



# Stocktaking of Climate Change Initiatives in the Western Balkans

May 2013

EU Funded Project



implemented by



in association with



**Author:** Joanna Fiedler

**Editors:** Mary O'Mahony  
Una Whelan

The authors would like to thank colleagues in the European Commission DG Enlargement, DG Climate Action, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, KfW and the World Bank for their assistance with the preparation of this report.

**Prepared by the IFI Coordination Office**

1 Rue de Ligne, 1000 Brussels, Belgium – 00 32 2 227 6085 – [info@ificoord.eu](mailto:info@ificoord.eu) – [www.wbif.eu](http://www.wbif.eu)

## Contents

<b>1. INTRODUCTION</b> .....	1
1.1. Background .....	1
1.2. Objective .....	1
1.3. Report content, data collection and methodology issues .....	2
<b>2. CLIMATE CHANGE ACQUIS RELEVANT TO THE WESTERN BALKANS</b> .....	3
2.1. Climate change legislation .....	3
2.2. Update on progress on transposition and implementation of relevant EU acquis .....	3
<b>3. REGIONAL POLICY INITIATIVES RELEVANT TO THE CLIMATE CHANGE AGENDA</b> .....	5
3.1. Regional Initiatives .....	5
3.2. UNDP country-specific initiatives .....	10
3.3. Activities of IFIs in the Western Balkans .....	11
3.4. Preliminary conclusions – regional policy initiatives .....	12
<b>4. TRACKING CLIMATE CHANGE FINANCE IN THE WESTERN BALKANS</b> .....	15
4.1. Climate change related aid to the Western Balkans according to the OECD–DAC reporting system .....	15
4.2. EU reporting on fast track finance for the Western Balkans .....	19
4.3. The finance portal for climate change .....	20
4.4. Fast Start Finance reporting initiative .....	22
4.5. Climate Funds Update .....	22
4.6. Other trackers .....	23
4.7. Preliminary conclusions – tracking climate finance .....	24
<b>5. MEASURING THE CLIMATE IMPACT OF PROJECTS</b> .....	27
5.1. ISO .....	27
5.2. Examples of methods and tools used by the donors .....	28
5.3. Preliminary conclusions – measuring climate impact .....	30
<b>6. IN CONCLUSION</b> .....	32
ANNEX I: USEFUL LINKS .....	35
ANNEX II: GLOSSARY OF TERMS .....	37
ANNEX III: LIST OF ACQUIS UNDER THE RESPONSIBILITY OF DG CLIMATE ACTION .....	39
ANNEX IV: BACKGROUND DATA ON CLIMATE CHANGE MITIGATION AND ADAPTATION AID BY DAC MEMBERS IN 2010 ..	41
ANNEX V: ACTIVITIES OF IFIs IN THE WESTERN BALKANS .....	43

# GLOSSARY OF ACRONYMS

<b>AAA</b>	Analytical and Advisory Assistance
<b>ADF</b>	Agence Française de Développement
<b>CCW</b>	Climate Change Window
<b>CEB</b>	Council of Europe Development Bank
<b>CRS</b>	Creditor Reporting System
<b>CVA</b>	Climate Vulnerability Assessment
<b>DAC</b>	Development Assistance Committee
<b>DAI</b>	Dinaric Arc Initiative
<b>DG CLIMA</b>	Directorate-General for Climate Action
<b>DMCSEE</b>	Drought Management Centre for South Eastern Europe
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ECA</b>	Europe and Central Asia
<b>ECRAN</b>	Environment and Climate Regional Accession Network
<b>EE</b>	Energy efficiency
<b>EEFF</b>	Energy Efficiency Finance Facility
<b>EIB</b>	European Investment Bank
<b>ENVSEC</b>	Environment and Security Initiative
<b>ETS</b>	Emissions Trading Scheme
<b>GEF</b>	Global Environment Facility
<b>GGF</b>	Green for Growth Fund
<b>GHG</b>	Greenhouse gas
<b>HCFCs</b>	Hydrochlorofluorocarbons
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICI</b>	International Climate Initiative
<b>IDA</b>	International Development Assistance
<b>IEG</b>	Independent Evaluation Group
<b>IFC</b>	International Finance Corporation
<b>IFI</b>	International Financial Institution
<b>IFI CO</b>	International Financial Institution Coordination Office
<b>IPA</b>	Instrument for Pre Accession
<b>IUCN</b>	International Union for Conservation of Nature
<b>KfW</b>	Kreditanstalt für Wiederaufbau

<b>MDB</b>	Multilateral Development Bank
<b>MDG</b>	Millennium Development Goal
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>MSMEs</b>	Micro Small and Medium Enterprises
<b>NAMAs</b>	Nationally Appropriate Mitigation Actions
<b>ODA</b>	Official Development Assistance
<b>ODI</b>	Overseas Development Institute
<b>PPP</b>	Public Private Partnership
<b>RCC</b>	Regional Cooperation Council
<b>RE</b>	Renewable Energy
<b>REC</b>	Regional Environmental Centre
<b>REDD</b>	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
<b>RENA</b>	Regional Environmental Network for Accession
<b>SCCF</b>	Special Climate Change Fund
<b>SEE/CCFAP-A</b>	South East European Climate Change Framework Action Plan for Adaptation
<b>SEEC CRIF</b>	South Eastern Europe and Caucasus Catastrophe Risk Insurance Facility
<b>SEEDRMAP</b>	South Eastern Europe Disaster Risk Mitigation and Adaptation Programme
<b>SEEFCCA</b>	South East European Forum on Climate Change Adaptation
<b>SEEVCCC</b>	South East European Virtual Climate Change Centre
<b>SEFF</b>	Sustainable Energy Financing Facility
<b>SFDCC</b>	Strategic Framework on Development and Climate Change
<b>SME</b>	Small and Medium Enterprise
<b>SSF</b>	Shareholders Special Fund
<b>TA</b>	Technical Assistance
<b>UNDP</b>	United Nations Development Programme
<b>UNISDR</b>	United Nations International Strategy for Disaster Reduction
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>WB</b>	World Bank
<b>WBIF</b>	Western Balkan Investment Framework
<b>WeBSECLF</b>	Western Balkans Sustainable Energy Credit Line Facility
<b>WeBSEDF</b>	Western Balkans Sustainable Energy Direct Financing Facility

# 1

# INTRODUCTION

## 1.1 Background

This document has been prepared under the environment sector work programme of the IFI Coordination Office (IFI CO) that seeks to improve coordination and cooperation between the EC, IFIs, bilateral donors and beneficiaries in the Western Balkans, particularly in the context of the Western Balkan Investment Framework (WBIF). The WBIF is ‘a blending mechanism’ that seeks to match grant funding from the EC and bilateral donors with loans from IFIs and co-financing from beneficiary governments to enhance the identification, development and implementation of priority investments in energy, environment, transport, social infrastructure and private sector development in the region. It also seeks to improve the overall investment climate and to facilitate the EU accession process through greater coordination and cooperation on policies and strategies in the different sectors. IFI CO – which is financed by DG Enlargement – supports this strategy and policy coordination through a range of activities including research and analysis across different sectors and policies; the organisation of seminars and workshops and ensuring better communication flows between all the WBIF stakeholders<sup>1</sup>.

The IFI CO, EC and the WBIF’s IFI stakeholders (EBRD, EIB, CEB, KfW and the World Bank) agreed in late 2011 that the topic of climate change be the subject of further research and discussion under the IFI CO’s work programme in 2012.

## 1.2 Objective

The overall objective of this document is to provide background information on the current status of climate change initiatives in the Western Balkans to facilitate discussions on the scope of such initiatives and related emerging issues in the Western Balkans. This should contribute to better planning of assistance to these countries, particularly under the WBIF.

The intended audience is the officials from the EC, IFIs, bilateral donors and beneficiary countries involved in programming of climate change assistance and climate change policies.

---

<sup>1</sup> More information on the IFI Coordination Office can be found on [www.wbif.eu/Coordination+Mechanisms](http://www.wbif.eu/Coordination+Mechanisms)

## 1.3 Report content, data collection and methodology issues

This report comprises an inventory of relevant climate change initiatives active in the Western Balkan region and an overview of emerging climate policy aspects, which might influence programming of climate change assistance. It also outlines IFIs' activities and approaches in relation to financing climate change projects and climate proofing of investments in other sectors. Finally it outlines the next immediate steps to be taken by the IFI CO.

The information in the report is based on desk research of publicly available internet resources (see Annex 1 on links) and related reports and documents.

Methodological issues encountered in compiling this report included:

- Difficulty in distinguishing between initiatives and projects. Many initiatives are financed by one donor and work as a project. After the end of the project they do not continue.
- Mixed availability of data and information on websites.
- Reliability of data in voluntary databases on climate finance trackers.
- Lack of common methodologies on classification of projects and programmes as climate change interventions.
- Difficulty in tracking the situation in Croatia; it is not reporting as a donor country nor as a recipient of assistance.
- Desk study was done until October 2012 and this is the cut-off date of the report. The only exception is in chapter 4.1.1. which presents EU fast start finance reported in November 2012.

The report is organised around three main themes which are presented below:

What are the climate related regional initiatives?	chapter 3	Provides the overview of climate related initiatives and programmes run by multi-donor bodies and the main international organisations
How climate change finance is reported for the WB countries?	chapter 4	Contains an overview of climate change finance trackers and provides information on how Western Balkan countries are presented in the trackers
How to monitor impacts of projects on climate change?	chapter 5	Provides an overview of existing methodologies for assessing the climate change impact of projects

# 2

# CLIMATE CHANGE ACQUIS RELEVANT TO THE WESTERN BALKANS

## 2.1 Climate change legislation

The Directorate-General for Climate Action (DG CLIMA) of the European Commission was established in 2010 and its responsibilities include climate change legislation. DG CLIMA leads international negotiations on climate, helps the EU to deal with the consequences of climate change and to meet its targets for 2020, as well as to develop and implement the EU Emissions Trading System. The Western Balkan countries need to transpose and implement a new set of climate change legislation as part of their EU accession process.

This includes more than 15 pieces of legislation covering aspects of international agreements, greenhouse gas emissions monitoring mechanisms, EU emissions trading system, inclusion of aviation into EU ETS, carbon capture and storage, F-gases, ozone-depleting substances, fuel quality and emission standards for new cars. The full list of climate change acquis is presented in Annex III.

## 2.2 Update on progress on transposition and implementation of relevant EU acquis

In the Progress Reports<sup>2</sup> 2011 and 2012 the EU outlines the progress made in transposing and implementing the climate change acquis in the enlargement countries. An overview of the progress in the Western Balkan countries as reported for 2011 and 2012 is set out below.

### ALBANIA

In 2011 Albania made limited progress on general climate policy developments. There is no national climate change strategy and the adoption of the climate change acquis was at a very early stage. Some initial steps were taken in 2012 to identify stationary installations for the purpose of future implementation of an emissions trading system (ETS). In 2011 Albania aligned with the Copenhagen Accord and was preparing its third National Communication to the UNFCCC. Further efforts will be needed to set a more strategic approach on climate change in the country, to build administrative capacities (in 2011 one member of staff in the Ministry of Environment was dealing with climate issues) and to raise awareness at all levels.

---

<sup>2</sup> All Progress Reports and the Commission Opinion on Serbia's application for membership of the European Union are available at [http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index\\_en.htm](http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm)



## **BOSNIA AND HERZEGOVINA**

In 2012 there was a little progress made on aligning with EU policies and legislation. Initial steps were taken to identify stationary installations for the future implementation of an emissions trading system. At an international level, the Beijing Amendment to the Montreal Protocol of the Vienna Convention was ratified in 2011. The country submitted its first National Communication under the UNFCCC covering the greenhouse gas inventory in 2011. There was some progress regarding administrative capacity to address climate change with the Executive Board of the Designated National Authority to implement the Kyoto Protocol, which had its first assembly. Further work is needed on developing a strategic approach to climate change on a national level, raising awareness and administrative capacities.

## **CROATIA**

Croatia continues to have a stable policy framework in the field of climate change. It continues to comply with the EU Monitoring Mechanism and it adopted legislation relating to the quality of liquid fuels in 2011. Croatia needs to take steps to implement the acquis by the date of accession. The administrative capacities for climate change need to be strengthened.

## **THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

In 2011 the preparations for a national climate action plan were initiated. The country also initiated a five-year programme for greening the economy. The country took initial steps to identify stationary installations for the purpose of future implementation of an emissions trading system. In 2011 the national plan for the phase-out of hydrochlorofluorocarbons (HCFCs) was adopted. There is need for further work to strengthen administrative capacities.

## **MONTENEGRO**

The country is at an early stage of transposing the EU climate acquis. Montenegro took initial steps to identify stationary installations for the future implementation of an emissions trading system. Alignment advanced only with F-gases and ODS Regulations, and with the Fuel Quality Directive. In 2011 Montenegro submitted its first national communication under the UNFCCC. There is a need for significant efforts to strengthen administrative capacities.

## **SERBIA**

Serbia is at an early stage of aligning with the EU acquis on climate change. In 2010 it adopted a national Clean Development Strategy and submitted its first national communication to the UNFCCC. In 2012 Serbia took initial steps to identify stationary installations for the future implementation of an ETS. There is a need for significant efforts to strengthen the country's monitoring, reporting and verification capacities, awareness-raising at all levels and further strengthening of the administrative capacity on climate change.

## **KOSOVO\*<sup>3</sup>**

There was little progress in 2011 in the area of climate change. Kosovo has no climate change strategy, but is beginning to compile its inventory of greenhouse gases. Administrative capacities remain very low.

---

\*<sup>3</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence

# 3 REGIONAL POLICY INITIATIVES RELEVANT TO THE CLIMATE CHANGE AGENDA

This chapter presents an overview of main regional climate change related initiatives and programmes on climate change conducted by international organisations and programmes. The details of regional initiatives are provided first, followed by country-specific information.

