

## ANNUAL PROJECT REPORT (APR) – 2017

### Basic project information

Project number and title:

**00080737 “Macedonian Second Biennial Update Report on Climate Change”**

Designated institution: **Ministry of Environment and Physical Planning**

Project starting date: *June 2016*

Project completion date

Originally planned: *31<sup>st</sup> December 2017*

Actual: *31<sup>st</sup> March 2018*

Total budget (US \$): *352,000 USD*

Latest signed revision: *December 2017*

Period covered by the report: *January 1<sup>st</sup> –December 31<sup>st</sup> 2017*





## TEXTUAL ASSESSMENT

1. **What are the major achievements of the programme or project vis-à-vis the expected results during the year under review? To the extent possible, include an assessment of the potential impact, sustainability and contribution to capacity development.**

### OUTPUT 1: NATIONAL CIRCUMSTANCES

- The Second Biennial Update Report has been completed in accordance with the guidelines for the preparation of BURs from Non-Annex I parties to the UNFCCC, as adopted at COP 17 (Decision 2/CP.17 and Annex III);
- It also incorporates feedback received during a 2015 Technical Analysis of the First Biennial Update Report (FBUR);
- The SBUR makes a step forward towards setting a transparency framework for reporting emissions, advancing the previous climate change reports to UNFCCC. The SBUR contains a huge amount of information and gives a snapshot of GHG emissions in the country and an overview of what Macedonia is doing to address climate change. It also provides an opportunity to look at policies and investments in Macedonia and to see whether they are aligned with climate action. Furthermore, it helps to identify priority areas for investment, training, and education;
- In addition to comparing the mitigation scenarios with Macedonia's INDCs, the mitigation scenario results have been additionally analysed with respect to several key indicators for sustainable development related to climate change and energy. These indicators are in line with the EU's Sustainable Development Strategy (SDS) and the Global Sustainable Development Goals (SDGs). These indicators have also been compared with the EU average (EU-28) and with other countries in Southeast Europe.
- The work conducted under the SBUR also supports Macedonia's priorities that are reflected in its status as a Contracting Party of the Energy Community (EnC) and as a candidate country for EU accession. The capacity that is developed under the BUR process moves the country closer to being able to meet the more rigorous requirements of these two bodies.
- The SBUR is expected to be adopted by the Government in the first quarter of 2018;
- Active coordination was established with other donors/projects working in the areas of mutual interest in order to enable consistency of results and recommendations related to creating sustainability of the process for preparation of GHG inventories;

### OUTPUT 2: GHG INVENTORY

- Information about emissions for each important sector are presented in more details (energy sector, which dominates GHG emissions in the country, transport etc.);
- NIR prepared by a highly qualified team of 17 national experts (41% women);
- Wide participatory approach used, involving 30 institutions (12 governmental Institutions, 5 international organizations, 6 NGOs, 5 academic institutions and 2 private companies) and 80 persons (57% women);
- Sustainability ensured: two new persons trained in the development of GHG inventories;



- Four-stage quality verification process implemented: two stages at the national level (inventory team and national UNFCCC-certified reviewer) and two at the international level (Global Support Programme and UNFCCC).

### **OUTPUT 3: Mitigation Analysis**

The SBUR explores the impact of ongoing, planned, and potential measures through three scenarios: 1) The Survival Scenario (a reference scenario); 2) the Safe Way Scenario (a scenario with existing measures); and 3) the Climate Champion Scenario (a scenario with additional measures). These scenarios cover the period from 2012 to 2035.

The measures in the Safe Way and Climate Champion Scenarios were selected from national strategic and planning documents. A total of 46 measures (35 in the Energy sector, 8 in the Agriculture, Forestry and Other Land Use sector, and 3 in the Waste sector) were prioritized by assessing their economic effectiveness; i.e. how many euros must be spent for a given measure to reduce a ton of CO<sub>2</sub> equivalent. They were also prioritized by their mitigation potential; i.e. the total tons of CO<sub>2</sub> equivalent that the measure could mitigate.

