



EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX V

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Serbia for 2022

Action Document for EU support to speed up the Implementation of the Green Agenda in Serbia

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	EU Support to Speed up the Implementation of the Green Agenda in Serbia Annual Action Plan in favour of the Republic of Serbia for 2022
OPSYS	ACT-60876
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Team Europe Initiative	No
Zone benefiting from the action	The action shall be carried out in the Republic of Serbia
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 3: - Green agenda and sustainable connectivity and Thematic Priority 1: Environment and climate change (100%)
Sustainable Development Goals (SDGs)	Main SDG: Goal 13: Climate Action; Take urgent action to combat climate change and its impacts Other significant SDGs and where appropriate, targets: Goal 5: Achieve gender Equality and Empower all Women and Girls Goal 6: Clean water and sanitation Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable. Goal 12: Responsible consumption and production Goal 14: Promote the transition towards sustainable energy sector development

DAC code(s)	41010 - Environmental policy and administrative management (100%)			
Main Delivery Channel @	Central Government -12001			
Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Internal markers	Policy objectives	Not targeted	Significant objective
Connectivity		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Digitalisation		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Migration		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	<p>Budget line: 15.020201 JAD.998125 Total estimated cost: EUR 107 500 000 Total amount of EU budget contribution EUR 72 800 000 of which: EUR 39 700 000 for indirect management with the Republic of Serbia. This action is co-financed in joint co-financing by the Republic of Serbia for an amount of EUR 34 700 000.</p>			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (type of	Project Modality			

financing and management mode)	Direct management through: Procurement Indirect management with the Republic of Serbia.
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Priorities: “Energy”, “Green Agenda”, Flagships:”, “VII Waste and Waste Water
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2023
Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The Action “EU support to speed up the implementation of the Green Agenda in Serbia” will promote the green agenda by improving environmental protection infrastructure and increasing institutional and stakeholder capacities for environmental protection and climate change management and mitigation by promoting Green Agenda principles. The envisaged activities will support the on-going structural reform processes in the areas of environment and climate change (chapter 27 of the EU *acquis*), as envisaged in the IPA III Programming Framework¹, Thematic Priority 1 of Window 3. Furthermore, it encompasses urgent waste-water and water supply projects which are much needed infrastructure investments in environmental protection flanked by capacity building activities to support further legislative alignment and monitoring of performance, as well as further project preparation assistance for prioritised, financially viable and sustainable infrastructure investments. The Action will strengthen resilience and adaptive capacity related to climate change. Serbia will be supported in line with SDG Goal 13, which stated that it is important to take urgent action to combat climate change and its impacts. Considering Goal 13 targets this Action will promote the following; to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters, to improve education, skills and capacity to manage climate change mitigation, adaptation, impact reduction and early warning, promote mechanisms for raising capacity for effective climate change-related planning and management in the country.

¹ C(2021) 8914, 10.12.2021

2. RATIONALE

2.1. Context

The action will support Serbia's aspirations to deliver on the "Green Agenda"², for the Western Balkans by addressing environmental issues as emphasised in the Western Balkans Strategy³. In line with the European Green Deal⁴ this Action will contribute to better management of ground and surface water and restoring natural functions of ground and surface water. Finally, in line with the 2022 Communication on EU Enlargement Policy⁵, the Action will support the green transition as Europe's best chance of becoming more energy independent and also contributing to slowing down climate change and improving people's lives.

The main areas are:

1. *Investments in wastewater management* in Moravica and Zlatibor districts to act as a driver for further investments in economic development and tourism development.
2. The strengthening of *capacities for development of a river basin management and flood risk management plan* will improve the planning process and mechanism for coordination and integration between all water management plans and policies. At the heart of this is the integration of water management plans and policies with other relevant development plans and strategies. Special focus will be on creating the capacities for the implementation of water management projects.
3. The proposed technical assistance for better *nature protection and further implementation of Natura 2000*, facilitates and *implementation of climate change Strategy* and as well as *promoting and raising awareness of circular economy principles* will accelerate the implementation of the Green Agenda. The action will support separate collection and treatment of biowaste which will result in improved performance in waste management.
4. *Support for the preparation of technical documentation* for financially viable and sustainable infrastructure investments will be targeted in this action.

The planned investments in wastewater and water infrastructure will contribute to the achievement of strategic goals for water use, water protection, regional and multi-purpose hydro systems, regulation of water flow and protection against the harmful effects of water, the legal and institutional framework and economic policy set out by the Strategy for Water Management in the Republic of Serbia up to 2034 (Strategy). The Directive Specific Implementation Plans (DSIPs) had been prepared in line with the Strategy and used as basic planning documents for the preparation of Multiannual Investment and Financing Plan (MIFP). The MIFP specific objective is to guide the Government on the priorities for sequencing in the areas demanding significant resources such as water, wastewater and waste management subsectors.

This Action also includes interventions in water management which will contribute to the achievements of the Water Management Strategy by construction of wastewater infrastructure and support the institutions responsible for water management to develop a 2nd River Basin Management Plan, a 2nd Flood Risk Management Plan and improve the capacity to manage these processes. The investments will contribute to improve the provision and management of much needed environmental infrastructure. They will enhance the planning and implementation process to create better conditions and for speedy implementation of the national legislation, harmonised with the EU *acquis* in the field of water. This support will also enhance Serbia's resilience against catastrophic flood events.

By strengthening institutional capacities of the Ministry of Environmental protection (MEP) related to nature protection and preparation of Natura 2000 network, Serbia will improve biodiversity conservation and nature knowledge. The objective of the intervention is to further support the Serbia in accession driven investment

² [green_agenda_for_the_western_balkans_en.pdf \(europa.eu\)](#)

³ A credible enlargement perspective for and enhanced EU engagement with the Western Balkans, Strasbourg, 6.2.2018 COM(2018) 65 final

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁵ https://neighbourhood-enlargement.ec.europa.eu/2022-communication-eu-enlargement-policy_en

planning and to include new instruments, assessment methodologies and techniques as well as funding options for nature protection projects.

By supporting the Cabinet of the Prime Minister related to implementation of the climate change strategy Serbia will set out a vision for a prosperous Serbia with cleaner air and fewer health problems associated with pollution; more clean, reliable and renewable energy; more comfortable and energy efficient homes and offices; more competitive, modern and resource efficient industries; and more modern buses, cars and trucks on our roads. This will contribute to the achievement of the priorities identified in the Energy Sector Development Strategy of the Republic of Serbia for the period by 2025 with projections to 2030. A reduction of the impact on climate change of the energy sector is one of the key elements of a just transition towards sustainable development in the Republic of Serbia. This will contribute to the achievement of the objectives of the Strategy for Industrial Policy for 2021-2030 namely, the reduction of CO2 emissions.

The introduction of a circular economy is in line with goal 5 and specifically defined in the Industrial Policy Strategy for the period of 2021-2030 where the transition of industry from a linear system to the concept of a circular economy is included as a structural reform element of the Economic Reform Program which in turn is the main document shaping the economic dialogue between the EU and the Republic of Serbia. The proposed Action is fully in line with the Road Map for the introduction of a circular economy for Serbia which was completed in April 2020. This is further detailed in the Action Plan 2022-2024 which is currently under development and funded fully from the budget of the Republic of Serbia.

The intervention regarding waste management is in line with the waste management strategy and will support separate collection of green waste and construction of city/municipal-level composting facilities for 5 waste management regions of Duboko, Pirot, Pančevo, Srem-Mačva and Subotica. It reflects the approach and timings proposed in the DSIPs for the Waste Framework Directive and Landfill Directive as approved by the Government of Serbia and included in the Negotiation Position for Chapter 27 Environment and climate change.

Finally, Serbia is looking to build institutional capacities to efficiently implement and manage the accession process. Key to that is an efficient infrastructure prioritisation and planning system for environment and climate change, transport, energy, digital and social sectors. The outcome should be to have a higher number of sustainable and financially viable projects, prioritised in line with their relevance for Serbia's economic development and EU integration, EU best practices and standards, effectively developed and ready for financing through EU funds (alone or blended with IFIs loans and other donors' support).

