate Change
 Ms. Raquel Ragraio, UNDP
 Representative in Macedonia