Worth to note:

- Approximately 80% of all emission reductions can be achieved through the implementation of 'win-win' measures, i.e. policies and measures that will not only reduce emissions but also create financial savings;
- Over 6,200 green jobs could be created by 2035 as a result of energy efficiency measures in buildings and the low-carbon energy market. This makes the measures 'win-win-win' measures, since they generate economic, environmental and other additional benefits;
- Scenarios have been prepared by a highly qualified team of NATIONAL EXPERTS (17 persons; i.e., 40% women) and 1 international expert;
- The SBUR also compared its scenarios with the first BUR (the FBUR) and with Macedonia's Intended Nationally Determined Contributions (INDCs). It was not possible to compare the scenarios directly with the INDCs for several technical reasons, but the SBUR team was able to compare CO<sub>2</sub> emissions (without electricity imports). The results indicate that the INDC targets for the energy sector can be achieved under the policies and measures that are planned for Macedonia;
- Two studies on reducing energy consumption and GHG emissions in different energy end use sectors have also been initiated. The first study examines what would happen if more stringent mitigation measures in the transport sector were implemented in addition to those in the two mitigation scenarios. The second study analyses ways to reduce GHG emissions from household heating and at the same time reduce local pollution in the city of Skopje. The studies have been completed by the end of 2017, and their findings will be presented in the next BUR;
- Wide participatory approach used, involving: 30 institutions (13 governmental Institutions, 5 international organizations, 6 NGOs, 5 academic institutions and 2 private companies) and 124 persons (56% women);
- Relevant data has been provided from 12 institutions, with the State Statistical Office being the most important source of data;



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- Sustainability enhanced: two new persons trained in developing the assessment of national mitigation potential.

#### **OUTPUT 4: Financial, technology and capacity building needs and support received**

- For first time, financial support for the FBUR and SBUR documented from the Global Environmental Facility, the United Nations Development Programme (UNDP), and the Ministry of Environment and Physical Planning;
- Administrative support for the FBUR provided by UNDP at the country level and through the Global Support Unit for National Communications and Biennial Update Reports;
- Ten areas identified where support allowed the SBUR team to improve reporting relevant for this output.

#### **OUTPUT 5: Domestic Monitoring, Reporting and Verification**

The country is in a unique situation when it comes to its international obligations regarding monitoring, reporting and verification. It is a Party to the UNFCCC, but does not have quantified commitments. In spite of this, the country is voluntarily attempting to incorporate more rigorous reporting as much as possible into the framework of its National Communications and Biennial Update Reports.

Also, the country has the status of a Candidate Country for EU membership, which also carries certain obligations. Under their UNFCCC status, the European Union and its Member States are required to report annually on their GHG emissions. They must also report regularly on their climate change policies and measures through National Communications. The annual EU GHG inventory report is prepared on behalf of the European Commission by the European Environmental Agency each spring.

Finally, Macedonia is a Contracting Party of the Energy Community (EnC), which is rapidly implementing many policies that are directly related to the UNFCCC and EU climate and energy relevant processes.

Given the above:

- The SBUR recommends that the country should immediately begin to adjust its national legislation in order to adopt the provisions of EU Regulation No 525/2013 on mechanisms for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change (the MMR);
- The SBUR also recommends a design for a national system for MRV for policies and measures to mitigate climate change (Annex 1). This scheme will require some changes in national legislation in order to incorporate existing monitoring systems, which should be obliged to report to MOEPP. In other cases, organizations may have to adjust their current systems in order to provide information in the format and standards required by Macedonia's international obligations;



- A series of recommended measures for an MRV system are proposed that will comply with UN and EU requirements as well as reflect the Paris Agreement and the Macedonian NDC (which serves as its primary target under SDG13);
- The findings and recommendations of the MRV chapter are an outcome of a wide consultation process involving 17 representatives (71% men and 29% women);
- Input has been provided by 10 national institutions.

#### **OUTPUT 6: Publication and Submission**

The SBUR has been compiled in November 2017, but due to the local elections the public consultation process could not be initiated prior to Dec 2017, thus postponing the adoption of the document by the Government and its formal submission to the UNFCCC by mid 2018.

