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## **Record of the facilitative sharing of views at the fifty-eighth session of the Subsidiary Body for Implementation: Montenegro**

**Note by the secretariat**

### **Abbreviations and acronyms**

BUR	biennial update report
CO <sub>2</sub> eq	carbon dioxide equivalent
COP	Conference of the Parties
EF	emission factor
ETF	enhanced transparency framework under the Paris Agreement
FSV	facilitative sharing of views
GHG	greenhouse gas
ICA	international consultation and analysis
IPPU	industrial processes and product use
LULUCF	land use, land-use change and forestry
NDC	nationally determined contribution
non-Annex I Party	Party not included in Annex I to the Convention
SBI	Subsidiary Body for Implementation

### **I. Background and mandate**

1. COP 16 decided that ICA of BURs from non-Annex I Parties would be conducted under the SBI in a manner that is non-intrusive, non-punitive and respectful of national sovereignty, with the aim of increasing the transparency of mitigation actions and their effects reported by those Parties.<sup>1</sup>
2. COP 17 adopted the ICA modalities and guidelines,<sup>2</sup> according to which the ICA process consists of two steps: technical analysis of non-Annex I Parties' BURs by teams of technical experts, resulting in a summary report for each Party; and FSV, to which the BURs and summary reports serve as input.<sup>3</sup>
3. Pursuant to the ICA modalities and guidelines, the fourteenth FSV workshop was convened at SBI 58 from 6 to 7 June 2023 in Bonn for the following 15 non-Annex I Parties

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<sup>1</sup> Decision 1/CP.16, para. 63.

<sup>2</sup> Decision 2/CP.17, annex IV.

<sup>3</sup> Decision 2/CP.17, annex IV, para. 3.

for which there was a BUR and final summary report<sup>4</sup> by 22 March 2023: Argentina, Belize, Brazil, Indonesia, Lesotho, Mauritius, Montenegro, Morocco, Nigeria, Republic of Korea, Republic of Moldova, Rwanda, Saint Lucia, South Africa and Zimbabwe. The workshop was open to all Parties.

4. The workshop, chaired by the SBI Vice-Chair, Gonzalo Guaiquil, comprised three three-hour sessions.

5. As one of the participating Parties, Montenegro received seven written questions in advance of the FSV workshop<sup>5</sup> from the European Union, New Zealand, the United Kingdom of Great Britain and Northern Ireland, and the United States of America. This FSV record for Montenegro summarizes the proceedings and, together with the summary report on the technical analysis of its third BUR,<sup>6</sup> constitutes the outcome of the third round of ICA for the Party.

## II. Summary of proceedings

6. On 6 June 2023 Montenegro made a brief presentation on its third BUR. The presentation was followed by a question and answer session.

7. Montenegro was represented by Sanja Bešović from the Ministry of Ecology, Spatial Planning and Urbanism.

8. Montenegro presented an overview of its national circumstances and institutional arrangements, national inventory of anthropogenic emissions by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol, mitigation actions and their effects, support needed and received, and transition to and implementation of the ETF.

9. Montenegro also presented its NDC target under the Paris Agreement, updated in 2021, which is to reduce its GHG emissions by 35 per cent without emissions and removals from LULUCF by 2030 relative to the 1990 level, which equates to an absolute reduction in emissions of 2,117 kt CO<sub>2</sub> eq. The Party explained that it has established a new emission reduction target of 55 per cent by 2030 relative to the 1990 level, which will be included in the next NDC update.

10. Montenegro highlighted that its total GHG emissions in 2019 were 3,623.25 kt CO<sub>2</sub> eq and they decreased between 1990 and 2019 by 31.5 per cent without emissions and removals from LULUCF and by 69.8 per cent with emissions and removals from LULUCF, owing mainly to the IPPU sector. The Party explained that the main driver of the emission trends was a significant reduction in the volume of aluminium output and technological improvements in electrolysis. Montenegro presented the project entitled “Development of Upgraded Integrated Tool and Update of Air Emissions Inventory for the period 2011–2019” to enhance the sustainability of its GHG inventory system and build its capacity to report regularly on GHG emissions and removals as an improvement since its previous BUR.

11. Montenegro also presented key policies and measures for achieving its target, the majority of which are to be implemented in the energy sector. A total of 25 policies and measures in the energy, IPPU, agriculture and waste sectors were analysed under three scenarios: ‘without measures’, ‘with existing measures’ and ‘with additional measures’. Under the ‘without measures’ scenario, total GHG emissions are expected to decrease by 22.9 per cent by 2030 compared with the 1990 level, while emissions from the waste sector are expected to increase by 137.0 per cent. The greatest reduction could be achieved in the ‘with additional measures’ scenario after an expected peak in emissions in 2024, achieving a 45.0 per cent reduction by 2030 compared with the 1990 level. Although in both the ‘with existing measures’ and the ‘with additional measures’ scenario the energy sector is still predominant among all sectors, with shares of 75.1 and 72.3 per cent respectively of total emissions in 2030, emissions from the energy sector will be 36.7 and 48.5 per cent lower

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<sup>4</sup> The BURs and summary reports for each ICA cycle are available at <https://unfccc.int/BURs> and <https://unfccc.int/ICA-reports> respectively.