The '2021 Communication on EU Enlargement Policy and the 2021 Commission report on Serbia 2021'⁶ observes that Serbia has achieved some level of preparation in the area of environment and climate change. The report states that overall, Serbia made limited progress during the reporting period, mainly by addressing last year's recommendation to adopt the climate law. Last year's recommendations, however, remain largely valid. Serbia should considerably step-up ambitions towards a green transition and focus on:

- developing an ambitious national energy and climate plan in a transparent manner, consistent with the European Green Deal's⁷ zero emission target for 2050 and the Green Agenda for the Western Balkans;
- adopt and start implementing the plan;
- intensifying implementation and enforcement work, such as ensuring strict adherence to rules on environmental impact assessment, closing non-compliant landfills, increasing investments in waste reduction, separation and recycling, improving air and water quality including through phasing out coal, intensifying trans-boundary cooperation, improving law enforcement by inspectorates and judiciary, advancing river basin management and preparing for Natura 2000;

⁶ 2021 Communication on EU Enlargement Policy, Strasbourg, 19.10.2021 COM(2021) 644 final and the Serbia 2021 Report Strasbourg, 19.10.2021 SWD(2021) 288 final

⁷ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

- enhancing administrative and financial capacity of central and local authorities, in particular in the environmental protection agency and environmental inspectorates, by further improving inter-institutional coordination, continuing to raise environmental investments as well as further improving strategic investment planning and management including transparency of procedures.

All of the above is included in the proposed action where the construction of wastewater treatment facilities will contribute to the reduction of water pollution. It will provide drinking water compliant with water quality standards for citizens and the work on the river basin management plan and flood risk management plan will be supported. Serbia will be supported in the process of alignment with the EU *acquis* in the field of nature protection and establishing Natura 2000 sites. Serbia adopted the climate law in 2021 and the action will support Serbia in the implementation of measures prescribed in the Law which is consistent with the EU 2030 framework for climate and energy policies and which addresses adaptation to climate change. The action will address issues regarding raising awareness of introduction of circular economy principles.

The strong gender dimension of the action is in line with EU's Action Plan on Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III)⁸ adopted in order to promote gender equality through all external actions of the EU and “to put women and girls’ rights at the heart of global recovery”

Related projects:

IPA 2012 twinning "Establishment of a monitoring, reporting and verification system necessary for the effective implementation of the EU emissions trading system (EU ETS)". Within the framework of this project, the specific legal documents and recommendations for the establishment of the institutional structure necessary for the implementation of the Directive 2009/29/EC were completed.

IPA 2013 twinning” Establishment of a mechanism for monitoring and reporting GHG emissions - MMR”. The purpose of the twinning project was to ensure alignment with the EU climate *Acquis* and fulfilment of the UNFCCC requirements through the introduction of a mechanism for monitoring and reporting GHG emissions and for reporting other information relevant to climate change on regular basis.

IPA 2012 "Development of a Climate Change Strategy and its Action Plan". The Strategy and its Action Plan has been developed. Strategy determine GHG limit values/emission, as well as the level of GHG reduction by 2020 and the 2030, respectively in compliance with the provisions of the sectoral strategy documents, primarily the new Energy Development Strategy.

“Climate Smart Urban Development Challenge” (2017 – 2022) - The project, jointly financed by the GEF, MoEP and municipalities has the objective to promote innovative low-carbon technologies, projects and businesses that also bring economic, social and environmental benefits to the communities/citizens

“Climate Smart BioWaste Management Challenge” (2020-2022) - project is implemented by UNDP, with the financial support of the Swedish International Development Agency (SIDA) and in close cooperation with the MoEP. It will promote innovative projects and business solutions for climate-smart management of biodegradable waste (bio-waste).

“Support to the UNFCCC reporting for Serbia (2BUR-3NC)” (2018 – 2021) - The main goal of the project is to support the fulfilment of UNFCCC reporting requirements, and the establishment of a regular biennial reporting cycle to UNFCCC (Biannual Updated Reports to be submitted biennially, and National Communications every 4 years), while improving information exchange and partnerships between stakeholders (Government, research/academia, CSOs, businesses, etc.) in the climate change area.

“Establishment of Transparency Framework for the Republic of Serbia (the CBIT)” (2019 – 2022) - The GEF funded Capacity Building Initiative for Transparency aims to support countries to establish a National Transparency Framework in line with the provisions of the Paris Agreement (Article 13 in particular). The main expected result of the CBIT project is finalisation and launching of MRV system, in line with the draft Climate Change Law, that will provide more accurate information and analysis of the instruments that the country selects to mitigate and adapt to climate change.

“Advancing medium and long-term adaptation planning in the Republic of Serbia” (2019 – 2023) - This project consists of two phases to help the government of Serbia increase its capacity to address the country’s

⁸ https://ec.europa.eu/info/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en

climate change vulnerabilities, particularly in the areas related to the Agriculture-Water Management nexus, and the sectors of Energy, Transport and Construction infrastructure.

Environmental Infrastructure Support Programme – EISP II, SIDA funded. The objective of this Project is to continue the current project “Environmental Infrastructure Support Programme in the Republic of Serbia – EISP”, thus supporting the MoEP in infrastructural development in this area. One of the Project outputs is DSIP for Landfill which will be used as base for further improvement of waste management system in the Republic of Serbia as well as Source Separation Project in Four Regions (SS4R) in Serbia.

"Climate Sensitive Waste Management (DKTI)" project is implemented by Federal Ministry for Economic Cooperation and Development, Germany (BMZ) in the period between 2018 to June 2021. Objective of the project is to improve standards in the informal waste collection integration, to improve waste management practices as to not have a negative impact on climate, but also to put circular economy principles into practice. UNDP, together with the MoEP, is initiating a new GEF project titled **“Reducing Community Carbon Footprint by Circular Economy Approach”** envisaged for the period 2021-2026. The project will assist Serbia to comply with the waste related EU *acquis* (e.g. Waste Framework Directive, Landfill Directive, Packaging and Packaging Waste Directive, as well as the EU Circular Economy Strategy). On the other hand, the project will be promoting circular economy as a tool for reducing Serbia’s carbon footprint through reduced GHG emissions.

Preparations for negotiations related to environmental field – ENVAP III, SIDA funded, ongoing. The objective of the Project is to provide MoEP with support in negotiation process with the EU related to Chapter 27, as well as for preparation of negotiation position, capacity building and training of members of Negotiation Group for Chapter 27

Development of EMERALD network in Serbia (2005-2008)-. The Project aim was to develop a network of ASCis (areas of special conservation interest) according to the Recommendation No 16 of Bern convention. It provides the basis for the data management and general approach for designing the NATURA 2000 network.

Important Plant Areas (IPA), started 2002- The IPA program is coordinated by IUCN and financed by several donors (public authorities, international organisations, and private foundations). The program begun in 2002 and now is being implemented in all Europe.

Inventory of wetlands and other wet habitats in Serbia (2006)- The outcome of project is an inventory of all wet habitats in Serbia, including those habitats that could be designated as Ramsar sites, as well as important habitats on local, regional and national level. Financed by the Directorate for Environmental Protection of the Ministry of Science and Environmental Protection of the Republic of Serbia, it was prepared by the Faculty of Biology, Belgrade University

Protection of Biodiversity of the Sava River Basin Floodplains (Life 2007)-Project supported the Sava Basin countries in identifying, designating and managing biological and landscape diversity along the Sava River and in supporting the implementation of the EU Birds and Habitats Directives (Habitat Interpretation Sheets NATURA 2000 for the habitat types occurring along the Sava River elaborated).

IPA 2007 project “Strengthening Administrative Capacities for Protected Areas in Serbia (NATURA 2000)” (2010-2012)-The main purpose of the project financed by EU was to strengthen the capacities of the competent bodies in RS towards the successful implementation and enforcement of NATURA 2000 network on central and regional/local levels, with the main objective being the development of a system for Nature Protection in the Beneficiary Country (BC) in line with the EU environmental *acquis*.

IBA Programme - 43 IBA sites recognised (2016)- The IBA Programme of BirdLife International aims to identify, monitor and protect a global network of IBAs for the conservation of the world's birds and other biodiversity. Bird Protection and Study Society of Serbia - an affiliate to Birdlife International - has a wide range of finalised and ongoing projects related to bird protection.

Centres of flora biodiversity in Serbia (2008)- Guidelines for evaluation and implementation of protection strategy. The follow up of this study is made by the project "Important Plant Areas in Serbia (IPA)" which is a step towards the registration of those sites in Serbia and their inclusion in European network of IPAs.

"Ex situ" protection of biodiversity of aquatic ecosystems of Serbia (2006-2012)- The project aimed to provide ex situ conservation for critically endangered species or for the species that are expected to become extinct in the near future. The process of ex situ conservation should be carried out by the list of obligations defined by international agreement-CED (Convention on Biological Diversity, Rio de Janeiro, 1992).