## 3.1 Regional initiatives

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
<b>The Environment and Security Initiative (ENVSEC)</b> <sup>4</sup>	WB and Eastern Europe, South Caucasus and Central Asia  ENVSEC (with UNEP and REC)	Climate change is one of the focus areas of ENVSEC. It aims to enhance capacities of countries in the management of security risks resulting from climate change. ENVSEC launched in 2011 an adaptation and security process in order to identify climate ‘hot spots’ through consultations with multi-stakeholders. Project under implementation: <b>Adaptation to the impacts of climate change for reducing security risks in South Eastern Europe</b> Project provides improved awareness of climate change impacts in mountain regions in SEE and priority actions for adaptation. It increases regional cooperation and coordination on adaptation to the impacts of climate change. In 2010 the project organised a scientific symposium on threats to human security due to vulnerability of mountain regions to climate change. It organised workshops, identified best practices and disseminated information, and it provided analysis of the Alpine and Balkan regional strategies. The project develops drafts of regional adaptation strategies for mountain areas in SEE.	Budget: €494,000 (2009–2012)

<sup>4</sup> [www.envsec.org](http://www.envsec.org)

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
<b>Regional Environmental Network for Accession<sup>5</sup> (RENA)</b>	Western Balkans + Turkey	<p>RENA is a regional capacity building and institutional strengthening network of environmental authorities from enlargement countries, financed by the EU IPA instrument. <b>The Climate Change Working Group</b> aims at supporting the beneficiary countries and their efforts in setting up the structures and strategies to limit greenhouse emissions and to adapt to expected changes in circumstances.</p> <p>RENA climate change work focuses on high level meetings and promoting climate change issues in the region (awareness-raising). It provides workshops and training to the national authorities on climate change related topics.</p> <p>It also develops reports, for example, National Systems for GHG Reporting under MMD<sup>6</sup>.</p>	(2010–March 2013)
<b>The Drought Management Centre for South Eastern Europe<sup>7</sup> (DMCSEE)</b>	Western Balkans + Bulgaria, Greece, Hungary, Moldova, Romania, Slovenia and Turkey	<p>Its mission is to coordinate and facilitate the development, assessment and application of drought risk management tools and policies in South Eastern Europe with the goals of improving drought preparedness and reducing drought impacts. This initiative contributes to the process of developing the adaptation plans in the region. It was established within the framework of the International Commission on Irrigation and Drainage (ICID), the UN Convention to Combat Desertification (UNCCD) and the World Meteorological Organisation.</p> <p>DMCSEE manages a <b>Transnational Cooperation Programme (TCP)</b> which is financed by the EU TCP for SE Europe. It gathers 15 partners from nine countries.</p> <p>The project aimed to:</p> <ul style="list-style-type: none"> <li>• Prepare regional drought monitoring, analysis and early warning products and make them available on a near real-time basis to relevant users in participating countries and the broader SEE region.</li> <li>• Assess regional vulnerability (mainly in agriculture) to drought impacts.</li> <li>• Promote and strengthen the capacity for drought preparedness, monitoring and management in participating countries by organising training events and national seminars.</li> <li>• Set up a Drought Management Centre for South East Europe to serve as an operational centre for SEE for drought preparedness, monitoring and management, and to coordinate and integrate drought-related services of National Meteorological and Hydrological Services (NHMSs) and other relevant institutions in participating countries and the broader SEE region.</li> <li>• Facilitate the exchange of knowledge, experience and best practice on drought issues through the established SEE network in order to enhance synergy effects.</li> <li>• Improve the implementation of EU policies in the context of drought preparedness, monitoring and management, in particular in working out national drought strategies.</li> <li>• Raise awareness of decision-makers, relevant stakeholders and end-users about the importance of effective drought preparedness, monitoring and management in the SEE region.</li> </ul>	€2.1 million (2009–2012) co-funded by the EU Regional Development Fund

<sup>5</sup> [www.renanetwork.org](http://www.renanetwork.org)

<sup>6</sup> [www.renanetwork.org/documents/wgroups/Interim%20report%20The%20National%20Systems%20-%20Zagreb%202012.pdf](http://www.renanetwork.org/documents/wgroups/Interim%20report%20The%20National%20Systems%20-%20Zagreb%202012.pdf)

<sup>7</sup> [www.dmcsee.org](http://www.dmcsee.org)

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
<b>The South East European Climate Change Framework Action Plan for Adaptation (SEE/CCFAP-A)<sup>8</sup></b>	WB (except Croatia)	<p>It is a regional forum which, at the moment, has no institutional or political authority. It provides a common platform for sub-regional cooperation on climate change in the following areas: strengthening the systems for climate observation, monitoring and forecasting; improving the quality of data and database management; enhancing the capacity to work with regional and international organisations; and improving the availability and applicability of climate change modelling in the region.</p> <p>The plan was signed in 2008 by the ministers responsible for the environment in each country. So far, limited progress has been made putting this plan into action since it is a voluntary agreement. It could assist the countries in developing their future climate change policies.</p>	No budget (since 2008)
<b>Dinaric Arc Initiative (DAI)<sup>9</sup></b>	Albania, BiH, Croatia, Montenegro, Serbia  Partnership of WWF, IUCN, UNESCO-BRESCE, UNDP, UNEP, FAO, Euro Natur, SNV, REC, ECNC, and CIC	<p>The Dinaric Arc Initiative (DAI) is a broad framework of collaboration which aims, among other things, at preserving the wealth and integrity of the Dinaric Arc eco-region through the establishment of a network of protected areas and ecological corridors, and supporting initiatives for the conservation of its biological diversity and the sustainable management of its resources. It supports a project on <b>Environment for People</b> in the Dinaric designed to promote the natural and cultural values of the area while enhancing local livelihoods through improved regional cooperation and strengthened environmental governance. It aims to foster sustainable development and building capacity of rural communities in the trans-boundary areas in the region.</p>	
<b>The SEE Forum on Climate Change Adaptation (SEEFCCA)<sup>10</sup></b>	Western Balkans  Led by Austrian Red Cross	<p>It aims at strengthening capacities of civil society in SEE in the area of climate change adaptation, awareness raising and policy dialogue.</p> <p>It established four national CSO networks in Croatia, the FYR Macedonia, Montenegro and Serbia. It prepares the national climate vulnerability assessments (CVAs) and a regional synthesis report.</p> <p>The forum publishes a quarterly newsletter with all information relating to project events and announcements, as well as other regional news, funding opportunities and reviews of publications relevant to the project.</p> <p>The forum organised a regional conference on Climate Change Adaptation on 11 October 2012.</p>	<p>Financed by IPA (Civil Society Facility)</p> <p>Total budget: €684,800</p> <p>EU grant: €472,392</p> <p>2012–June 2014</p>
<b>South Eastern Europe Disaster Risk Mitigation and Adaptation Programme (SEEDRMAP)<sup>11</sup></b>	WB + Turkey  World Bank and UNISDR	<p>South Eastern Europe disaster risk mitigation and adaptation programme outlines a disaster risk reduction and adaptation framework for South Eastern Europe, after an analysis of the region's vulnerability to climate change. It gives recommendations on disaster risk financing, emergency preparedness and management, hydro-meteorology, and disaster risk reduction and adaptation.</p> <p>It is funded by the World Bank and UNISDR and it aims at improving coordination in disaster risk management, building technical capacity in collecting and using hydrometeorological data, and developing appropriate procedures to finance disaster losses and recovery.</p> <p>The programme published a number of reports (see Annex I)</p>	

<sup>8</sup> [www.rcc.int/docs/0/77/south-east-european-climate-change-framework-action-plan-for-adaptation](http://www.rcc.int/docs/0/77/south-east-european-climate-change-framework-action-plan-for-adaptation)

<sup>9</sup> [www.dinaricarc.net](http://www.dinaricarc.net)

<sup>10</sup> [www.seeclimateforum.org](http://www.seeclimateforum.org)

<sup>11</sup> [www.unisdr.org/files/18135\\_seedrmapbrochure.pdf](http://www.unisdr.org/files/18135_seedrmapbrochure.pdf)

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
<b>South East European Virtual Climate Change Centre<sup>12</sup> (SEEVCCC)</b>	Western Balkans	The centre is hosted within the National Hydrometeorological Service of Serbia in Belgrade. It aims at strengthening cooperation between national hydrometeorological services in the region in the field of climate change. It collects data, monitors and detects climate change in SEE. It researches and develops of regional climate models for climate projections and it provides capacity building.	
<b>Regional Environmental Centre for Central and Eastern Europe – Climate Change Programme</b>	Western Balkans	REC provides support to the Western Balkan countries on a number of projects related to climate change:	2010–2013
		<ul style="list-style-type: none"> <li>• <b>Development of methodology for effective decision-making on impacts and adaptation.</b> The methodology analyses and assesses impacts, vulnerability and adaptation options in the countries' policy-making process.</li> </ul>	2010–2012
		<ul style="list-style-type: none"> <li>• <b>Pillars for SEE Regional Adaptation Strategies in Mountain Areas.</b> The project provides guidelines for the preparation of the adaptation strategies in the mountain regions.</li> <li>• <b>Supporting mitigation activities in the Western Balkan countries.</b> The project prepares a toolkit for mitigation options in the agricultural sector and provides relevant training.</li> </ul>	2011–2012
<b>The South East Europe Transnational Cooperation Programme<sup>13</sup></b>	SEE (including western Balkans)	The programme aims to develop transnational partnerships on matters of strategic importance in order to improve the territorial, economic and social integration process and to contribute to the cohesion, stability and competitiveness of the region. Examples of projects on climate change with the involvement of Western Balkan countries include:	
		<b>ENER SUPPLY<sup>14</sup>: Energy Efficiency and Renewables</b> – Supporting Policies at Local level for Energy. The project helps the local authorities (in Albania, Bosnia, Croatia, Serbia and FYR Macedonia) on energy management implementation, planning investments in RES and promoting investments in RES. Selected project results so far include renewable energy sources handbook (available also in the languages of WB countries) and renewable energy (geothermal, wind, hydro and biomass) maps for WB countries.	(2009–2012) Total Project Budget: €4.22 million IPA contribution: €321,270
		<b>CC-WaterS<sup>15</sup>: Climate Change and Impacts on Water Supply.</b> Croatia and Serbia participate in the project. The project will identify and evaluate climate change impacts on the availability and safety of the public drinking water supply, and propose adaptation measures, considering their socioeconomic consequences.	(2009–2012)
		<b>EFFECT<sup>16</sup>: Upgrading Energy-Efficient Public Procurement for a balanced economic growth of SEE area.</b> Only Serbia participates in the project. The general objective of EFFECT is to stimulate the adoption and adaptation of EU renewable energy policies in SEE area, upgrading public authorities and key local energy players, acting on the leverage of energy-efficient public procurement (EPPP) as a key instrument to improve competitiveness and promote balanced and sustainable economic growth in involved countries, to be able to face the growing energy demand.	(2012–2014) Overall project budget: €4.78 million IPA contribution: €612,000

<sup>12</sup> [www.seevccc.rs](http://www.seevccc.rs)

<sup>13</sup> [www.southeast-europe.net](http://www.southeast-europe.net)

<sup>14</sup> [www.ener-supply.eu](http://www.ener-supply.eu)

<sup>15</sup> [www.ccwaters.eu](http://www.ccwaters.eu)

<sup>16</sup> [www.effectproject.eu](http://www.effectproject.eu)

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
		<p><b>ORIENTGATE: A structured network for integration of climate knowledge into policy and territorial planning<sup>17</sup>.</b> The project will foster concerted and coordinated actions across the SEE region. The project will explore climate risks faced by coastal, rural and urban communities; contribute to a better understanding of the impact of climate variability and change on water regimes, forests and agro-ecosystems; and analyse specific adaptation needs in the hydroelectricity, agro-alimentary and tourism sectors. The principal scope of the project is to convey the up-to-date climate knowledge to policy makers who may best benefit from it, that is urban planners, nature protection authorities, regional and local development agencies, territorial and public works authorities. The principal project results include six pilot studies of specific climate adaptation exercises, a data platform connected to the EU Clearinghouse on Climate Adaptation, capacity-enhancing seminars and workshops, working partnership among the hydro-meteorological offices of the SEE countries. From the WB region Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia participate in the project.</p>	<p>(2012–2014)</p> <p>Total project budget: €4.78 million</p> <p>IPA contribution: €612,000</p>
		<p><b>SEERISK<sup>18</sup>: Joint Disaster Management risk assessment and preparedness in the Danube macro-region.</b> The main purpose of this project is to improve coherence and consistency among risk assessments undertaken by the countries at national and local level, and especially in the case of disasters intensified by climate change. The project builds on the EU Council conclusions on ‘Further Developing Risk Assessment for Disaster Management within the European Union’ adopted in March 2011 that aim for a common approach and harmonisation on the prevention of natural and man-made disasters setting out an overall disaster prevention framework. The EC is called on, before the end of 2012, to prepare this cross-sectoral overview of the major natural and man-made risks taking into account, where possible, the future impact of climate change and the need for climate mitigation. SEERISK will therefore test and adapt the EC guidelines to selected pilot areas in the SEE region, focusing on two main activities: risk assessment and the enhancement of joint preparedness in order to strengthen awareness and efficiency of action in emergencies caused by climate change. From the Western Balkan region Albania, Bosnia and Herzegovina, Croatia and Serbia participate in the project.</p>	<p>(2012–2014)</p> <p>Total project budget: €1.97million</p> <p>IPA contribution: €402,339</p>
<p><b>Regional Cooperation Council (RCC)</b></p>		<p>RCC, jointly with the CEI<sup>19</sup>, launched <b>the Sustainable Energy Development Regional Initiative</b>. It aims at promoting construction of small-scale sustainable energy facilities and energy-efficiency activities in the region. Ten countries from the region officially expressed interest in participating in the initiative.</p> <p>RCC is also active in co-organising workshops and seminars with the climate change related objectives.</p>	
<p><b>UNDP – Environment and Energy Programme</b></p>	<p>Western Balkans</p>	<p>UNDP implements a number of projects in the Western Balkans.</p>	

<sup>17</sup> [www.orientgateproject.org](http://www.orientgateproject.org)

<sup>18</sup> [www.seeriskproject.eu](http://www.seeriskproject.eu)

<sup>19</sup> Central European Initiative



## 3.2 UNDP country-specific initiatives

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
UNDP	Albania	<b>Identification of adaptation response measures in the Drini–Mati River Deltas.</b> The project aims at building adaptive capacities to ensure resilience of the key ecosystems and local livelihoods to climate change.	(2008–2012)  (Total budget: €1.197 million)
UNDP	Bosnia and Herzegovina	<b>BiH biomass energy for employment and energy security.</b> The project is working to remove barriers to deploying biomass heating projects in the country by installing and retrofitting biomass boilers in primary schools in three municipalities.	(2009–2013)  (€739,000)
UNDP	Bosnia and Herzegovina	<b>Climate change facility for BiH cities.</b> The project developed a Sustainable Energy Action Plan for the city of Banja Luka as a pilot case, which will serve as a basis for demonstrating and advocating adoption and implementation of the model in other BiH towns. The project provides technical assistance to secure sustainable funding structures for implementation of the Sustainable Energy Action Plans, including drafting new legislation for environmental funds and developing and implementing an Energy and Assets Management Information System in Bosnia and Herzegovina.	(2009–2012)
UNDP	Bosnia and Herzegovina	<b>Enabling activities for the preparation of Bosnia and Herzegovina's Second National Communication to the UNFCCC.</b> This project aims to enable Bosnia and Herzegovina to prepare, produce and disseminate its Second National Communication (SNC). Project outputs include: development of a GHG inventory with the addition of several indirect and synthetic gases which were not covered in the Initial National Communication; vulnerability assessment and adaptation measures for updating assessment of climate changes; and its vulnerability to climate change.	(2010–2013)
UNDP	Croatia	<b>Removing barriers to energy efficiency.</b> The project aims to remove barriers for the implementation of economically feasible, energy-efficient technologies and measures in residential and public sectors in Croatia, with the final goal of reducing energy consumption and the associated GHG emissions, as well as raising public awareness about efficient use of energy. The project is co-financed by GEF, UNDP, Croatian Fund for Environment Protection and Energy Efficiency, Government of Croatia, private sector.	(2005–2013)
UNDP	Former Yugoslav Republic of Macedonia	<b>Energy efficiency in building sector.</b> This project is one of the three components of the Energy Efficiency Programme, financed by the Austrian Development Cooperation (ADC). The aim of the overall programme is to enable an environment for mitigating climate change in the country through improved energy efficiency in the building sector, awareness raising and capacity building of stakeholders involved in energy-efficiency issues.	(2009–2012)  (€390,000)
UNDP	Former Yugoslav Republic of Macedonia	<b>Disaster and climate risk reduction.</b> This project aims at assessing the national and local institutions' capacities to deal with disaster and climate risks, by identifying gaps and making recommendations to be included in the national climate risk management strategies and programmes.	(2011–2013)  €176,000

Name	Geographical coverage/ Project lead	Description	Budget/ Timeline
UNDP	Former Yugoslav Republic of Macedonia	<b>Third National Report to the UN Framework Convention on Climate Change.</b> The main aim of the project is to strengthen the information base, analytical and institutional capacity of the key national institutions to integrate climate change priorities into country development strategies and relevant sector programmes by providing financial and technical support to prepare its Third National Communication (TNC) to the UNFCCC.	(2012–2013) (€367,000)
UNDP	Montenegro	<b>GEF Enabling activities for the preparation of Montenegro's Second National Communication (SNC) to the UN Framework Convention on Climate Change (UNFCCC).</b> It aims at enabling Montenegro to prepare, produce and disseminate its Second National Communication; it updates the GHG inventory, the chapter on measures to mitigate climate change and it updates the assessment of climate changes and its vulnerability to climate change.	(2011–2013) (€382,000)
UNDP	Montenegro	<b>Power sector policy reform to promote small hydropower development in Montenegro.</b> The project assists in a) streamlining and simplifying the application procedures for small renewable independent power producers; b) collecting basic data to make investment decisions; c) setting attractive but competitive business terms and conditions for investors; and d) helping the new Energy Efficiency and Renewable Energy Unit role out a streamlined and transparent tendering process.	(2008–2012) (€778,000)
UNDP	Serbia	<b>Support to sustainable transport in the city of Belgrade.</b> The goal of this project is to reduce national greenhouse gas (GHG) emissions in Serbia by meeting the project objective of improving access and sustainable transport modes in Belgrade. The project will achieve this by integrating land-use and transport planning to promote the use of bicycles and public transport modes, while rationalising parking tariffs and initiating social networking programmes to promote shared taxi and car use. Together, these activities are expected to reduce the growth of personal vehicle use and improve the transport management infrastructure to support an environmentally friendly development of Belgrade.	(2010–2014) (€195,000)

### 3.3 Activities of IFIs in the Western Balkans

All of the IFIs involved in the WBIF are actively promoting climate change considerations across their entire operations and most have adopted specific climate change related policies to guide their activities including those in the Western Balkans. In addition, they all track climate related expenditure on their projects and the EBRD, EIB and World Bank are all part of the MDB group that agreed on common methodologies for tracking expenditure for climate change adaptation and climate change mitigation in 2012. Detailed listings and descriptions of the various climate change related projects and activities undertaken by IFIs in the Western Balkans are set out in Annex V.



