



GEF-6 PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Medium-sized Project

TYPE OF TRUST FUND: Capacity Building Initiative for Transparency

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PART I: PROJECT INFORMATION

| | | | |
|-----------------------------|---|------------------------------|------------------|
| Project Title: | Establishing Transparency Framework for the Republic of Serbia | | |
| Country(ies): | Republic of Serbia | GEF Project ID: ¹ | 10029 |
| GEF Agency(ies): | UNDP | GEF Agency Project ID: | 6211 |
| Other Executing Partner(s): | Ministry of Environmental Protection | Re-Submission Date: | April 24th, 2018 |
| GEF Focal Area(s): | Climate Change | Project Duration (Months) | 36 |
| Integrated Approach Pilot | IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/> Corporate Program: SGP <input type="checkbox"/> | | |
| Name of parent program: | [if applicable] | Agency Fee (\$) | 104,500 |

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES²

| Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs) | Trust Fund | (in \$) | |
|--|------------|-----------------------|----------------|
| | | GEF Project Financing | Co-financing |
| CBIT | CBIT | 1,100,000 | 100,000 |
| Total Project Cost | | 1,100,000 | 100,000 |

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

| Project Objective: To establish a National Transparency Framework in the Republic of Serbia to enhance implementation and abide by the transparency provisions of the Paris Agreement | | | | | | |
|---|-----------------------------|---|--|------------|-----------------------|--------------|
| Project Components | Financing Type ³ | Project Outcomes | Project Outputs | Trust Fund | (in \$) | |
| | | | | | GEF Project Financing | Co-financing |
| 1. Strengthening national transparency capacities for tracking NDC progress from mitigation activities | TA | 1.1. Improvement of institutional and technical capacities for transparency of mitigation in relevant sectors | 1.1.1. Institutional platform for transparency strengthened and reorganized with the initial assessment of capacity building needs and gaps for transparency; 1.1.2. Assessment of the resources (financial and institutional) needed to implement NDC's specific mitigation policies and measures conducted, with a gender-sensitive approach; 1.1.3. System for the assessment and tracking of the implementation of NDCs mitigation activities and their continuous improvement | CBIT | 300,000 | 10,000 |

¹ Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submissions.

² When completing Table A, refer to the excerpts on [GEF 6 Results Frameworks for GETF, LDCF and SCCF](#) and [CBIT guidelines](#).

³ Financing type can be either investment or technical assistance.

| | | | | | | |
|--|----|---|--|------|---------|--------|
| | | | <p>developed, with a gender-sensitive approach;</p> <p>1.1.4. NDCs tracking and reporting training programme for specific institutions prepared, with gender sensitive approach;</p> <p>1.1.5. Capacity building for competent institutions for development of projections that fulfil the criteria of transparency, accuracy, consistency, comparability and completeness conducted;</p> <p>1.1.6. E- tool for reporting on implementation and for planning and continuous improvement of the NDCs sectoral mitigation activities developed.</p> | | | |
| 2. Strengthening national transparency capacities for NDC tracking and reporting on vulnerability and adaptation | TA | 2.1. Improvement of institutional and technical capacities for transparency of adaptation in relevant sectors | <p>2.1.1. Sectoral vulnerability assessment of climate change impacts conducted;</p> <p>2.1.2. Analytical approach to costs and benefits of the implementation of NDCs adaptation measures, and financing possibilities prepared and conducted;</p> <p>2.1.3. E- tool established for reporting on implementation and for planning and continuous improvement of NDC adaptation measures and on occurrences of floods, extreme temperatures, droughts, and other extreme weather, as well as on their consequences;</p> <p>2.1.4. NDC tracking and reporting training programme on climate change adaptation for specific institutions prepared and conducted, with gender sensitive approach;</p> | CBIT | 400,000 | 10,000 |
| 3. Development of MRV system for NDC, including financing for institutions, local communities and businesses | TA | 3.1 Domestic MRV system for updating NDCs completed, including MRV to support stakeholders' engagement | <p>3.1.1. Protocol for developing the technical inputs needed for updating future NDC on a continuous base elaborated;</p> <p>3.1.2. Needs and gaps of relevant institutions and local communities for reporting on received financial support vis-à-vis NDC identified;</p> | CBIT | 300,000 | 12,000 |

| | | | | | | |
|--|--|---|--|------|------------------|----------------|
| | | 3.2 Improvement of the National GHG Inventories. | 3.1.3. Guidelines for reporting financial, technology transfer and capacity-building support needed and received into the MRV system, prepared; 3.1.4. Etool for exchange of information and for reporting of local communities and business sector on activities relevant for achievement of NDC developed; 3.2.1. Country-specific emission factor for CO2 from thermo-power plants and industry sector, as well as for Agriculture, LULUCF, developed. 3.2.2. Assessment of available information to include in GHG emission estimations other carbon pools included in the IPCC Guidelines but not estimated in the National GHG Inventory (soil organic carbon and litter) conducted and Inventory improved. | | | |
| | | 3.3 NDC capacity building through regional peer exchanges | 3.3.1. Regional peer exchanges on NDC planning and implementation and on the enhanced transparency framework conducted; | | | |
| Subtotal | | | | | 1,000,000 | 32,000 |
| Project Management Cost including DPC (PMC) ⁴ | | | | CBIT | 100,000 | 68,000 |
| Total Project Cost | | | | | 1,100,000 | 100,000 |

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: ()

C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

| Sources of Co-financing | Name of Co-financier | Type of Co-financing | Amount (\$) |
|---------------------------|--------------------------------------|----------------------|----------------|
| Recipient Government | Ministry of Environmental Protection | In-kind | 32,000 |
| GEF Agency | UNDP | In-kind | 68,000 |
| Total Co-financing | | | 100,000 |

⁴ For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES), FOCAL AREA AND THE PROGRAMMING OF FUNDS ^{a)}

| GEF Agency | Trust Fund | Country/ Regional/ Global | Focal Area | Programming of Funds | (in \$) | | |
|----------------------------|------------|------------------------------|----------------|-------------------------|---------------------------|------------------------------|---------------|
| | | | | | GEF Project Financing (a) | Agency Fee (b) ^{b)} | Total (c)=a+b |
| UNDP | CBIT | Republic of Serbia | Climate Change | (select as applicable) | 1,100,000 | 104,500 | 1,204,500 |
| Total GEF Resources | | | | | 1,100,000 | 104,500 | 1,204,500 |

a) Refer to the [Fee Policy for GEF Partner Agencies](#).

E. PROJECT PREPARATION GRANT (PPG)⁵

Is Project Preparation Grant requested? Yes No If no, skip item E.

PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

| Project Preparation Grant amount requested: \$ | | | | | PPG Agency Fee: | | |
|--|------------|-----------------------------|------------|-------------------------|-----------------|-----------------------------|-----------------|
| GEF Agency | Trust Fund | Country/ Regional/Global | Focal Area | Programming of Funds | (in \$) | | |
| | | | | | PPG (a) | Agency Fee ⁶ (b) | Total c = a + b |
| (select) | (select) | | (select) | (select as applicable) | | | 0 |
| Total PPG Amount | | | | | 0 | 0 | 0 |

⁵ PPG requested amount is determined by the size of the GEF Project Financing (PF) as follows: Up to \$50k for PF up to \$2m (for MSP); up to \$100k for PF up to \$3m; \$150k for PF up to \$6m; \$200k for PF up to \$10m; and \$300k for PF above \$10m. On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

⁶ PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

F. PROJECT’S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS⁷

Provide the expected project targets as appropriate.

| Corporate Results | Replenishment Targets | Project Targets |
|---|--|--|
| 1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society | Improved management of landscapes and seascapes covering 300 million hectares | <i>Hectares</i> |
| 2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes) | 120 million hectares under sustainable land management | <i>Hectares</i> |
| 3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services | Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins; | <i>Number of freshwater basins</i> |
| | 20% of globally over-exploited fisheries (by volume) moved to more sustainable levels | <i>Percent of fisheries, by volume</i> |
| 4. Support to transformational shifts towards a low-emission and resilient development path | 750 million tons of CO _{2e} mitigated (include both direct and indirect) | <i>metric tons</i> |
| 5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern | Disposal of 80,000 tons of POPs (PCB, obsolete pesticides) | <i>metric tons</i> |
| | Reduction of 1000 tons of Mercury | <i>metric tons</i> |
| | Phase-out of 303.44 tons of ODP (HCFC) | <i>ODP tons</i> |
| 6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks | Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries | <i>Number of Countries: 1</i> |
| | Functional environmental information systems are established to support decision-making in at least 10 countries | <i>Number of Countries: 1</i> |

PART II: PROJECT JUSTIFICATION

1. *Project Description.* Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, GEF focal area⁸ strategies, with a brief description of expected outcomes and components of the project, 4) [incremental/additional cost reasoning](#) and expected contributions from the baseline, the GEFTF, LDCF, SCCF, CBIT and [co-financing](#); 5) [global environmental benefits](#) (GEFTF) and/or [adaptation benefits](#) (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed

By adopting the Paris Climate Agreement, the world’s governments have for the first time in history agreed over a treaty that envisages climate action by all countries. The parties have committed to undertake ambitious efforts and concrete actions in both aspects of the global climate challenges, mitigation and adaptation. The agreement not only formalizes the process of developing national implementation plans, but also it provides a binding requirement to

⁷ Provide those indicator values in this table to the extent applicable to your proposed project. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the [GEF-6 Programming Directions](#), will be aggregated and reported during mid-term and at the conclusion of the replenishment period. There is no need to complete this table for climate adaptation projects financed solely through LDCF, SCCF or CBIT.

⁸ For biodiversity projects, in addition to explaining the project’s consistency with the biodiversity focal area strategy, objectives and programs, please also describe which [Aichi Target\(s\)](#) the project will directly contribute to achieving.

assess and review progress on these plans. This mechanism will require countries to continuously upgrade their commitments and ensure that there will be no backtracking. The 2017 global Emissions Gap Report includes an assessment of the emissions associated with the Nationally Determined Contributions and current policies of each of the G20 members, including the European Union and the gap between the reductions needed and the national pledges made in Paris is alarmingly high. Therefore, countries will have to continuously increase the level of ambition of their efforts for all aspects of climate action.

The Serbian economy is relatively diverse though highly reliant on industrial manufacturing and energy production that account for almost 30% of GDP. Food production is the largest subsector of manufacturing, and accounts for almost one-fifth of employment and value-added in manufacturing. Primary agriculture and forestry contribute around 10% of GDP. The majority of the population (55%) is urban with steady rural to urban migration. The rural population is generally poor and highly dependent on agricultural production and farming. In addition, 8.8% of the population, mostly in rural areas, lives below the poverty line. Due to domestic migration, the rural population is increasingly vulnerable as a greater proportion of the individuals remaining behind, in inland, mountainous, areas are from older age groups.

The Republic of Serbia (Serbia) is already experiencing the effects of rising temperatures, extreme wet and dry periods, decreasing annual rainfall and increased flood events. Extreme rain events result in more frequent flooding, while agricultural livelihoods and drinking water are already bearing the effects of droughts. At the same time, both temperature rise and extreme dry and wet conditions threaten the burgeoning industries and power supplies. Serbia's climate is moderately continental, with local characteristics and a gradual transition between seasons. A continental climate prevails in the mountainous areas of over 1,000 m. In the southwest, it has both Mediterranean subtropical and continental characteristics. Between 1960 and 2012, significant increases in the daily mean, daily maximum and daily minimum temperatures were observed, with an average increasing trend of 0.3°C/decade. Temperature increases are evident mainly in summer and high altitude temperatures, and since 1990 are showing a faster increase. Eight of the ten hottest years on record have occurred since 2000, and analysis of heat waves since 1990 has shown a rise in their numbers, with the most severe heat wave occurring in 2007.

In this same period, precipitation trends show increasing variability with a likely decline in precipitation. In northern and eastern Serbia, a pattern of decreasing precipitation has been observed during the winter and spring months. Though surface water resources are relatively substantial, with three navigable rivers (the Danube, the Sava and the Tisa) that account for more than 90% of all surface water resources, these surface waters are dependent on a rainy-snow regime for water levels and flow rates. Since 1950, the rivers in Serbia have experienced a downward discharge trend, with an expected continued decrease of up to 30% over the next 100 years. These decreases will affect hydrological systems, in terms of quantity and quality of water, which will impact agricultural productivity, livelihoods, health and economic growth.

Current projections indicate the average temperature is likely to continue to increase by up to 2.2°C by 2050 and 3.4°C by 2100 (from a baseline of 1961–1990). For summer, projections of the average temperature change are likely to be even higher. All the global scenarios project a likely continual decrease in seasonal precipitation related to the 1990 baseline. Annual precipitations are likely to decrease by 5% by 2050, and by over 10% by 2100. Although the number of extreme precipitation events is expected to increase, in terms of magnitude and frequency, the overall reduction in precipitation levels will generate increased occurrences of drought days. It is expected that water scarcity will increase, particularly in low-flow conditions.

Climate change impacts are already evident in Serbia and the IPCC AR5 has identified southeastern Europe, where Serbia is located, among the most vulnerable regions in terms of exposure to the negative effects of climate change. Climate change is also expected to have adverse effects on the intensity and frequency of floods and droughts, and on the quality and quantity of yields of major crops. Serbia's recent history of floods and natural disasters has shown that rural low-income communities are particularly vulnerable to the impacts of climate change due to heightened water insecurity, increased health risks and reduced agricultural productivity. In the period 2000–2012, overall economic losses from droughts alone amounted to 2.5 billion USD. While during the 2014 floods, 24 mainly rural municipalities were affected, and 57% of the infrastructure and 43% of the productive capacity in those locales were damaged, with losses estimated at 1.5 billion USD. The social impact of this event was especially damaging due to the cascading impacts it created in the national service and productive value chains. Mining, energy production and energy

distribution were also severely affected by these extreme events, and direct damages were estimated at 494 million EUR. Urban infrastructure also suffered from severe damage caused flash floods of high intensity that destroyed houses, bridges and sections of roads in Krupanj and areas near Sabac. The rising water levels also resulted in widespread urban flooding, in particular in Obrenovac. The rising water levels also resulted in industrial and sewage spills and in widespread landslides that further damaged housing and infrastructure assets. Damages to housing and urban infrastructure are estimated at 398 million EUR while damages to agriculture and trade are estimated at 453 million EUR.