National Biodiversity Planning to Support the implementation of the CBD (2011-2020)- Strategic Plan in the Republic of Serbia, GEF/UNDP project, 2013-2016- The Republic of Serbia revised the Strategy on Biological Diversity adopted in 2011 to comply with the new Strategic Plan of the UN Convention on Biodiversity and prepared the fifth report on the implementation of this Convention.

ECRAN project (Environment and Climate Regional Accession Network), (2014-2016) - The aim of the EU-funded ECRAN project was to strengthen regional cooperation between the EU candidate countries and potential candidates in the fields of environment and climate action and to assist their progress in the transposition and implementation of the EU environmental and climate *acquis*.

IPA 2012 project “Capacity Building to Implement 'Acquis' Standards in Nature Protection Establishment of NATURA 2000 and the related Supply Tender for IT equipment and software for Serbian NATURA 2000 Database” (2015-2017) The main goal of the supply was to provide an infrastructure for the establishment of a central data base for NATURA 2000 as defined by Law on Nature Protection and is a prerequisite to implement the service contract for the establishment of NATURA 2000 network.

IGIS Project (2010-2013), Infoterra Geo-Information Solution, IGIS project was to form a single geospatial data system and it included mapping of land cover, agri-environmental and natural habitats in 6 pilot sites (20% of whole territory of Serbia).

Directive Specific Implementation Plan (DSIP- 2015) - Strategic document important for implementation of the EU Habitats and Bird directives. DSIP was delivered in 2015 within the UNDP project as a strategic document containing detailed description of all duties and steps for establishment of Natura 2000.

IPA project “Support from Policy and Legal Advice Centre (PLAC 2013- 2016)”- The scope of PLAC II project is to provide support to relevant national institutions in charge of alignment of national legal acts with the EU *acquis* and to contribute to further building of capacities of relevant national structures for successful carrying out of accession negotiations.

“Development of a WEB application for entering data on habitat types and individual groups of organisms of flora and fauna for the purpose of establishing an ecological network of the European Union Natura 2000 in the Republic of Serbia” financed from the Republic of Serbia and realised in accordance with GD Solutions (Belgrade enterprise);

“Establishment of an ecological network on the territory of the Republic of Serbia”; “Establishment of the Ecological Network of the European Union Natura 2000 as part of the Ecological Network of the Republic of Serbia” and, **“Production of a Red Book of Flora, Fauna and Fungi in the Republic of Serbia”** which are implemented by the Institute of the Nature Conservation of Serbia in cooperation with the other relevant scientific institutions through the contracts financed by the Budget of the Republic of Serbia. Identification and mapping of habitat types in Serbia, Collection and evaluation of existing data; Research; Establishment of GIS; Preparing the manual for the identification of habitat types, habitats and species; Mapping of habitat types for identification of pSCI; Identifying criteria for selection of ecologically important areas and ecological corridors; establishing criteria for the selection of Natura 2000 sites (SPA and pSCI).

IPA 2016 project “EU for Natura 2000 in Serbia” 2019- 2021. - The overall objective of the project is to increase the effectiveness of the Republic of Serbia in the preparation for EU accession in the area of nature protection, and the purpose is to assist the Beneficiary country to carry out the preparation establishment of Natura 2000 network.

The is in line with ongoing project **IPA 2017 Establishment of primary separation for 4 regions** - Service contract provides technical assistance to support the national and local authorities to increase recycling rates by introducing separate collection of recyclables at household level. The activities of the project envisage the development of marketing tools in order to popularize primary separation respecting the rights of individual waste collectors in the abovementioned targeted cities/municipalities.

2.2. Problem Analysis

AREA OF SUPPORT #1: ENVIRONMENT AND CLIMATE CHANGE

Area of subsector Water management

Zlatibor and Moravica Districts Regional Waste-Water Management Project

Short problem analysis:

The Zlatibor and Moravica Regional Wastewater Region includes 5 local self-governments (LSGs) : Užice, Požega, Arilje, and Kosjeric (in the Zlatibor administrative district) and Ivanjica (in the Moravica administrative district), all located in the Western Serbia and Šumadija Region. The percentage of sewerage network coverage in these LSGs is: Užice - 91.2%, Ivanjica - 47.3%, Arilje - 63.5%, Kosjeric - 83.4% and Požega - 90.9%. This shows that there is an urgent need to increase the sewage coverage by construction of a 167 km of sewage network in Užice, Požega, Kosjerić, Arilje and Ivanjica and regional collectors of up to 40 km in length. Lack of wastewater treatment leads to deterioration of river quality, particularly rivers Đetinje, Skrapež, Moravica, Kladoroba and West Morava which creates a problem in the development of these LSGs, especially concerning the potential for tourism development in this region. Investments in wastewater management in these two districts is needed to connect around 102.800 citizens to a sewage system. The construction of the wastewater treatment system for Zlatibor and Moravica region was assessed as strategically relevant project in accordance with the Methodology for selection and prioritisation of infrastructure projects in the Republic of Serbia and as such this project is included in the Single Project Pipeline.

The Regional Wastewater Management Company is in the process of being established based on a signed inter-municipal agreement. This will ensure the sustainability of the project, the application of a tariff system in accordance with the principle of cost recovery and financial sustainability of the Regional Wastewater Management Company while respecting the affordability principle as recommended by the Water Services Sector Reform Project (funded by the EU). In addition, the regional approach will enable more efficient operational and financial management of sludge in accordance with the draft National Sludge Management Strategy (project completed and funded by the EU).

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The Ministry of Agriculture, Forestry and Water Management (MAFWM) through its Republic Water Directorate (RWD) is lead authority for water management sector and its wastewater subsector and responsible, together with the Ministry of Environmental Protection and the Ministry of Construction, Transport and Infrastructure for the implementation of the requirements set forth in the UWWTD. The **Republic Water Directorate** conducts activities in **planning and implementation of water protection measures**; it is responsible for policy development in the water subsector and for implementation of **the Strategy for Water Management in the Republic of Serbia up to 2034**. The practical implementation of wastewater collection and treatment are vested with the Local Self Government units and Regional wastewater management Company.

Development of 2nd River Basin Management Plan and 2nd Flood Risk Management Plan with Strategic Environmental Assessments

Short problem analysis:

The first River Basin Management Plan (RBMP) is drafted with EU support and planned to be adopted by the end of 2022 when the WFD implementation will formally starts. WFD⁹ introduced a 6-yearly cycle of river basin planning. The river basin planning process is a mechanism for coordination and integration between water management plans and policies, coordination and integration of water management plans and policies with other relevant plans and strategies, enabling other public bodies and stakeholders who have an interest to

⁹ "Directive 2000/60/EC of the European Parliament and of the Council establishing a **framework** for the Community action in the field of water policy

influence the approach to future water management in the river basin. There is a wide range of institutions involved in the implementation of WFD implementation process in Serbia.

Institutional gap analysis has demonstrated that current capacities are not fully sufficient, with substantial gaps detected on the implementation process. Therefore, strengthening the institutional capacities must be given absolute priority. Great progress has been made during the elaboration of the first River Basin Management Plan 2021-2027 for the territory of the Republic of Serbia, including the process of public involvement. To continue this process, the support will focus on gaps identified during the development of the first RBMP and on the next WFD implementation steps, primarily on the upcoming reporting obligations. The interim report involves reporting into the Water Information System for Europe (WISE) according to its provisions. The report requires to identify the state of implementation e.g. whether the measures have been completed, are under implementation, still in the planning stage or not yet started. Data management is of great help if a well-functioning data management tool is provided throughout the whole process, which enables the work of the experts and organisations that contribute to the plan. INSPIRE-compliant format for geodata (especially since metadata has to be provided for WISE reporting) will be taken into account. To enable WISE operation, it is necessary to define clearly the responsibilities of competent institutions, their inter-cooperation and individual obligations, through legislative and other acts. It is extremely important to foresee the necessary material funds for the system maintenance, and the capacity building and maintenance in the Republic Water Directorate and public water management companies and their centres, whose sole purpose would be work on the WIS (data collection, input and updating, hardware and software maintenance and upgrade, etc.). Such capacities should be trained to achieve the expertise needed.