### 3.4 Preliminary conclusions – regional policy initiatives

- The overview illustrates the fragmented nature of existing regional initiatives and the fact that there is no overall coordination platform for regional climate change interventions. Climate change is often a particular focus area under broader initiatives (e.g. ENVSEC, RENA, Dinaric Arc Initiative) where specific climate change related projects are implemented or climate change aspects are taken into account in other sectors.
- There are two specific regional climate adaptation initiatives. The first one (SEE/CEFAP-A) is based on a political agreement but has not undertaken specific actions leading to the implementation of climate change framework action plan for adaptation since 2008. The second: the SEE Forum on Climate Change Adaptation is an NGO-led multi-stakeholders programme that has recently started (June 2012). It has the potential to become a relevant regional forum on climate change adaptation issues.
- The current RENA project ends in March 2013 and will be succeeded by the EC-financed Environment and Climate Regional Accession Network (ECRAN). The RENA network will evolve into the ECRAN net-work which will have a special emphasis on climate change. Climate change will have a significant share of the project budget; therefore it may have potential to provide a regional forum for coordinating climate change interventions in the region.

- Climate change is one of the REC's topic areas. Currently it implements climate change assistance projects in the region mainly in cooperation with other international organisations.
- Thanks to IPA-financed support, the Western Balkan countries can participate in the EU South East Europe Transnational Cooperation Programme, where there are several climate change related regional projects.
- UNDP is traditionally very active in supporting climate change projects in the region. It implements several projects (often with GEF financing) on compliance with the requirements of the UNFCCC, capacity building and stimulating energy efficiency and renewable energy capacities development.

# 4

# TRACKING CLIMATE CHANGE FINANCE IN THE WESTERN BALKANS

The increasing funding for climate action in developing countries has stimulated the demand for tracking and reporting financial flows that support climate change mitigation and adaptation. At the moment there is no precise internationally agreed definition of climate finance and current efforts to track climate finance lack transparency, comparability and comprehensiveness.

This chapter presents an overview of different climate change finance tracking systems and examples of reported actions for Western Balkans.

## 4.1 Climate change related aid to the Western Balkans according to the OECD– DAC reporting system

Traditionally the OECD Development Assistance Committee (OECD–DAC) reporting system has been used to track interventions of donors in target countries. Since 2007, the database has included data on climate mitigation actions, and data on climate change adaptation was added for the first time for 2010.

### RIO MARKERS AND OECD–DAC REPORTING

The DAC gathers statistics on aid and other resource flows to developing countries from bilateral and multilateral donor agencies every year. The data are publicly available in the Creditor Reporting System (CRS) database. Since 1998 the DAC has monitored aid that targets the objectives of the Rio Conventions through the CRS using the so-called ‘Rio markers’.

The Rio marker on climate change mitigation was established by the DAC in close collaboration with the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). It tracks aid flows that support the implementation of the convention. In December 2009 the DAC approved a new marker to track aid in support of climate change adaptation. This complements the climate change mitigation marker, and thus allows a more complete picture of climate change related aid to be presented.

The DAC published the database on **climate change mitigation and adaptation markers in 2011 based on data available for 2010**.

The activities reported by donors are marked using this system where they are targeting climate change mitigation and/or climate change adaptation.

Data collection on the climate markers is based on a scoring system. Projects where climate mitigation or adaptation is the principal objective are marked as '2' and those where they are a significant objective are marked as '1'<sup>20</sup>. Projects without climate objectives are marked as '0'.

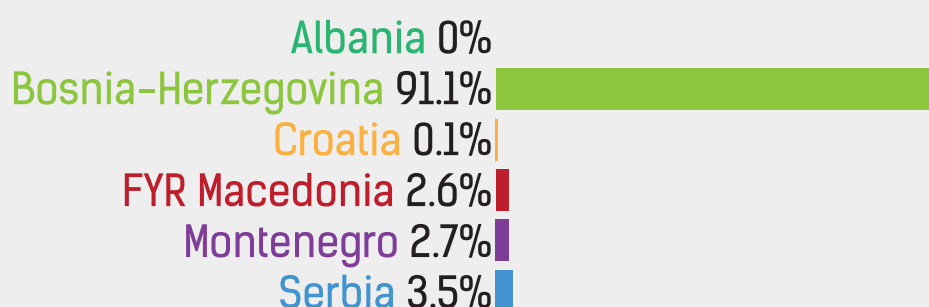
Marking allows the appropriate portion of the project budget to be recorded as climate finance, thus for projects marked as Rio Marker 2, 100% of the project budget is recorded as climate finance, while for projects marked as Rio Marker 1, 40% of the project budget is recorded as climate finance.

## DAC REPORTING ON CLIMATE CHANGE MITIGATION PROJECTS IN THE WESTERN BALKANS

In 2010 financing totalling nearly US\$105 million was allocated to projects for which the principal objective was climate mitigation assistance, i.e. Rio Marker 2 and US\$227.5 million to projects where climate mitigation was a significant objective – Rio Marker 1.

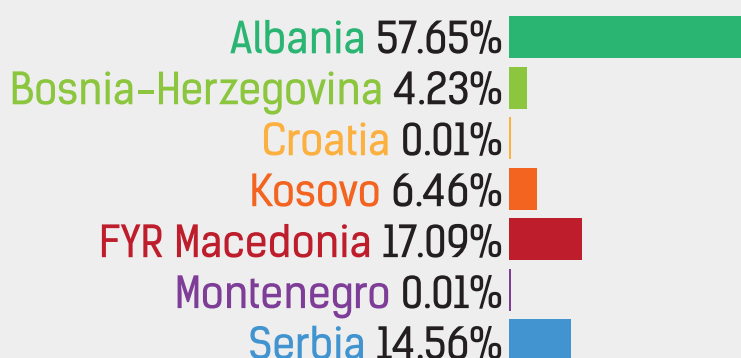
As regards Rio Marker 2, 91% of the funds for the Western Balkans were dedicated to one project in Bosnia and Herzegovina. The project comprised a loan from Germany for the Mesihovina Wind Farm. The other commitments were grants. In relation to the commitments where climate mitigation was a significant objective (Rio Marker 1), the majority of assistance was directed to Albania with loans from Germany for improvements to the energy supply systems. In FYR Macedonia, which received 17% of total assistance, a loan from Germany for energy efficiency and renewable energy was provided. Other assistance was provided by small scale grants in the fields of training and strengthening administrative capacities in relevant environmental areas.

% of climate mitigation assistance per country - Principal objective

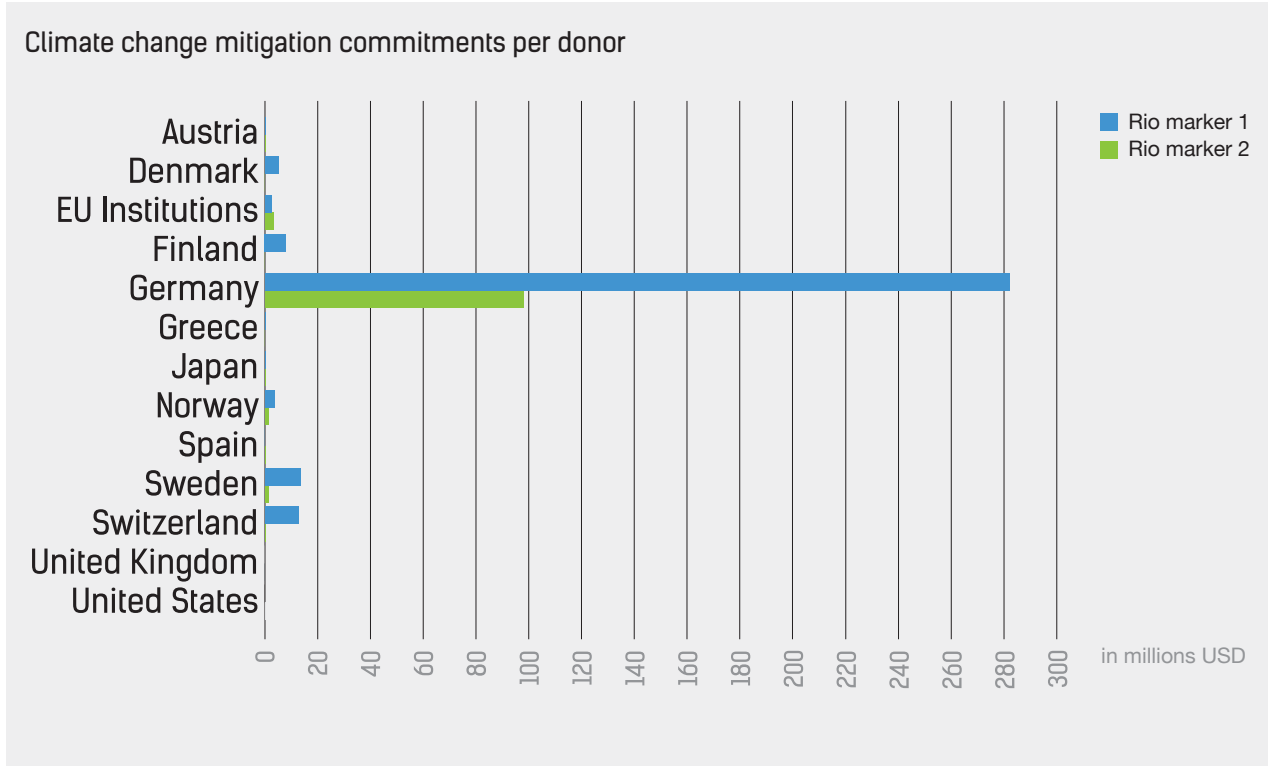


According to the DAC reporting system, Germany contributed the majority of climate change mitigation assistance with a total commitment of almost US\$280 million, for both projects indicated as containing principal or significant objectives. It was followed by assistance from Sweden (US\$14 million) and Switzerland (US\$12 million). Significant contributions were also reported from Denmark, Finland, Norway and the EU institutions.

% of climate mitigation assistance per country - Significant objective

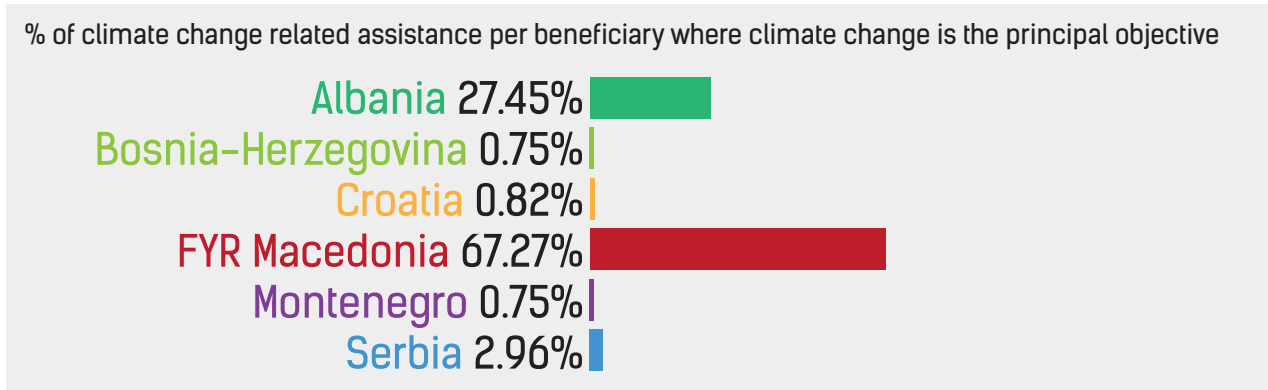


<sup>20</sup> See glossary of terms for definitions



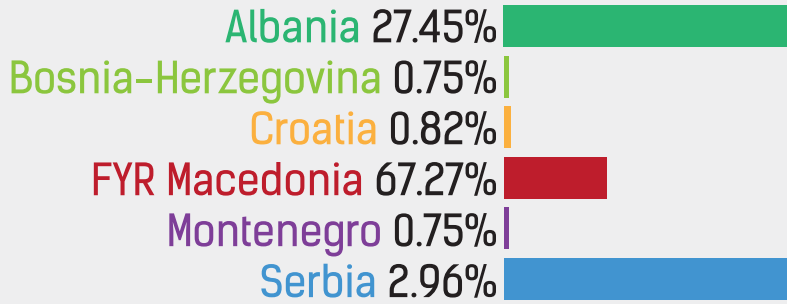
## DAC REPORTING ON CLIMATE CHANGE ADAPTATION PROJECTS IN THE WESTERN BALKANS

In 2010 US\$3 million were committed to projects for which climate change adaptation was the principal objective and US\$267 million to those for which climate change adaptation was a significant objective. The majority of assistance on climate change adaptation as a principal objective was directed to the Former Yugoslav Republic of Macedonia (67%) and to Albania (27%). Norway provided a grant to the Former Yugoslav Republic of Macedonia via the World Bank Green Growth and Climate Change programme (US\$1 million) and, in Albania, Italy provided a grant on forecasting prevention and mitigation against floods and forest fires (US\$0.7 million).

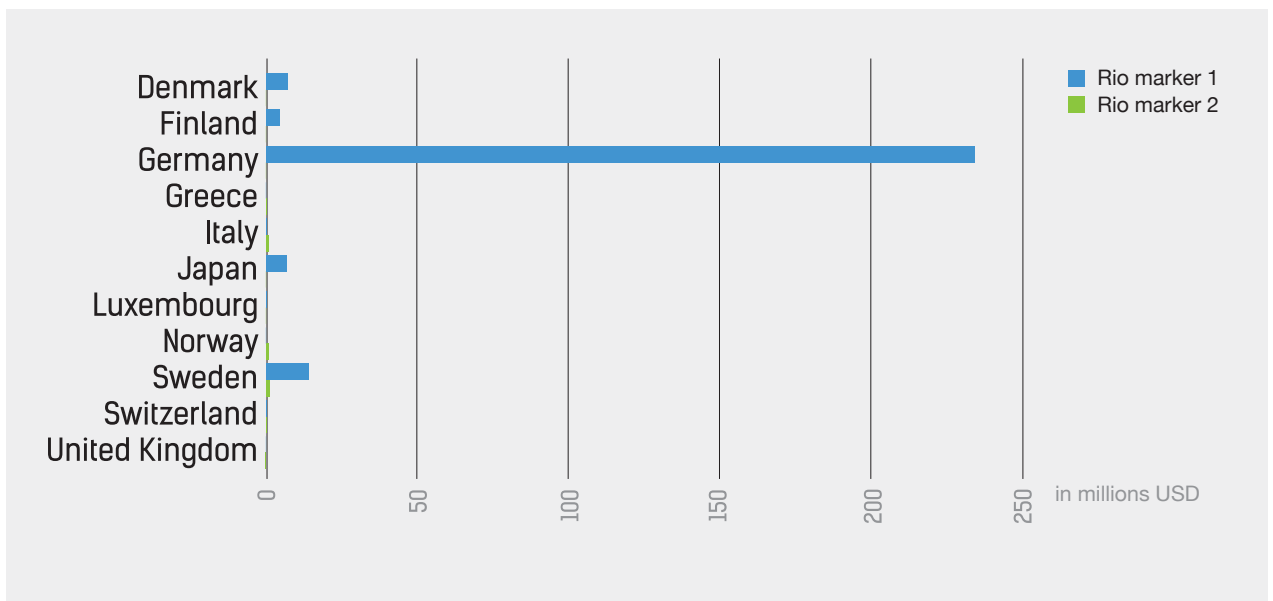


For financing where climate change related assistance was indicated as a significant objective, the main beneficiaries in 2010 were Albania (39%) and Serbia (39%). In Albania the assistance was provided to projects in the areas of flood protection, rural development and water resources while in Serbia the assistance was dominated by a loan from Germany (US\$92 million) for efficiency and environmental protection for the energy sector in HPP Zvornik.

