

# CLIMATE ACTION GROUP

## WORK PROGRAMME 2017 – 2019

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## INTRODUCTION

The Contracting Parties (Albania, Bosnia and Herzegovina, Kosovo\*<sup>1</sup>, Former Yugoslav Republic of Macedonia, Georgia, Moldova, Montenegro, Serbia, Ukraine) of the Energy Community are already experiencing severe climate change impacts – such as droughts and floods – that are inflicting billions of euros of damages to the national budgets. The urgency of the climate challenge has been recognized at the international scale via the Paris Climate Agreement, where countries called on each other to step up their climate action, to hold global warming to well below 2 degrees Celsius and to pursue efforts to limit it to 1.5 degrees Celsius.

To prevent further negative impacts to their citizens and the overall economy, Energy Community Contracting Parties support the call for enhanced action on climate change provided by the Paris Agreement. In the context of the Energy Community Treaty, the Contracting Parties express the readiness to take mitigation actions, having in mind that the energy sector is the key contributor to the greenhouse gases emissions, both globally and in the region.

In doing so, the Contracting Parties stay committed to the close cooperation with the EU and acknowledge the ongoing work on the development of the Clean Energy for All Package and the upcoming work on the long-term strategies spanning to 2050 and beyond. They understand that the urgency of climate change does not allow waiting for the finalisation of the outcomes of these processes to start the action and they recognize the importance of mirroring these processes in the Energy Community. Further action needs to be built on the preparatory work done in the past years, via the ECRAN and Clima East capacity building programmes and other technical and financial assistance provided by the EU and other donors.

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\*This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

The Energy Community countries will require continued financial and technical support and will need to build expertise to implement a climate resilient future. By using the regional approach, Energy Community countries can pool existing financial resources and make better use of the available assistance.

In particular, countries are working on the best ways for aligning their legislation to the Monitoring Mechanism Regulation (MMR), namely Regulation (EU) No 525/2013. A Recommendation on its implementation was adopted at last Ministerial Council of the Energy Community, on 14 October 2016. Nevertheless, much more remains to be done in the region to address the most challenging needs ahead, in particular the full and coordinated implementation of the Paris Agreement by all Contracting Parties.

The Climate Action Group (CAG) was established at the First Informal Ministerial Council of Energy and Environmental Ministers (9-10 June, Wachau). The CAG represents a platform for cooperation between representatives of ministries and agencies in charge of energy, climate change and environment from the Energy Community Contracting Parties (CPs), and Observer Countries. Its key objective is to **facilitate the development of climate policy** and the transposition of related legislation into national legislation and to support its **effective implementation**.

The CAG plays also an important role for:

- i) discussing and analysing the key provisions of Regulation (EU) No 525/2013 to be incorporated into the Energy Community acquis;
- ii) mainstreaming climate related obligations across sectors;
- iii) merging and simplifying separate reporting requirements currently existing for obligations on renewables, energy efficiency and greenhouse gas emissions;

Finally, the CAG will be the platform to reaffirm the countries' commitment to the Paris Agreement, discuss international climate policy issues and reporting requirements and align their position to the EU one, in the run-up to the upcoming and future meetings of the Conference of the Parties (COP) of the UNFCCC.

## **WORK PROGRAMME**

The Work Programme includes 2 Core Areas and 6 Core Topics, and it may also include other activities rising from the extension of the EnC Treaty in the future, promoting a stronger involvement of new Contracting Parties and candidate countries.

Deliverables proposed by this Work Programme may be subject to further adaptation depending on the outcomes of the negotiations on the Clean Energy for All package at the EU level, as well as other relevant developments of international and EU policy.

The CAG will elect a Chair and a Co-Chair. The Chairs will be assisted by the ECS and the European Commission (DG Clima). Core Topic Leaders from participating CPs and Observers will coordinate the implementation of respective Work Programme Core Topics, organise discussions and summarise key findings and recommendations during CAG meetings.

The CAG will convene twice per year, also in combination with training and/or conferences. The first meeting will take place on 5 September 2017 at the Energy Community Secretariat, in Vienna.

The section below provides an overview of core topics and tasks for implementation as well as horizontal and cross-cutting activities.

# 1 TOWARDS INTEGRATED ENERGY AND CLIMATE PLANS

Energy Community Contracting Parties have multiple reporting obligations under the UN Framework Convention on Climate Change (UNFCCC). Paris Agreement further defines these reporting obligations for the period after 2020.