Support needed in development of second RBMP should be focused on the following aspects:

- Interim reporting obligations acc. WFD including digital reporting
- Enhancement of the Programme of Measures
- Legal compliance and public participation

Integrated Flood Management aims to harmonise human activities and flood risks through appropriate interventions to modify the water regime and adaptation of human behaviour thereby reducing such risks while maintaining the beneficial aspects of floods. The objectives of flood risk management plan are to protect life and property from flood risks and enhance the capability of socio-economic development in the flood plains to realise the development vision in a basin through Flood Risk Management Plan. According to Flood directive, it is important to identify areas of potential significant flood risk based on the Preliminary Flood Risk Assessment, in order to make the FRMP. The first cycle of the Preliminary Flood Risk Assessment (PFRA) was completed in 2012. The result of the PFRA is determination and identification areas with potential significant flood risk (APSF) that affects human health, the environment, cultural heritage and economic activities. Based on the significant floods in the past and possible future floods, 99 APSF have been defined, for fluvial floods only. Amendments and revision of Preliminary Flood Risk Assessment was done 2019 and 101 Areas of Potential Significant Flood Risks are identified (available on www.rdvode.gov.rs). It is planned that FRMP for the territory of the Republic of Serbia will be ready by the end of 2022.

The capacity of the Republic Water Directorate, which is the most important state body in the field of water management, is not sufficient for the preparation of planning documentation for flood risk management and must rely on the results of research and analysis performed by scientific and professional institutions. Lack of capacity is also recognised in other institutions relevant to this area (The Provincial Secretariat for Agriculture, Water Management and Forestry, PWMCs „Srbijavode” and “Vode Vojvodine”, local self-governments authorities). The completion of missing maps (produce missing or update and revise existing, definition of Areas of Potential Significant Flood prepared) is needed to be done. Considering a large number of activities that need to be implemented to reach FRMP final version and the lack of human and financial capacity, Serbia needs support in reviewing the preliminary flood risk assessment and flood risk maps and flood risk maps that need to be reviewed by the end of 2024 as well as improving the development of Operational Plans, the preparation of which is in charge of PWMC “Srbijavode” and PWMC “Vode Vojvodine” and drafting second Flood Risk Management Plan.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

Ministry of Agriculture, Forestry and Water Management - its operational body **Republic Water Directorate** is responsible for integrated water resources management in the Republic of Serbia. Republic Water Directorate conducts activities in water management policy; multi-purpose water usage; water supply, excluding water distribution; water protection; implementation of water protection measures and planned water consumption optimisation; water regime organisation; monitoring and maintaining of regimes of cross-boundary waters of the Republic of Serbia; water management inspection. The institutions responsible for policy implementation in water management subsector are the **Public Water Management Companies ‘Srbijavode’ and ‘Vode Vojvodine’**. Besides the Republic Water Directorate and Public Water Management Companies (‘Srbijavode’ and ‘Vode Vojvodine’), other institutions involved in the implementation of 2nd Flood Risk Management Plan are: the Ministry of Interior Affairs - Sector for Emergency Management, Provincial Secretariat for Agriculture, Water and Forestry, Republic Hydrometeorological Service, local self-government authorities.

Support to institutions involved in the water management

Short problem analysis:

The Republic Water Directorate has a very large range of activities to be carried out with a rather limited number of staff. There is no human resources development, particularly about the professional requirements for the EU *acquis* process. Currently, in the Republic Water Directorate, only 5 employees are, among other daily activities, engage in the transposition and implementation of EU water related directives. There is no sufficient capacity to carry out project preparation independently nor the adequate training for preparation to work according to EU legislation standards. Also, institutions responsible for the implementation of EU water related directives are understaffed and increase in adequate human resources development is the must if the full implementation is planned.

Considering the responsibilities, it is evident that technical assistance is very much needed, especially the transfer of know-how in the field of integrated water resources management in line with the EU water related directives for management plans and EU water related directives implementation, economic analysis, financing, pricing policies and tools, permitting and related fees and water information system.

On the other hand, the greater investments in environmental infrastructure, implies huge investments in water management infrastructure which requires high level of quality in management of these projects from processes of planning and programming, development technical documentation, tendering processes and implementation and monitoring of implementation. The capacities of institutions (RWD, PWMC “Srbijavode”, PWMC “Vode Vojvodine”) involved in water management are not sufficient to ensure smoothly process of preparation and realisation of infrastructure projects. There is a need to support institutions involved in water management in strengthening the capacities regarding proper project management, including different implementation modality, procurement phase, implementation of infrastructure projects monitoring until the phase of payment to the contractors. Support is needed to be able to manage the implementation of infrastructure projects effectively and efficiently for water supply, flood protection, irrigation and drainage and wastewater. Capacity building is crucial for the implementation of planned infrastructure projects set by SPP and relevant DSIPs and MIFP.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The Ministry of Agriculture, Forestry and Water Management (MAFWM) through its **Republic Water Directorate** is the competent authority for integrated water resources management in the Republic of Serbia. Republic Water Directorate conducts activities in the area of; water management policy; multi-purpose water usage; water supply, excluding water distribution; water protection; implementation of water protection measures and planned water consumption optimisation; water regime organisation; regulation of watercourses and protection against the harmful effects of water, monitoring and maintaining of regimes of cross-boundary waters of the Republic of Serbia; water management inspection. Republic Water Directorate consists of the following internal organisational units: Department for water management and international cooperation, Department for legal, financial, administrative and technical affairs and Department for Water inspection.

Department for water management and international cooperation consists of five groups (Group for water-related administrative and analytical operations and standards, Group for participation in strategic planning and management, Group for water management and use, Group for water protection from pollution and Group for regulation of watercourses and protection against the harmful effects of water) and is, among other activities, responsible for transposition and implementation of EU water related directives under the jurisdiction of the Republic Water Directorate: the Directive 2000/60/EC Water Framework Directive, Directive 2008/56/ - Marine Strategy Framework Directive, Directive 2007/60/EC on the assessment and management of flood risks, Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources and Council Directive 91/271/EEC concerning urban waste water treatment. The institutions responsible for policy implementation in water management subsector are the Public Water Management Companies - "Srbijavode" and "Vode Vojvodine". They are responsible for integrated water management in their respective territories covering **the preparation of technical documentation as well as the implementation and supervision of infrastructure projects**. The practical implementation of water supply and wastewater collection and treatment are vested with the Local Self Government units (provided by the PUCs).

Strengthening strategic framework in nature protection sector and further implementation of Natura 2000 in the Republic of Serbia

Short problem analysis:

Legislation in nature protection sector is advanced but not fully harmonised with the EU *acquis* and international obligations. Full transposition of the EU *acquis* in national legislation is the priority which have to be addressed before accession. Main legal gaps identified are in sectoral legislation, which is not being aligned with nature legislation. This especially refers to planning and project assessment legislation, hunting, fishing and forest legislation. A number of corrections and adjustments are needed in these areas of law to bring them in line with EU *acquis* and in line with the Law on Nature Protection transposing the EU requirements with regard to Natura 2000. Nature Conservation Programme of the Republic of Serbia for the period 2021-2023 makes overall strategic framework for nature protection. Nevertheless, the more detailed studies to support planning are needed for specific subareas. Technical studies and tools to improve nature protection legislation implementation and enforcement including programmes, action plans, scientific analysis, risk assessments, cost assessments, mitigation measures, models, proposals, guidelines etc., related to Birds Directive, Habitats Directive, IAS regulation, CITES Regulation, ABS Regulation, Zoo Directive and other relevant acts will be prepared.

Strategic framework for environmental investment planning (Multi-Annual Investment and Financing Plan - MIFP) currently does not include nature related investments. Investment needs in nature protection sector will be identified with the purpose to assist MoEP in investment planning and extend MIFP project pipeline to include relevant nature protection investments. To identify potential priority investments in ecological network and in future Natura 2000 sites, an assessment should be prepared. Also, technical specifications for the equipment is needed and should be prepared for selected investment projects. The potential infrastructure could include afforestation, recovering species in the habitats, dredging/irrigation of the sites, setting protecting belts, green corridors, information panels, tracks and hiking roads through sites, interpretation of the landscape), rescue centres for placement of seized/confiscated specimens etc.

The institutional set up in nature protection sector needs to be assessed and recommendations prepared for improving the organisational and institutional capacities for nature protection implementation fulfilling different roles at national, provincial and local level.

There are gaps and conflicts between nature protection objectives and procedures and sectoral policies, the most significant being in relation to the infrastructure planning, water management, forestry, energy and tourism. Facilitation of dialog between the sectors and introducing changes in sectoral policies is needed to achieve compliance of other sector's legislation and practices with the Nature Protection Law. Consultations with institutions from different sectors, on national and local level aim to achieve changes in legislation, strategies and procedures of other sectors which impact nature protection, and consequently to integrate nature protection policy as the horizontal issue. A public awareness campaign and visibility actions need to be implemented widely at national level to cover general public and target specific groups.