% of climate change related assistance per beneficiary where climate change is the significant objective



In 2010, according to the DAC reporting system, the main donors of climate change adaptation related assistance to the region were Germany (US\$234 million), Sweden (US\$15 million), Denmark (US\$7 million) and Finland (US\$4 million).



## TOWARDS A HARMONISED APPROACH

The Multilateral Development Banks<sup>21</sup> (MDBs) are in the process of harmonising their climate finance tracking systems. A joint approach for mitigation finance reporting was finalised in June 2012<sup>22</sup>. The MDBs finalised a report (in December 2012) on their joint approach for adaptation finance<sup>23</sup> reporting. The harmonised methodology has emerged from a process to find commonalities between existing MDB approaches to adaptation finance.

One of the differences between the Rio Markers and the MDBs' approach is the increased granularity of the MDBs' methodology. Rio Markers are assigned at project level while MDBs disaggregate their projects into components and sub-components and report on climate finance at that level. The MDBs' approach measures climate related components' share in project cost (quantitative data) while Rio markers represent proxies.

Tracking systems for climate related finance are being developed by several organisations – some of which are outlined below.

<sup>21</sup> A report by a group (MDBs) comprising the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the World Bank (WB), and the International Finance Corporation (IFC).

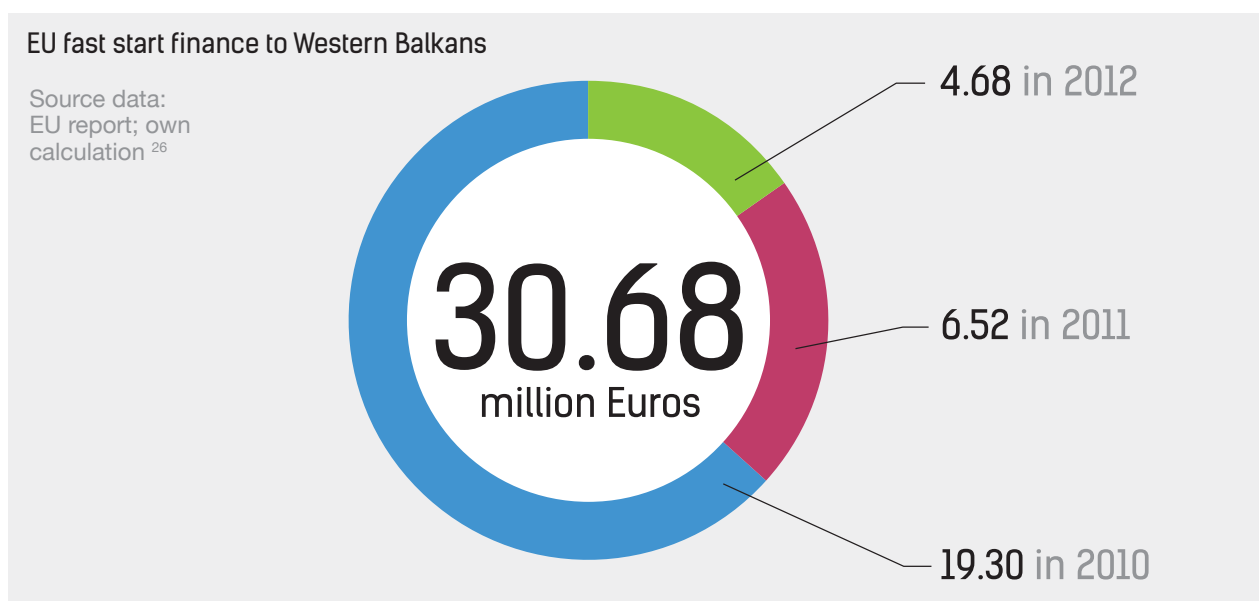
<sup>22</sup> Joint MDB Report on Mitigation Finance [http://climatechange.worldbank.org/sites/default/files/MMF\\_2011\\_version\\_21.pdf](http://climatechange.worldbank.org/sites/default/files/MMF_2011_version_21.pdf)

<sup>23</sup> <http://climatechange.worldbank.org/sites/default/files/Joint%20MDB%20Report%20on%20Adaptation%20Finance%202011.pdf>

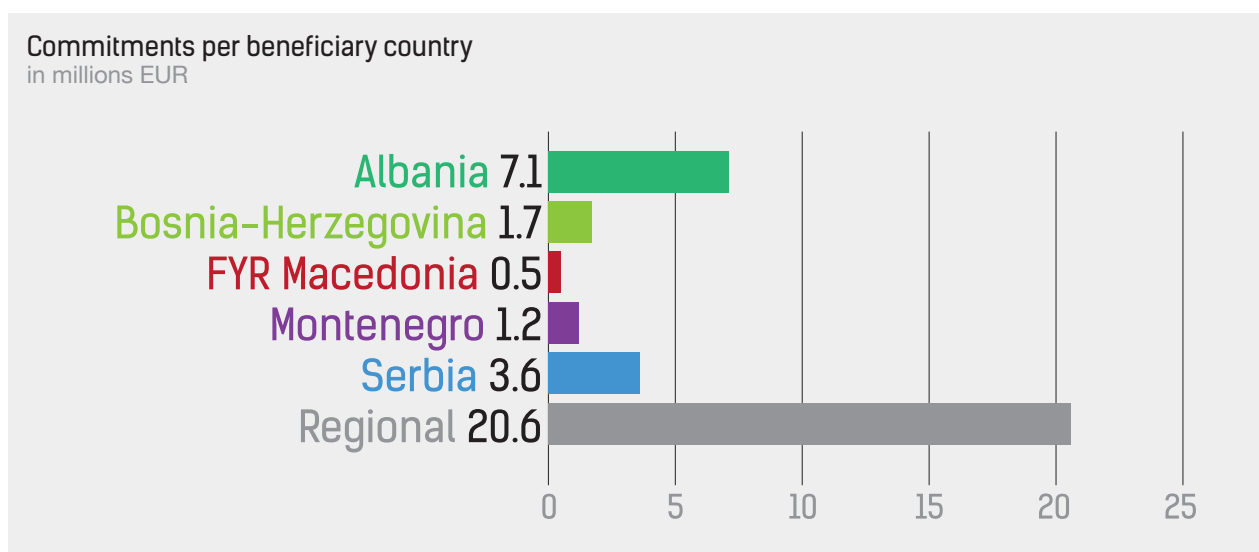
## 4.2 EU reporting on fast track finance for the Western Balkans

Since 2010 the EU prepares a yearly report to the UNFCCC on its fast start finance commitments. The EU has committed to provide €7.2 billion in fast start finance over the three years 2010–2012 to help developing countries mitigate their greenhouse gas emissions and adapt to climate change. According to the November 2012 report<sup>24</sup>, the EU has provided finance totalling €7.14 billion. The report notes that the pledge is expected to be met when all EU MS reports are finalised in 2013. The EU will submit a full, consolidated report to the UNFCCC Secretariat by May 2013.

The EU report is accompanied by a list of individual actions supported by EU fast start finance per recipient country and donor countries<sup>25</sup>. According to the latest report the EU has committed to provide €34.67 million of fast track finance to the Western Balkan region. It includes commitments to individual countries as well as to regional projects. In 2011 and 2012 additional financial assistance of €6.52 and €4.68 million respectively was allocated to the Western Balkans.



The majority of financial resources, as reported in November 2012, were committed to regional projects followed by Albania and Serbia.

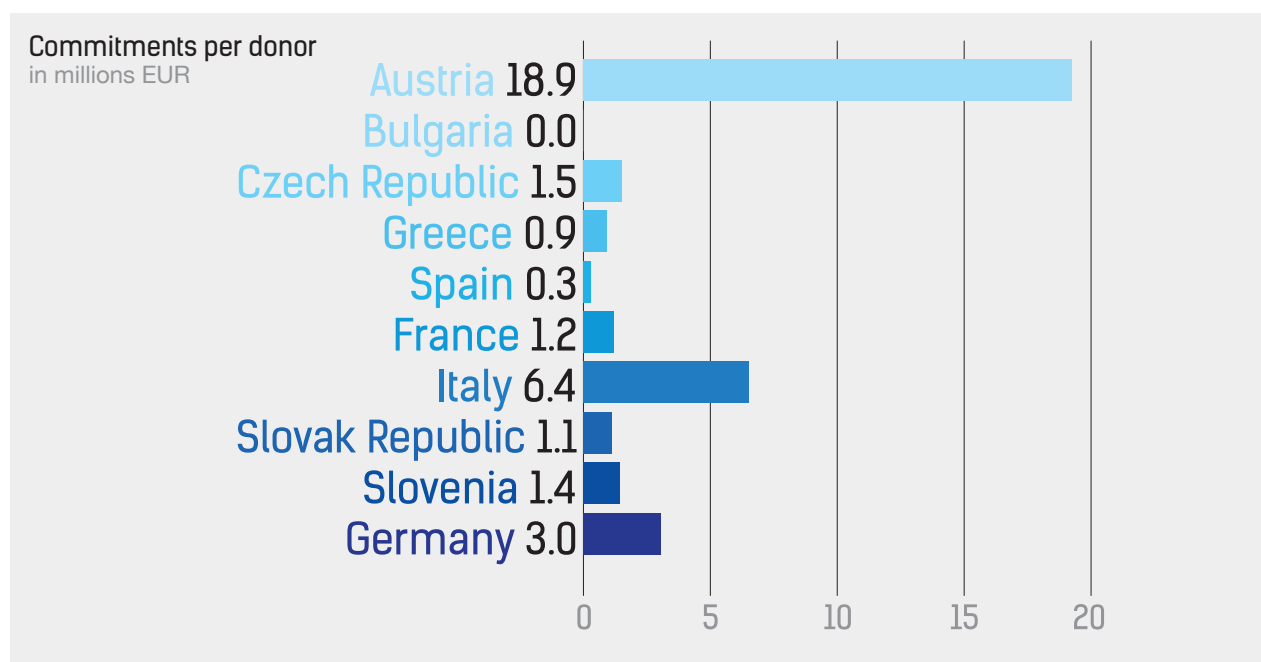


<sup>24</sup> European Union fast start funding for developing countries 2010 – 2012 report, November 2012, [http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fast\\_start\\_2012\\_en.pdf](http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fast_start_2012_en.pdf)

<sup>25</sup> Individual actions supported by EU fast start financing [http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fsf\\_projects\\_2012\\_en.xls](http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fsf_projects_2012_en.xls)

<sup>26</sup> Note: The total amount includes commitments to the individual Western Balkan countries and regional projects. Some of the regional projects covered broader geographical area (e.g. Eastern Europe and Caucasus) and they are also included in the calculation.

According to the EU report, Austria and Italy provided the majority of fast start finance to the region.



### 4.3 The finance portal for climate change

The Finance Portal for Climate Change under the UNFCCC Convention provides information on activities funded in developing countries to implement the CC Convention. It aims to assist parties in tracking the financial mechanism of the convention and to inform the intergovernmental process under the UNFCCC and relevant stakeholders on the mobilisation of resources to support developing countries in the implementation of adaptation and mitigation projects. It provides information on both recipient countries and contributing countries. Information is provided in three modules: fast start finance, information reported in the national communications and funds managed by GEF.

The activities reported as fast start finance commitments in the Western Balkans in 2011 are summarised below.

Recipient	Description	Donor country (implementing body)	Type	Amount (in EUR)*
<b>Albania</b>	not available	Norway	Mitigation	8,000
<b>Albania</b>	Protection Zones Montagneuses Albanie et Pays Limitrophes	France (French GEF)	Mitigation (REDD <sup>27</sup> +) )	1.2 million
<b>Albania</b>	World Bank Albania Coastal Zone Programme (ICZMCP)/Land Fill	Austria (WB)	Mitigation	2 million
<b>Albania</b>	Institutional Support to the Albanian Ministry of Environment for Sustainable Biodiversity Conservation and Use in Protected Areas and the Management of Hazardous Waste	Italy (IUCN)	Adaptation	2.22 million
<b>BiH</b>	not available	Norway	Mitigation	159,000
<b>Kosovo</b>	not available	Norway	Mitigation	658,000
<b>Kosovo</b>	Project for Improvement of Solid Waste Management	Japan	Mitigation	3.61 million

<sup>27</sup> [www.reddplusdatabase.org](http://www.reddplusdatabase.org)



Recipient	Description	Donor country (implementing body)	Type	Amount (in EUR)*
<b>Former Yugoslav Republic of Macedonia</b>	not available	Norway	Mitigation	7,000
<b>Former Yugoslav Republic of Macedonia</b>	not available	Norway	Adaptation, Mitigation	730,000
<b>Serbia</b>	Capacity Development Project on Nationally Appropriate Mitigation Actions (NAMAs)	Japan	Mitigation	50,000
<b>Serbia</b>	Solar Energy for Handicapped Children in Serbia	Slovakia (SINDC)	Mitigation, Technology	160,000
<b>Montenegro</b>	Expanded energy survey of public facilities and economic evaluation of the biomass heating system	Slovenia (Ekoideja)	Mitigation	40,000

## REGIONAL PROJECTS

<b>Regional</b>	“SYNERGY” (For Albania, Bosnia and Herzegovina, Croatia, Georgia, Montenegro, Republic of Moldova, Serbia, FYR Macedonia, Ukraine)	Greece (Hellenic Centre for Renewable Energy Sources (CRES))	Mitigation	900,000
<b>Regional</b>	Balkan climate initiatives For Albania, Montenegro, Serbia, FYR Macedonia	Italy	Mitigation, adaptation	6.8 million
<b>Regional</b>	EBRD Energy Efficiency Supporting TA Programme (South Caucasus, Western Balkans)	Austria (EBRD)	Mitigation, capacity building	2 million
<b>Regional</b>	EBRD TA Municipal Environment Infrastructure Programme (Central Asia Regional, Eastern Europe, Western Balkans)	Austria (EBRD)	Mitigation	4 million
<b>Regional</b>	IFC Integrated Solid Waste Management TA Programme (ISWMP) (Western Balkans)	Austria (IFC)	Mitigation	2.3 million
<b>Regional</b>	Two demonstration energy projects	Slovenia (NGOs)	Mitigation	30,000
<b>Regional</b>	not available	Italy	Adaptation	1.45 million

\*the amounts reported in USD were converted according to the conversion rate 1 EUR = 1.307 USD

Note: Information has been provided by contributing parties. It also includes detailed data on projects and activities supported by contributing countries. However, the information varies in details as some contributing countries provided detailed information in their submission while other countries only provided samples of projects they supported and referred to their websites for detailed information.

The Finance Portal also includes finance reported in national communications regarding multilateral finance and contributions to GEF. The information is provided globally; therefore it is impossible to derive data relevant to the Western Balkan region.

## 4.4 Fast Start Finance<sup>28</sup> reporting initiative

'Fast Start Finance' is an initiative led by the Government of the Netherlands. It aims to provide transparency on the amount, direction and use of fast start climate finance. The website was initiated by the Government of the Netherlands, with support from other national governments.

The section on recipient countries provides an overview of the amount of climate change finance directed to these countries. There is only one project reported for the Western Balkan countries.

Recipient	Description	Donor country (implementing body)	Type	Amount (in EUR)*
<b>Albania</b>	Protection programme of mountainous regions of Albania and other adjacent regions	France	REDD+	n/a

## 4.5 Climate Funds Update<sup>29</sup>

Climate Funds Update is an independent website that provides information on the growing number of international climate finance initiatives designed to help developing countries address the challenges of climate change. Data on climate finance are analysed by the Overseas Development Institute (ODI) and the website provides an overview of climate fund profiles, types of funding, and the data on where the money is sourced and spent. According to the database the following projects and programmes are implemented in the Western Balkans.