#### **OUTPUT 7: Monitoring and Evaluation**

Regular monitoring has been introduced, as planned within the project document. Quarterly and annual reports have been uploaded in ATLAS, UNDR Intranet, ROAR. Additionally, regular monitoring reports have been submitted for the Ministry of Environment and Physical Planning, national EU-accession monitoring reports, as well as monitoring towards implementation of the national Open Governance Partnership Action Plan.

#### **OUTPUT 8: Project Management**

- Regular cooperation with all relevant national stakeholders has been established to ensure their active participation in the formulation of SBUR policies and measures.
- Capacities of project staff are constantly upgraded by participating on various trainings and workshops, in order to successfully cope with the technical and operational management of project activities. Promotion of the results of project outcomes on various workshops/conferences added value in identification of new areas of work and raising awareness of key stakeholders and target groups on the national and local level and on issues pertaining climate change.
- Close cooperation and exchange of information was established with other donors working in the areas related to climate change. Close cooperation was also established with City of Skopje for the activities related to emissions of greenhouse gasses and the potential of their reduction, especially in transport sector.

#### **OTHER RELEVANT INFORMATION**

- Enhanced coordination in the communication of climate actions has been established and the system for monitoring communication activities has been improved.
- Also, the primary information portal for climate change information i.e. the national climate change website ([www.klimatskipromeni.mk](http://www.klimatskipromeni.mk)) has been redesigned as a “one-stop shop.” In addition to all national policies and reports on climate change, the website has several interactive features, including two interactive features—one for policy-makers and one for the public—that compare different mitigation measures.



- Because the SBUR contains very formal, technical language, a lot of efforts have been invested in producing visual tools that translate the SBUR from “UN-ese” into plain language understandable for the broader public ([www.klimatskipromeni.mk](http://www.klimatskipromeni.mk)).
  - As a result, as noted in the results of the on-line survey, 10% increase is noted in the number of respondents who in the last two years are well informed about the reasons for mitigation measures and adaptation to climate change.
- 2. What major issues and problems are affecting the achievement of programme or project results?**
- a) Political destabilization since the last quarter of 2016, continued in most of the 2017, causing slight delays in project implementation.
  - b) Insufficient technical and human capacities within the line ministries to fulfil the obligations deriving from the UN and EU Climate Change related conventions and directives.
- 3. How should these issues or problems be resolved? Please explain in detail the action(s) recommended. Specify who should be responsible for such actions. Also indicate a tentative time-frame and the resources required.**
- a) The Ministry of Environment and Physical Planning and the project management team actively communicate with relevant national institution to ensure timely project implementation.
  - b) This risk be resolved in 2017 and also through the CBIT initiative (the CBIT PIF has been prepared and shall be submitted for approval in 2018). In meantime, particular emphasis has been put on strengthening of technical capacities and knowledge of the participating entities through various trainings and other means for knowledge increase.
- 4. What new developments (if any) are likely to affect the achievement of project results? What do you recommend to respond to these developments?**
- The Government has ratified the Paris Agreement in November 2017, with no votes against. The country reinforces the commitment of joining the global efforts to address the climate change and to ensure low carbon growth and development, providing more focused response in line with its obligations, and takes crucial further steps towards transformative change. However, additional financial support is needed in order to implement the activities planned in the national climate change strategic documents. As a small middle-income country, there is still need of grants in order to address the most urgent mitigation needs. As a result, various activities and regional approaches have been initiated to prepare follow up projects to GEF, GCF and other potential donors.
- 5. What are the views of the target groups with regard to the project? Please note any significant gender-based differences in those views.**
- Extensive efforts were made to establish intensive working relations with all relevant target groups. They are satisfied with the project which is confirmed by their active participation and evaluation of all of workshops and meetings organized.