The energy sector accounts for 10% of the GDP. Primary energy is generated by exploitation and use of local sources of coal, crude oil, natural gas and renewable energy sources (hydro, geothermal energy and biomass). Electricity is produced from the combustion of low quality domestic lignite in existing power plants and the use of hydropower potential in the existing flow and pumped-storage hydroelectric power stations. The energy sector is traditionally the main contributing sector in the GHG inventory of the Republic of Serbia. According to 2014 estimates, emissions from energy sector amounted to 80.0% of total GHG emissions. Out of total estimated GHG emissions from energy sector in the year 2014, 94.8% originated from fuel combustion activities, in which 71.9% belong to energy industries, 9.6% to manufacturing industries and construction, 12.4% to transport and 6.1% to other sectors. Trends of GHG emissions from fuel combustion activities in the period 2000-2014 show an increase of emissions from all source categories, except from manufacturing industries and construction (2.5% decrease). The highest increase of GHG emission in the observed period was in transport sector (almost three-fold). In the year 2014, estimated total net removals⁵ from Agriculture, forestry and other land use sector (AFOLU) amounted to -11,111.69 Gg CO₂eq. Since 2000, total net removal has increased by 46.8%. In 2014, sources within the AFOLU sector emitted 6737.29 Gg CO₂eq, 3087.71 Gg CO₂eq (45.8%) of which were a result of both direct and indirect emissions of CH₄ and N₂O generated by livestock activities and manure management. GHG emissions from aggregate sources and non-CO₂ land emission sources, including emissions from biomass burning, urea application, managed soil and manure management, amounted to 3308.67 Gg CO₂eq (49.1%). The remaining emissions in 2014, which make up approximately 5% of total emissions, originate from land use change, such as the intended use of croplands, grasslands, wetlands, settlements and other land. In 2014, estimated emissions from the waste sector amounted to 3276.03 Gg CO₂eq, or 4.9% of total GHG emissions. Estimated emissions in 2014 decreased by 1.3% compared to emissions in 2000 from this sector. In the sector of waste management 60.7% of total emissions in the year 2014 originated from solid waste disposal on land, and 39.3% from wastewater treatment.

As per the 2NC data, introducing new technologies and improving processes, in particular in energy and industry sector, as well as in land and livestock management, can significantly decrease emissions. Based on assumptions presented in the document, the projected level of total GHG emissions in 2030 is 87.099,71 Gg CO₂eq, according to the basic scenario, which is the same for 2015, 2020 and 2025, out of which energy sector has the highest share (79.25%), and the waste sector has the lowest (3.04%). However, the system for planning of both, climate mitigation and adaptation measures is poor and not systematic. This leads to inadequate planning and waste of resources. For this reason, one of the priorities is to establish effective transparency system for planning, monitoring and reporting of climate mitigation and adaptation policies and measures, in order to achieve Paris Agreement goals in Serbia.

As per the Paris Agreement, "In communicating their nationally determined contributions, all Parties shall provide the information necessary for clarity, transparency and understanding in accordance with decision 1/CP.21 and any relevant decisions of the Conference of the Parties serving as the meeting of the Parties to this Agreement." In order to ensure credible transparency systems, the Governments will need to improve capacities to measure and verify efforts, and to also report them to the international community, on both mitigation and adaptation actions and measures, as well as on financing needs, gaps and support received. In Serbia, there is still no systematic planning, reporting and monitoring system for climate change mitigation and adaptation that is based on reliable data. For this purpose, and in order to increase accuracy of the proposed climate adaptation and mitigation measures, the system of data/information collection, based on involvement of all relevant stakeholders, need to be established to allow continuous monitoring, reporting of undertaken measures, as well as for their upscaling and increase of ambition. The root cause lays in the fact that climate related issues are still not sufficiently integrated into other sectorial policies and there is lack of coordination among different competent institutions in terms of planning, implementation, monitoring and reporting on sectorial measures. Also, there are no clear guiding documents, neither methodologies, to facilitate sector based

inputs to climate policy planning and development. Although main climate related problems and challenges mentioned above have been identified through the UNFCCC reporting processes, the project based support provided by NCs and BuRs still did not manage to create a sustainable transparency system that can support requirements of the Paris Agreement and NDCs continuous improvement.

Qualitative measuring, reporting and verification systems and tools will provide additional support to the decision-making structures to support planning and decision-making processes. This is particularly important from the perspective of implementation of the Paris Agreement commitments, particularly regarding the expected efforts of the countries to limit global temperature rise below 2 degrees Celsius, and given the grave risks, to strive for 1.5 degrees Celsius, as well as from the perspective of the implementation of the Sustainable Development Goals. The agreement and country's NDCs provide a roadmap for climate actions that will reduce emissions and build climate resilience and make finance flows consistent with these efforts. In order to achieve these goals of the Paris Agreement and to do so in a way that is economically, socially and environmentally agreeable, countries need to start planning for development, especially to meet socioeconomic needs of the vulnerables, in the context of long term goals and foreseen climate scenarios. Moreover, efficient MRV system ensures achievement of NDC or more efficient corrective actions for the achievement of NDC.

2) The baseline scenario or any associated baseline projects

a) Country context (ie ratification of the PA etc)

Serbia became a Party to the Paris Agreement in August 2017. Previously, Serbia submitted its Intended Nationally Determined Contribution (INDC) to the UNFCCC on June 15th, 2015 prior to the UNFCCC COP21 with a pledge to reduce its GHG emission by 9,8% from the 1990 level by 2030. Also, Serbia's INDC contains adaptation related part due to decades long negative impacts of the climate change and vulnerability of the country. Pledge/NDC is going to be achieved by reducing emissions in key emitting sectors, such as energy production/consumption, agriculture, waste management, transport, forestry.

By ratifying Paris Climate Agreement in June 2017, the Serbia's INDCs became NDCs. Serbia now needs to put in place robust climate and energy policies that will enable the implementation of the NDC pledge and its potential strengthening in the coming years. This policy framework should create enabling environment for decision-making on future objectives, targets, and priority policies and measures for mitigation.

b) Institutional framework for CC and for implementation of NC/BUR

The National Climate Change Council (NCCC), comprised of key governmental institutions, state agencies, research community and CSO representatives, has the important role of monitoring and evaluating climate change related actions, including in the process of preparation and implementation of the NCs and BuRs. Therefore, Council will continue to have an important role in supervising implementation of climate change related actions, including NDC, generate technical information to guide the implementation of the NDC and propose options for raising the ambition within the NDC, as it is requested by the Paris Agreement. In cooperation with responsible sectoral institutions, NCCC will generate information related to economic, social and environmental costs and benefits of certain measures.

Successful implementation, tracking and reporting of Serbia's NDCs requires proper capacity of competent state institutions and the NCCC, which will ensure better integration of climate change issues into sectoral policies and measures, and at the same time, more transparent planning of measures for mitigation of and adaptation to climate change. It is also evident that capacities of competent institutions at national, provincial and local levels, need to be strengthened in order to improve implementation of climate change adaptation measures, as well as DRR related measures.

The Ministry of Environmental Protection/Climate change unit is the UNFCCC focal point, as well as it provides ad-hoc secretariat services to the National Climate Change Council (NCCC). Also, the Ministry of Environmental

Protection is the main Government institution responsible for coordination of the process of preparation of NCs and BuRs as well as for the overall coordination of compliance with the UNFCCC and EU climate policy requirements. As the NCCC provides overall coordination among sectors and stakeholders involved in climate change policy making and implementation, it can effectively be used to consolidate work related to transparency with the mid-term goal of establishing a national transparency system that will both serve to provide useful information for planning and implementation of mitigation and adaptation actions, as well as for meeting the requirements of the Enhanced Transparency Framework for action and support of the Paris Agreement (ETF). The ETF will also require further strengthening of Serbia's system for monitoring of the GHG emissions and reductions to ensure continuous improvement in planning of actions and their tracking and reporting, especially by covering the current gap of technical staff in the relevant state institutions.

Other competent institutions that are main counterparts in the creation and implementation of national climate change policy are: Ministry of Environmental Protection, Ministry of Agriculture, Forestry and Water Management; Ministry of Mining and Energy, Ministry of Construction, Transport and Infrastructure; Ministry of Interior (Sector for Emergency Situations); Republic Hydromet Service etc.). (please see the Chapter on *Stakeholders* for more details on the respective roles).

c) Legal and regulatory framework

NDC implementation and tracking and reporting requirements for actions contributing to GHG emission reduction and to efficient adaptation will be defined by the Law on climate change. Draft of this Law is prepared and shall be approved by Jun 2018. It introduces the obligation for monitoring and reporting on development and implementation of the mitigation and adaptation measures, low carbon development strategies and action plan as well as the national adaptation plan.

Establishment of a complete MRV system for collection of climate change relevant data and information started with a financial and technical assistance provided by the EU (through IPA project „Establishment of a mechanism for the implementation of the MMR“) while the ministry in charge of environment and climate change is responsible for the implementation of the project. Complete MRV system should include monitoring of GHG emissions, policies and measures, GHG emission projections and mitigation measures, as well as reporting on the latter and monitoring of activities relevant for planning of adaptation to climate change, etc.

Monitoring Mechanism Regulation (MMR), implemented in EU member states, is a legal act that regulates monitoring and reporting on all anthropogenic greenhouse gas emissions defined under the Kyoto Protocol. MMR represents a legal framework for the creation of policies and measures with appropriate projections, fulfilment of obligations towards UNFCCC regarding national programmes, greenhouse gas inventories, national systems and registries of EU member states and the EU itself.

The Republic of Serbia has made significant progress in establishing an effective institutional and legal framework to combat climate change. At the same time, there is still a need for improvement, including further capacity building and information/ knowledge sharing among responsible and competent institutions, at the national and local levels.

Through some of the previously conducted EU IPA funded projects, the baseline system for monitoring and reporting and verification under the EU Emissions Trading Directive has been initiated within the Serbian Agency for Environmental Protection. The initial system was created through the EU Twinning project ("Creation of a monitoring, reporting and verification system for the successful implementation of the EU Emissions Trading System (EU ETS) in the Republic of Serbia") and it established responsibilities for private and public companies to monitor and report GHG emissions. Also, significant compliance with the EU energy policy was achieved by the adoption of Law on Energy Efficiency and new Energy Sector Development Strategy for Serbia by 2025 with projections until 2030, as well as with the National Energy Efficiency Action Plan (the Third EE Action Plan is valid until 2018) and Renewable Energy Action Plan by 2020. On the other hand, many sectorial strategic documents contain elements related to climate change adaptation, such as in the sector of agriculture, forestry, water management, health. However, further

compliance and integration is needed, as well as integration of more specific climate change related interventions identified through the NCs, BuRs and also this is expected to be achieved by adoption of the new Law on Climate Change and new Strategy for Climate Change with the Action Plan for the Republic of Serbia (expected to be adopted by mid-2018). All of this needs to be reflected under Serbia's NDCs and backed up with a comprehensive MRV system that will allow for sector-wide increase of ambitions.

According to the law, Serbian Environmental Protection Agency (SEPA) is responsible for the development of a national GHG inventory. SEPA is also responsible for the implementation of quality control procedures in order to ensure transparency, accuracy, completeness and consistency of input data, emission factors and other parameters, as well as for calculation of GHG emissions in accordance with its QA/QC plan.

Serbia intends to include in its transparency framework references to disaster risk reduction. There is an ongoing effort to build synergy between the legal and regulatory frameworks in the area of climate change and disaster risk reduction. The National System for Disaster Risk Management is still being developed (there is a National Disaster Risk Management Strategy as well as the National Disaster Risk Reduction Programme with the Action Plan, while the new Law on Disaster Risk Reduction and Emergency Management is pending adoption), in particular in terms of institutional collaboration, collection and exchange of data and planning and implementation of disaster risk reduction measures in the context of climate change. Serbia is determined to align the obligations arising from Sendai Framework for Action with the Paris Agreement commitments. Further integration and joint implementation of climate change related policies and measures with those in DRR area is needed.

d) Country reporting (info on most recent NC BUR) and NDC

Republic of Serbia, being a party to the UNFCCC since 2001 and non-annex 1 party to the Kyoto Protocol, is obliged to submit regularly national communications and biennial update reports to the UNFCCC. The most recent submission of the Second National Communication was done in October 2017, while Biennial Update Report was submitted in February 2016. Both documents provided updated information regarding: the update and improvement of the GHG inventories (for the period 1990 – 2014) by filling out the gaps and reducing the uncertainties encountered in the previous inventories. National capacities have been built allowing the country to apply improved 2006 IPCC Guidelines for National Greenhouse Gas Inventories; initial recommendations were provided to the country on how to set up and operationalize the National Monitoring Reporting and Verification system; the update of existing and proposing new programmatic mitigation measures for abating GHG emissions in key economic sectors (energy, industry and industrial processes, AFOLU, waste management); Mitigation scenarios were provided within the BuR by the year 2020, and in the SNC by the year 2025 and 2030. Existing climate scenarios were updated and policy and programmatic measures for climate change adaptation in the most vulnerable sectors were proposed (agriculture, forestry, water, health, biodiversity and tourism); Information regarding the constraints, gaps and related financial, technical and capacity building needs were updated;

Building on the previously prepared national communications and biennial update reports as well as lesson learned, Serbia will submit its Second Biennial Update Report and Third National Communication to the UNFCCC in 2018 and 2020 respectively.