<sup>5</sup> As per decision 2/CP.17, annex IV, para. 6.

<sup>6</sup> FCCC/SBI/ICA/2022/TASR.3/MNE.

than would be expected in the ‘without measures’ scenario in the ‘with existing measures’ and ‘with additional measures’ scenarios respectively.

12. Furthermore, Montenegro provided information on support needed and received and capacity-building needs. Over 2019–2021, Montenegro received USD 3,492,767 for implementing climate projects, including USD 352,000 from the Global Environment Facility to support the preparation of its third BUR. Montenegro explained that the total value of projects proposed as NDC priority activities by the Green Climate Fund for 2021–2023 was USD 176 million, where USD 75.4 million would be provided by the Green Climate Fund and the rest through co-financing. Montenegro also received USD 2 million through the World Bank’s Partnership for Market Implementation to establish a stable national carbon pricing system. The Party presented significant progress in enhancing its capacity to develop long-term policies, to access funding sources at the national and local level and to prepare GHG inventories. However, Montenegro emphasized that the key challenge lies in building and enhancing its capacity to plan and implement climate policies, which must be integrated into all relevant national policies and strategies. Moreover, Montenegro explained that additional investment in the development of renewable energy sources is planned as a priority for the post-2030 period. The Party’s financial needs in respect of achieving the 2030 emission reduction target in its 2021 NDC were estimated at EUR 2,655.31 million.

13. Montenegro presented information on its current initiatives for enhancing its capacities for compliance with requirements under the ETF. The aim of the project entitled “Development of the Fourth National Communication and the First Biennial Transparency Report of Montenegro to the UNFCCC” is to update the GHG inventory for 1990–2021, improving its transparency. Through the project under the Capacity-building initiative for Transparency, “Strengthening the Montenegrin Nationally Determined Contribution and adaptation actions within the framework of transparency”, the capacity of national institutions will be strengthened, enabling the creation of a fully operational national measurement, reporting and verification system, including a clear definition of the roles and responsibilities of all stakeholders, the development of methodologies, procedures and guidelines for the various systems and a web portal with all necessary information related to mitigation, the GHG inventory and financing. Other projects will be implemented with the aim of improving GHG inventory data, developing a quality assurance and control plan and enhancing national capacity for the preparation and management of GHG inventories.

14. Following the presentation, the following Parties made interventions commending Montenegro on its efforts and asked questions seeking further clarification: Australia, European Union, India, New Zealand and United Kingdom.

15. Question on the GHG inventory related to a decrease in carbon sinks in the LULUCF sector in 2011.

16. In response, Montenegro explained that its LULUCF data were outdated, and it was difficult to analyse detailed trends in emissions in this sector. Montenegro also explained that additional capacity-building support is needed in the area of LULUCF data collection in order to improve the quality of reporting on the LULUCF sector.

17. Questions on mitigation actions and their effects related to mitigation measures in the energy sector, which are already in place and will be implemented in the future; and key policies and strategies to achieve Montenegro’s new overall target to reduce its emissions by 55 per cent by 2030 relative to the 1990 level.

18. In response, Montenegro explained that it has established an emissions trading system with a view to addressing the negative effects of climate change. The Party proposes to develop a readiness plan for carbon taxes, with the support of the World Bank, involving all sectors responsible for GHG emissions. With regard to key policies and strategies, Montenegro is in the process of finalizing the framework for a low-carbon development strategy and a national energy and climate plan, which will be established by the end of 2023. Montenegro provided information regarding the complete closure of its thermal power plant, a major source of emissions in the energy sector. Furthermore, Montenegro indicated that it is developing projections in relation to achieving its new target of reducing its emissions by 55 per cent and the Ministry of Ecology, Spatial Planning and Urbanism has developed an NDC implementation road map and a monitoring and evaluation plan to measure the progress

of implementation of the actions in its NDC. However, the Party explained that, although addressing emissions from the energy and transportation sectors are of primary importance, specific measures for emission reduction have not yet been decided upon.

19. Other questions related to the contribution of the technical analysis of the Party's second BUR to preparing its third BUR; and government's collaboration with the private sector to ensure the successful implementation of energy labelling on most electrical consumer goods. In response, Montenegro explained that all suggestions and comments provided by the team of technical experts during the technical analysis of the second BUR were addressed in the third BUR. In addition, the Party indicated that the public hearing session on Montenegro's rulebook on energy labelling facilitated the private sector's understanding of it.

20. The presentation and subsequent interventions are accessible via the webcast of the workshop.<sup>7</sup>

21. In closing the workshop, the SBI Vice-Chair congratulated Montenegro for successfully undergoing FSV and completing the third round of the ICA process. He thanked Montenegro and all other participating Parties for engaging in the workshop in a facilitative manner. He also thanked the secretariat for its support.

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<sup>7</sup> Available at <https://unfccc.int/event/fourteenth-fsv-workshop-part-ii>.