This intervention will provide continuous support to the establishment, implementation and management of the Natura 2000 network, as one of the top priorities in the negotiation process. The process of identification, designation and implementation of Natura 2000 is essential for the fulfilment of EU obligations from Chapter 27 during EU accession negotiations. Through the previous **IPA 2016 project “EU for Natura 2000 in Serbia”** identification of 80% of SPAs and 50% of pSCis vs. available and new data collected for NATURA 2000 network is completed.

The intervention should continue with the aim to complete the 100 % of SPAs and 100% of pSCis for the identification and designation of NATURA 2000 network, with an operational Information System in place. The preliminary protection of the identified Natura 2000 sites will be secured through stakeholder’s engagement at the local level (land users and landowners) in the protected areas (including Ecological Network and Natura 2000 sites). Consultation procedures with stakeholders will be organised in all relevant sites. Implementation of Natura 2000 will be supported through the development and implementation of management plans and management measures for ecologically important areas including selected Natura 2000 sites, and the development of management plans for target species (from Annex I of the Birds Directive and Annex II and IV of Habitats Directive). Implementation procedures for proper and full integration of AA with EIA and SEA will also be enhanced through development of manuals, guidelines and other tools. The key enforcement gaps will be identified and addressed, such as: prevention of illegal activities (prohibited trapping methods, illegal killing, use of poisons, etc), regulation and monitoring of derogations issued by MoEP, national wildlife offence/crime related database, national wildlife and poison detector dog programme, support to rescue centres for injured and captured species. In order to ensure and improve access to land and land ownership, but also participation of women in decision making, stakeholders consultations should be gender responsive as well as management plans developed under the Natura 2000 implementation.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The Ministry of Environmental Protection is coordinating relevant sector institutions in terms of strategic investment planning and identification of interventions in environmental sector. MoEP is the lead institution in the Negotiating Group for Chapter 27, and thus responsible for reporting to the European Commission (EC) on the overall progress during EU negotiations process and it also coordinates activities with other institutions involved in environmental and climate change *acquis* implementation. MoEP is the key institution in the Environment and Climate Change Sector, responsible for policy making, legislation and enforcement for, inter alia, **nature protection**, air quality and climate change.

Promoting climate change activities

Short problem analysis:

Green growth, the fostering of economic growth and development that ensures natural assets continue to provide the resources and environmental services on which our well-being relies has the potential to move economies towards the transformations needed to confront and minimise damage from climate change and environmental degradation, while realising new economic opportunities and innovation. Business environment reforms are an important instrument for promoting investment in a low carbon economy. It is in this framework that the importance of supporting reforms which mitigate the effects of climate change, while promoting the transition to a low-carbon economy and stimulating green growth continue to grow. As the European Commission notes, “despite clear emission reduction objectives agreed in the 2015 Paris Agreement on Climate Change, global greenhouse emissions have continued to climb until 2019 where they flatlined.” These issues should be effectively integrated in business reform support programmes.

In order to strengthen resilience and adaptive capacity to climate related hazards and natural disasters, Serbia needs action in line with SDG Goal 13, which states that it is important to take urgent action to combat climate change and its impacts. In the target system of SDG 13 Serbia needs to promote the following activities; strengthen resilience and adaptive capacity to climate-related hazards and natural disasters, improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning, promote mechanisms for raising capacity for effective climate change-related planning and management in the country.

Education, public participation and sound information about emission control, energy efficiency measures and funding of low carbon technology must be at the heart of efforts to promote energy efficiency in various productive and extractive sectors. To promote a more effective transition to a climate neutral and climate resilient economy civil society activities, a wide ranging promotional and educational campaign is required to ensure that the transition takes into account the concerns of citizens about the required changes. Including these topics in education, trainings and capacity building activities throughout the sector will provide a platform for transition that is socially acceptable and environmentally beneficial.

Finally, the action is expected to promote a set of innovations that will help create better living conditions for all citizens. They are initial activities which have the ultimate goal to reduce vulnerabilities to extreme events and other climate risks by promoting ecologically sound climate resilient livelihoods.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The Cabinet of the prime Minister has overall responsibility on investment transition towards the "green agenda" as a necessity that must accompany Serbia's further growth. It is dedicated on economy-based innovation, knowledge, added value and greater competitiveness, with a strong and clear focus on environmental protection, resource sustainability and the fight against climate change.

The Ministry of Environmental Protection (MoEP) is coordinating sector for environment and relevant institutions in terms of investment planning and identification of interventions in environmental and climate change sector. MoEP and its Climate Change Department is the lead institution in coordination of activities with other institutions involved in climate change *acquis* implementation including policy making, legislation and enforcement for climate change filed.

The ministry in charge of European integration, by its legal mandate as the NIPAC Technical Secretariat, will be the direct beneficiary of the support as coordinator, interacting with the institutions eligible for assistance, in order to consolidate the quality of proposals and allocate the funds available

Relevant stakeholders are other national and local institutions, civil society organisations, including women organisations and organisations dealing with environmental protection with a strong gender responsive and transformative dimension.

Awareness raising on circular economy

Short problem analysis:

The introduction of the principles of a circular economy is still at the beginning. Much of the national legislation is in place but information on how to apply this legislation and what the consequences for businesses are have not been developed to date. The current waste management system is primarily focused on waste collection and disposal. The recycling rate of municipal solid waste is approximately 0.3% in 2017 by weight (Eurostat) which can be considered low. The main problem is a low level of awareness about the potential of waste as a raw material for production, and the market for secondary raw materials which is underdeveloped. Industry in Serbia is still characterized by the application of outdated technology, low energy efficiency, irrational use of resources, still high level of waste generation per unit of finished product. Finally, there is a lack of trained staff in the relevant national and local institutions, industry, business representatives, regional development agencies and Chamber of commerce, for new business models in the circular economy. It is important to include female owned small and medium enterprises (SMEs) in programs and actions that will contribute to development of sustainable and green business and it is one of the priorities in the National Gender Equality Strategy of the Republic of Serbia as well as GAP III of the EU¹⁰. Economic empowerment

¹⁰ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL EU GENDER ACTION PLAN (GAP) III – AN AMBITIOUS AGENDA FOR GENDER EQUALITY AND WOMEN'S EMPOWERMENT IN EU EXTERNAL ACTION

is one the key thematic areas and it is defined that EU actions should contribute to “Supporting women entrepreneurship and women-led businesses, including social entrepreneurship, and their access to finance by providing innovative investments schemes through the EIP58, addressing the market’s failure to reach women and promoting the creation of SMEs.

Transition towards a circular economy does not happen by itself. It needs to be supported and encouraged by policy, planning.

The business sector and the informal sector will need to be supported to enable them to play the transformative role they will need to fulfil to make the transition from a linear to a circular economy a success. As providers of products and services, as well as in many cases sources of pollution and waste generation, SMEs and large companies need to be among the first to benefit from becoming more resource-efficient (i.e. to consider the re-usage of waste or decrease the waste production).

Taking into account insufficient knowledge of the industry about new business models and sources of financing of the industry for changing the way of doing business in the context of the circular economy, project will put efforts to provide trainings for business sector.

Considering the regional approach in waste management is to be promoted in line with the Strategy for waste management, the existing policy, the legal and administrative framework governing local government bodies and regional companies need to ensure that there are sufficient capacities for the development and implementation of the waste management policy as well as the introduction of circular economy.