Apart from the preparation of the reports, one of the most important outputs will be improvement of capacities and networking of relevant institutions and agencies. That will be undertaken through their involvement in the projects implementation, consultative meetings, planning and training workshops.

Serbia's Second Biennial Updated Report will build on the findings and recommendations of the First Biennial Update Report, while the Third National Communication will build on the findings of the Second National Communication. Under the 2BUR GHG inventories for the period 2014-2016 will be prepared as a part of completeness of time series to be prepared under the 3NC. The 3NC will complete time series for the period 2010-2018. One of the main aims of the 2BUR will be to further increase capacities for MRV on the national level, while the 3NC will be orientated on national capacities for identification, preparation and realization of mitigation and adaptation measures. The 3NC will

consider adaptation as one of the preconditions for attaining the global 2030 development agenda (through attaining the SDGs) and treat it through project activities on that way.

Serbia submitted its NDCs to the UNFCCC on June 15th, 2015 prior to the UNFCCC COP21 with a pledge to reduce its GHG emission by 9,8% from the 1990 level by 2030. NDCs recognized agriculture, forestry, hydrology, human health and biodiversity as most vulnerable sectors to the adverse effects of climate change. The scope of GHGs included with the NDCs: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆. NDCs are stating that National Climate Change Strategy will further define precise activities, methods and implementation deadlines, while it also states that Serbia remains committed to the Copenhagen Accord. Its further ambitions will be guided by Serbia's EU accession process through harmonization of national with EU legislation, contributing in that way additionally to the national emission reduction efforts.

e) Barriers and gaps identified, including key areas highlighted during ICA

Serbia still lacks a comprehensive national transparency system to address mitigation and adaptation actions, climate financing at all levels of governance and for all stakeholders, as well as means of implementation, and requires enhanced capacities to systematically generate, manage and use information related to climate change. A system in this sense is also needed to improve national planning and decision making, for tracking and renewing the NDCs and to meet the ETF of the Paris Agreement. Since the ratification of the Paris Agreement, Serbia is committed to enhance its transparency system. Previous experience on MRV of climate change actions will serve as a basis for an integrated national transparency system. Its design will build on previous institutional arrangements and actions implemented by the Ministry of Environmental Protection and other national entities and supported through the EU funded projects.

During the design process a capacity building approach in technical and institutional aspects will to be prioritized. Currently, the lack of a comprehensive transparency system has shown to be an impediment for informed decision and policy making. For example, the process of formulating the first NDC was based on assistance received through the NC and BUR preparation projects. Since this was mainly external-expert based process, there was no significant increase of capacities of relevant state institutions, namely the Ministry in charge of environmental protection and climate change. Also, some of the on-going projects, such as the EU funded project for development of Climate Change Strategy and Action Plan, are again based on external expert assistance. Such projects do not have a capacity building component that ensures appropriate tools and capacities of relevant state institutions (such as the Ministry of Environmental Protection, but also other competent institutions in charge of agriculture, energy, construction etc.) especially for supporting long term policies, for example macroeconomic or sectorial models to test different scenarios.

As the operational documents for the Paris Agreement are expected to be adopted at the forthcoming CoP24 in Poland in 2018, accordingly the subsequent NDCs will need to be prepared by the parties, and they will need to be implemented and tracked. For this reason, countries will need to establish and manage sustainable and well-functioning national transparency system, including nationwide, but also local level and other stakeholders such as businesses, academia and CSOs. It will be needed not only to communicate progress to the international community to fulfill the commitments under the Paris Agreement, but also to better design policies and measures to frame mitigation and adaptation actions (including in the disaster risk reduction context) while ensuring the social and economic development of the country.

In order to fulfill requirements of the Paris Agreement and to ensure sustainability of the economy in the country, capacity building of individuals and institutions for strategic and long-term planning and decision making is needed. Current human and institutional capacity gaps can be described as follows: the lack of capacities to plan and specially to track progress on GHG emission reduction and adaptation policies and measures, with particular attention at specific sectors. Also, there is a lack of capacities to make adequate socio-economic assessment/ models, to identify climate related financing and to report on financial related issues.

Besides human and institutional capacities, there is evident lack of methodologies, guidelines and tools for assessing climate impacts in different sectors, for cost analyses, loss and damage assessments and for the reporting, information

and data exchange. Also, there is a lack of coordination and common planning in the field of adaptation and DRR related initiatives at all levels of governance. Moreover, nexus approach in mitigation and adaptation planning doesn't exist, therefore, sustainability of the both sets of actions is questionable. The lack of capacities has created strong dependency on international and external consultants which impacts the sustainability of the entire national system.

There are number of recommendations arising out of the "Technical analysis of the first biennial update report of Serbia" conducted by the UNFCCC Secretariat, that also represent starting point for the work on enhanced transparency framework. The CBIT project should assist in building the capacities of relevant institutions to respond to some of the recommendations, such as:

- Elaboration of the sources of emission factors for the purpose of future reporting requirements;
- Perform assessments and improve the information on financial resources, technology transfer, capacity-building and technical support received for activities relating to climate change;
- Precise formulation and description of the mitigation actions, including information on the nature of the action, coverage (i.e. sectors and gases), quantitative goals and progress indicators;
- Improving the reporting on the national GHG inventory Parties should strive to present information which is as complete as possible;
- Improving the capacities of the line institutions to include, as appropriate and to the extent that capacities permit, in the inventory reporting detailed tables and data on complex areas such as the LULUCF, as per the appropriate IPCC good practice guidance;
- Better formulation and re-definition of the roles and responsibilities of the institutions such as the Climate Change Committee, as well as the relevant coordination. Such information presented in the reports to the UNFCCC would further enhance the transparency as per the comments provided by the UNFCCC Secretariat;

One of the conclusions from the Technical analyses of the 1st BuR also indicated that national capacity needs to be enhanced to facilitate the reporting of CO₂ emissions using the reference and sectoral approaches and to enable the responsible institution to further explain these differences. This would further enhance transparency.

f) Assessment of present state of transparency framework including work under implementation/implemented.

Current transparency framework in Serbia is mainly related to the preparation of the national communications and biennial update reports to the UNFCCC. There are also EU funded projects that provide assistance to the Ministry of Environmental Protection, as main Government institution in charge of climate change policy creation, for the establishment of the overall monitoring, reporting and verification system that will improve compliance with the EU legislation in the area of climate change in Serbia. In the process of creation and monitoring of climate change related actions, the National Climate Change Council (NCCC), comprised of key governmental institutions, state agencies, research community and CSO representatives, has the important role of monitoring and evaluating climate change related actions. Therefore, Council will continue to have important role in supervising implementation of climate change related actions, including NDC, generate tec. Since the inventory will be one of the tools to track progress of NDC implementation, further refinement will help to reflect the efforts made in key sectors, such as energy, industry and agriculture. In order to strengthen ambition over time and to further elaborate long-term low GHG emission development strategies, there is a need to develop tools to assess policy options as well as their economic impacts.

Serbia has started the process of harmonizing national legislation with the EU legislation framework. Establishing a system of monitoring, reporting and verification (MRV) is one of the key demands of the UN Framework Convention on Climate Change and EU legislation, and it represents one of the key elements of the enhanced transparency framework under the Paris Climate Agreement. The recognition of the importance of the MRV monitoring system and improved planning and implementation of policies relevant to combat climate change in the Republic of Serbia has led to the establishment of several important elements of this system, mainly corresponding with the EU Emission Trading Scheme requirements in the area of climate change mitigation. Recognizing the importance of MRV for progress monitoring but also for improvement of planning and implementation of climate change policies, Republic of Serbia

is determined to further develop and upscale important elements of this system. However, the transparency framework for climate change adaptation is still vague.

There are no MRV components that could be used to track the level of implementation of climate change adaptation related measures or increasing the ambition in this particular field. Serbia also needs to further elaborate adaptation component of the NDCs and make stronger links with the disaster risk assessments and disaster risk management (including the losses and damages). The sectors identified within the NDCs are presented based on vulnerability assessment of the country conducted through the Second National Communication to the UNFCCC. Serbia has prepared draft National Adaptation Plan, as one of the outputs of the “Second National Communication” project. However, this plan provides only framework assessment of key vulnerable sectors, while detailed assessments are needed and will be conducted through the GCF NAP Preparatory and Readiness Support Programme (project is being drafted in cooperation with national partners). The National Climate Change Adaptation Plan will be an additional planning tool which will serve to guide the implementation of the adaptation component of Serbia's NDC. The agriculture and water management sectors have been identified as one of the most important sectors in the NDCs, due to the negative effects of climate induced extreme weather events on agriculture and water regimes of the country, correlated exposures to floods, droughts, landslides, crop related hazards etc. These impacts are especially felt by the most vulnerable parts of the population, causing displacement, destruction of households, losses of people's lives etc. From this perspective, it is important to further build capacities of competent institutions in disaster prevention, risk reduction and preparedness. Such system will also require strengthening of the capacity in line state institutions.

Mitigation framework for a transparency system

Besides the Serbia's Second National Communication to the UNFCCC and First Biennial Update Report projects, there are two additional EU funded projects that have been conducted in Serbia that have provided basis for the establishment of effective monitoring, reporting and verification system for tracking the GHG emissions and climate change mitigation actions. However, the efforts for completion of such system is still to be invested, in particular form the perspective of going beyond the GHG inventory and providing a tool for effective monitoring of climate change mitigation measures and policies, as well as for planning and upgrading the NDCs. In the context of the Paris Agreement and its mandate for efforts to represent a progression over time, there is also a need for a continuous process of development of emissions projections as a tool to support long term planning. For this purpose, there is a need to build technical and institutional capacities of line Ministry of Environmental Protection, as well as other key specialized agencies (such as Hydromet Service of Serbia), to provide GHG emissions projections and associated socio-economic analyses.

Robust projections would constitute an important tool for tracking progress of Serbia's mitigation efforts and planning of mitigation policies. Further, they could be used to assist in the identification of support needs for implementing mitigation efforts. Therefore, CBIT support will be focused on building capacities of government entities and stakeholders regarding emissions projections and long-term planning as tools for GHG emissions reduction.

Previously conducted and ongoing projects of relevance to this particular component:

1. To support energy related national goals, UNDP is providing support to the Ministry of Mining and Energy in the implementation of two important projects: 1. Reducing Barriers to Accelerate Development of Biomass Markets in Serbia (GEF funded): Total value, incl. co-financing: 30.48 mil USD (2014-2018) and 2. Removing Barriers to Promote and Support Energy Management Systems in Municipalities throughout Serbia (GEF funded): Total value, incl. co-funding: 11.5 million USD (2015-2020).

2. Capacity development project on NAMA, financed by the Government of Japan, was finalized in February 2013. The project purpose was identification and development of NAMA in energy efficiency field. Detailed documentation for 12 identified NAMA was prepared, including proposals for MRV. Additionally, the NAMA Development Guideline of the Republic of Serbia was published.

3. The project “Creation of a monitoring, reporting and verifying system for the successful implementation of the EU Emissions Trading System” financed by the European Union has been finalized in 2015, resulting in the first Draft Law and sub-laws that include MRV aspects of Directive 2009/29/EC (legal document is pending Governmental adoption). The main project purpose was to create enabling policy environment for establishment of legal and institutional framework for implementation of the EU Emission Trading System, including provisions on MRV required by the EU Directive 2009/29/EC.

4. MoEP has implemented IPA 2013 twinning project: “Establishment of a mechanism for implementation of MMR” - started in May 2015 and finalized in November 2017. This project aimed at transposition and preparation for implementation of Regulation (EU) No 525/2013 and Decision 406/2009/EC (ESD). MMR project also contributes to the establishment of institutional and procedural arrangements, legal framework and administrative and institutional capacities of the relevant bodies for the implementation of the EU legislation, namely the MMR and the Effort Sharing Decision (ESD). The intention of the project is to contribute to preparation of legal framework for MMR implementation up to 2019. Under this project the draft Law on Climate Change has been developed.

5. Implementation of the IPA funded project “Development of the Climate Change Strategy with an Action Plan” started in August 2016. The main project objective is identifying possibilities for emission reductions from agriculture, transport, waste and small power plants, according to the requirements of the EU Decision 406/2009/EC. Project will also include consideration of GHG emission reduction targets up to 2020, 2030, 2040, as well as long term goals and objectives. Expected duration of the project and completion of the strategic document is foreseen for the end of 2018.

Adaptation framework for a transparency system

By ratifying the Paris Agreement, it has become clear that effective monitoring and evaluation of climate change adaptation measures will be required for the implementation of the adaptation component of the NDCs. Vulnerability assessment and adaptation chapter under the previous NCs for Serbia was focused on agriculture, forestry, health, water management and biodiversity - the most vulnerable sectors with the need of adaptation measures. Along with vulnerability assessment, analysis for the identification of prior adaptation measures has been conducted. These adaptation measures included: technology transfers from abroad (especially in agriculture sector); facilitating rehabilitation of windbreaks; rehabilitation of irrigation systems within identified areas (improving integrated water management systems (supply-demand); improving system for forecasting land productivity and climate change impacts by creating of soil information (data) bank; reduce flood risks by promoting riverbank protection measures; develop effective monitoring and early warning systems; defining measures for improved protection from extreme weather events; preventing plant diseases through selection of optimal methods; raising awareness of population and local governments; implementation of monitoring system on diseases in forestry sector; restoration of degraded lands.