Recipient	Description	Donor country (implementing body)	Type	Amount (in EUR)*
<b>Albania</b>	Identification and Implementation of Adaptation Response Measures in the Drini-Mati River Deltas	GEF Trust Fund (GEF 4) – Strategic Priority on Adaptation (SPA)	Adaptation	750,000
<b>Albania</b>	Protecting Health from Climate Change	International Climate Initiative (ICI)	Adaptation	1.15 million
<b>BiH</b>	Biomass Energy for Employment and Energy Security Project (approved in 2010)	GEF Trust Fund (GEF 4)	Mitigation	740,000
<b>BiH</b>	Mainstreaming environmental governance: linking local and national action in Bosnia and Herzegovina	MDG Achievement Fund	Mitigation and Adaptation	4.21 million
<b>Croatia</b>	Organisation of Municipal Climate Initiative	International Climate Initiative (ICI)	Mitigation	570,000
<b>Former Yugoslav Republic of Macedonia</b>	Protecting Health from Climate Change	International Climate Initiative (ICI)	Adaptation	1.15 million
<b>Former Yugoslav Republic of Macedonia</b>	Sustainable Energy Programme	GEF Trust Fund (GEF 4)	Mitigation	4.21 million
<b>Montenegro</b>	Power Sector Policy Reform to Promote Small Hydropower Development in the Republic of Montenegro	GEF Trust Fund (GEF 4)	Mitigation	750,000
<b>Serbia</b>	Capacity development project for NAMAs	Japan's Fast Start Finance	Mitigation	50,000

<sup>28</sup> [www.faststartfinance.org](http://www.faststartfinance.org)

<sup>29</sup> [www.climatefundsupdate.org](http://www.climatefundsupdate.org)

Recipient	Description	Donor country (implementing body)	Type	Amount (in EUR)*
<b>Serbia</b>	Pigs for Kilowatts – Utilising Pig Slurry to Produce Biogas	International Climate Initiative (ICI)	Mitigation	130,000
<b>Serbia</b>	Reducing Barriers to Accelerate the Development of Biomass Markets in Serbia	GEF Trust Fund (GEF 5)	Mitigation	2.18 million
<b>Serbia</b>	Second National Communication to the UNFCCC	GEF Trust Fund (GEF 5)	Mitigation and Adaptation	380,000
<b>Serbia</b>	Support to Sustainable Transportation System in the City of Belgrade	GEF Trust Fund (GEF 4)	Mitigation	730,000
<b>Kosovo</b>	Project for Improvement of Solid Waste Management	Japan's Fast Start Finance	Mitigation	3.61 million

## REGIONAL PROJECTS

<b>Regional</b>	Capacity Development for Climate Protection	International Climate Initiative (ICI)	Mitigation	1.95 million
<b>Regional</b>	Documentary Film: Energy Efficiency in Buildings	International Climate Initiative (ICI)	Mitigation	450,000
<b>Regional</b>	Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation	GEF Trust Fund (GEF 4)	Mitigation	2.30 million
<b>Regional</b>	Improving Conditions for Sustainable Energy and Climate Policy	International Climate Initiative (ICI)	Mitigation	5.66 million
<b>Regional</b>	Service Contract	Global Climate Change Alliance (GCCA)	Mitigation and Adaptation	5.49 million
<b>Regional</b>	South Eastern Europe and Caucasus Catastrophe Risk Insurance Facility (SEEC CRIF)	Special Climate Change Fund (SCCF)	Adaptation	4.21 million

## 4.6 Other trackers

- **Independent Fast Start Finance Tracking** (World Resources Institute)<sup>30</sup> The website provides tracking and pledges of developed countries for fast track climate finance. It does not provide information on recipient countries therefore no data on Western Balkans are available.
- **Voluntary REDD+ Database**<sup>31</sup> (REDD+ Partnership) FAO/UNEP. This aims at improving transparency around REDD+, finding and addressing gaps and overlaps in REDD+ financing and sharing experiences on REDD+. It relies on information voluntarily submitted by countries and institutions. The database does not provide information on Western Balkan projects.
- **Climate Finance Options**<sup>32</sup> (World Bank). The website reports funding by sector, sources and finance mechanism. It provides information on funding objectives, financing mechanisms, application procedures, project types, decision-making structure, and project examples. Information on recipient countries is not available.
- **UN Multi-Partner Trust Fund Office Gateway**<sup>33</sup> (UNDP). It provides real-time information on contributions, projects and a detailed balance of resources committed, deposited, budgeted and transferred, and expenditure. The portfolio includes the Multi-Partner Trust Fund Office (MPTFs), 'Delivering as One' UN Funds and Joint Programmes that support humanitarian, recovery, reconstruction and development processes. It only covers a limited number of climate change initiatives.

<sup>30</sup> [www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges](http://www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges)

<sup>31</sup> [www.reddplusdatabase.org](http://www.reddplusdatabase.org)

<sup>32</sup> [www.climatefinanceoptions.org/cfo/node/189](http://www.climatefinanceoptions.org/cfo/node/189)

<sup>33</sup> [www.mdtpf.undp.org](http://www.mdtpf.undp.org)

## 4.7 Preliminary conclusions – tracking climate finance

- At the moment there is no internationally agreed methodology for tracking climate finance flows. Efforts are being made to improve harmonisation. In 2012 the MDBs finalised a joint approach for mitigation and adaptation finance reporting, which was announced at the Doha Conference.
- The OECD–DAC system has advanced its work on identifying donor commitments to climate change based on Rio markers 1 and 2. It includes data for the Western Balkans.
- At present there is no easily available, comprehensive information source on climate change related assistance in the Western Balkans. Different financiers/donors report to different tracking mechanisms and data is not comparable.
- According to the OECD-DAC database, around US\$332 million was committed to climate change mitigation in 2010 and around US\$269 million on climate change adaptation related assistance in the Western Balkans. According to the DAC, the main beneficiaries of climate change mitigation assistance were Albania and Bosnia and Herzegovina and, for climate change adaptation, the Former Yugoslav Republic of Macedonia, Albania and Serbia. The most active donor on climate change assistance to the region is Germany, providing loans in both climate change mitigation and adaptation assistance. Significant contributions are also provided by Sweden, Switzerland, Denmark, Finland, Norway and the EU institutions.

- The EU report to the UNFCCC provides an interesting perspective into fast start finance to the Western Balkans between 2010 and 2012. The EU member states committed €34.68 million to the region, of which €20 million was focused on regional projects. The most active donors were Austria and Italy which do not appear in the DAC report.
- The overall difficulty with tracking climate finance is that donors report to different tracking mechanisms depending on their specific preferences. For example in the OECD ODA database, the reported commitments are dominated by the loans from Germany (in 2011), while in the EU fast start finance tracking there is only one project from Germany in the form of a grant. Another example is that the OECD ODA database includes commitments from Denmark, Sweden and Finland, whereas the commitments from these countries are not reported in the EU fast start finance database. It leads to the conclusion that there is a need for further work on harmonising the commitments.
- Several organisations have developed their own climate finance trackers. Several flows to the Western Balkan countries are reported in these trackers; nevertheless the information provided does not present a comprehensive overview of the situation of climate finance flows to the region. The most developed trackers are: the Finance Portal for Climate Change and the Climate Funds Update.

# 5

## MEASURING THE CLIMATE IMPACT OF PROJECTS

The question of how to monitor the impact of donor-financed projects on climate issues also arises with the expansion of the climate portfolios of the financiers (IFIs, EC, bilateral donors). The issue of carbon finance effectiveness (how to design and implement climate projects that reach their objectives) is also becoming more relevant.

The report on Improving the Effectiveness of Climate Finance<sup>34</sup> observes that the existing tools and methods to measure the effectiveness of climate finance are not sufficient to meet the challenge of scaled-up financing flows. It notes that most international financial institutions do not yet systematically assess carbon or more transformational impacts across all projects, but many institutions recognise the urgency and are reviewing options.

### 5.1 ISO

An example of an attempt to develop a global standard is the work of the ISO<sup>35</sup>. Under the series of international standards for environmental management it develops specific standards related to measuring and reducing the greenhouse gas emissions. These standards allow organisations take part in emissions trading schemes using a globally recognised standard:

- ISO 14064 details specification and guidance at the organisational and project levels, and for GHG quantification, monitoring, reporting, validation and verification.
- ISO 14065 is a standard that specifies principles and requirements for bodies that undertake validation or verification of GHG assertions for use in accreditation or other forms of recognition.
- ISO 14066 (launched in July 2011) details the competence requirements of the personnel undertaking the various validation or verification activities.
- ISO 14067 is a product standard to provide a framework for measuring the carbon footprint of products (it is under development) and ISO 14069 will be a guidance document for the quantification and reporting of GHG emissions for organisations (under development).

#### Problems with existing tools and methods include:

- They are project based and, thus, are unable to evaluate the effectiveness of policies and programmes;
- They are not geared for real-time evaluation;
- They often do not provide a good understanding of the relative contributions *made by different activities*;
- They do not consistently include both ex ante and ex post evaluations, and are often internally inconsistent; and
- They are incompatible with each other, hindering common understanding and comparisons.

<sup>34</sup> CPI 2011 Improving the Effectiveness of Climate Finance: Key Lessons

<sup>35</sup> [www.iso.org](http://www.iso.org)



## 5.2 Examples of methods and tools used by the donors include:

- **ADF Carbon Footprint<sup>36</sup>.** The Agence Française de Développement (AFD) uses a tool and a standard methodology to measure the carbon footprint of different types of mitigation projects, from project appraisal through investment and operation. The tool is excel-based (built upon ADEME's Bilan Carbone) and is used for ADF projects since 2007. In 2011 an updated version was developed, which harmonised the tool with the IFC tool, ISO and International Energy Agency.
- **KfW<sup>37</sup> Guideline for conducting business in an environmentally, socially and climate friendly manner** (Sustainability guideline). This provides guidance in conducting an environmental and social impact assessment and a climate change assessment to address the potential environmental/climate change impacts of projects, including a recipient country's commitment to such issues. The assessments consist of an initial screening for relevant climate impacts; scoping or an assessment of identified consequences and/or risks, and the design and implementation of an environmental and social impact study and/or climate change adaptation or mitigation assessment. The climate change adaptation assessment analyses whether the partner country's capacity for adaptation can be further increased in the framework of the strategy or measure. The GHG reduction assessment consists of an evaluation of GHG emissions in the project area/sector and an estimation of how the project impacts on these expected emissions.
- Since 2011 KfW applies a 'climate safe' screening assessment to all new projects, to address the project's potential climate change impact and to determine whether they contribute to climate protection and/or adaptation. All financed measures must undergo an environmental and social impact assessment and a climate change assessment (covering adaptation and/or mitigation). KfW applies a results-based methodology and, in project planning, follows the logical framework approach. Operating departments conduct all pre-project operations and most interim evaluations. Post-project evaluations are conducted by independent experts assigned by KfW's Evaluation Department. The Evaluation Department is an independent entity which reports directly to the Board of Managing Directors. Appraisals criteria for KfW climate change projects are project-based and benchmarked to country and international standards. KfW does not disclose more detailed information on procedures or on specific indicators and thresholds. For monitoring and assessing the overall impact of climate change related projects, KfW measures loan commitments, investment volumes, and emissions avoided. Emissions reductions from renewable energy, energy efficiency, and forestry projects have to comply with target impacts for those sectors. Normally, project effectiveness is measured as the degree to which the objective's indicators – defined prior to implementation – have been achieved. The post-project evaluations follow a standard methodological approach and comprise the entire project cycle from project identification and needs assessment to operational performance. Recently, KfW prepared a number of Climate Fact Sheets for the Western Balkan countries<sup>38</sup>.
- **International Finance Corporation (IFC) Carbon Emissions Estimation Tool.** This tool has been developed to help users predict and understand the emissions profile of a potential GHG source. It is an excel-based calculator available on-line. It calculates the baseline and emissions after the project intervention and takes into account both direct and indirect impacts. Since 2009 IFC requires an estimation of GHG emissions for all its new direct investments.
- **EBRD Methodology for Assessment of GHG Emissions.** This methodology provides guidance to consultants working on EBRD-financed projects. Assessment methodologies for specific sectors are provided.
- **EIB has published a guidance note** with a methodology for measuring the impact of its projects on GHG emissions. A carbon footprint assessment to systematically measure the absolute and relative carbon emission of all new single-scheme investment loans is being developed and tested.

<sup>36</sup> [www.afd.fr/lang/en/home/projets\\_afd/AFD-et-environnement/changement\\_climatique/Liens\\_utiles\\_climat/4861736956](http://www.afd.fr/lang/en/home/projets_afd/AFD-et-environnement/changement_climatique/Liens_utiles_climat/4861736956)

<sup>37</sup> Based on Public Climate Finance: A Survey of Systems to Monitor and Evaluate Climate Finance Effectiveness (July 2012) CIP

<sup>38</sup> For KfW Climate Fact Sheets see the links section

- **The World Bank Group**<sup>39</sup>. In 2008 the World Bank Group (WBG) adopted its Strategic Framework on Development and Climate Change (SFDDC). It is a roadmap for the WBG from 2008–2011. While prioritising development outcomes, the framework encourages the use of low-carbon growth opportunities to achieve development goals and sets out a number of objectives to enhance resilience to climate risks and address mitigation and adaptation needs. This was followed in June 2012 by the WBG releasing its new Environment Strategy. The strategy articulates an ambitious agenda to support ‘green, clean, resilient’ pathways for developing countries over the 2012–2022 timeframe. Since 2004, the World Bank includes results frameworks in its operations. All new sector and country strategies include measurable results indicators, and all projects rely on monitoring and results frameworks to guide implementation. The Independent Evaluation Group (IEG) is the unit responsible for evaluating the activities of IBRD and IDA, and their progress towards stated objectives. All WBG projects are subject to initial screening for adverse environmental and social impacts. Until recently, information on GHG reductions that resulted from WB projects were only included routinely for GEF-financed and carbon finance related projects. The bank has gradually started to include the carbon benefits of projects in appraisal documents, and to identify new projects with climate mitigation or adaptation benefits, partly in response to a mandate from IDA. The World Bank has two related strands of post-project evaluations: self-evaluation of all projects conducted by the responsible department and independent evaluation by the bank’s IEG. The IEG mainly assesses the performance against objectives, therefore the intended and unintended GHG impacts of the bank projects are only measured if they are contained within the project’s stated objectives. The WBG has developed a results framework to support the new 2012–2020 Environment Strategy. The bank will also develop appropriate baseline indicators during the strategy’s first year of implementation as well as a new system to track climate finance, which was rolled out in 2012. The WB is currently developing project-specific approaches to incorporate environmental externalities into project appraisals. These apply GHG analysis to WB investments in the IFC portfolio, but only in the energy, transport and forestry sectors. They are expected to be rolled out over 2013–2014. The WB also proposes the formulation of new core indicators for energy projects under IBRD-financed operations and is exploring the role of carbon pricing in its analysis of project feasibility, focusing on emission-intensive projects and sectors.

The European Commission, DG CLIMA is currently financing a project **on Cooperation with European financial institutions: climate related standards in assessing investments/infrastructure projects**.

The project aims at providing guidance to the EC and the European Financial Institutions (EFIs) on how to improve the delivery of EU climate objectives through improved mainstreaming of climate mitigation and adaptation into the appraisal of investment projects of EFIs co-funded by the European Commission. Activities cover;

- Assessing the main financial institutions climate change policies, lending portfolio, strategies and due diligence methodologies;
- Developing recommendations to improve, and possibly harmonise, existing methodologies to define/track investments into mitigation and adaptation to assess project impact and reporting;
- Proposing operational methodologies to introduce or improve climate change considerations into project appraisal;
- Defining appropriate financial incentives to promote climate change projects.

The project findings are available in the report “European and International Financial Institutions: Climate related standards and measures for assessing investments in infrastructure project<sup>40</sup>”.