Therefore, raising awareness is an important aspect of introducing circular economy and sustainable development principles into daily life. The lack of training materials and publications on the current national legislation means that little information is available which is customized to the needs of businesses and institutions affected. The need to improve the knowledge base and create practical experience for product users based on the latest know-how is key to ensure that the legislation is applied. Businesses require extensive help to identify how these principles can be applied to achieve their business goals while operating in a more circular and sustainable economy. To achieve this awareness campaigns are planned to include open discussions among stakeholders, the development and presentation of best practice examples. In addition the discussions and campaigns will focus on how to create an environment suitable for the increase in the use of modern technology, a review of economic and environmental performance of technologies in production processes to support companies in achieving sustainable development throughout the life cycle of their products and contribute to the integration of various actors, economic subjects, educational and research institutions, non-governmental organisations and other interested parties in the value chain.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

Ministry of European integration and Ministry of Environmental Protection together with the Serbian Chamber of Commerce will have overall responsibility for implementation of this intervention. The Chamber of Commerce of Serbia will be the most important partner during the implementation of this intervention. The role of **the Serbian Chamber of Commerce** and municipalities will ensure that project related information and outcomes are widely disseminated among the business community and LSGs, and citizens as end recipients of project outputs. MoEP is the key institution in the **waste subsector**, responsible for policy making, legislation and control (permits) and assisted by SEPA. The practical implementation of waste collection and introduction of circular economy is vested with **the Local Self Government units** (provided by the PUCs). The provision of municipal solid waste collection and disposal services is typically undertaken by the local public utility company (PUCs), owned and directed by the local self-government. Also, The Ministry of Trade, Tourism and Telecommunications (Market Inspection) is responsible for the implementation of Waste Batteries Directive related legislation. The following sectors are generator of waste and consumers of raw material and resources: Industry, Agriculture sector and food production, plastic manufacturers and construction sector. Ministry of Education, Science and Technological Development is responsible for innovation and collaboration between R&D and private sector. Ministry of Economy is responsible for policy regarding SMEs and industry policy.

Source Separation Phase II: Bio-Waste 5 Regions Project (BW5R)

Short problem analysis:

The quantity of municipal solid waste (MSW) annually produced in Serbia is 2,374,375 tonnes (in 2008 as a reference year), of which 1,602,525 tonnes were biodegradable waste (67.5%). Currently, the level of recycling rate of MSW in Serbia, including bio-waste, is approximately 0.3% by weight (Eurostat, 2017) consider as low percentage. In fact, this figure does not contain bio-waste diverted from landfills (this data is not reported to the SEPA) and some other waste streams recycled. It is assumed that the recycling rate is higher and around 3%. This is defined in the National Waste Management Strategy (NWMS) and the Waste DSIPs as a component of Phase 1 of the development of Regional Waste Management Systems.

Lack of established secondary separation/sorting of recyclables at regional level, a network of amenity sites and transfer stations, small composting lines (at municipality level), and home composting (in rural areas) is recognised as a main problem to introduce separate collection of recyclables, especially for bio waste. The further development of a more advanced (and expensive) bio-waste treatment is also planned in the policy documents, but at a later stage and only for certain regions. One of the immediate advantages of simple, municipal waste composting is that it reduces transport costs and gate fees at a time when municipalities have low financial resources. Serbia needs support in introduction of systematic levels of home composting, separate collection of green waste and city/municipal-level composting facilities for 5 waste management regions of **Duboko, Pirot, Pančevo, Srem-Mačva and Subotica** (25 cities/municipalities with app. 1.1 million inhabitants).

The EU legislation (Waste Framework Directive and Landfill Directive) requires proper management of biowaste and particularly diversion from landfills. Biowaste is also a major issue for the European Green Deal¹¹ and Circular Economy¹² packages because in landfills it decomposes to create greenhouse gases.

Biowaste is the biggest problem for municipal waste management and constitutes 49% of Serbian waste. Out of this, green waste is the simplest and cheapest waste stream and constitutes 18% (or 400,000 tonnes per year in Serbia, or 61,000 t/y in the 5 regions).

The objective this intervention is to introduce green waste composting into 25 municipalities across 5 waste management regions (Subotica, Pančevo, Duboko, Pirot and Srem-Mačva) as a first phase towards integrated regional biowaste management. These 5 regions and municipalities have been chosen because they have sanitary regional landfills and separation lines, mostly constructed using EU funds. The BW5R project will promote large scale home composting and the separate collection of green waste for treatment at a municipal level composting facility. The proposed intervention is related to the ongoing project **IPA 2017 Establishment of primary separation for 4 regions** - the project consists of 2 contracts (supply contract and service contract). Service contract provides technical assistance to support the national and local authorities to increase recycling rates by introducing separate collection of recyclables at household level. The project will assist the introduction of source separation into targeted cities/municipalities across four waste management regions (Duboko, Pančevo, Srem-Mačva and Pirot) in Serbia. The activities of the project envisage the development of marketing tools in order to popularize primary separation respecting the rights of individual waste collectors in the abovementioned targeted cities/municipalities. Supply contract - The purpose of this contract is purchase of wheeled containers and bins, refuse collection trucks for the Public Utility Companies (PUCs) that belong to Regional Waste Management Centres (RWMCs), in order to enable local waste operators (PUCs) to organize systematic collection and transport of dry municipal solid waste fraction – recyclables, from households to the waste transfer stations or directly to secondary separation line.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The Ministry of Environmental Protection (MoEP) is coordinating relevant sector institutions in terms of strategic investment planning and identification of interventions in environmental sector. MoEP is the key

¹¹ The European Green Deal, Brussels, 11.12.2019, COM(2019) 640 final

¹² A new Circular Economy Action Plan For a cleaner and more competitive Europe COM/2020/98 final

institution in the **waste subsector**, responsible for policy making, legislation and control (permits) and assisted by SEPA. The practical implementation of waste collection and management are under responsibilities of the Regional Waste Management Companies and Local Self Government units (provided by the PUCs).

Support for preparation of investments in infrastructure

Short problem analysis:

The continued support to preparation of projects listed in the SPP remains necessary to ensure the readiness of Serbia to effectively absorb IPA and future EU funds in strategically relevant sectors. A coherent investment planning, streamlining the use of budgetary resources for strategically significant and mature projects listed in the Single Project Pipeline, is needed in accordance with a single mechanism for projects prioritisation, regardless of the source of financing. The Action may cover all phases of preparatory work, as required, to deliver a project with a view to receive co-financing from 2021-2027 programming period. Assistance may also cover support for implementation to ensure that projects reach the construction stage as rapidly as possible. The Action implies but it is not limited to advice on the development / improvement of national sector strategies, conceptual development and structuring of projects; strategic and conceptual papers supporting individual projects; project preparation, such as financial and economic cost-benefit analysis, environmental impact assessment, procurement plans, design; review of documentation such as feasibility studies, environmental impact assessments, designs (General design, Conceptual design, Preliminary design, Design for construction permit, Design for execution of works), tender documents; compliance with relevant EU *acquis*, state aid and competition rules, and conformity with EU policy standards.

Description of main stakeholders

The ministry in charge of European integration, by its legal mandate as the NIPAC Technical Secretariat, will be the direct beneficiary of the support as coordinator interacting with the institutions eligible for assistance, in order to consolidate the quality of proposals and allocate the funds available.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The **Overall Objective (Impact)** of this action is to support the implementation of the Green Agenda in the Republic of Serbia.

The **Specific Objective(s) (Outcomes)** of this action is for Serbia to have met requirements under Chapter 27 The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are contributing to

Outcome 1:

- Infrastructure for climate change and environmental protection improved

Outcome 2:

- Capacities of the institutions involved in climate change and environmental protection enhanced

IF infrastructure for climate change and environmental protection is improved and capacities of the institutions involved in climate change and environmental protection are enhanced AND wastewater management system are properly maintained by Regional companies and PUCs, adequate maintenance and operation of infrastructure for environmental protection and proper decision making regarding air quality parameters are ensured, THEN they will lead to Serbia achieving Chapter 27 requirements through infrastructure development and increased capacities for planning and implementation of environmental and climate change actions BECAUSE water and air quality will be improved and introduction of circular economy will have increased and nature protection enhanced.

IF Serbia meets Chapter 27 requirements through infrastructure development and increased capacities for planning and implementation of environmental and climate change actions are realised AND continued political support for harmonisation with the EU environmental *acquis* and commitment to continuation of environment sector reform and increasing competitiveness of the environment and climate change sector hold true, THEN the intervention will contribute to promote the green agenda by reinforcing environmental protection, contributing to mitigation, increasing resilience to climate change and accelerating circular economy.

3.2. Indicative Activities

Activities related to Output 1.1 Construction works for Zlatibor and Moravica Districts Regional Waste Water Management Project with supervision of works and technical assistance for Financial and Operational Performance Improvement Plan

Activities related to Output 2:

- 2.1 Technical assistance to develop 2nd River Basin Management Plan and 2nd Flood Risk Management Plan with Strategic Environmental Assessments
- 2.2 Technical assistance to strengthen administrative and managerial capacity of the Republic Water Directorate and support institutions involved in the water management
- 2.3 Technical assistance to improve strategic framework in nature protection sector and further implementation of Natura 2000 in the Republic of Serbia
- 2.4 Technical assistance to promoting the climate change activities
- 2.5 Technical assistance to awareness raising circular economy principle
- 2.6 Technical assistance and procurement of supply for introduction of source separation (bio waste) in 5 waste management regions
- 2.7 Technical assistance for preparation of investments in infrastructure

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The entire Action is geared at supporting the implementation of the main priorities of the Green Agenda in Serbia. The development of SEA is foreseen under this action related to river basin and flood risk management and once SEA is prepared in planning phase the findings will be taken into account in the phase of implantation of measures prescribed in second river basin and flood risk management plans.