In the 3NC, more detailed analysis of climate change impact on vulnerable sectors are envisaged. Under this component, update of climate change scenarios from previous NCs will be conducted. The project will assist Serbia in improving climate change adaptation related research, data collection, analyses and information dissemination. It will strengthen the national coordination mechanism of CCA and implement effective monitoring and evaluation, and knowledge-sharing platforms. However, and in addition to this, there is a clear need to establish effective monitoring, reporting system for climate change adaptation vis-a-vis Serbia's NDC, as well as for future planning and increase of ambitions. In order to have sustainable interventions, further capacity building and strengthening of human and institutional capacities are needed to mainstream CCA into policy planning, budgeting and delivery of adaptation investments. Effective transparency system should provide platform for involvement of different target groups, in particular inclusion of women and vulnerable population in vulnerability assessments and planning of adaptation measures. In addition, when planning for climate change adaptation measures, possibilities for Public Private Partnerships will have to be further explored.

At the moment, Serbia is also developing proposal for the GCF Readiness and Preparatory Support Programme for development of the National Climate Change Adaptation Plan. The NAP will work as a policy instrument to achieve the adaptation objectives of the future Climate Change Strategy for Serbia (currently being drafted) and thus to implement the NDC, considering the priority sectors. While the future NAP process will contribute to vulnerability assessment and adaptation planning in most important economic sectors (such as agriculture, forestry, water management, energy, construction and transport), there is a clear lack of a system in place to monitor and evaluate concrete adaptation actions, assess how they contribute to achieving the objectives in the NAP and ensure that all this information is accessible at the national level. The CBIT support will be used to create an effective monitoring and evaluation mechanism (as integral component of the MRV system) for adaptation actions in the key sectors that are also identified as priorities under the GCF-NAP proposal. This "registry of national adaptation actions" will be constantly maintained and improved within each subsequent NDCs. Also, the registry will serve as a tool for budgetary planning and initiation of concrete projects by the respectful Government agencies (namely the Ministry of Environmental Protection, Ministry of Agriculture, Forestry and Water Management, Ministry of Mining and Energy, Ministry of Construction, Transport and Spatial Planning etc.). In addition to this, the registry will contain overview of climate change adaptation measures and related projects, sorted by sectors but also by the administrative units (national, regional and local). The effective MRV system for adaptation will also help in improving definition of indicators for monitoring progress and proposing policy interventions in climate change adaptation for specific sectors or levels to governance. One of the most important benefits arising out of such MRV system would be the opportunity to define more precisely the costs and financing needs for climate change adaptation measures, as well as to establish partnerships for financing and implementation. It will also contribute to budgetary planning at all levels of governance.

The Registry will also be linked to the disaster risk registries and National Disaster Risk Reduction Platform to be established under the new DRR legal framework currently being drafted in Serbia. In this way, such synergy between the registries and platforms will provide basis for reduction of vulnerability and increased resilience of population and communities. Such synergy will also provide starting point for much more effective and coordinated approach to local climate change and disaster risk reduction assessments and planning. Overall administration of the registry will be tasked to the Ministry of Environmental Protection, while strong coordination will be established with other competent institutions, specialized agencies, in particular with the Sector for Emergency situations, Hydromet Service of Serbia, Ministry of Agriculture, Forestry and Water Management and Public Investments Management Office.

Necessities to estimate and report financial gaps

As noted within the Second National Communication of Serbia to the UNFCCC, there is no effective tracking system of financing and implementation of the proposed climate change mitigation and adaptation measures. One of the examples also refer to the NAMA projects of Serbia that have been identified in 2013 and still with no adequate monitoring system for tracking the investments nor the level of implementation of the defined projects. The only record of investments is related to regular reporting to the Ministry of Finance of all state institutions on all conducted activities, but with no particular track of climate change related investments or financing. For this reason, it is almost impossible to determine the exact gap in financing and it makes it even more difficult to plan the investment and financial needs. This easily leads to double counting and overlapping of investments and financing for projects. It is even more difficult to track private sector investments in the area of climate change mitigation and adaptation or if investments are related in some way to climate change policy implementation (at central and local level), in particular if they are not related to public sector co-financing or public-private partnerships. For this reason, the effective MRV system for NDC will have to include a component for tracking overall or sectoral costs of addressing climate change, and more concretely of implementing the NDC, in order to assess the situation and to increase the ambition. Also, such tracking system that would incorporate both, public and private investments, will improve the quality of the data and information collected for the purpose of UNFCCC reporting, but also for the purpose of reporting and compliance with the EU acquis. In fact, such system is very much needed for the purpose of effective utilization of the EU assistance and funds.

As the Ministry of Environmental Protection has re-established the National Environmental Fund, an effective public and private investment/financing tracking tool would also facilitate effective distribution of resources of the Fund. There are also number of investments in the DRR field and many times such investments are not recognized as climate change related. For this reason, such effective tracking tool will also have to include the investments for the DRR purposes. This would also require involvement of other institutions of relevance, such as Public Investment Management Office and Emergency Sector of the Ministry of Interior. Particular guidelines and methodologies for the assessment of investments and costs as well as for the identification of financing gaps, will be developed for different sectors and competent institutions at all levels of governance (central and local). This would facilitate different cost-benefit analyses and estimation of damages and losses caused by the climate change and will provide inputs for defining future NDCs and related climate change mitigation and adaptation measures.

3) Proposed Alternative Scenario

With the support of this project, the country will strengthen its capacities regarding methodologies and tools to enhance transparency, as requested in Article 13 of the Paris Agreement. Based on this project, Serbia will complete and enact its MRV system which will improve Country's ability to effectively define and implement climate change related policies and measures. On the other side, the effective MRV system will enable more accurate information, monitoring and assessment of the instruments that the country selects to face climate change. It is expected that with support of the project, Serbia will be able to establish system of continuous increase of ambitions under its NDCs, as well as to improve its institutional capacities, the awareness and knowledge of different stakeholders and general population over the climate change issues. The project will also assist the country to integrate better local level of governance into the process of NDC preparation and implementation. This, eventually will lead to planning and decision making which is based on real needs and on participatory approach.

In order to build and strengthen capacities in national institutions to enhance transparency, the project is structured in three components, which have related outcomes to reach the objective of the project. All three components of the project are focused at development of tools, training and assistance for meeting the provisions stipulated in Article 13 of the Paris Agreement. Components will contribute to the design and establishment of a domestic MRV system for climate change mitigation and adaptation measures, financing, capacity building and transfer of technologies.

Both components will build upon the MRV related achievements and outputs of the EU funded projects (namely, the EU IPA 2013 funded project “Establishment of a mechanism for implementation of MMR”) as well as the MRV part of the Second Biennial Update Report for the Republic of Serbia. The CBIT supported MRV activities will focus on building a comprehensive tool for monitoring, reporting and evaluation of undertaken climate change mitigation and adaptation policy measures, while also ensuring mechanism for continuous inputs into short, medium and long-term planning. Gender-sensitive approach will be considered.

It is also expected that Serbia will share its progress and achievements in establishing the transparency framework with other countries under the CBIT global coordination platform.

Component 1 “**Strengthening national transparency capacities for tracking NDC progress from mitigation activities**” - focuses on strengthening national institutions for transparency-related activities in line with national priorities. National capacities will be strengthened for monitoring and reporting of mitigation activities.

The related outcome of this component is the “Improvement of institutional and technical capacities for transparency of mitigation in relevant sectors”. The main lead entity for this particular component is the National Climate Change Council comprised of all relevant stakeholders and competent institutions.

1.1.1. Institutional platform for transparency strengthened and reorganized – this output will result in the reorganization of the existing institutional set-up in the Country that will better correspond to the needs of development and functioning of the effective and robust MRV system to support enhanced transparency. This platform will represent a forum where all climate change related issues will be discussed and solved since it will include all main actors

relevant for climate change policy development and implementation. This platform will support coordinated approach to definition and implementation of Serbia's NDCs. The platform itself will not be a new formal institution and will not require additional resources for its functioning. It will rather be agglomeration of the existing relevant structures and institutions. The platform will build upon the existing institutional structures, namely the Climate Change Council. Its work will be coordinated by the Secretariat to the Climate Change Council which will be established within the Ministry of Environmental Protection/ Climate change unit in order to ensure its continuous commitment to Serbia's NDCs review and improvements. The Ministry already performs ad-hoc secretariat functions of the Council, while formalization of this role will only require internal reorganization of work in the line department. CBIT project will provide guidelines with the possible structure and rules of procedures for such platform and also support its regular meetings during the project implementation period. As initial task under the institutional platform would be to assess the capacity building needs and gaps for effective transparency based on the existing data and the international and EU requirements. It will be used for further definition and implementation of the capacity building programmes in mitigation and adaptation areas;

1.1.2. Assessment of the resources needed to implement NDC's specific mitigation policies and measures conducted, with a gender-sensitive approach – this output will result in the assessment report containing information about the specific sector resources needs for effective implementation of the mitigation measures. It will also provide justification and inputs for the policy and budgetary planning processes of different institutions in charge for specific mitigation measures;

1.1.3. System for the assessment and tracking of the implementation of NDCs mitigation activities and their continuous improvement developed, with a gender-sensitive approach – First, the impact assessment of sectoral strategies, policies and measures on the reduction of GHG emissions will be undertaken. Methodological approach will be developed and implemented with the set of actions for the Ministry of Environmental Protection to undertake detailed assessment of the impacts of sectoral strategies, policies and measures on the reduction of GHG emissions. Also, sectoral institutions will also be asked to contribute to the assessments in their respective sectors, while reporting to the Ministry of Environmental Protection. The results of the assessment will be used to feed in the process of development and improving the NDCs; In addition, this output will result in a developed set of sector-based indicators that will be used by the institutions to monitor the level of implementation of mitigation actions in the future (since they do not exist at this point) identified under the NDCs. It will also be used for reformulation of the mitigation actions and to identify opportunities for the increase of the ambition of mitigation measures under the NDC improvement process;

1.1.4. NDCs monitoring and reporting training programme for specific institutions prepared, with gender sensitive approach – in order for the Ministry of Environment and other competent institutions to be able to monitor and effectively implement mitigation measures defined by the NDCs, a targeted training programme will be developed and conducted. Main coordinator of the training activities will be the Ministry of Environmental Protection, while participation of other relevant institutions will be also ensured through the NCCC;

1.1.5. Capacity building for competent institutions for development of projections that fulfil the criteria of transparency, accuracy, consistency, comparability and completeness conducted – this output will result in development of climate change projections with mitigation scenarios resulting from the NDC implementation. These projections and climate mitigation scenarios will be used also for future definition of mitigation measures under the NDCs enhanced ambition. Capacity building programmes will be developed for preparation of sectoral mitigation projects in accordance with the new transparency framework. Close correlation will be made with similar activities undertaken under the NC/BuR project and results of the National Climate Change Strategy. While the similar activities under the NC/BuR project as well as the EU funded project on CC Strategy development are based on the expert assistance and prepared as a onetime project intervention, the CBIT project will build capacities of national partners, namely the Ministry of Environmental Protection and Agency for Environment, as well as other line institutions of relevance to climate change policy creation and implementation (such as Ministry of Mining and Energy, Ministry of Agriculture, Forestry and Water Management and Ministry of Construction, Transport and Infrastructure), to produce climate change projections and mitigation scenarios on a continuous basis as the NDCs are being regularly updated.

In this way, CBIT interventions will avoid duplication but rather build upon the expert work conducted within the above mentioned projects;

1.1.6. E tool for reporting on implementation and for planning and continuous improvement of the NDCs sectoral mitigation activities developed – this output will result in a comprehensive, online tool easily accessible by all competent institutions. This tool will be integral part of the enhanced MRV system. It will be used as main tool with specified formats for communication among competent institutions relevant for formulation and tracking of implementation of Serbia’s NDCs. Its primary purpose would be to support the reporting and tracking progress on NDCs implementation in the context of enhanced transparency. Also, it will be used as an information/knowledge sharing platform and for capacity building purposes since it will already contain information from competent institutions on their mitigation. The e-tool, along with the e-tools quoted under outputs 2.1.4 and 3.1.4 will be integral part of the existing webportal: www.klimatskepromene.rs and will be hosted and regularly updated and managed jointly by UNDP and the Ministry of Environmental Protection (as per the existing modality). Also, the access to this e-tool will be restricted to targeted stakeholders via username and password, while the Ministry, as administrator will select the information that can be publicly exposed via webportal – this will form one reporting framework under the enhanced transparency and will be integral part of the overall MRV system for Serbia;

Component 2 “Strengthening national transparency capacities for NDC tracking and reporting on vulnerability and adaptation” contains one outcome” Improvement of institutional and technical capacities for transparency of adaptation in relevant sectors”. This outcome is focused at strengthening national capacities on vulnerability and adaptation monitoring and reporting under the enhanced transparency framework.