<sup>39</sup> Based on Public Climate Finance: A Survey of Systems to Monitor and Evaluate Climate Finance Effectiveness (July 2012) CIP

<sup>40</sup> [www.ec.europa.eu/clima/events/0072/study\\_standards\\_mesures\\_en.pdf](http://www.ec.europa.eu/clima/events/0072/study_standards_mesures_en.pdf)



### 5.3 Preliminary conclusions – measuring climate impact

- There is a lot of work underway to develop methodologies and tools to measure climate impact and climate-proofing of donor-supported projects, as the existing tools and methods are not yet sufficient to meet the challenge of the scaled-up financing flows. Many international organisations do not yet systematically assess carbon impacts across their projects.
- The ISO has developed a new family of ISO standards which provide tools for measuring climate impacts of organisations and products.
- Several donors (e.g. ADF, IFC) have comprehensive carbon footprint tools in place which they use for projects to be supported. Other organisations include climate assessments under their environmental and social analyses. There is a trend among donors, particularly IFIs, to assess climate change aspects throughout the entire project cycle, from project identification to project evaluation.
- The current study on cooperation with European financial institutions managed by DG CLIMA will provide analyses of methodologies used by the IFIs and recommend possible ways to harmonise these.

# 6 In conclusion

- The Western Balkan countries have to gradually comply with the climate change acquis under the direction of DG CLIMA. The first findings in the EU progress reports (2011 and 2012) suggest that the countries (apart from Croatia) are at the very early stages of transposing and implementing the relevant acquis. This results in a low awareness of climate change issues in the region and limited administrative capacities in the relevant ministries (e.g. 1–2 persons dealing with climate agenda).
- The stocktaking of existing regional initiatives on climate change in this report shows that there is no overall coordination platform for climate change assistance in the region. Climate change is a component area in several initiatives, e.g. ENVSEC, RENA, Dinaric Arc Initiative. The recently launched SEE Forum on Climate Change Adaptation and ECRAN have the potential to become regional fora for climate change adaptation issues.
- There are several regional projects being implemented by the EU South East Europe Transnational Cooperation Programme and the UNDP is an active partner implementing a number of climate change projects in the region.
- There is no internationally agreed methodology for tracking climate finance flows. There are several voluntary initiatives to track climate finance, e.g. the Finance Portal for Climate Change and Climate Funds Update. They all report climate related flows to the Western Balkan countries, but do not cover the region systematically.
- At present there is no easily available, comprehensive information source on climate change related assistance in beneficiary countries. Different financiers/donors report to different tracking mechanisms and data is not comparable.
- Bilateral donors and IFIs are working to develop methodologies and tools to measure climate impact and climate-proofing of projects. Several bilateral donors have already put in place comprehensive

climate-proofing tools. Climate change assessments are increasingly being included in financiers' assessment practices.

- The issue of coordination of assistance is increasingly important given the substantial increase in assistance flows. In 2010 the EC proposed that specific Climate Change Windows (CCW) be established in all existing blending facilities (such as WBIF). The CCW aim to ensure better tracking and visibility of climate actions within the investment facilities and to encourage EU member states to add funds to the investment facilities specifically earmarked for the CCWs. They also aim to promote additional investments in projects which have climate change as their main objective. They encompass both public and private investments in strategic areas, such as transport, energy, environment, water, sanitation and forests.
- Under the next financial framework (2014–2020), the EU is expected to set a target of 20% of all EU budget expenditures to be dedicated to the climate agenda. In anticipation, the EC has proposed that all the relevant financial instruments that track climate related expenditures have specific targets such that the EU would be able to set out clearly how much of its spending relates to climate action.
- In line with other EC-supported blending mechanisms, the WBIF should provide a 'climate change window' that will identify the climate related projects being supported by the WBIF and that would stimulate the inclusion of climate related considerations into the design of projects in all sectors.
- As agreed by the EC and IFIs at the environment workshop on 21 November, the IFI CO will prepare an initial proposal as to how a climate change window could be incorporated into the WBIF. Following discussion and agreement with the EC and IFIs, this proposal will be introduced to the beneficiaries and the necessary steps taken to allow the identification of climate related projects supported by WBIF.
- In order to improve the availability of information on climate related issues for WBIF stakeholders, the IFI CO will, as a first step, add a dedicated climate change sub-page to the WBIF website ([www.wbif.eu](http://www.wbif.eu)).

# ANNEX I

## USEFUL LINKS

---

- Climate Change in Western Balkans (2012)  
[www.zoinet.org/web/climate-change-west-balkans](http://www.zoinet.org/web/climate-change-west-balkans)
- Regional Climate Vulnerability Assessment Synthesis Report (Croatia, FYR Macedonia, Montenegro, Serbia) (2012)  
[www.seeclimateforum.org/upload/document/regional\\_cva\\_synthesis\\_report\\_final.pdf](http://www.seeclimateforum.org/upload/document/regional_cva_synthesis_report_final.pdf)
- Croatia: National Climate Vulnerability Assessment (PDF)  
[www.seeclimateforum.org/upload/document/cva\\_croatia\\_-\\_english\\_final\\_print2.pdf](http://www.seeclimateforum.org/upload/document/cva_croatia_-_english_final_print2.pdf)
- Macedonia: National Climate Vulnerability Assessment (PDF)  
[www.seeclimateforum.org/upload/document/cva\\_macedonia\\_-\\_english\\_web\\_09-10-2012.pdf](http://www.seeclimateforum.org/upload/document/cva_macedonia_-_english_web_09-10-2012.pdf)
- Montenegro: National Climate Vulnerability Assessment (PDF)  
[www.seeclimateforum.org/upload/document/cca\\_reg\\_clim\\_report\\_montenegrin\\_web\\_18-09-2012.pdf](http://www.seeclimateforum.org/upload/document/cca_reg_clim_report_montenegrin_web_18-09-2012.pdf)
- Serbia: National Climate Vulnerability Assessment (PDF)  
[www.seeclimateforum.org/upload/document/cva\\_srbija\\_english\\_final.pdf](http://www.seeclimateforum.org/upload/document/cva_srbija_english_final.pdf)
- South Eastern Europe Disaster Risk Mitigation and Adaptation Initiative: Risk Assessment for South Eastern Europe, Desk Study Review; UNISDR (2008)  
[www.unisdr.org/we/inform/publications/1741](http://www.unisdr.org/we/inform/publications/1741)
- Mitigating the Adverse Financial Effects of Natural Hazards on the Economies of South Eastern Europe: A Study of Disaster Risk Financing Options; the World Bank (2008)  
[www.unisdr.org/files/1742\\_SEEDRFinancing.pdf](http://www.unisdr.org/files/1742_SEEDRFinancing.pdf)
- Strengthening the Hydrometeorological Services in South Eastern Europe: South Eastern Europe Disaster Risk Mitigation and Adaptation Programme; UNISDR (2008)  
[www.unisdr.org/we/inform/publications/7650](http://www.unisdr.org/we/inform/publications/7650)
- The Structure, Role and Mandate of Civil Protection in Disaster Risk Reduction for South Eastern Europe; UNISDR (2008)  
[www.unisdr.org/we/inform/publications/9346](http://www.unisdr.org/we/inform/publications/9346)
- South Eastern Europe Disaster Risk Mitigation and Adaptation Programme (2008); the World Bank  
[www.preventionweb.net/files/2214\\_DRmitigationadaptation.pdf](http://www.preventionweb.net/files/2214_DRmitigationadaptation.pdf)
- Investment and Growth in the Time of Climate Change; EIB 2012  
[www.eib.org/infocentre/publications/all/investment-and-growth-in-the-time-of-climate-change.htm](http://www.eib.org/infocentre/publications/all/investment-and-growth-in-the-time-of-climate-change.htm)
- The National Systems for GHG Reporting under the MMD Decision (Western Balkans); RENA, (PDF)  
[www.renanetwork.org/documents/wgroups/Interim%20report%20The%20National%20Systems%20-%20Zagreb%202012.pdf](http://www.renanetwork.org/documents/wgroups/Interim%20report%20The%20National%20Systems%20-%20Zagreb%202012.pdf)
- KfW information on climate change.
  - [www.kfw-entwicklungsbank.de/ebank/EN\\_Home/Climate\\_Change/index.jsp](http://www.kfw-entwicklungsbank.de/ebank/EN_Home/Climate_Change/index.jsp)
  - [www.kfw-entwicklungsbank.de/ebank/EN\\_Home/Climate\\_Change/Climate\\_-\\_Facts\\_and\\_Figures/index.jsp](http://www.kfw-entwicklungsbank.de/ebank/EN_Home/Climate_Change/Climate_-_Facts_and_Figures/index.jsp)
  - [www.kfw-entwicklungsbank.de/ebank/EN\\_Home/Climate\\_Change/Climate\\_-\\_Facts\\_and\\_Figures/Documents/index.jsp](http://www.kfw-entwicklungsbank.de/ebank/EN_Home/Climate_Change/Climate_-_Facts_and_Figures/Documents/index.jsp)
  - [www.bmz.de/en/what\\_we\\_do/issues/klimaschutz/index.html](http://www.bmz.de/en/what_we_do/issues/klimaschutz/index.html)

# ANNEX II

## GLOSSARY OF TERMS

---

<b>Adaptation to climate change</b>	The process of preparing to cope with living in a changing climate, e.g. increased rainfall, higher temperatures, scarce water, or more frequent storms.
<b>Clean Development Mechanism (CDM)</b>	Defined in Article 12 of the Kyoto Protocol, a mechanism allowing a country with an emission reduction or emission limitation commitment under the Kyoto Protocol (Annex B Party) to implement an emission reduction project in developing countries.
<b>Climate change</b>	A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.
<b>Climate change mitigation</b>	Action to reduce the net amount of greenhouse gases released into the atmosphere, and thus help to slow down the process of climate change resulting from human activities.
<b>Emissions trading</b>	A market-based approach to achieving environmental objectives that allows those reducing e.g. greenhouse gas emissions below what is required to use or trade the excess reductions to offset emissions at another source inside or outside the country.
<b>EU Emissions Trading Scheme (EU ETS)</b>	Company-level 'cap-and-trade' system of allowances for emitting carbon dioxide and other greenhouse gases, launched by the EU at the beginning of 2005.
<b>Green Climate Fund</b>	Operating entity provided for under the Copenhagen Accord to support projects, programmes, policies and other activities in developing countries related to climate change mitigation.
<b>Greenhouse gas (GHG)</b>	A gas, such as water vapour, carbon dioxide, methane, chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), which absorbs and re-emits infrared radiation, warming the Earth's surface and contributing to climate change.
<b>Joint Implementation (JI)</b>	Mechanism defined in Article 6 of the Kyoto Protocol, which allows a country with an emission reduction or limitation commitment under the Kyoto Protocol (Annex B Party) to earn emission reduction units from an emission reduction or emission removal project in another Annex B Party, each equivalent to one tonne of carbon dioxide, which can be counted towards meeting its Kyoto target.
<b>Kyoto Protocol to the United Nations Framework Convention on Climate Change</b>	An international agreement, linked to the United Nations Framework Convention on Climate Change, which commits industrialised countries to reducing greenhouse gas emissions.
<b>Low-carbon technology</b>	Technology which results in reduced emissions of carbon dioxide compared with conventional technology.
<b>Western Balkans</b>	Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Montenegro, Serbia, Kosovo (UNSCR No 1244)
<b>Climate change mitigation marker</b>	An activity should be classified as climate change mitigation related when it contributes to the objective of stabilising greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

---

---

**Climate change adaptation marker**

An activity should be classified as climate change adaptation related if it intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate related risks, by maintaining or increasing adaptive capacity and resilience.

---

**Rio Marker 2: Principal policy objectives**

Objectives of climate change mitigation or adaptation which can be identified as being fundamental in the design of the activity and which are an explicit objective of the activity. They may be selected by answering the question 'would the activity have been undertaken (or designed that way) without this objective?'

---

**Rio Marker 1: Significant policy objectives**

Objectives of climate change mitigation or adaptation which, although important, are not one of the principal reasons for undertaking the activity.

---

## ANNEX III

# List of acquis under the responsibility of DG Climate Action

Sector / Directive / Regulation / Other	
<b>INTERNATIONAL AGREEMENTS</b>	
1985	Vienna Convention for the Protection of the Ozone Layer
1987	Montreal Protocol on Substances that Deplete the Ozone Layer
1992	United Nations Framework Convention on Climate Change
1997	Kyoto Protocol
<b>MONITORING MECHANISM DECISION</b>	
280/2004/EC <b>Monitoring mechanism</b>	Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a <b>mechanism for monitoring</b> Community greenhouse gas emissions and for implementing the Kyoto Protocol, and its implementing provisions Commission Decision 2005/166/EC
<b>EU EMISSIONS TRADING SYSTEM</b>	
2003/87/EC <b>Emission Trading</b>	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 <b>establishing a scheme for greenhouse gas emission allowance trading within the Community</b> and amending Council Directive 96/61/EC as amended by Directive 2004/101/EC (in respect of Kyoto Protocol's project mechanism), 2008/101/EC (to include aviation activities), 2009/29/EC (to improve and extend) and by Regulation (EC) 219/2009
280/2004/EC <b>Registries</b>	Commission Regulation (EU) No 920/2010 of 7 October 2010 for a <b>standardised and secured system of registries</b> pursuant to Directive 2003/87 of the European Parliament and of the Council and Decision No 280/2004/EC of the European Parliament and of the Council (OJ L 270, 14.10.2010, p. 1)
2007/589/EC <b>Monitoring and reporting</b>	Commission Decision 2007/589/EC of 18 July 2007 establishing guidelines for the <b>monitoring and reporting of greenhouse gas emissions</b> pursuant to Directive 2003/87/EC of the European Parliament and of the Council amended by Commission Decision 2009/73/EC and Commission Decision 2009/339/EC
1031/2010 <b>Auctioning</b>	Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of <b>auctioning of greenhouse gas emission allowances</b> pursuant to Directive 2003/87/EC of the European Parliament and the Council establishing a scheme for greenhouse gas emission allowances trading within the Community
<b>INCLUSION OF AVIATION INTO EU ETS</b>	
2008/101/EC <b>Inclusion of aviation into the EU ETS</b>	Directive 2008/101/EC of the European Parliament and of the Council of 19 November 2008 amending Directive 2003/87/EC to include <b>aviation activities</b> in the scheme for greenhouse gas emission allowance trading within the Community



## CARBON CAPTURE AND STORAGE

2009/31/EC  
**Geological storage of carbon dioxide**

Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on **the geological storage of carbon dioxide** and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006

## F-GASES

EC/842/2006  
**F-Gases**

Regulation (EC) No 842/2006 of the European Parliament and of the Council of 17 May 2006 on **certain fluorinated greenhouse gases** as amended by Regulation (EC) 1137/2008. See also Commission Regulations (EC) No 1493/2007; No 1494/2007; No 1497/2007; No 1516/2007; No 303/2008; No 304/2008; No 305/2008; No 306/2008; No 307/2008; No 308/2008

## OZONE DEPLETING SUBSTANCES

1005/2009, 744/2010  
**Ozone Depleting Substances**

Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on **substances that deplete the ozone layer**, amended by: Commission Regulation (EU) No 744/2010 of 18 August 2010 amending Regulation (EC) No 1005/2009 of the European Parliament and of the Council on substances that deplete the ozone layer, with regard to the critical uses of halons

See also Commission Decision 2010/372/EU on the use of controlled substances as process agents under Article 8(4) of Regulation (EC) No. 1005/2009 and Commission Regulation (EU) on essential uses of controlled substances other than hydrochlorofluorocarbons for laboratory and analytical purposes No 1005/2009

## FUEL QUALITY

98/70/EC  
**Quality of petrol and diesel fuels**

Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the **quality of petrol and diesel fuels** and amending Council Directive 93/12/EEC as amended by Directives 2000/71/EC, 2003/17/EC, 2009/30/EC and Regulation (EC) 1882/2003

2009/30/EC  
**Specification and monitoring**

Directive 2009/30/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 98/70/EC as regards the **specification of petrol, diesel and gas-oil and introducing a mechanism to monitor** and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC

## CO2/CARS

443/2009/EC  
**Emission standards for new cars**

Regulation (EC) 443/2009 of the European Parliament and of the Council of 23 April 2009 setting **emission performance standards for new passenger cars** as part of the Community's integrated approach to reduce CO<sub>2</sub> emissions from light-duty vehicles. Related to this:

- Commission Regulation 1014/2010 of 10 November 2010 on monitoring and reporting of data on the registration of new passenger cars pursuant to Regulation (EC) 443/2009 of the European Parliament and of the Council
- Commission Regulation (EU) 63/2011 of 26 January 2011 laying down detailed provisions for the application for a derogation from the specific CO<sub>2</sub> emission targets pursuant to Article 11 of Regulation (EC) 443/2009 of the European Parliament and of the Council