EIA will be prepared for the Zlatibor / Moravica Districts Regional Waste Water Management Project (three EIAs for each waste water treatment plant). Flood risk aspects are planned to be specifically addressed in the design of one of the three WWTPs foreseen under Zlatibor / Moravica Districts Regional Waste Water Management Project.

When developing river basin and flood risk management plans, the “Built Back Better” approach will be taken into account, as well as nature-based solutions and green infrastructure, wherever possible. Priority will be given to envisaging possibilities of implementing non-structural flood measures, rather than planning new flood infrastructure to the maximum extent possible. It is important to look for innovative solutions aiming to create more space for rivers to flow (wherever appropriate, especially outside the urban areas) and applying “living with floods” concept, together with land-use and emergency planning.

Further mainstreaming of environment will be ensured by promoting green procurement to the purchases related to the implementation of the Action

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as [G2 / G1 / G0¹³]. This implies that the proposed intervention has been screened against the marker but has not been found to target gender equality. Based on the OECD Gender DAC instruction all projects/programmes should be informed by a preliminary gender analysis. A gender analysis examines the differences in women’s and men’s roles and responsibilities, daily routines and activities, and access to and control over resources, services and decision-making, including those that lead to social and economic inequalities. A gender analysis should lead to the inclusion of explicit measures in the project design which: avoid perpetuating or reinforcing gender inequalities (“do no harm approach”); overcome barriers to women’s full participation in the project; ensure that women and men, girls and boys, benefit equitably from the project’s results; incorporate specific activities to address gender inequalities and constraints, and meet gender-specific needs and priorities; use gender specific and/or sex-disaggregated indicators, including impact indicators, to monitor and evaluate progress and results. Findings from this gender analysis should be used to ensure at minimum that the project/programme does no harm and does not reinforce gender inequalities. However due to the lack of proper data, consultation process and proper gender analysis, based on available document, it can be concluded that this project does not target gender equality.

Disaster Risk Reduction

The action will significantly contribute to disaster risk reduction, especially in the area of flood risk reduction by the development of integrated flood management aims to harmonize human activities and flood risks through appropriate interventions to modify the water regime and adaptation of human behaviour thereby reducing such risks while maintaining the beneficial aspects of floods. The objectives of basin flood management plan are to protect life and property from flood risks and enhance the capability of socio-economic development in the flood plains to realize the development vision in a basin through Flood Risk Management Plan.

3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1	Regional or inter-municipal cooperation regarding wastewater management not established	L	L	Inter-municipal agreement signed
3	Low level of commitment by municipal authorities/PUCs to implement source separation plans and recycling schemes	L	L	Official commitment of the selected local self-governments toward introduction of source separation
2	Lack of timely and high quality	L	L	Appointed relevant staff from the relevant Ministry, City/Municipality

¹³ Principal objective / significant objective/ not targeted

	developed technical documentation and tender documentation			Administration and members of Project Implementation Unit established timely and well trained and involved in all the steps during the preparation of the technical and tender documentation
--	--	--	--	--

Lessons Learned:

The past and ongoing support focused on strengthening the ability of economic policy makers to implement policies and legislation complying with the EU *acquis*. Lessons learned were drawn from previous evaluations, which stress that continued support for the overall business environment and improvements in the legislative and institutional settings are required to harness positive effects of support interventions. In addition, the evaluations emphasised that any new interventions should spell out in detail which accession chapters are addressed by the supported reform to avoid any duplication, ensure that the key incentive to the reform (the accession perspective) is clear and facilitate the exchange between IPA and the negotiation process.¹⁴

The efficiency in the environment and climate change sector was proposed to be considered as medium. As stated in the WBIF (Western Balkans Investment Framework) Final Evaluation Report¹⁵ the increased interest in blending funds by the European Commission with IFI and other financing institutions is due to the number of potential benefits and increases the potential development impact of the Commission’s official development assistance. Based on previous experience, interventions within this Action are looking to start blending funds to increase efficiency, coordination, ownership and visibility of EU development finance.

In the area of **environment and climate change**, the past projects which have supported Serbia have shown that for the successful implementation of interventions it is necessary to develop a mechanism for predictable and stable national financing and co- financing of infrastructure projects through local authorities, IFI loans and other available sources, strengthen the capacity at local level for infrastructure project preparation and implementation and bottlenecks in terms of absorption capacities must be taken into consideration in the programming period.

3.4. Indicative Logical Framework Matrix

¹⁴ Evaluation of Ssector Approach Under IPA; Evaluation done for the European Commission October 2018

¹⁵ November, 2015

Results	Results chain: Main expected results	Indicators	Baselines	Target	Sources of data	Assumptions
Impact	To support the implementation of the Green Agenda in the Republic of Serbia.	1 Progress in approximation Chapter 27 legislation.	1 Assessment provided in the Negotiating position, Commission report on Serbia 2020 and areas where further effort is needed	1 In 2027 EU requirements are being implemented except of these where transitional periods are agreed.	1 Commission report on Serbia for 2020 recommendation. Sub-committee meetings conclusions.	<i>Not applicable</i>
Outcome	Serbia achieved Chapter 27 requirements	1.1 % of reporting obligations for priority directives are fulfilled	1.1 5	1.1 100	1.1 Project reporting NPAA reporting	Continued political support for harmonisation with the EU environmental <i>acquis</i>
Output 1	Infrastructure for climate change and environmental protection improved	1.1.1 % of the wastewater treated in Zlatibor and Moravica region	1.1.1 0	1.1.1 86.6	1.1.1 project report	All relevant institutions responsible for implementation of the project are responsive.
Output 2	Capacities of the institutions involved in climate change and environmental protection enhanced	1.2.1 2nd RBMP and 2nd FRMP developed 1.2.2 Number of civil servants trained for implementation of water management projects 1.2.3 Number of Natura 2000 sites with developed technical documentation 1.2.4 Number of campaigns to fight against climate change held 1.2.5 Number of people reached through awareness raising activities	1.2.1 0 1.2.2 0 1.2.3 0 1.2.4 0 1.2.5 0 1.2.6 6 000 1.2.7 0	1.2.1 2 plans developed 1.2.2 10 1.2.3 20 1.2.4 5 1.2.5 100 1.2.6 20 000 1.2.7 4	1.2.1 project report 1.2.2 project report 1.2.3 project report 1.2.4 project report	Commitment to continuation of environment sector reform and increasing competitiveness of the environment and climate change sector Serbia continues

		<p>1.2.6 Quantity (tonnes) of bio-waste separately collected and treated from the municipal solid waste, annually, in line with Serbian and EU Waste policy</p> <p>1.2.7 Number of infrastructure projects ready for tendering</p>			<p>1.2.5 project report</p> <p>1.2.6 project report</p>	<p>working on the preparatory activities related to opening of accession negotiations of chapter 27 (environment)</p>
--	--	--	--	--	---	---

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Serbia.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

N.A.

4.4. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.4.1. Direct Management (Grants)

N.A.

4.4.2. Direct Management (Prize(s))

N.A.

4.4.3. Direct Management (Procurement)

Activities 2.1.; 2.2.; 2.3.; 2.4.; 2.5. 2.6. and 2.7. will be implemented under procurement by the EU Delegation to Serbia.

4.4.4. Indirect Management with an international organisation

N.A.

4.4.5. Indirect Management with an IPA III beneficiary

A part of this action, Output 1 will be implemented under indirect management by the Republic of Serbia.

The managing authority responsible for the execution of the action is the NIPAC Office. The managing authority shall be responsible for legality and regularity of expenditure, sound financial management, programming, implementation, monitoring, evaluation, information, visibility and reporting of IPA III activities.

The managing authority shall rely on sectoral expertise and technical competence of the following intermediate bodies for policy management: line ministries.

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments and revenue operations, shall be entrusted to the following intermediate body for financial management: Central Finance and Contracting Unit in the Ministry of Finance. It shall ensure legality and regularity of expenditure.

4.4.6. Contribution to Regional Investment Platform

N.A.