2.1.1. Sectoral vulnerability assessment of climate change impacts conducted – this output will result in sector specific methodological approaches to vulnerability assessments and its later implementation, containing the set of actions for the Ministry of Environmental Protection to undertake detailed climate vulnerability assessment of different sectors, among which the prioritized ones are agriculture, forestry, water management, health, as well as sectors that are not traditionally considered under vulnerability assessment such as energy, transport, infrastructure and construction. Vulnerability assessments were conducted as integral part of the NCs preparation process. However, it was only project-based intervention, conducted mainly by the external experts. The CBIT project will work on the establishment of institutional procedures and methodological approach for the line Ministry to organize continuity of the process of vulnerability assessments, relaying mostly on internal capacities of specialized government institutions. This would ensure continuous contribution to monitoring of and reviewing implementation of NDCs in the domain of climate change adaptation measures. Also, sectoral institutions will also be asked to contribute to the vulnerability assessments in their respective sectors, while reporting to the Ministry of Environmental Protection. The results of the assessments will be used to feed in the process of development and improving the NDCs and activities under this output will be closely linked with similar activities implemented under the NCs;

2.1.2. Analytical approach to costs and benefits of the implementation of NDCs adaptation measures, and financing possibilities prepared and conducted – this output will result in a methodological approach that will contain guidelines for the Ministry of Environmental Protection and other sectoral institutions how to conduct cost-benefit assessment and losses and damage analyses, with a gender sensitive approach, of adaptation measures proposed under the NDCs. The results of such assessments will be used in financial planning for the NDC revision and upgrading in the domain of climate change adaptation planning;

2.1.3. E tool established for reporting on implementation and for planning and continuous improvement of NDC adaptation measures and on occurrences of floods, extreme temperatures, droughts, and other extreme weather, as well as on their consequences – this output will result in the establishment of the enhanced transparency e- tool as a kind of data base that will enable effective communication of adaptation actions and policies internally within the country and among stakeholders, as well as externally to the EU and UNFCCC. This tool will be integral part of the enhanced MRV system. Such MRV system will provide basis for synergistic approach in undertaking climate change adaptation actions in different sectors, with the participation of the citizens and relevant stakeholders. It will also contribute to

formulation and tracking of implementation of Serbia's NDCs. With this regard, it will also contribute to building synergistic approach to climate change adaptation planning and DRR planning and tracking of implementation. Part of the system will be a tool for monitoring progress in implementation of sectoral adaptation measures. Adaptation aspects will be included as part of the overall MRV system, in a coherent and integral manner. The e-tool, along with the e-tools quoted under outputs 1.1.6 and 3.1.4, will be integral part of the existing webportal: www.klimatskepromene.rs and will be hosted and regularly updated and managed jointly by UNDP and the Ministry of Environmental Protection (as per the existing modality). Also, the access to this e-tool will be restricted to targeted stakeholders via username and password, while the Ministry, as administrator will select the information that can be publicly exposed via webportal – this will form one reporting framework under the enhanced transparency and will be integral part of the overall MRV system for Serbia;

2.1.4. NDC tracking and reporting training programme on climate change adaptation for specific institutions prepared and conducted, with gender sensitive approach - The consideration of adaptation aspects in the MRV system to enhance transparency will also contribute to strengthen technical capacities regarding adequate methodologies to assess climate change and variability risks and impacts, with a gender-sensitive approach. Once again, these assessments will contribute to build awareness not only at general level but also at the political level as a booster to the decision-making process, having in mind implications of climate change and climate variability but also helping the decision makers to understand the implications of the absence of adaptation measures, with particular consideration of those impacts on men and women in a different way. For this purpose, the guidelines for identification of sectoral impacts of climate change and for vulnerability assessment will be prepared, as well as the methodology for cost-benefit analyses of different adaptation options, tools for monitoring progress in implementation of sectoral adaptation measures, as well as capacity building programme for relevant sectoral institutions for monitoring and reporting on adaptation measures. This particular output will also contribute to building a synergistic approach to NDC planning and DRR related activities (including for losses and damages). Training programme will also incorporate elements for effective inclusion of DRR related plans and actions into the NDCs planning and monitoring mechanism. The reason for this is in the fact that Government of Serbia intends to make closer linkages between the climate change adaptation planning and disaster risk reduction, in order to maximize utilization of resources and minimize economic losses due to extreme weather events;

Component 3 “Development of MRV system for NDC, including financing, for institutions, local communities and businesses” - will result in the development of MRV system for NDC, including financing, for inclusion of institutions, businesses and local communities into the NDC planning and implementation. The Component comprises of the three outcomes:

1) Domestic MRV system for updating NDCs completed, including MRV to support stakeholders' engagement. This outcome builds upon the outputs of the Component 1 and 2 and will result in the establishment of a comprehensive MRV system for tracking and improving Serbia's NDCs. It will also focus at identification of institutional and policy gaps regarding the reporting on received financial support and national contributions of relevance to climate change mitigation and adaptation activities.

3.1.1. Protocol for developing the technical inputs needed for updating future NDC on a continuous base elaborated – this output will result in the technical guidelines for relevant stakeholders (Ministry of Environmental Protection as main coordinating institution, and for other sectoral institutions) with clear instructions on how to update NDC. This protocol will be one of the essential elements of the future MRV system for enhanced transparency. This protocol will be used for the preparation of the forthcoming Serbia's NDCs that are expected to be submitted to the UNFCCC Secretariat by end of 2018, as well as for its subsequent revisions;

3.1.2. Needs and gaps of relevant institutions and local communities for reporting on received financial support vis-à-vis NDC identified – specific assessment will be conducted as a result of this particular output in order to assess gaps and determine the needs of institutions at central and local level that are relevant for the purpose of effective reporting on received financial support vis-à-vis NDC;

3.1.3. Guidelines for reporting financial, technology transfer and capacity-building support needed and received into the MRV system, prepared – this output will result in specific guidelines for identification and tracking of financial flows and investments of relevance to climate change mitigation and adaptation at national, local level and for both, public and private sector. Also, it will contribute to identification of technology capacity building support that was received in the Country, as well as identification of technology and capacity building needs. The guidelines will eventually establish a protocol for feeding these information, from all levels of governance (national and local), as well as from public and private sector, into one MRV system for transparency;

3.1.4. Enhanced transparency e-tool for exchange of information and for reporting of local communities and business sector on activities relevant for achievement of NDC developed – this output will result in development of e-tool for exchange of information and for reporting of local communities and businesses on activities relevant for achievement of NDC. This tool will be incorporated into the overall comprehensive national MRV system for improved transparency. Particular attention will be dedicated to the local self-governments as they have not been previously included neither in planning nor in monitoring of implementation of climate change mitigation and adaptation measures and activities. Also, many public and private companies, as well as industrial facilities, are located at the territories of local self-governments and thus their participation in planning of measures and monitoring their implementation, would be of significance contribution to the overall national mitigation and adaptation targets. It is important to point out that reporting of competent state institutions, do not include all actions and projects that are being implemented at the level of local self-governments (in particular due to their significant autonomy). Concerning the business sector, competent state institutions usually include in their reporting large scale actions and projects of the business sector. However, a number of small scale initiatives, projects and activities of the business sector are not registered nor included in the official reports that are being used when performing analyses and explore climate change mitigation potentials or adaptation opportunities. This is why a separate e-tool for reporting of the local self-governments and business community is needed, in addition to the previously mentioned ones. The e-tool, along with the e-tools quoted under outputs 1.1.6 and 2.1.4, will be integral part of the existing webportal: www.klimatskepromene.rs and will be hosted and regularly updated and managed jointly by UNDP and the Ministry of Environmental Protection (as per the existing modality). Also, the access to this e-tool will be restricted to targeted stakeholders via username and password, while the Ministry, as administrator will select the information that can be publicly exposed via webportal – this will form one reporting framework under the enhanced transparency and will be integral part of the overall MRV system for Serbia;

2) Improvement of the National GHG Inventories - This outcome will also contribute to the improvement of the National GHG Inventories - as Serbia is an EU accession country, it will need to make its GHG Inventory reporting system coherent with that of the EU and undertake yearly Inventory reporting. This will require efforts to continuously enhance the transparency, accuracy, consistency, comparability and comprehensiveness of the National GHG Inventories. Also, as per the recommendations provided under the “Technical analysis of the first biennial update report of Serbia” CO₂ emissions from fuel combustion are reported using the reference and sectoral approaches, but the difference between them is not explained due to the lack of good quality data within the inventory. CBIT project will cover interventions that are not included in the scope of NC/BuR projects. Therefore, this outcome includes outputs that will allow the country to enhance the quality, robustness and transparency of its National GHG Inventories.

3.2.1. Country-specific emission factor for CO₂ from termo-power plants and industry sector, as well as for Agriculture, LULUCF, developed.

As per the “Technical analysis of the first biennial update report of Serbia submitted on 28 March 2016”, the review team indicated that Serbia, as non-Annex I Party did not provide complete information on methodologies, activity data and emission factors used in the estimation of GHG emissions; Serbia reported that it encountered challenges in reporting additional information on methodologies, emission factors and activity data. Therefore, Serbia used the IPCC inventory software that implements tier 1 methods, and applied default emission factors from the 2006 IPCC Guidelines. Serbia further indicated that information on methodologies, activity data and emissions factors will be presented in future UNFCCC reporting processes. The UNFCCC secretariat noted that including this information in the future reporting would significantly enhance transparency. Also, even Serbia used the 2006 IPCC Guidelines, it

did not provide the equivalent land use, land-use change and forestry and sectoral background tables in its 1st BUR. The TTE noted that including in this information in future reporting for the sectoral level in the GHG inventory would further enhance transparency. CBIT proposal will complement the work of NCs and BuRs in terms of provision of this additional assistance by providing country specific emission factors wherever applicable, analyzing the available data and their quality.

3.2.2. Assessment of available information to include in GHG emission estimations other carbon pools included in the IPCC Guidelines but not estimated in the National GHG Inventory (soil organic carbon and litter) conducted and inventory improved.

In order to provide most updated information on the national inventories of anthropogenic emissions by sources and removals by sinks of all GHGs as per the IPCC Guidelines, the Ministry of Environmental protection intends to also assess availability of information and data to increase the scope of GHG emission estimation to the other carbon pools. This would significantly increase the transparency and quality of the future reporting processes.

3) NDC capacity building through regional peer exchanges - this outcome will be focused at the capacity building for NDC planning and improvement based on peer exchanges. In addition, it is important to point out that CBIT project will ensure further strengthening of national capacities of relevant Ministries on IPCC 2006 Guidelines and improvement of activity data.

3.3.1. Regional peer exchanges on NDC planning and implementation and on the enhanced transparency framework conducted - As the other countries of the Western Balkans region are also in the same process of improving the transparency as per the requirements of the Paris Climate Agreement and taking into account country specific circumstances, the regional peer exchange programs on transparency activities will be undertaken in order to exchange information, experience and knowledge between the countries (in particular in the Western Balkans Region). This peer exchange programs for transparency will also refer to tools and instruments such as MRV systems, tracking of NDC, economic and emissions projections and GHG inventories, integration of gender considerations into the enhanced transparency framework. The capacity building and peer exchanges may include methodological approaches, data collection, and data management, and adaptation monitoring, evaluation, and communication of measures. This will provide the countries a wider range of methodologies and tools for the improvement of national transparency. It will be implemented in two main modalities: one referring to virtual exchange and communication via emails and virtual conferences where countries of the Western Balkans will be able to share between each other lessons and the other one in person, focusing on workshops, trainings and similar type of events to be organized at least twice a year. This activity will build upon the successful results and experience generated at the Regional Workshop “Supporting the integration of gender considerations into MRV/transparency processes in the Western Balkan Countries”, held in Skopje, FYROM (in December 2017) where countries of the Western Balkans conducted a focused exchange of views on capacity building for transparency and on supporting a gender&climate work plans.

4) Incremental/additional cost reasoning and expected contributions to the baseline.

Climate Change is considered to be significantly high on the political agenda. Thus far, a number of activities regarding the GHG Inventory development, defining climate change mitigation and adaptation measures, as well as the basis for MRV system, have been undertaken under the framework of national reporting activities to the UNFCCC (national communications and biennial update reports). Recently, the EU IPA assisted projects have also provided additional efforts in defining legal and regulatory frameworks for establishment of the MRV system (by transposing the EU MMR regulation). However, in order to ensure more synergistic approach and sustainability of the climate change mitigation and adaptation policy planning and measures, there is a need for strengthening of institutional and technical capacities to meet enhanced transparency requirements, as defined in article 13 of the Paris Agreement. These goals will be met by conducting the above mentioned three components and a number of activities to achieve the goal.

The country has been making progress in the coordination mechanisms regarding information sharing, analysis and quality control and assurance, in particular regarding GHG Inventories. There is a GHG Inventory System designed to be implemented, and this has been possible through the continuous process of elaborating National Communications

and more recently the BURs. However, several barriers in the way to enhanced transparency were identified. In particular, there are other aspects of MRV system that need to be improved, regarding GHG Inventories, but more importantly mitigation and adaptation actions, as well as better planning and monitoring of support received through means of implementation.

The national GHG Inventory will be improved by adhering to the recommendations arising out of the EU funded IPA projects that support transposition of the EU ETS directive and EU MMR regulation. Serbia's EU IPA funded MMR project has three main outputs: 1. Establishment institutional and procedural arrangements for the implementation of Monitoring Mechanism Regulation (EU) No 525/2013 and Effort Sharing Decision No 406/2009/EC; 2. Establishment a legal framework for implementation of Monitoring Mechanism Regulation (EU) No 525/2013 and fulfillment of monitoring and reporting requirements under the Effort Sharing Decision No 406/2009/EC; 3. Strengthening administrative and institutional capacities of the relevant institutions in the field of climate change. As CBIT project has the main purpose to support the establishment of a comprehensive MRV system to support enhanced transparency framework for Serbia, it will have to build upon the first two outputs of the MMR project. The outputs of the MMR project were transmitted in the form of recommendations to the Government of Serbia. With regard to these recommendations, the improved MRV system should improve the access to and consistency with the national ETS data (it has to be noted that Serbian ETS is under development). The recommended option on reporting of combustion and process ETS emissions separately and reporting of background data (AD, EF, other parameters...) would satisfy several requirements of MMR regulation. Concerning formal MMR obligations, this level of details is necessary to allocate ETS emissions to CRF categories under the annual greenhouse gas inventories reporting (the MMR regulation asks for this allocation at CRF level 3 even CRF level 4 (e.g.: 2B1 – ammonia production and 2B2 – nitric acid production, 1A2c - combustion activities in chemical industries). Moreover, the reporting of combustion/process emissions and the related background data would lead to the use of the higher Tier approach for the GHG inventory. Indeed, ETS would cover a vast majority of industrial sectors for which the use of verified ETS data would lead to an increased knowledge of specific emissions of the sector and would lead to define sectoral-specific GHG emission factors. This would also improve QA/QC checks because ETS reports have to be verified by an accredited verifier and then approved by the competent authority. Furthermore, it would help to conduct cross-checks with GHG inventory (e.g. in terms of perimeter of plants taken into account in one sector and in terms of consistency). This option enables at the end also more accurate "Effort Sharing Decision (ESD)" emissions (that is to say non-ETS emissions), because of a better consistency between ETS data and the national GHG inventory, and because the national ESD total emission is defined as the national total GHG emission minus the ETS emissions. As ETS Directive is being transposed in Serbian law (draft Law on Climate Change), the reporting of background data will be mandatory. Then, all these verified ETS data and related background data should be available for the inventory team for use within the GHG inventory – this will lead to the significant improvement of the quality of data presented in the Inventory, as well as the improved quality of climate mitigation and adaptation policies and measures based on such data.