At the same time, the European Commission has adopted a Guidance on how these reporting requirements should be prepared through integrated National Energy and Climate Plans (NECPs), which is likely to be proposed for adoption as a Recommendation to the Ministerial Council. This initiative also encourages regional cooperation and even a consultation of NECPs between neighbouring countries.

On top of this, Energy Community Contracting Parties have certain obligations on air quality, relevant to the energy sector. The work on implementation and further development of the air pollution legislation is already underway in the Environmental Task Force of the Energy Community.

The CAG identifies the following core topics as the key steps towards the development of integrated NECPs in the Energy Community:

- Core Topic 1: Regulation (EU) No 525/2013 - transposition and implementation
- Core Topic 2: Mainstream climate related obligations across sector
- Core Topic 3: Integrated National Energy and Climate Plans
- Core Topic 4: Setting 2030 targets (and possibly beyond)

National Determined Contributions (NDCs) are also a fundamental building block of integrated National Energy and Climate Plans, therefore their revision is important to achieve harmonized plans and coherent target setting.

## ❖ Core Topic 1: Regulation (EU) No 525/2013 - transposition and implementation

### Core Topic Leader: Albania

#### SCOPE OF ACTIVITY

Regulation (EU) No 525/2013 (the Monitoring Mechanism Regulation, MMR) includes a number of important provisions for monitoring and reporting greenhouse gas emissions, including, but not limited to: establishing GHG emission inventories, developing low-carbon development strategies, improving national systems for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions. To date, most Contracting Parties have taken steps to implement the MMR provisions either in the framework of legislative alignment in the EU accession process (Western Balkan countries) or on an informal basis, due to the lack of comprehensive legislation defining competences and responsibilities in this area.

A recommendation on the implementation of the MMR was adopted by the Ministerial Council of the Energy Community on 14 October 2016. On this basis, the Contracting Parties shall align their legislation in order to strengthen their capacities, fulfil their reporting obligations towards the UNFCCC, come closer to the same standards, design better policies and understand clearly where most of the emissions are coming from. Adequate data collection, assessment of policies and measures as well as greenhouse gas emission projections are necessary conditions for integrated climate and energy plans.

The ECS and the CAG will discuss and coordinate a harmonised transposition of the MMR provisions. The Contracting Parties, together with the ECS, the European Commission and the donor community, will work on the implementation of its requirements.

#### DELIVERABLES

1. Overall list of components and timelines for development and delivery of obligations
2. Models of legislation/regulation (exchange of best practices)
3. Progress reports

#### WORK APPROACH

Activities will be coordinated by the CAG, possibly with donors' technical assistance.

 TIMETABLE

		2017				2018				2019			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Regulation (EU) 525/2013</b>	<i>Components and timelines</i>												
	<i>Models of legislation</i>												
	<i>Progress reports</i>												

❖ **Core Topic 2: Mainstream climate related obligations across sectors**

**Core Topic Leader: Serbia**

 SCOPE OF ACTIVITY

Energy, environment and climate change policies are intrinsically linked and need to be addressed in a coordinated manner across all sectors. Unfortunately, one of the main remaining barriers to further progress in the low-carbon transition in the Energy Community region is the lack of recognition of this strong interlinkage as well as the limited human resources assigned to this area of action in the relevant ministries.

The ECS and the CAG will launch a process of closer collaboration in and among ministries to contribute to a higher quality of legislation in this field. The Contracting Parties, together with the ECS and the donor community, will take stock of the key challenges ahead and look at the possible ways to improve capacity building through ad-hoc training as well as direct, on-the-ground technical assistance, especially targeting those ministries that have a limited administrative capacity.

The CAG will serve as a platform to facilitate the governments' efforts to introduce climate considerations into national development strategies, considering the impact climate change may have on a wide range of sectors and proposing opportunities to promote greener, cleaner approaches.

 DELIVERABLES

1. Identify existing national strategies and priorities and link these to energy and climate actions
2. Exchange of best practices
3. Trainings/workshops
4. Ad-hoc technical expertise
5. Development of improvement strategies

 WORK APPROACH

Part of the strategic and coordination activities will be performed by the CAG, however, in order to assist the Contracting Parties in building capacity, donors' technical assistance should be provided, based on Contracting Parties' request and donors' availability.