4.4.7. EFSD+ operations covered by budgetary guarantees

N.A.

4.4.8. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances (one alternative second option)

N.A.

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, in EUR
Methods of implementation – cf. section 4.4		
Output 1.1. Construction works for Zlatibor and Moravica Districts Regional Waste-Water Management Project, composed of	39 700 000	34 700 000
Indirect management with the Republic of Serbia cf. section 4.4.5	39 700 000	34 700 000
Output 2.1. Technical assistance to develop 2nd River Basin Management Plan and 2nd Flood Risk Management Plan, and Output 2.2. Technical assistance for the capacity of the Republic Water Directorate composed of	3 000 000	N.A.
Procurement (direct management) – cf. section 4.4.3		N.A.
Output 2.3. Natura 2000 in the Republic of Serbia composed of	3 500 000	N.A.
Procurement (direct management) – cf. section 4.4.3		N.A.

Output 2.4. Technical assistance to implementation of climate change Strategy, composed of	1 500 000	N.A.
Procurement (direct management) – cf. section 4.4.3	N.A.	
Output 2.5. Technical assistance to awareness raising circular economy principle, composed of	1 000 000	N.A.
Procurement (direct management) – cf. section 4.4.3	N.A.	
Output 2.6. Technical assistance for introduction of source separation (bio waste) in 5 waste management regions composed of	14 100 000	N.A.
Procurement (direct management) – cf. section 4.4.3	N.A.	
Output 2.7. Technical assistance for preparation of investments in infrastructure, composed of	10 000 000	N.A.
Procurement (direct management) – cf. section 4.4.3	N.A.	
Indirect management with the Republic of Serbia – total for cf. section 4.4.5	39 700 000	34 700 000
Procurement (direct management) – total for cf. section 4.4.3	33 100 000	N.A.
Prize (direct management) – cf. section 4.4.2	N.A.	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision	N.A.
Communication and visibility – cf. section 6	will be covered by another Decision	N.A.
Contingencies	N.A.	N.A.
Totals	72 800 000	34 700 000

4.7. Organisational Set-up and Responsibilities

The institutional arrangements for implementation of activities which will contribute to the achievement of Action Outputs are:

For the Output 1.1 Construction works for Zlatibor and Moravica Districts Regional Waste Water Management Project with supervision of works and technical assistance for Financial and Operational Performance Improvement Plan, the main responsibility is with the ministry in charge of Agriculture, Forestry and Water Management (MAFWM) through its Republic Water Directorate (RWD).

For the output: 2.1 Technical assistance to develop 2nd River Basin Management Plan and 2nd Flood Risk Management Plan with Strategic Environmental Assessments, the main responsibility is with the ministry in charge of Agriculture, Forestry and Water Management - its operational body Republic Water Directorate.

For the output 2.2 Technical assistance to strengthen administrative and managerial capacity of the Republic Water Directorate and support institutions involved in the water management the main responsibility is also with the ministry in charge of Agriculture, Forestry and Water Management - Republic Water Directorate.

For the output 2.3 Technical assistance to improve strategic framework in nature protection sector and further implementation of Natura 2000 in the Republic of Serbia the main responsibility is with the ministry in charge of Environmental Protection.

For the output 2.4 Technical assistance to promoting the climate change activities, the main responsibility is with the Cabinet of the Prime Minister of the Republic of Serbia, the ministry in charge of European integration and the ministry in charge of Environmental Protection.

For the output 2.5 Technical assistance to awareness raising circular economy principle the main responsibility is with the Ministry of European integration and the ministry in charge of Environmental Protection together with the Serbian Chamber of Commerce.

For the output 2.6 Technical assistance and procurement of supply for introduction of source separation (bio waste) in 5 waste management regions the main responsibility is with the ministry in charge of Environmental Protection (MoEP).

Finally, for the output 2.7 Technical assistance for preparation of investments in infrastructure the main responsibility is with the ministry in charge of European integration.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.8. Pre-conditions

N.A.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

In case the arrangements remain the same as during the IPA II period, the overall progress will be monitored through participation of various stakeholders, such as the Commission/EU Delegation, NIPAC, NIPAC TS/BCPME, NAO, NAO SO, NF, Contracting Authority - CFCU, Final Beneficiaries, AA, and other institutions and civil society organisations. More precisely, monitoring will be done through:

- **Result Orientated Monitoring (ROM) system (led by DG NEAR):** This will provide, as necessary and required, an independent assessment of the on-going or ex-post performance of the Action.
- **IPA III Beneficiary's own monitoring:** IPA monitoring process is organised and led by the NIPAC, supported by the NIPAC TS/ BCPME. NIPAC is the main interlocutor between the Serbian government and the European Commission regarding strategic planning, co-ordination of programming, monitoring of implementation, evaluation and reporting on the overall IPA assistance. NIPAC monitors the process of programming, preparation and implementation, as well as the sustainability and effects of programmes, aiming to improve these processes, ensure timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions. Through the support of the NIPAC TS/ BCPME, the NIPAC prepares regular monitoring reports for the Government and the EC based on the reports drawn up by the institutions responsible for implementation. It reports on the formulation of Action, the fulfilment of

preconditions for the initiation of public procurement procedures, the implementation of Action, its sustainability and effects, and organises the process of evaluation.

- **Self-monitoring performed by the EU Delegation:** This is part of the annual assurance strategy process and is done based on the ex-ante risk assessment of actions/contracts that are considered riskier.

Joint monitoring by DG NEAR and the IPA III Beneficiary: the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly (at least once a year) monitored by the IPA Monitoring Committee. It will be supported by Sectoral Monitoring Committees which will ensure monitoring process at sector level. The results of monitoring will be used in the policy-making process to propose programme adjustments and corrective actions.

5.2. Evaluation

Having regard to the importance of the action, an ex-post evaluation will be carried out for this action or areas of support via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that substantial works in the areas of the Green Agenda will be carried out.

The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a Financing Decision.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a

communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

7. SUSTAINABILITY

In view of sustainability, the end recipients shall ensure the use of the outputs, resulting from the action, for the purpose they are procured for, in line with the action document, the contract or equivalent. The end recipients shall allocate enough budget for the functioning and maintenance of the assets and cover the costs of their operation and maintenance. The end recipients shall recover the assets to their initial condition in case of their damage or replace the assets with those of minimum equal quality and functionality in case of their destruction.

The outputs of this action are all embedded firmly within the Green Agenda for the Western Balkans, as one of the main policy frameworks under the IPA III period. The priorities also derive from the process of negotiations for the Chapter 27 of the EU acquis. The negotiations for the Cluster 4 on Green agenda and sustainable connectivity were opened with Serbia in December 2021. Serbia adopted detailed Directive Specific Implementation Plans (DSIPs) for a number of Directives, including Waste Framework Directive, Directive on Packaging and Packaging Waste, Landfill Directive, Directive on Waste Electrical and Electronic Equipment, Batteries Directive, Water Framework Directive, Nitrates Directive, Urban Wastewater Directive, Directive on Water Intended for Human Consumption and Industrial Emissions Directive. These DSIPs, together with an Action Plan for Administrative Capacities Development and a Multi-Annual Investment and Financing Plan for the waste and water sectors, form an integral part of Serbia's negotiating position for this Chapter. As such, the outputs of this Action will benefit directly the achievement and implementation of the policy documents adopted by Serbia.

A number of the outputs are a continuation and next phase of already implemented programmes, which are part of the overall policy approach of the specific responsible institutions that are implementing them, including the outputs 2.1 on the 2nd River Basin Management Plan and 2nd Flood Risk Management Plan with Strategic Environmental Assessments; Output 2.2. on the administrative and managerial capacity of the Republic Water Directorate and support institutions involved in the water management; 2.3. on the further implementation of Natura 2000, 2.6. on the source separation (bio waste) in 5 waste management regions.

The support to the climate change promotional activities and to the awareness raising for the circular economy principle are designed to generate visibility, comprehension and understanding by all the relevant actors in the system. These activities are designed to ensure that those actors and stakeholders are aware and capable to implement the already adopted legislative and policy acts in the most effective manner.

Finally, the output 2.7 is designed to continue the preparation of investments in infrastructure in this field in the future, ensuring that there are sufficient well prepared projects related to Chapter 27 to ensure that the implementation of the directives and overall policy in this area can continue in a smooth manner.

The breach of the conditions for sustainability may lead to refund of the EU contribution in case the end recipients fail to take the necessary corrective measures for removing the deficiencies occurred.