The recommendations from EU IPA funded projects also indicate options for the improvement of Inventory in terms of the gasses included in the regular reporting. The current data are not sufficient to complete the national inventory, and then to ensure the GHG inventory quality, including F-gases Regulation (MMR requirement). The access to disaggregated data by sub-applications (domestic refrigeration, commercial refrigeration, industrial processes, transport refrigeration, stationary or mobile air conditioning), and processes (placing on the market, distribution, recovering, valorization, removal) enables the calculation of disaggregated emissions. It will lead to achieve the completeness of the inventory and an increase of accuracy (Tier 2b). Moreover, this option will enable the reach of the MMR obligation on the elaboration of a relevant report on consistency between GHG inventory and F-gases Regulation. The inventory will also be improved by the regular preparation of NIRs (yearly National Inventory Reports). This will also provide for a progressive implementation of Tier 2/3 methods for the different key categories in line with an improvement plan. It is also recommended that improvement plan is prepared and elaborated in the National Inventory report (NIR) by SEPA during the first MMR reporting cycle and covers the one year period. The implementation of the improvement plan is to be elaborated in the subsequent NIR.

In order to improve the accuracy and relevance of CC mitigation policies and measures, based on recommendations from the EU IPA funded projects, CBIT project will support competent authorities to improve energy sector data

quality, in particular by building synergy with the Energy Balance (e.g. by using monthly and/or yearly data from the Ministry of Energy to make the N-1 energy balance, etc.). Also, project will support inclusion of the estimations of emissions from domestic aviation emissions into NDCs future planning - reporting of these emissions will also improve the completeness of GHG inventory, but also will allow for proposing detailed mitigation measures. Regarding the transport sector, for example, further strengthening the use of EU COPERT model will improve the estimate for the road transport GHG emissions, as well as development of related policies and measures under the future NDCs. In the industry sector, improved planning and development of mitigation measures will be achieved by the use of Tier 2/3 methodologies for key categories sources to respect the IPCC guidelines. Furthermore, the ETS data availability will facilitate the application of Tier 2 or 3 for the part of the sectors covered by ETS. CBIT project will support further improvement of the quality of data and NDCs planning in this particular sector in the context of the first verified Serbia's ETS emission reports to be submitted to the SEPA upon the new Climate Change Law enters into force. In the agriculture sector, CBIT project will support recommendations of EU IPA funded projects on the improved data collected, in particular by applying a complete IPCC Tier 1 methodology, and then to set up an improvement plan so as to apply Tier 2 and 3 progressively. This will also lead to better quality of NDCs planning, monitoring and reporting under enhanced transparency.

Recommendations will also be taken into consideration when elaborating methodologies for improved data collection and planning of policies and measures in sectors such as Land Uses (in particular by applying Corine Land Cover and improving land use monitoring system), forestry data, waste data collecting system (taking the advantage of the existing waste database and other regular surveys to ensure the quality of the estimations and NDCs planning, considering development of Serbian own calculation tools/models), improve the completeness of the data on wastewater treatment and discharge – the missing data from water management authorities, etc. CBIT project will also build upon the work already initiated through the MMR project on strengthening administrative and institutional capacities of the relevant institutions in the field of climate change. A number of capacity building and training sessions were conducted, such as the ones on the GHG Inventory management (in terms of the data collection, introducing data into the Inventory and conducting the Q/A and Q/C of the Inventory). This also refers to the implementation of MMR project recommendations vis-à-vis a) the establishment of the national system for the preparation and monitoring of strategies, policies and measures, preparation of emissions projections and reporting, b) creating institutional arrangement of the national MRV system (involving relevant institutions and stakeholders), c) the improvement of inter-ministerial cooperation/coordination in the preparation of the sectoral strategies, d) assessment of the effects of sectoral strategies on GHG emissions and CC adaptation, etc.

Without the support of the project, the process of enhancing transparency related to climate change aspects would be slower and less efficient, since there is no coordination mechanism neither tools for effective monitoring, reporting and evaluation of the climate change mitigation and adaptation measures. Establishment of such robust transparency mechanism, in particular for tracking NDCs implementation and planning climate change policies and measures, will make Serbia compliant with international and EU requirements. Moreover, the effective MRV system for climate change adaptation, will enhance Country's resilience to natural disasters and improve disaster risk reduction policies and measures, in line with the Sendai Framework for Action and European Civil Protection Mechanism.

5) Global environmental benefits

CBIT project will significantly assist Serbia to fulfill its commitments under the UNFCCC and Paris Agreement that incorporate its efforts towards EU accession process. The proposed project will further strengthen the capacity of national institutions in related research and analysis eventually contributing to Serbia's inputs to reducing the impacts of the global environmental threat of climate change. Documents (reports, analyses, studies etc.) produced under the project will be used by the decision-makers for preparing and implementing guidelines and policy action framework for achieving the government's national and international commitments (NDCs in particular). Support will be provided in further revising the NDCs under the Paris Climate Agreement and will foster compliance with other requirements of the Paris Climate Agreement in terms of defining, monitoring and reporting on both, climate change mitigation and adaptation measures. It will also assist Serbia to well prepare enabling policy environment and robust monitoring,

reporting and verification system for effective implementation of both, EU accession obligations and commitments arising out of the Paris Climate Agreement. Besides that, CBIT will also assist Serbia to respond effectively to the challenges of other global processes, such as implementing the SDGs and Sendai Framework for Action on Disaster Risk Reduction.

6) Innovation, sustainability and potential for scaling up

Innovation

The innovativeness will also be reflected in the fact that CBIT project will assist Serbia not only to comply with the UNFCCC and Paris Agreement requirements, but also to comply with the EU legislation by supporting compliance with EU transparency framework and MRV system for EU ETS. Also, the project will be implemented in parallel to the ongoing UNDP-GEF project "Climate Smart Urban Development Challenge (CSUD)" that is promoting innovative approach to climate change mitigation at local level and open data approach in local and national climate change data/information collection and sharing. In this way the MRV system that is to be established under the CBIT project will also incorporate innovative climate change mitigation actions introduced by the CSUD project. The second outcome of the CSUD project will provide assistance to local self-governments to better collect and manage the data of relevance to climate change through the provision of a software solution. This software solution for improved climate data management will be linked to the MRV system produced under the CBIT project. This CSUD software tool will primarily be focused at local level and will in particular contribute to the improvement of NDC reporting and monitoring activities of local communities. In this way the CBIT project will include both aspects, innovation and improved data management approach, in creating effective Country's transparency system.

Sustainability

The existing institutional arrangements and technical capacities regarding in particular GHG Inventories, BURs and NC are a fundamental input to build on for the success of this project. Project will also benefit out of the wide consultative process with public, private and civil society sectors, that is taking place under the framework of Climate Change Strategy project, NCs and BUR project, as well as the CSUD project. As the National Climate Change Strategy will also serve for the purpose of improving the NDCs of Serbia, the CBIT project will further ensure enhanced transparent mechanisms under which the NDCs will be implemented and adequately monitored. By making clear relations with the Climate Change Strategy for Serbia, results of the CBIT project will have a long-term impacts and sustainability. In fact, the MRV system (along with the data/ knowledge sharing information system) will be produced as part of the wider transparency framework (developed and improved by the project), while the National Climate Change Council, as permanent Government coordination structure, will be improved to act as a "National platform for transparency" - all of this will strengthen the sustainability of the project outcomes.

Potential for scaling up

The scope of the MRV system and transparency framework is national and relates to all sectors and actions related to climate change. However, there may be room to expand the transparency framework to new areas, making links with other indicators and MRV systems, reaching a more integrated transparency framework which would capture the country path to a sustainable, resilient and low emission economy. This in particular refers to linking the Country's MRV system with that of the EU, as Serbia progresses towards the EU membership. CBIT project will build upon existing work on development of National Climate Change Strategy and Action Plan, as well as on the projects supporting development of NCs and BURs, however, by introducing innovations in the existing processes, in line with the requirements of the Paris Climate Agreement. The Republic of Serbia, as a candidate country for EU membership, has several projects that support Serbia's compliance with the EU Acquis in the field of climate and Energy and EU strategic goals, such as IPA funded projects on development of the National Climate Change Strategy and Action Plan and IPA 2013 twinning project: "Establishment of a mechanism for implementation of MMR". The National Climate Change Strategy will establish a strategic framework for climate action, including adaptation options to address climate risks.

The Climate Strategy will show that Serbia is moving forward in the fulfilment of both its international commitments and national objectives. The Strategy will include feasible goals that will go beyond reducing greenhouse gases and will include considerations of long-term sustainable socio-economic development, economic growth and improving living standards for citizens. It will enable technical assessments and GHG scenario analysis, provide the information and data required for establishing a longer term strategic and policy framework for climate change in Serbia. The activities related to regional peer exchanges and regional capacity building are additional ways to scaling up, since the exchange of experiences among the countries of the region can bring additional benefits to the climate change policy and action planning under the NDCs, creating enabling environment for increase in the countries' ambitions.

2. **Stakeholders.** Will project design include the participation of relevant stakeholders from [civil society organizations](#) (yes /no) and [indigenous peoples](#) (yes /no)? If yes, identify key stakeholders and briefly describe how they will be engaged in project preparation.

| Stakeholders | Responsibility | Project role |
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| Ministry of Environmental Protection (MoEP) | Responsible for the overall coordination of climate change policy creation and implementation; UNFCCC Focal Point; Responsible for coordination of the transposition and implementation of the EU legislation in the field of environment and climate change; | Implementing Partner and coordinating body of the Project; Facilitating correlation and ensuring synergy between the CBIT project goals and activities of similar projects, such as the NCs/BuRs preparation, development of the Climate Change Strategy and Action Plan etc; |
| National Climate Change Council | Established in 2014 with the aim to monitor development and implementation of national policies on climate change, sectoral policies and other planning documents, in terms of consistency with national climate change policies and propose measures for improving and coordinating policies, measures and actions in this field. the Members of the Council are representatives of all relevant ministries and other governmental institutions, as well as representatives of universities, scientific institutions and civil society organizations. | National Climate Change Council will be used as a basis for creation of "Institutional platform for transparency" and main national coordination body to support preparation of Serbia's robust transparency framework under the Paris Agreement, as well as to validate all project results. It will also involve and facilitate contribution of competent institutions and other stakeholders to the overall MRV system and elaboration of climate change mitigation and adaptation measures into subsequent NDCs and development/upgrade of climate change policies and strategies with this regard. |
| Governmental bodies that will directly benefit out of the enhanced transparency system are: Ministry of Environmental Protection, Ministry of Agriculture, Forestry and Water Management; Ministry of Mining and Energy, Ministry of Construction, Transport and Infrastructure; Ministry of Interior (Sector for | Ministry of Environmental Protection – the overall coordination of climate change policy creation and implementation; Ministry of Agriculture, Forestry and Water Management – in charge of monitoring and reporting in key sectors of relevance to climate change mitigation (AFOLU) and adaptation | Participation of relevant Government institutions in CBIT project will refer to both, the design and implementation of the climate change related actions through focused discussion and working groups. The integration of the different sectors strengthens the institutional and technical capacity of the Government to respond to the transparency |

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| <p>Emergency Situations); Republic Hydromet Service etc</p> | <p>(agriculture, forestry and water management); Ministry of Mining and Energy – in charge of monitoring and reporting in key sector of relevance to climate change mitigation (energy management, including energy efficiency and renewable energy); Ministry of Construction, Transport and Infrastructure – in charge of monitoring and reporting in key sectors of relevance to climate change mitigation (transport and construction); Ministry of Interior – in charge of management of disaster risk reduction and recovery; Hydromet Service of Serbia – main institution responsible for provision of climate related data;</p> | <p>requirements of the Paris Climate Agreement and ensures the achievement of optimal sectoral coverage and relevance of the actions and enhance their sustainability. Enhanced transparency framework will be achieved by strengthening monitoring, reporting and planning capacities vis-à-vis NDC for the Republic of Serbia;</p> |
| <p>Other stakeholders – business community, academia and CSOs</p> | <p>Business sector is one of the main stakeholders when it comes to the implementation of climate change related policies – in particular taking into account its role in mitigating climate change by reducing GHG emissions in relevant industries, energy production/consumption businesses etc. Some of main representatives of the business community of interest to the project goals are: Electric Power Company of Serbia, Serbian Oil Industry, thermo-power plants, district heating companies, cement industries (such as Lafarge, Kosieric etc.), glass and paper production industries, waste management companies (such as regional waste management centers in larger agglomerations in the cities of Belgrade, Novi Sad, Nis, Subotica, Uzice etc. recycling associations). On the other hand, business community is also very much relevant in the case of successful implementation of the climate change adaptation measures for the purpose of making the economy of the country resilient to changing climate conditions. This is also why their participation in the process of defining the NDCs is important as they are subjects of vulnerability and also one of the main implementing entities;</p> | <p>Based on the experience in producing the two national communications and biennial update report, it is understood that the most effective way to address climate change, is to ensure involvement of other stakeholders besides Governmental institutions (academic sector, private sector, NGO sector) in both design and implementation of the climate change related actions through focused discussion and working groups. In addition to that, the national knowledge, and awareness of the different stakeholders have been increased, in particular those from the government, non-government, private and academic sectors. It is expected that this approach will ensure participatory approach for transparency. Participation of broad range of relevant stakeholders from business, private and civil society sectors will draw closer the positions of the governmental, business and civil society circles regarding national economic and environmental priorities vis-à-vis NDCs and enhance the awareness on SDGs. The integration of the different sectors strengthens the institutional and technical capacity of the different stakeholders and institutions, not limited to a small group of experts and decision makers from the</p> |