There are not any gender-based differences expressed. The team involved in development of the SBUR has been well gender balanced (51% women, 49% man). The CO was a host of a sub-regional conference aimed at bringing together the Climate and Gender Focal Points from the Ministries and Institutions in Western Balkan countries to discuss the opportunities and the challenges to mainstream gender into the development process of National Communications and Biennial Update Reports to the UNFCCC. At this meeting countries identified key elements of a gender roadmap/climate action plan, which will provide concrete steps - and identify responsibilities - aimed at integrating gender considerations into the next NC/BUR by applying the "Gender Responsive National Communications Toolkit" developed by the UNDP/UNEP Global Support Program for National Communications and Biennial Update Reports.

**6. To date, what lessons (both positive and negative) can be drawn from the experience of the project?**

**Positive:**

- Two topics related to the preparation of the National Communications and Biennial Update reports have been identified as best practices and widely promoted: one on the Quality Assurance/Quality Control and Verification in the National GHG Inventory for the SBUR (<http://www.un-gsp.org/best-practices/documents> ), and the other on open data and participatory policymaking for climate action (<http://klimatskipromeni.mk/?LCID=162&NewsID=550> ). The first one was promoted on a side event at the CoP in Bonn, and the second one shall be also promoted at the Open Government Partnership conference in Buenos Aires;
- Technical support from the UNDP/UNEP Global Support Programme in the process of preparation of the SBUR and other follow up projects;
- Bringing together policy-makers and scientists from many different sectors, ranging from energy and industry to agriculture and forestry and even public health and disaster management in preparation of the SBUR. Jointly developing recommendations on how to improve monitoring and reporting, and creating a situation where many different institutions must work together on a regular basis;
- Fostering partnership between science and policy-making, as each report must consider the quality of the information and approaches and the continuity of the process;
- Using various innovative tools and activities during project implementation has significantly improved data collection and quality of the SBUR;
- In 2017, the results of the national climate change communication strategy were evaluated, and ratings ranged from "satisfactory" (for cities and households) to "significant" (workplaces), and "almost completely implemented" (the general public), indicating significant progress on implementation of the Climate Change Communication Strategy
- Mainstreaming Sustainable Development Goals (SDGs) into national planning - SDG 13 has been adequately covered in national strategic documents in the areas of mitigation, vulnerability assessments, awareness and dissemination.



**Negative:**

- The parliamentary and local elections in the country affected the implementation of the activities that resulted in the postponement of the public consultation process, adoption of the document by the Government and its formal submission to the UNFCCC.

**7. If the project has been evaluated, what is the implementation status of the recommendations made by the evaluators?**

N/A

**8. Do you propose any substantive revision to the project document? If yes, what are they? State justification.**

Three months non-cost extension required.

The project was launched in June 2016 and should have been completed by the end of December 2017. However, the parliamentary (June 2017) and local elections (15 October 2017) in the country affected the implementation of the activities that resulted in the postponement of the public consultation process, adoption of the document by the Government and its formal submission to the UNFCCC.

In addition, the Ministry of Environment and Physical Planning signed a Memorandum of Understanding with the Ministry of Interior to obtain data related to car pool in the country. These data are crucial for the national mitigation policy in the country, and therefore the Ministry would like to develop an additional database in COPERT software, that shall enable Tier 3 reporting for the road transport sector for both greenhouse gas and air quality inventories in the country. Once developed, this database shall become an important part of the National Environment Information System, that is expected to become operational in the first quarter of 2018. The Ministry of Interior has submitted the data for 2014-2016 at the beginning of December 2017 so the project extension would enable timely development of this database.

The three months extension shall provide for completion of the data base, as well as adoption of the document by the Government. The SBUR has been submitted to the Government in mid-December but the adoption procedure is timely (at least one month is needed). If there are any comments/suggestion by the Government, the document shall be revised and all relevant comments/suggestions shall be incorporated. Upon adoption of the SBUR, the document shall be printed and an event for its promotion shall be organized.

**9. Provide any other information that may further support or clarify your assessment of the programme or project. You may include annexes as you deem necessary.**

N/A





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Annex 1

Proposed Organization of an MRV System for Policies and Measures