1999/94/EC  
**Consumer Information**

Directive 1999/94/EC of the European Parliament and of the Council of 13 December 1999 relating to the availability of consumer information on fuel economy and CO<sub>2</sub> emissions in respect of the marketing of new passenger cars as amended by Directives 2003/73/EC and 2009/30/EC and Regulations (EC) 1882/2003 and (EC) 1137/2008



## ANNEX IV

# Background data on climate change mitigation and adaptation aid by DAC members in 2010

**Table 1** Climate change mitigation related aid by recipient countries

Country	Rio Marker 2: Principal	Rio Marker 1: Significant	Total
Albania	28.8	131,155.7	131,184.4
Bosnia-Herzegovina	95,670.6	9,620.6	105,291.2
Croatia	84.4	14.4	98.8
Kosovo	-	14,696.5	14,696.5
Macedonia, FYR	2,761.6	38,884.1	41,645.8
Montenegro	2,818.3	14.4	2,832.7
Serbia	3,635.0	33,128.4	36,763.4
<b>Grand Total</b>	<b>104,998.6</b>	<b>227,514.2</b>	<b>332,512.8</b>

Source: OECD-DAC CRS database 2012 (own compilation): All data in thousands of USD

**Table 2** Climate change mitigation related aid by donors

Donors	Rio Marker 2: Principal	Rio Marker 1: Significant	Grand Total
Austria	169.3	137.5	306.7
Denmark	0.0	4,954.4	4,954.4
EU Institutions	3,311.3	2,649.0	5,960.3
Finland	0.0	7,964.8	7,964.8
Germany	98,013.2	181,841.1	279,854.3
Greece	0.0	86.5	86.5
Japan	191.5	208.7	400.2
Norway	1,373.1	3,750.2	5,123.3
Spain	214.6	0.0	214.6
Sweden	1,388.5	13,368.2	14,756.6
Switzerland	28.8	12,553.9	12,582.7
United Kingdom	1.9	0.0	1.9
United States	306.4	0.0	306.4
<b>Grand Total</b>	<b>104,998.6</b>	<b>227,514.2</b>	<b>332,512.8</b>

Source: OECD-DAC CRS database 2012 (own compilation): All data in thousands of USD

**Table 3** Climate change adaptation related aid by recipient countries

Country	Rio Marker 2: Principal	Rio Marker 1: Significant	Total
Albania	825.6	106,426.0	107,251.6
Bosnia-Herzegovina	22.7	7,104.3	7,127.0
Kosovo	24.6	4,021.2	4,045.8
Macedonia, FYR	2,023.6	37,368.8	39,392.4
Montenegro	22.7	6,791.2	6,813.9
Serbia	88.9	105,221.8	105,310.7
<b>Grand Total</b>	<b>3,008.1</b>	<b>266,933.3</b>	<b>269,941.3</b>

Source: OECD-DAC CRS database 2012 (own compilation): All data in thousands of USD

**Table 4** Climate change adaptation related aid by donors

Donors	Rio Marker 2: Principal	Rio Marker1: Significant	Grand Total
Denmark	0.0	7,115.2	7,115.2
Finland	0.0	4,370.9	4,370.9
Germany	0.0	234,240.2	234,240.2
Greece	136.1	0.0	136.1
Italy	840.3	119.2	959.6
Japan	0.0	6,791.2	6,791.2
Luxembourg	0.0	47.7	47.7
Norway	959.6	0.0	959.6
Sweden	1,041.3	14,066.7	15,108.1
Switzerland	28.8	182.2	211.0
United Kingdom	1.9	0.0	1.9
<b>Grand Total</b>	<b>3,008.1</b>	<b>266,933.3</b>	<b>269,941.3</b>

Source: OECD-DAC CRS database 2012 (own compilation): All data in thousands of USD

## ANNEX V

# ACTIVITIES OF IFIs IN THE WESTERN BALKANS

### EBRD

The EBRD supports projects with climate change objectives in the Western Balkans. More than 20% of the EBRD investments have a climate component (e.g in Turkey 44%, in Western Balkans 29% and in the New EU member states 26%). In the Western Balkans there has been a gradual increase in the share of climate operations, reaching 32% in 2012<sup>41</sup>. According to the bank's strategy, the bank aims for at least 25% of its annual business volume to be in climate finance.

The table below presents a snapshot of the EBRD activities under the Sustainable Energy Initiative for both technical assistance grants and investments.

Climate Finance Project name	Country	Signed Climate Finance component (EUR)	Climate Finance TA connected to the project (EUR)	Climate Finance Investment Grants related to project (EUR)
<b>Local and Regional Roads</b>	Albania	5,000,000.0		
<b>Hygeia Hospital Tirana</b>	Albania	1,500,000.0		
<b>Sarajevo International Airport</b>	Bosnia and Herzegovina	2,600,000.0		
<b>EU/EBRD WeBSECLF<sup>42</sup>: Raiffeisen Bank BiH</b>	Bosnia and Herzegovina	8,000,000.0	333,000	1,800,000
<b>EU/EBRD WeBSECLF – UniCredit Bank BiH</b>	Bosnia and Herzegovina	5,000,000.0	208,000	1,125,000
<b>Gasification of Central Bosnia Canton</b>	Bosnia and Herzegovina	17,000,000.0		
<b>CITY CENTRE ONE SPLIT</b>	Croatia	4,600,000.0	30,440(*)	
<b>GTC<sup>43</sup> Avenue Mall, Osijek</b>	Croatia	1,800,000.0		
<b>INA<sup>44</sup></b>	Croatia	68,000,000.0	66,150(*)	
<b>WBSEDF: MIK Sveti Nikole</b>	FYR Macedonia	1,300,000.0	39,000	121,200
<b>Ohridska Banka Energy Efficiency Credit Line</b>	FYR Macedonia	2,500,000.0	104,000	562,500
<b>EU/EBRD WeBSECLF: Export and Credit Bank AD Skopje</b>	FYR Macedonia	1,500,000.0	62,500	337,500

<sup>41</sup> EBRD source data

<sup>42</sup> Western Balkans Sustainable Energy Credit Line Facility

<sup>43</sup> Property Developer

<sup>44</sup> Industria Nafta (Croatia)

Climate Finance Project name	Country	Signed Climate Finance component (EUR)	Climate Finance TA connected to the project (EUR)	Climate Finance Investment Grants related to project (EUR)
<b>WeBSEDF<sup>45</sup> Mali Hidro Elektrani</b>	FYR Macedonia	6,000,000.0	90,000	900,000
<b>Sveti Stefan Hotel Complex PPP<sup>46</sup></b>	Montenegro	2,300,000.0	32,186(*)	
<b>Montenegro: ZPCg Rolling Stock Renewal Project</b>	Montenegro	13,600,000.0	25,700	
<b>EPCG<sup>47</sup> Metering and Distribution Project</b>	Montenegro	19,000,000.0		
<b>Danilovgrad Municipal Infrastructure Project</b>	Montenegro	300,000.0		
<b>LEF<sup>48</sup>: Old Mill</b>	Serbia	2,000,000.0	29,750	
<b>Serbian Railways Corridor X</b>	Serbia	65,000,000.0	297,000(*)	
<b>EU/EBRD WeBSECLF – Societe Generale Serbia</b>	Serbia	5,000,000.0	208,000	1,125,000
<b>EU/EBRD WeBSECLF – Banca Intesa Beograd II</b>	Serbia	40,000,000.0	167,000	900,000
<b>EPS Metering</b>	Serbia	40,000,000.0	49,500	
<b>Srbijagas</b>	Serbia	30,000,000.0		
<b>WeBSEDF: Dikanc</b>	Serbia	1,400,000.0	42,000	280,000

TA indicated here with (\*) also overlaps with TA Assignments described in the table below on Technical Assistance

Transaction Related Technical Assistance Assignments	Volume (EUR)	Country	Funder
<b>Pre-feasibility study for small hydro power plants (SHPP) in five communities within Montenegro</b>	74,560	Montenegro	Czech Republic
<b>Belgrade Suburban Rail – PIU Support and Contract Supervision</b>	225,000	Serbia	Shareholders Special Fund (SSF)
<b>EU/EBRD Croatia Private Sector Support Facility (PSSF): Energy Efficiency (SEFF) and SME Competitiveness Support (SME-CSF) – Project Consultant</b>	1,099,992	Croatia	EU
<b>Serbian Railways: Project Implementation Support</b>	297,000	Serbia	SSF
<b>Support to ZS for Implementation of Energy Information Management System – Serbia</b>	250,000	Serbia	Italy
<b>Energy Audits</b>			
<b>Old Mill, Belgrade – Energy Performance Assessment</b>	30,440	Serbia	SSF

<sup>45</sup> Western Balkans Sustainable Energy Direct Financing Facility

<sup>46</sup> Public Private Partnership

<sup>47</sup> Electric Power Company of Montenegro

<sup>48</sup> EBRD Local Enterprise Facility

Transaction Related Technical Assistance Assignments	Volume (EUR)	Country	Funder
<b>Energy Performance Assessment – Hilton Podgorica</b>	9,850	Montenegro	Norway
<b>EPA at Sveti Stefan</b>	32,186	Montenegro	WEBF
<b>Energy Audit at INA Oil Refineries</b>	66,150	Croatia	Netherlands
<b>Energy Survey of Zeljeznicki Prevoz Crne Gore (ZPCG)/ Railways Passenger Company of Montenegro</b>	25,700	Montenegro	SSF/WBF
<b>Energy Audit at IMN Tulltorja, Kosovo</b>	22,500	Kosovo	Italy
<b>Energy Audit at NISSAL</b>	36,080	Serbia	Western Balkans Fund
<b>Energy Audit at Brcko Agri</b>	32,240	Bosnia	Western Balkans Fund
<b>Energy Audit at Titan Cement – Kosjeric Plant</b>	44,500	Serbia	Central Euro-pean Initiative
<b>Renewables Capacity Building Assignments – Funded by EBRD SSF</b>			
<b>Review and Update of Renewable Energy Legislation</b>	131,042	Montenegro	SSF
<b>Assistance in the Development of the Renewable Energy Part of the Energy Law</b>	152,263	Serbia	SSF
<b>Large Scale Wind Integration in Croatian Electric Power System</b>	189,019	Croatia	SSF
<b>Support to Regulators in Development of Regulatory Framework for Promotion of Renewable Energy Investments</b>	144,906	Bosnia Herzegovina	SSF
<b>Enhancement of Modelling Capability for Feed-In Tariffs and its Impact</b>	44,050	Montenegro	SSF
<b>Power Network Analysis for Wind Power Integration</b>	195,991	Montenegro	SSF
<b>Review Proposed Renewable Energy Law to Ensure it Meets EU Requirements</b>	33,010	Montenegro	SSF
<b>Feed-In Tariffs for Renewable Energy Sources</b>	144,810	Albania	SSF
<b>Feed-In Tariffs for Renewable Energy Sources</b>	125,980	Montenegro	SSF
<b>Capacity Building for Renewable Energy Investment</b>	650,000	Albania	Norway

## KfW

Climate Change Initiatives financed by German Government through KfW Development Bank

Code	Country	Project	Financing (EUR)	Climate Change Mitigation	Climate Change Adaptation
19900	Albania	Environmental Protection Lake Shkodra	7,500,000.00	KLM: 0	KLA: 1
19900	Albania	Environmental Protection Lake Shkodra	5,000,000.00	KLM: 0	KLA: 1
21180	Albania	Sewage Disposal Korca III	5,000,000.00	KLM: 1	KLA: 0
23776	Albania	Solid Waste Management Southeast Albania	10,800,000.00	KLM: 1	KLA: 0
27434	Albania	Solid Waste Management Southeast Albania, Accompanying Measure	1,000,000.00	KLM: 1	KLA: 0
30349	Albania	Solid Waste Management	12,000,000.00	KLM: 1	KLA: 0
21239	Albania	Electricity Southern Albania Bistrice II	10,000,000.00	KLM: 1	KLA: 1
22798	Albania	Interest subsidy project, 400-kV Transmission Line Kosovo–Albania (Tirana–Prishtina)	42,000,000.00	KLM: 1	KLA: 0
22817	Albania	110-kV-Circuit Line South Albania	37,750,000.00	KLM: 1	KLA: 0
23023	Albania	Hydropower and Dam Reliability Mat–Drin cascade	20,000,000.00	KLM: 1	KLA: 1
27194	Albania	Electricity Transmission Programme	40,000,000.00	KLM: 1	KLA: 0
28120	Albania	400 kV Transmission Line Albania Macedonia	30,000,000.00	KLM: 1	KLA: 0
25317	Albania	Promotion of Energy Efficiency Investments via the Banking Sector	12,000,000.00	KLM: 2	KLA: 0
25270	Bosnia and Herzegovina	Energy Efficiency Initiative in SME and Building Sector	15,000,000.00	KLM: 2	KLA: 0
25878	Bosnia and Herzegovina	Energy Efficiency Initiative in SME and Building Sector (Accompanying Measure)	200,000.00	KLM: 2	KLA: 0
18623	Bosnia and Herzegovina	Rehabilitation of Hydropower Plant Trebinje	2,045,167.52	KLM: 1	KLA: 1
19725	Bosnia and Herzegovina	Rehabilitation of the Hydropower Plant Trebinje, Phase II	5,112,918.81	KLM: 1	KLA: 1
21590	Bosnia and Herzegovina	Rehabilitation of WKW Rama (Energy Sector Programme)	10,000,000.00	KLM: 2	KLA: 1
22792	Bosnia and Herzegovina	Energy Sector Programme SCADA-System on Distribution Level	11,000,000.00	KLM: 1	KLA: 0

Code	Country	Project	Financing (EUR)	Climate Change Mitigation	Climate Change Adaptation
23689	Bosnia and Herzegovina	<b>Energy Sector Programme III</b>	6,000,000.00	KLM: 2	KLA: 1
24163	Bosnia and Herzegovina	<b>Wind Farm Mesihovina</b>	71,000,000.00	KLM: 2	KLA: 0
24511	Bosnia and Herzegovina	<b>Energy Sector Programme IV</b>	70,000,000.00	KLM: 2	KLA: 0
26208	Bosnia and Herzegovina	<b>SHPP Cijevna III</b>	50,000,000.00	KLM: 2	KLA: 0
26318	Bosnia and Herzegovina	<b>Energy Sector Programme V (Hydropower)</b>	30,000,000.00	KLM: 2	KLA: 0
27390	Bosnia and Herzegovina	<b>Programme for the Enhancement of Hydropower</b>	50,000,000.00	KLM: 2	KLA: 0
28729	Bosnia and Herzegovina	<b>Programme for the Development of Hydropower II</b>	25,000,000.00	KLM: 2	KLA: 0
28749	Bosnia and Herzegovina	<b>Renewable Energies III</b>	22,500,000.00	KLM: 2	KLA: 0
30022	Bosnia and Herzegovina	<b>Wind Farm Podvezlje</b>	65,000,000.00	KLM: 2	KLA: 0
30352	Bosnia and Herzegovina	<b>Renewable Energies IV</b>	25,000,000.00	KLM: 2	KLA: 0
31542	Bosnia and Herzegovina	<b>Programme for the Enhancement of Hydropower, Phase III</b>	25,000,000.00	KLM: 2	KLA: 0
31543	Bosnia and Herzegovina	<b>Programme for the Enhancement of Hydropower, Phase IV</b>	25,000,000.00	KLM: 2	KLA: 0
21962	Bulgaria	<b>Municipal Infrastructure Programme</b>	34,373,000.00	KLM: 0	KLA: 2
22803	Croatia	<b>Climate Protection Programme Croatia</b>	50,000,000.00	KLM: 2	KLA: 1
24414	Kosovo	<b>Promotion of Energy Efficiency Investments via the Banking Sector I</b>	10,000,000.00	KLM: 2	KLA: 0
24515	Kosovo	<b>Promotion of Energy Efficiency Investments via the Banking Sector II</b>	8,000,000.00	KLM: 2	KLA: 0
28132	Kosovo	<b>Promotion of Energy Efficiency Investments via the Banking Sector (Accompanying Measure)</b>	600,000.00	KLM: 2	KLA: 0
20985	Kosovo	<b>Promoting the Energy Sector in Kosovo (Inv.) (VP)</b>	12,350,000.00	KLM: 1	KLA: 1
24907	Kosovo	<b>400-kV Power Transmission Line Kosovo–Albania (Tirana–Prishtina)</b>	17,000,000.00	KLM: 1	KLA: 0