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| | <p>Academia and research community is responsible for provision of adequate information and data that are of relevance to climate change mitigation and adaptation planning, as well as for tracking progress in implementation of NDCs. Some of the relevant representatives of the research community are those from the University of Belgrade - Faculty of Physics with associated institute of Meteorology, Faculty of Agriculture, Institute of Nature Protection, Public Health Institute etc.;</p> <p>CSOs role is related to ensuring the link between the decision makers and citizens. Their particular role is to ensure citizen's participation in the process of creation of NDCs as well as in monitoring and reporting of the achieved targets. There are number of CSOs that are active in climate change advocacy in Serbia (such as Coalition 27 – group of CSOs that are in particular associated to support Serbia's EU accession process under the negotiating chapter 27 – “Environment and Climate Change”);</p> | <p>governmental institution responsible for the fulfillment of the national obligations under the Convention.</p> |
| <p>Local self-governments</p> | <p>Local self-governments are responsible for implementation of national policies and laws, including in the area of environment and climate change. As the new Law on Climate Change is under development, as well as Climate Change Strategy and Action Plan, there will be significant obligation upon local administration to plan and report on implemented measures and activities in mitigating climate change and adapting to the changing climate conditions. The Ministry of Environmental Protection is investing significant efforts to downscale climate change policy and support local self-governments in planning and implementation. So far, there was no effective mechanism for the collection of information from the local level on climate change mitigation and adaptation measures, thus leaving significant potential out of the climate related reporting and monitoring actions.</p> | <p>In order to increase the GHG emission reduction potential and ambitions for the Republic of Serbia, there is still untapped potential of actions and initiatives of local self-governments, in particular regarding the public services that they provide to their citizens. Local self-governments have not been so far included in the official system of reporting on climate change related interventions, neither they were obliged to plan actions in this particular area (some did it on voluntary basis). The NDC planning, reporting and monitoring process would be used to advocate for integration of local self-governments in the entire process. The project will produce relevant guidance and tool for local self-governments to plan and report on their climate change mitigation and adaptation actions of relevance to NDCs planning and review process.</p> |
| <p>Gender partnerships</p> | <p>Throughout the work on Second National Communication, the</p> | <p>In cooperation with relevant national institutions, such as Ministry of</p> |

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| | <p>Republic of Serbia produced a specific Study on Gender and Climate Change, indicating different vulnerability of men and women to the adverse effects of climate change, as well as different impacts of men and women on climate change mitigation and adaptation. In Serbia, there is a National Coordination body for gender equality, Law on gender equality and a Strategy on gender equality for the period 2016-2020. All these documents provide solid basis for further work on making climate related data, policies and measures gender responsive and sensitive.</p> <p>There is a number of gender oriented organizations acting in the Republic of Serbia, and some of them have added the climate and gender issues into their action agenda. Also, under the UNDP-GEF project “Climate Smart Urban Development Challenge” implemented by the Ministry of Environmental Protection, with UNDP support, there is a strong gender dimension aimed at integration of gender consideration into climate related actions and projects of local and national significance. UNWOMEN has been subcontracted to support implementation of this project component. Out of gender/climate oriented organizations, there is a Women Architects Association of Serbia and Smart City organization.</p> | <p>Labour and Social Affaires, UNWOMEN, local CSOs, CBIT project will apply principles of the “Gender responsive National Communications Toolkit” aimed at providing suggestions and guidance on integrating gender issues into the climate change reporting processes. The toolkit seeks to make the process of reporting more transparent in terms of who is involved, whose views are represented, gender-differentiated risks and the types of support men and women need to influence climate adaptation, mitigation, policymaking and reporting. Also, the work will be upscaled with gender mainstreaming into other transparency elements as per the Paris Climate Agreement and related UNFCCC decisions.</p> <p>A number of capacity building workshops with relevant stakeholders will be arranged to assess the availability of data and data gaps vis-à-vis gender and CC; The criteria for sex-disaggregated data collection will be elaborated and a number of general gender and climate capacity building and awareness raising events and materials will be prepared and disseminated. In close coordination with the Ministry of Labour and Social Affaires and the Ministry of Environmental Protection, Identify and engage relevant and priority sectors will be identified and engaged and sector specific working groups on gender and climate perspectives of specific sectors will be established and maintained. MRV system for transparency for gender/CC in specific sector is to be developed.</p> |
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3. Gender Equality and Women’s Empowerment. Are issues on gender equality and women’s empowerment taken into account? (yes /no). If yes, briefly describe how it will be mainstreamed into project preparation (e.g. gender analysis), taking into account the differences, needs, roles and priorities of women and men.

Based on the Constitution, the Republic of Serbia guarantees equality of women and men and shall develop equal opportunities policy. In line with that, the project will ensure that gender disaggregated data, wherever applicable by age, is consistently included as appropriate. In the inception phase, the engagement strategy for women and vulnerable groups will be designed to ensure gender and vulnerable community dimensions are adequately addressed.

UN Country team supports the Government of Serbia in its respective efforts through its both direct projects targeting women, and also incorporates respective gender-related activities into the project design when preparing, and then,

implementing projects. The gender dimension is taken into account when preparing the program for further UN cooperation with the Government of Serbia in Framework document “Development Partnership Framework 2016-2020”, gender equality is regarded as a critical precondition for improvement of human rights situation and sustainable development, therefore gender mainstreaming into national laws, policies, budgets and programmes is applied across almost all focus areas. According to the UNDAF, under Pillar 1 Governance and Rule of Law, “by 2020, people in Serbia, especially vulnerable groups, have their human rights protected and have improved access to justice and security”, as well as “by 2020, state institutions and other relevant actors enhance gender equality and enable women and girls, especially those from vulnerable groups, to live lives free from discrimination and violence”.

Throughout the work on Second National Communication, the Republic of Serbia produced a specific Study on Gender and Climate Change. This study recognizes that women and men have different vulnerabilities to climate change impacts on food security, agricultural productivity, livelihood, water availability, sanitation, health and energy, among others. For this reason, under the improved transparency framework, the CBIT project will ensure that gender disaggregated data are incorporated in the MRV system, as well as that future revisions and improvements of NDCs are considering gender sensitive mitigation and adaptation measures. Key points identified by this Study related to CC adaptation indicate that women may have different needs for adaptation than men in terms of their greater vulnerability to the extreme weather events. Also, the Study acknowledges specific women’s role in adaptation - The social roles and responsibilities of women lead to a higher degree of dependence on the natural environment, especially in rural areas. Due to climate change, the burden of work that women carry in order to care for their families, such as collecting water and fire wood, is increasing. The impact is also seen through the fact that women in rural areas mostly work in agriculture, that is highly vulnerable (requires additional irrigation) on climate change. Women face higher risks during and after disasters. They have less access to information such as early warnings, they may receive fewer resources due to inequitable distribution of aid, and they may be subject to sexual violence in post-disaster periods. Women’s knowledge of natural resources and their common responsibilities in households and communities can be crucial for adaptation and disaster management.

Therefore, spread of information regarding climate change impacts and adaptation possibilities among women is the most important. Also, it is recognized that the design of gender-sensitive adaptation policies and measures is a must. This will enhance women’s abilities and opportunities to mitigate disasters and cope with climate change. On the other hand, the Study also recognizes differentiated role of women in the climate change mitigation area. With this regard, key points of the Study in CC mitigation indicate the need to consider that sources and level of emissions of women and men differ substantially, independently of their age and income. Also, based on surveys, women tend to be more concerned about climate change and would prefer more ambitious efforts to reduce greenhouse gas emissions than men, as well as the women are more willing than men to change their behavior in order to save energy and purchase low-carbon emitting products. These facts imply that gender differentiated approach in planning and implementation of climate change mitigation measures can maximize the mitigation potential of those measures. T

Particular attention will be dedicated to gender differentiation of vulnerability assessments and climate change adaptation planning and incorporation of gender into disaster risk management. Project will ensure that data and information contained within the MRV system under the transparency framework will be gender disaggregated. Also, the MRV system in Serbia will be gender sensitive and all the data and information stored in this system will be gender disaggregated. Also, it will provide specific guidelines and tools on how to prepare gender sensitive climate change policies and measures, based on the data and information produced under the MRV. In addition, the CBIT project will provide tools for making the data collected within the other climate change and DRR related data/information management systems (such as the GHG Inventory, National Risk Registry, National Geodata Portal, etc.) gender sensitive, to the extent possible.

4 Risks. *Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable).*

| Risk | Rating | Mitigation strategy |
|--|---------------|--|
| Insufficient attention to CC issues on the part of the Government due to other pressing concerns will hinder project implementation. | Low | The project team will make sure to engage various Government stakeholders throughout the process. |
| Lack of available data or access to information | Low | To address this risk the project will make use of current data generation infrastructure and collaborate with a range of institutions and stakeholders |
| Lack of skill set, and uneven skill sets in different public entities | Medium | This will be addressed by developing targeted capacity building approaches for different sectors and also for different skill sets. Also, there will be a focus on knowledge transfer and peer to peer learning. |

5. Coordination. *Outline the coordination with other relevant GEF-financed and other initiatives.*

The assistance provided through the CBIT project for development of the Serbia’s transparency framework under the Paris Agreement will also complement the support that Serbia is receiving through several other projects, ongoing and in the pipeline. Particular attention will be dedicated to the ongoing projects that support Serbia’s compliance with the EU Acquis in the field of climate and Energy and EU strategic goals, such as IPA funded projects on “Development of the National Climate Change Strategy with the Action Plan” and IPA 2013 twinning project: “Establishment of a mechanism for implementation of the Eu Monitoring Mechanism Regulation (MMR)”. **CBIT project will in fact build on the recommendations provided by the above mentioned projects, endorsed by the Ministry of Environmental protection, being main responsible entity of the Government for the above mentioned projects. Also, as elements of those recommendations have already been integrated in the new draft Law on Climate Change, CBIT project will in fact start supporting implementation of relevant articles of that particular law.**

The National Climate Change Strategy with the Action Plan **for Serbia** will establish a strategic framework for climate action and including adaptation options to address climate risks. By this strategy, Serbia will put in place robust climate and energy policies that will enable the implementation of the NDC pledge and its potential strengthening in the coming years. This policy framework should allow for transparent decision-making on future objectives, targets, and priority policies and measures for mitigation. **The Strategy also defines the need for all relevant sectors to comply with the overall Climate Change policy framework, including the UNFCCC requirements, Paris Agreement and EU strategic/legislative framework in the domain of climate and energy. However, it does not prescribe the detailed transparency support system that supports improvement of the quality of collected data, adequate monitor and report framework relevant for the NDCs planning and progressive upgrade. This is where CBIT project will complement, and build upon the work undertaken so far on National Climate Change Strategy/the Action Plan support project. This in particular refers to the EU IPA project outputs related to: 1. the assessment of current Serbian Climate Change Policy framework, 2. defining baseline and mitigation scenarios for Serbia by the year 2050 and 3. conducting the analyses of social, economic and environmental impacts of the GHG mitigation scenarios. Synergy will be also established between the CBIT project and EU IPA project on CC Strategy with regard to the definition of climate change adaptation options by the year 2050. Serbia has started the process of harmonizing national legislation with the EU legislation framework. Establishing a system of monitoring, reporting and verification (MRV) is one of the key demands of the UN Framework Convention on Climate Change and EU legislation. Also, one of the main outputs of the EU IPA funded project “Creation of a monitoring, reporting and verification system for the successful implementation of the EU Emissions Trading System (EU ETS) in the Republic of Serbia” is development of legislative and institutional framework for implementation of the EU ETS Directive. In fact, major elements of that project output is incorporated in the new draft Law on Climate Change (currently being subject to public hearings). This will, in the future, support the establishment of the carbon trading market in Serbia in line with the EU framework. This system is very ambitious and will need to be accompanied with improved capacities of line institutions and other stakeholders (such as industry) and with the effective MRV system. The other output of this project is also of particular relevance for the CBIT activities to build upon: conducted Training Programme for representatives of relevant institutions, industry and**

potential verifiers of the GHG emissions reports, to support the EU ETS system development as well as to develop the monitoring and reporting capacities. CBIT project will also support coordination process related to the obligation of all sectors and line Ministries to adjust their strategic framework with the new climate change policy framework, as prescribed by both, National CC Strategy and the draft Law on Climate Change, developed on the recommendations of the aforementioned EU IPA funded projects, among others.

The recognition of the importance of the MRV monitoring system and the improved planning and implementation of policies relevant to combating climate change in the Republic of Serbia has led to the establishment of several of the important elements of this system. Establishment of a complete MRV system as main tool for enhanced transparency framework under the Paris Agreement, started with a financial and technical assistance provided by the EU (through IPA project „Establishment of a mechanism for the implementation of the MMR“) while the ministry in charge of environment and climate change is responsible for the implementation of the project. CBIT project will build upon the results of the MMR project, in particular recommendations provided under the reports produced within the project and endorsed by the Ministry of Environmental Protection. This will lead to the establishment of complete MRV system that will be supported through the CBIT. CBIT upgrade will mainly refer to development of tracking tool for monitoring and reporting of GHG emissions, climate change mitigation and adaptation policies and measures, GHG emission projections, as well as reporting on the latter and monitoring of activities relevant for planning and updating of climate change policies and Serbia’s NDCs. In addition, the CBIT project will also provide support to the initiation of Serbia’s National Climate Change Adaptation Plan that is being developed under the GCF Readiness and Preparatory Support Programme. In particular the inclusion of climate change adaptation related information and data into MRV system for transparency will ensure consistency among sectorial adaptation actions and support further work on inclusion of climate change adaptation into other sectors, budgetary planning and development plans.