 TIMETABLE

		2017				2018				2019			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Mainstream climate obligations</b>	<i>Identify priorities</i>												
	<i>Exchange of best practices</i>												
	<i>Trainings</i>												
	<i>Ad-hoc technical experts</i>												
	<i>Elaboration of improvement strategies</i>												

**❖ Core Topic 3: Integrated National Energy and Climate Plans**

**Core Topic Leader: Georgia**

 SCOPE OF ACTIVITY

Planning, reporting and monitoring obligations of the Energy Community energy and climate acquis are currently scattered across a wide range of legislation and targets, approved at different times in order to meet various objectives. By integrating a number of existing planning, reporting and monitoring obligations on renewables, energy efficiency and greenhouse gas emissions, the administrative burden will be significantly reduced, taking into account at the same time specific national circumstances and preferences.

Contracting Parties of the Energy Community should start elaborating a streamlined and inclusive process to establish integrated national energy and climate plans.

📁 DELIVERABLES

1. Stocktaking of existing planning and reporting obligations
2. Identify the core challenges preventing the integration of national energy and climate plans
3. Elaborate and propose a template to simplify planning, reporting and monitoring obligations on RES, EE, GHG etc.
4. Support the development of integrated National Energy and Climate Plans for the Contracting Parties

📁 TIMETABLE

		2017				2018				2019			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Integrated national energy and climate plans</b>	<i>Stocktaking of existing planning obligations</i>												
	<i>Identify the main bottlenecks</i>												
	<i>Elaborate and propose templates</i>												
	<i>Support the development of NECPs in CPs</i>												

❖ **Core Topic 4: Setting 2030 targets (and beyond)**

**Core Topic Leader: Former Yugoslav Republic of Macedonia**

📁 SCOPE OF ACTIVITY

Stable national energy and climate plans up to 2030 (and possibly beyond) should be accompanied by targets for renewables, energy efficiency and greenhouse gas emissions reduction. This will provide higher regulatory stability, transparency of national efforts and increased investment certainty. Due to foreseen significant transformation of sectors of economy, including the energy sector, analysis and forward planning is needed to avoid large scale stranded assets and expensive policy failures

In line with EU efforts and their respective obligations in the EU accession process or other bilateral commitments, Contracting Parties of the Energy Community - assisted by the CAG, the Energy Community Secretariat and the European Commission - should also propose a rigorous, streamlined and inclusive process to establish 2030 targets and possibly beyond up to 2050.

 DELIVERABLES

1. Elaborate a rigorous methodology to establish overall 2030 targets
2. Adapt and negotiate 2030 targets among national authorities

 WORK APPROACH

Activities will be performed by the CAG, with exchange of best practices from EU Member States and involvement of donors already active in this area of work.

Donors' technical assistance should be provided, based on Contracting Parties' request and donors' availability.

 TIMETABLE

		2017				2018				2019			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Set-up 2030 targets</b>	<i>Elaborate a methodologies</i>												
	<i>Negotiate the 2030 targets</i>												

## 2 REGIONAL COORDINATION FOR THE UNFCCC COP

### ❖ Core Topic 5: Identify needs and priorities included in Contracting Parties' Nationally Determined Contributions (NDCs)

**Core Topic Leader: Ukraine**

#### SCOPE OF ACTIVITY

National reporting on implementation under the UNFCCC has been instrumental in tracking progress towards the convention's objectives. Reporting obligations of Contracting Parties (non-Annex I, except for Ukraine, which is an Annex I country) include the submission of National Communications on climate change (NCs), Biennial Update Reports (BURs), National Adaptation Programmes of Actions (NAPAs), National Appropriate Mitigation Actions (NAMAs) etc.

Along with reporting, each Contracting Party in the run-up to and since COP21 in Paris has submitted its Nationally Determined Contributions, or NDCs, which define the actions countries intend to take to address climate change, in terms of GHG emissions reduction as well as adaptation and mitigation. Originally submitted as Intended Nationally Determined Contributions, or INDCs, these become Nationally Determined Contributions when a country ratifies the Paris Agreement. NDCs are to be revised and strengthened every five year.

To help identify the needs, priorities and resource gaps for countries as they turn these targets into action, the CAG will leverage on the work done by the European Commission and several other international actors and IFIs (e.g. the World Bank) to map the targets and the steps ahead to implement the countries' commitment to the Paris Agreement.