Code	Country	Project	Financing (EUR)	Climate Change Mitigation	Climate Change Adaptation
25323	Kosovo	<b>Energy Efficiency of Public Buildings at the Municipal Level</b>	2,500,000.00	KLM: 1	KLA: 0
26432	Kosovo	<b>Energy Sector Programme IV – (improvement of the transmission network)</b>	8,500,000.00	KLM: 1	KLA: 0
29067	Kosovo	<b>Development of Energy Sector V – (improvement of the transmission network)</b>	7,000,000.00	KLM: 1	KLA: 0
29528	Kosovo	<b>Energy Sector Programme III</b>	5,000,000.00	KLM: 1	KLA: 0
30514	Kosovo	<b>Development of Energy Sector VI (improvement of the transmission network)</b>	8,500,000.00	KLM: 1	KLA: 0
22309	Macedonia	<b>Energy Efficiency and Renewable Energy Programme Phase I</b>	20,000,000.00	KLM: 1	KLA: 0
25188	Macedonia	<b>Energy Efficiency and Renewable Energy Programme Phase II</b>	60,000,000.00	KLM: 1	KLA: 0
28831	Macedonia	<b>Programme Energy Efficiency and Renewable Energy Phase III</b>	35,000,000.00	KLM: 1	KLA: 0
21592	Montenegro	<b>4-E-Hydropower Piva in Montenegro Phase I (ZV) (4E) (VP)</b>	16,000,000.00	KLM: 2	KLA: 0
21945	Montenegro	<b>Water Supply and Sewage Disposal Adriatic Coast III (Inv.) Montenegro</b>	28,000,000.00	KLM: 1	KLA: 0
22186	Montenegro	<b>Municipal Water Supply and Sewage Disposal at the Adriatic Coast</b>	4,500,000.00	KLM: 1	KLA: 0
26024	Montenegro	<b>Institutional Training Water Supply and Sewage Disposal Adriatic Coast III and IV</b>	2,000,000.00	KLM: 1	KLA: 0
27609	Montenegro	<b>Regional Programme for Energy Efficiency in Transmission</b>	70,000,000.00	KLM: 2	KLA: 0
27987	Montenegro	<b>Energy Efficiency Programme Public Buildings – Phase II</b>	20,000,000.00	KLM: 1	KLA: 0
25098	Montenegro	<b>Promotion of Energy Efficiency Investments via the Banking Sector I</b>	15,000,000.00	KLM: 2	KLA: 0
26750	Montenegro	<b>Promotion of Energy Efficiency Investments via the Banking Sector II</b>	2,000,000.00	KLM: 2	KLA: 0
26752	Montenegro	<b>Promotion of Energy Efficiency Investments via the Banking Sector III</b>	2,000,000.00	KLM: 2	KLA: 0
30350	Serbia	<b>Solid Waste Management</b>	16,000,000.00	KLM: 1	KLA: 0
30370	Serbia	<b>Water Supply and Sewage Disposal Midsize Towns in Serbia VI</b>	20,000,000.00	KLM: 1	KLA: 0



Code	Country	Project	Financing (EUR)	Climate Change Mitigation	Climate Change Adaptation
19629	Serbia	Rehabilitation of District Heating System – Phase III (Serbia)	12,000,000.00	KLM: 1	KLA: 1
21861	Serbia	Rehabilitation of Power Plants / Environment (Serbia)	36,000,000.00	KLM: 2	KLA: 0
24521	Serbia	Energy Efficiency by Ecological Coal Quality Management	40,000,000.00	KLM: 1	KLA: 0
25590	Serbia	Promoting Efficiency and Environmental Initiatives in the Energy Sector (rehabilitation WKW Zvornik)	70,000,000.00	KLM: 0	KLA: 0
26002	Serbia	Rehabilitation of District Heating Systems in Serbia (Phase IV)	45,000,000.00	KLM: 1	KLA: 0
26329	Serbia	Energy Efficiency by Ecological Coal Quality Management	25,000,000.00	KLM: 1	KLA: 0
27500	Serbia	Rehabilitation of Hydropower Plants Vlasinske	60,000,000.00	KLM: 2	KLA: 0
28101	Serbia	Biomass-Based CHP Subotica	20,000,000.00	KLM: 1	KLA: 0
28567	Serbia	Energy Efficiency Programme in Public Buildings	15,000,000.00	KLM: 2	KLA: 0
29131	Serbia	Promotion of Renewable Energies – developing the biomass market in Serbia	100,000,000.00	KLM: 2	KLA: 0
30351	Serbia	Rehabilitation of District Heating Systems in Serbia (Phase V)	30,000,000.00	KLM: 1	KLA: 0
30358	Serbia	Hydropower Development Programme	70,000,000.00	KLM: 1	KLA: 0
30362	Serbia	Windpower Development Programme	50,000,000.00	KLM: 1	KLA: 0
24520	Serbia	Promotion of Energy Efficiency Investments via the Banking Sector	50,000,000.00	KLM: 2	KLA: 0
27117	Serbia	Promotion of Energy Efficiency Investments via the Banking Sector (Accompanying Measure)	500,000.00	KLM: 2	KLA: 0
25283	Serbia	Balkan Green Financing	30,000,000.00	KLM: 2	KLA: 0
25877	Serbia	Balkan Green Financing (Accompanying Measure)	400,000.00	KLM: 2	KLA: 0
25290	Serbia	Energy Efficiency Finance Facility (EEFF2007)	31,000,000.00	KLM: 2	KLA: 0
26013	Serbia	Energy Efficiency Finance Facility (EEFF2007) (Accompanying Measure)	7,700,000.00	KLM: 2	KLA: 0
25858	Serbia	Energy Efficiency Initiative in SME and Building Sector	10,000,000.00	KLM: 2	KLA: 0

Code	Country	Project	Financing (EUR)	Climate Change Mitigation	Climate Change Adaptation
25880	Serbia	<b>Energy Efficiency Initiative in SME and Building Sector (Accompanying Measure)</b>	200,000.00	KLM: 2	KLA: 0
26654	Serbia	<b>Municipal Investments in Energy Efficiency and Environmental Measures</b>	22,000,000.00	KLM: 2	KLA: 0
30808	Serbia	<b>Municipal Investments in Energy Efficiency and Environmental Measures (Accompanying Measure)</b>	1,000,000.00	KLM: 2	KLA: 0
28770	Serbia	<b>Eco-Loans via Serbian Banking Sector</b>	52,000,000.00	KLM: 2	KLA: 0
30650	Serbia	<b>Eco-Loans via Serbian Banking Sector (Accompanying Measure)</b>	1,000,000.00	KLM: 2	KLA: 0
29622	Serbia	<b>Energy Efficiency and MSME Financing</b>	10,000,000.00	KLM: 2	KLA: 0
29997	Serbia	<b>Energy Efficiency and MSME Financing (Accompanying Measure)</b>	220,000.00	KLM: 2	KLA: 0
30651	Serbia	<b>Framework Loan Agreement Serbia, Energy Efficiency Financing (Accompanying Measure)</b>	220,000.00	KLM: 2	KLA: 0
31235	Serbia	<b>Framework Loan Agreement Serbia, Energy Efficiency Financing</b>	5,000,000.00	KLM: 2	KLA: 0
25911	South East Europe	<b>Filters Pljevlja and Substations Ribarevine/Podgorica5</b>	15,000,000.00	KLM: 1	KLA: 0
27071	South East Europe	<b>Energy Efficiency Programme in Public Buildings</b>	11,500,000.00	KLM: 1	KLA: 0
26810	South East Europe	<b>Green for Growth Fund, South East Europe (GGF)</b>	80,552,218.73	KLM: 2	KLA: 0
27388	South East Europe	<b>Green for Growth Fund, South East Europe (GGF) (Accompanying Measure)</b>	1,500,000.00	KLM: 2	KLA: 0
25920	South East Europe	<b>Regional Facility for Energy Efficiency and Renewable Energy Financing I</b>	25,000,000.00	KLM: 2	KLA: 0
21938	South East Europe	<b>Regional Facility for Energy Efficiency and Renewable Energy Financing I (Accompanying Measure)</b>	5,000,000.00	KLM: 2	KLA: 0
23006	South East Europe	<b>Regional Facility for Energy Efficiency and Renewable Energy Financing II</b>	21,000,000.00	KLM: 2	KLA: 0
23006	South East Europe	<b>Regional Facility for Energy Efficiency and Renewable Energy Financing II (Accompanying Measure)</b>	7,000,000.00	KLM: 2	KLA: 0

## THE WORLD BANK

Climate Action is one of the Europe and Central Asia (ECA) Region's three strategic pillars, which calls for providing countries with incentives to boost energy efficiency; providing and leveraging financing for investments in renewable energy; and providing support for climate adaptation investments – all with the aim of helping countries in the ECA region build a sustainable future.

For the World Bank, ECA region and Western Balkan countries specifically, a number of trends can be observed for climate related lending for adaptation and mitigation. A snapshot of active investment projects as well as non-lending services for the Western Balkan countries is as follows:

- For the World Bank Group (WBG) overall, the share of CC related and low-carbon projects in the portfolio increased from \$6.76 billion (42 percent) in 2006–08 to \$14.9 billion (51 percent) in 2009–11. Many of the development investment activities contribute to climate change adaptation and/or mitigation (as co-benefit), even when this is not their main objective.
- For the ECA region, CC related activities account for almost US\$1.75 billion in FY 2012 alone. Mitigation related investments continue to be the major CC activity with 1.4 billion investments which grew to US\$1.7 billion in 2012. Almost US\$120 million ECA lending, (up from US\$50 million in 2011), is expected to contribute to adaptation related activities.
- For the Western Balkan countries, World Bank (International Bank for Reconstruction and Development (IBRD) and International Development Assistance (IDA)) current active lending for projects related to climate change over the years 2004–12 is estimated at US\$130 million out of US\$297 million of lending. These projects include: energy efficiency (EE) and renewable energy (RE); irrigation development; biodiversity; forestry; and natural disaster management related investments (see Table 1 for details).
- The International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) lending for climate change (EE and RE) for the years 2007–12 was around US\$90 and US\$160 million<sup>49</sup>, respectively.
- Non-lending services for the Western Balkan countries include Economic Sector Work (ESW) and Technical Assistance (TA). They are a substantial part of World Bank's climate change related engagement. For the years 2012–14 World Bank's analytical and advisory 3activities and their climate change component amounted to about US\$5.7 and US\$3.1 million, respectively (see Table 2 for details).

### Overview of the World Bank's active investment projects for the Western Balkan Countries

Country Name	Project ID <sup>50</sup>	Project Short Name	Approval FY	Budget (\$m)	Climate Change <sup>51</sup> %	Climate Change Finance (m)
Albania	P110481	ECSEE APL 5 DAM SAFETY	2008	\$56.9	36	\$20.3
Albania	P125856	DAM SAFETY ADDITIONAL FINANCING	2012	\$21.6	50	\$10.8
Albania	P110845	DISASTER RISK MITIGATION	2008	\$9.2	100	\$9.2
Albania	P120961	TF-NATURAL RESOURCE DEVPT	2012	\$2.7	100	\$2.7
Bosnia and Herzegovina	P087094	FOREST & MTN PROT AREA (GEF)	2008	\$3.4	100	\$3.4
Bosnia and Herzegovina	P085112	QUALITY PROTECT (GEF)	2005	\$8.9	100	\$8.9
Croatia	P102395	Second Coastal Cities Pollution Control Project	2008	\$6.4	100	\$6.4

<sup>49</sup> Extracted from the WBG database by SEGEN

<sup>50</sup> Further information about these projects can be obtained from the website: [www.worldbank.org](http://www.worldbank.org)

<sup>51</sup> The climate contribution is based on sector theme and best estimate in the institutional database

Country Name	Project ID	Project Short Name	Approval FY	Budget (\$m)	Climate Change %	Climate Change Finance (m)
<b>Macedonia, Former Yugoslav Republic of</b>	P082337	<b>ECSEE APL #3 (FYR MACEDONIA)</b>	2006	\$44.1	10	\$4.4
<b>Macedonia, Former Yugoslav Republic of</b>	P089656	<b>SUSTAINABLE ENERGY (GEF)</b>	2007	\$5.5	40	\$2.2
<b>Macedonia, Former Yugoslav Republic of</b>	P096481	<b>MUNICIPAL DEVELOPMENT</b>	2009	\$25.0	20	\$5.0
<b>Macedonia, Former Yugoslav Republic of</b>	P096217	<b>AF-ENERGY INFRASTRUCTURE</b>	2011	\$19.1	21	\$4.1
<b>Moldova</b>	P125137	<b>MOLDOVA: SIDA TF ENERGY REFORM AND EE</b>	2011	\$2.6	30	\$0.8
<b>Montenegro</b>	P106899	<b>ECSEE APL #3 – MONTENEGRO</b>	2008	\$9.0	14	\$1.3
<b>Montenegro</b>	P107992	<b>ENERGY EFFICIENCY IN PUBLIC BUILDINGS</b>	2009	\$9.4	80	\$7.5
<b>Montenegro</b>	P110602	<b>MONTENEGRO INSTITU DEV AND AGR STRENGTH</b>	2009	\$4.0	100	\$4.0
<b>Serbia</b>	P093545	<b>TRANS AG REFORM (GEF)</b>	2007	\$4.5	100	\$4.5
<b>Serbia</b>	P075343	<b>ENERGY EFFICIENCY</b>	2004	\$49.0	29	\$14.2
<b>South Eastern Europe and Balkans</b>	P084608	<b>NERETVA/TREBISNJICA RIVER BASIN GEF</b>	2008	\$16.0	30	\$4.8
<b>South Eastern Europe and Balkans</b>	P123896	<b>SEEC CRIF (GEF/SCCF)</b>	2012	\$5.5	100	\$5.5
<b>South Eastern Europe and Balkans</b>	P084605	<b>LAKE SKHODER INTEGRATED ECOSYSTEM MANAGE ALBANIA/MONTENEGRO</b>	2008	\$4.6	100	\$4.6
<b>Total CC investments for the Western Balkans</b>				<b>\$297</b>		<b>\$130</b>

## Overview of the World Bank's non-lending services for the Western Balkan countries

Country Name	Project ID	Project Short Name	Delivery FY	Budget (K)	Climate Change %	Climate Change Finance (K)
Bosnia and Herzegovina	P113685	<b>VRBAS INTEGRATED WATER-ENERGY STUDY</b>	2013	\$440	10	\$44
Croatia	P144564	<b>Renewable Energy and Energy Efficiency</b>	2013	\$75	100	\$75
Europe and Central Asia	P113712	<b>Climate Change – Energy Vulnerability</b>	2012	\$472	14	\$66
Europe and Central Asia	P133231	<b>Western Balkans – Regional Energy Strategy</b>	2014	\$2	40	\$1
Europe and Central Asia	P113336	<b>Climate Change – Rural Livelihoods</b>	2012	\$1,452	14	\$203
Macedonia, Former Yugoslav Republic of	P123048 P096960	<b>Macedonia Green Growth and Climate Change</b>	2013	\$2,500	100	\$2,500
Macedonia, Former Yugoslav Republic of	P143694	<b>Infrastructure Review</b>	2013	\$6	10	\$1
South Eastern Europe and Balkans	P124095	<b>Innovative Financing for Sustainable Forest Management</b>	2014	\$298	50	\$149
South Eastern Europe and Balkans	P133200	<b>W. Balkans Buildings Energy Efficiency Scale-Up</b>	2014	\$39	40	\$16
South Eastern Europe and Balkans	P113303	<b>SEE Water and Climate Adaptation</b>	2013	\$430	14	\$60
<b>Total CC AAA for the Western Balkans</b>				<b>\$5,715</b>		<b>\$3,115</b>



## **WBIF Policy and Strategy Discussions**

### **Stocktaking of Climate Change Initiatives in the Western Balkans**

This publication has been produced with the assistance of the European Union. The content of this publication is the sole responsibility of the Consortium led by PM Group and can in no way be taken to reflect the views of the European Union.