UNDP in Serbia is also implementing the following GEF funded projects as support to the Ministry of Mining and Energy: 1. Reducing Barriers to Accelerate Development of Biomass Markets in Serbia and 2. Removing Barriers to Promote and Support Energy Management Systems in Municipalities throughout Serbia. Both of these projects are supporting Serbia in attaining the renewable energy and energy efficiency targets that are communicated to the European Energy Community, under the EU accession process. These projects are very important in terms of their contribution to Serbia’s GHG emission reduction targets. As Energy sector is recognized also by Serbia’s NDC to be one of main sources of emissions and also the sector with greatest potentials for GHG emission reduction, results of both projects will be incorporated into future revision of NDCs. Also, the second project that supports energy management system, resulted in the establishment of the on-line Energy Management Information System (EMIS) for Serbia that is being used by the Government and municipalities to report on their energy efficiency measures and energy management performance. Data and information from this system will be used to feed in the future MRV system for tracking Serbia’s NDC. The EMIS tool will also be used for the purpose of planning and for the revision of future NDCs under the CBIT project.

The third project funded by the GEF and implemented by the Ministry of Environmental Protection with UNDP support “Climate Smart Urban Development Challenge (CSUD)” will also be closely correlated with CBIT activities, especially through its second component that will result in a software tool for the improved management of data of relevance to climate change mitigation at municipal level. This software tool will also be used to feed in Serbia’s MRV system for transparency, especially regarding the data it will produce that will be used by municipalities to plan for their own mitigation measures. The first component of the CSUD project will result in the identification of a number of innovative climate smart projects that will bring GHG emission reduction benefits at the level of local communities in Serbia. These projects will also contribute to the identification of local mitigation potentials and planning future NDCs for Serbia, under the CBIT project.

As UNDP is supporting implementation of the project “Third National Communication and Second Biennial Update Report for Serbia to the UNFCCC (TNC/SBuR)”, in cooperation with the Ministry of Environmental Protection, the activities of this particular project that are related to the support in establishing the effective MRV system, will be closely linked with the CBIT project. Both projects will be conducted in the synergy in order to ensure complementarity of resources and maximize the results. The MRV segment of the TNC/SBuR project will be primarily focused on

further elaboration of the recommendations arising out of the EU funded projects (the MMR project) with particular emphasis on GHG Inventory improvements from the point of view of improved data collection. On the other hand, the CBIT will also support the Inventory improvement but also CC mitigation and adaptation planning and reporting from the point of view of capacity building and transparency as per the Paris Agreement requirements, ensuring cross-sectorial coordination, inclusion of the other stakeholders under the transparency framework (in particular businesses and local communities). In terms of climate change scenarios and emission projections, the GHG Inventory and vulnerability assessments, CBIT will also build upon the results that are to be achieved under the TNC/SBuR project, as a starting point, and will upgrade such results to the extent needed (in particular since the TNC/SBuR project has already started in February 2018). While TNC/SBuR project is constrained by the pre-defined time/years to reflect upon, the CBIT project will be more strategically oriented and will mainly be guided by the Paris Agreement requirements. In the same context, regarding the climate change mitigation and adaptation measures, the CBIT project will be focused at building a sustainable system for permanent planning, review and monitoring of the measures in the context of the enhanced transparency for the purpose of NDCs permanent upgrade. Eventually, the results of the CBIT will contribute to the improved quality of the data and planning measures under the UNFCCC reporting requirements. CBIT project will build synergy with the following outputs of the SBuR/TNC project, in particular: 1. Setting up the institutional arrangements relevant to the UNFCCC reporting, as well as mechanisms for stakeholders' involvement and participation to enable the preparation of the reports. In this way there will be complementarity of actions in capacity building for the enhanced transparency with the same activities that will be implemented under the SBuR/TNC project. It will ensure participation of all relevant stakeholders and improvement of the Institutional platform for transparency, development of e-tools, methodologies and guidelines that will ensure effective planning, assessment and tracking of the implementation of NDCs mitigation activities, as planned under the CBIT project; 2. Mainstreaming climate change into overall policy frameworks for key economic sectors – the technical assistance and capacity building for competent institutions will be conducted in parallel through the CBIT project to improve the inter-sectorial cooperation for the purpose of enhanced transparency framework. This joint approach of the two projects is expected to contribute to both, the quality of the UNFCCC reporting as well as to the NDCs planning, monitoring and continuous upgrade; 3. Assessing the finance resources, capacity needs for implementation of the overall national GHG emission reduction strategy – the CBIT project will build upon the initial assessments conducted under this particular output of the SBuR/TNC project. In fact the analytical work will be used to feed in the CBIT outputs related to the assessment of the resources (financial and institutional) needed to implement NDC's specific measures and actions in the area of mitigation and adaptation. Results of this particular SBuR/TNC output will be utilized when preparing the CBIT Guidelines for reporting financial, technology transfer and capacity-building support needed and received into the MRV system; In addition, the CBIT capacity building activities of competent institutions and stakeholders, as well as preparation of the methodologies and tools will also be drafted in accordance with the SBuR/TNC output: Assessing of gaps, needs and priorities for education, training and public awareness important for stakeholders' involvement in the UNFCCC reporting process. Information received through this output will be valuable guidance for the activities of the CBIT project. Also such assessments will feed into the NDC tracking and reporting training programme on climate change mitigation/adaptation, to be implemented by the CBIT project; Regarding the improvement of the national GHG Inventory, the CBIT project will in particular contribute to the SBuR/TNC work related to: 1. Strengthening the institutional capacities with defined institutional arrangements, including cross-sector cooperation and application of 2006 IPCC Guidelines for GHG inventories; 2. improving the GHG emission data collection system (including calculation of national emission factors, as appropriate and based on results of the SNC/FBUR) within the Environmental Protection Agency, and 3. Advancing the cross-sector collaboration for the preparation of GHG Inventory. With this regard, results of the SBuR/TNC outputs will be used to support CBIT actions on calculation of country-specific emission factor for CO₂ from thermo-power plants and industry sector, as well as for Agriculture, LULUCF. Also, in parallel to SBuR/TNC project activities, the GHG Inventory will be additionally improved through the CBIT output on: assessment of available information to include in GHG emission estimations other carbon pools included in the IPCC Guidelines but not estimated in the National GHG Inventory (soil organic carbon and litter); Concerning the GHG mitigation measures, the CBIT project will contribute with synergistic approach to the following elements of the SBuR/TNC project: 1. Assessment of the mitigation potential in key development sectors (e.g. energy, agriculture, LULUCF, waste, transport and infrastructure) and defining the abatement measures; 2. Assessing the progress on policies and actions to mitigate GHG, at national, sub-national and local levels; 3. Based on latest available

data GHG emission reduction potential of Serbia updated considering technical, environmental and economic aspects; 4. Proposing the set of policy framework and recommendations; The CBIT project will also contribute significantly in improving the accuracy of the mitigation scenarios by the year 2050 with long term projections of up to 2100 – With this regard, the CBIT output will complement related interventions of the SBUr/TNC project through the capacity building for competent institutions for development of projections that fulfil the criteria of transparency, accuracy, consistency, comparability and completeness. Such interventions of the CBIT project are to be done in close coordination of similar activities of both, the EU IPA funded project on CC Strategy and the SBUr/TNC project. Strong linkages will be established with the activities of the SBUr/TNC project in the area of CC adaptation, such as: 1. Assessment of vulnerability and sensitivity of the country territory to climate risks; 2. in-depth vulnerability assessment of key socio-economic sectors (agriculture, hydrology/water management, forestry, health, energy, transport, construction, tourism) and natural environment to climate impacts; 3. Developing a study integrating response measures in the context of Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA). The CBIT outputs will build upon above mentioned outputs of the SBUr/TNC project, especially concerning the analytical work on climate adaptation measures, development of tool for reporting on implementation and for planning and continuous improvement of NDC, as well as tracking and reporting training programme for NDCs adaptation dimension. Expert/sectorial working groups that are established under the SBUr/TNC project will be involved into the CBIT related interventions to ensure synergy and best utilization of the results and data obtained through each of the projects; Building strong synergy with SBUr/TNC project I of particular importance since CBIT project will deliver methodologies, tools and guidelines that will improve capacities of competent institutions and stakeholders, enable improved data collection/information sharing and secure sustainability of the monitoring and reporting actions in the area of climate change. All of this will eventually lead to a comprehensive enhanced transparency framework for Serbia.

6. Consistency with National Priorities. *Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? (yes /no). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.*

The project is consistent with the objectives stated in the Second National Communication and First Biennial Update Report to the UNFCCC which encompasses adaptation (increase the community resilience and climate adaptation) and mitigation (contribute to GHG emission reductions in key economic sectors). It will also be aligned with the goals and expected outcomes of the Third National Communication and Second Biennial Update Report to the UNFCCC. It is specially aligned with the first NDC and considers creating capacity to track its implementation as well as that of subsequent NDCs. The needs that are addressed in this project are aligned with the ones identified throughout the process of development of Serbia's Climate Change Strategy and Action Plan, as well as in the draft Climate Change Law (which was developed as the result of the two EU funded projects transposing two main climate related pieces of EU Acquis: the EU ETS and Monitoring Mechanism Regulation). The identification of needs for improved quality of the emissions data from specific sectors have been especially based on the Specialized reports produced under the SNC and FBUR projects, this analysis has helped the elaboration of National GHG Inventories. Also, the proposed CBIT project has been initiated as the response to the requirements arising out of the Paris Climate Agreement and based on the needs for development of a robust transparency framework that will enable national governments to monitor and evaluate implementation of the NDCs and enhance ambitions in subsequent planning of climate change policies and measures in line with the global long-term climate goals. It also ensures that institutional capacities to respond to these requirements are in place.

7. Knowledge Management. *Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.*

Main national coordination body for climate change policy in Serbia is National Climate Change Council comprised of all relevant stakeholders. This body will represent an essence of "Institutional platform for transparency" mechanism, while the Ministry of Environmental Protection will be tasked to coordinate the project and implement

and manage the national transparency system, in the capacity of an ad-hoc secretariat of the National Climate Change Council. In order to establish effective transparency system, a number of awareness raising, and training materials will be developed with a special focus on capacity building for particular target groups (such as decision makers, CSOs, business community, research-scientific sector, as well as for the wider public). During the design and consolidation of a national transparency system, project will explore the existing information and data tracking/management systems in particular sectors of relevance and establish synergies wherever applicable, especially concerning information and data in economy, environment, agriculture, energy, water management, construction, transport etc. Involved sectors will be asked to cooperate in knowledge management by providing relevant information and ensuring it is accessible to their employees. Regular updates on project work will be given to all involved public institutions, as well as to other relevant stakeholders.

It is expected that information and tools generated by the project will increase capacities of the ministries, and other entities involved, to include climate change in public policies and decision making process in order to achieve NDC goals. Also, the CBIT project will support the share of experiences and expertise between the relevant stakeholders and will improve the capacities of key Government counterparts, as main beneficiaries of the enhanced transparency system, to manage the system as per the Article 13 of the Paris Agreement (e.g. Ministry of Environmental Protection, Ministry of Agriculture, Forestry and Water Management; Ministry of Mining and Energy, Ministry of Construction, Transport and Infrastructure; Ministry of Interior (Sector for Emergency Situations); Republic Hydromet Service etc.). Besides, the capacity building and awareness raising campaign targeted to each specific target group (decision makers, CSOs, businesses, research-scientific community) will be organized and relevant tools and materials produced in order to include them in the transparency system, ensure participatory approach to the review of progress in implementation and subsequent formulation of new climate change policies and measures, including the NDCs.

It is expected that Serbia will share its progress and achievements in establishing the transparency framework with other countries under the CBIT global coordination platform and other relevant platforms and networks. Also, it is expected that CBIT will assist Serbia in establishing complementary MRV system with MRV requirements of the EU in order to be prepared for compliance with respectful EU monitoring and reporting system. Specific part of the comprehensive MRV system for transparency will be established for sharing externally information and results produced under the national CBIT, including mechanisms for exchange of information with the EU and other global transparency initiatives.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT⁹ OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):
 (Please attach the [Operational Focal Point endorsement letter](#)(s) with this template. For SGP, use this [SGP OFP endorsement letter](#)).

| NAME | POSITION | MINISTRY | DATE (MM/dd/yyyy) |
|------------------|--|---|--------------------------|
| Danijela Bozanic | Head of the Unit and GEF Operational Focal Point | MINISTRY OF ENVIRONMENTAL PROTECTION | 02/15/2018 |

B. GEF AGENCY(IES) CERTIFICATION

⁹ For regional and/or global projects in which participating countries are identified, OFP endorsement letters from these countries are required even though there may not be a STAR allocation associated with the project.

This request has been prepared in accordance with GEF policies¹⁰ and procedures and meets the GEF criteria for project identification and preparation under GEF-6.

| Agency Coordinator, Agency name | Signature | Date <i>(MM/dd/yyyy)</i> | Project Contact Person | Telephone | Email |
|--|---|---|-------------------------------|----------------------|--|
| Adriana Dinu, UNDP GEF, Executive Coordinator |  | Submission: 03/08/2018 Re-Submission: 04/24/2018 | Damiano Borgogno | +90 850 288 26 29 | damiano.borgogno@undp.org |

C. ADDITIONAL GEF PROJECT AGENCY CERTIFICATION (APPLICABLE ONLY TO NEWLY ACCREDITED GEF PROJECT AGENCIES)

For newly accredited GEF Project Agencies, please download and fill up the required [GEF Project Agency Certification of Ceiling Information Template](#) to be attached as an annex to the PIF.

¹⁰ GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, SCCF and CBIT