#### DELIVERABLES

1. Analysis and identification of NDCs revisions needed
2. Roadmap for implementation
3. Progress reports

WORK APPROACH

Activities will be performed by the CAG, with exchange of best practices from EU Member States and donors' projects.

TIMETABLE

		2017				2018				2019			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>NDCs revision</b>	<i>Identification of revisions needed</i>												
	<i>Roadmap for implementation</i>												
	<i>Progress report</i>												

❖ **Core Topic 6: Training and capacity building for UNFCCC CoP negotiations**

**Core Topic Leader: Montenegro, Ukraine**

SCOPE OF ACTIVITY

The 23rd session of the Conference of the Parties (COP 23) to the UN Convention on Climate Change (UNFCCC) will be organized by Fiji and hosted at the headquarters of the UNFCCC Secretariat in Bonn, Germany from 6 to 17 November 2017. During COPs, UNFCCC Parties are usually represented by national delegations grouped according to their regions, mainly for administrative reasons (African States, Asian States, Eastern European States, Latin American and the Caribbean States, and Western European and Other States e.g., including EU, Australia, Norway, Switzerland and USA).

In the lead up to Bonn COP23, the CAG will discuss the best ways for the Energy Community Contracting Parties to be represented at negotiations, how negotiators can be supported to better navigate UNFCCC processes, enhance their participation and align their position to the EU one, in the run-up to the upcoming and future COPs and meetings of various convention bodies.

DELIVERABLES

1. Identify the priorities ahead of COP23
2. Support negotiators to better navigate international climate change processes
3. Preparation of an EU aligned position prior to the UNFCCC COP negotiations

 WORK APPROACH

Activities will be performed by the CAG, preferably with donors' technical assistance, guidance from UNFCCC and exchange of best practices from the European Commission and EU Member States.

TIMETABLE

		2017				2018				2019			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>CoP negotiations</b>	<i>Identify the priorities ahead</i>												
	<i>Capacity building for negotiators</i>												
	<i>EU aligned position</i>												

## ANNEX – Nationally Determined Contributions (NDCs) – Overall table

		Albania	BiH	FYR of Macedonia	Georgia	Moldova	Montenegro	Serbia	Ukraine
Target	Unconditional	N/A	2% CO2 reduction from BAU levels by 2030	N/A	15% CO2 reduction from BAU levels by 2030	64-67% GHG emissions reduction below 1990 levels by 2030	30% GHG emissions reduction below 1990 levels by 2030	9.8% GHG emissions reduction below 1990 levels by 2030	60% GHG emissions reduction below 1990 levels by 2030
	Conditional	11.5% CO2 reduction from BAU levels by 2030	23% CO2 reduction from BAU levels by 2030	With existing measures (WEM): 30% CO2 reduction from BAU levels by 2030 With additional measures (WAM): 36% CO2 reduction from BAU levels by 2030	25% CO2 reduction from BAU levels by 2030	78% GHG emissions reduction below 1990 levels by 2030	N/A	N/A	N/A
	Sector(s) covered	Industry and energy sectors. No LULUCF	Overall	Overall, with significant analytical/modelling basis	All sectors, except LULUCF	Overall	Overall	Overall	Overall
Adaptation strategy	Priority Sector	N/A	N/A	N/A	Yes, climate risk and resilience integrated into development planning	Yes, climate change adaptation strategy and action plan looks at water, agriculture, forestry, human health and energy	N/A	Yes, priority to water, agriculture, forestry, human health and biodiversity	Yes
Participatory process	Public Consultation	Yes, consultations took place with government stakeholders and general public	N/A	Consultations took with government stakeholders, technical working groups, international donors (e.g. UNDP)	N/A	N/A	Yes	N/A	N/A
Assistance	Financial	No specific requests	N/A	US\$ 4.5 BLN WEM US\$ 4.8 BLN WAM	Need for international financial assistance	US\$ 4.9 to US\$ 5 BLN per year until 2030 to reach the conditional target	N/A	N/A	Need for international financial assistance
	Technical	Uncertainty of data for LULUCF sector and non-CO2 GHG emissions	N/A	Revision of estimation made for LULUCF	Request of technology transfer and technical support for LULUCF	Link national research to international research efforts	Uncertainty of data for LULUCF	Support to revise quality of data for GHG inventories and projections	No specific requests

Source: UNFCCC, Usaid, World Bank, EC, 2017