

Serbia should introduce a system for monitoring, reporting and verifying greenhouse gas emissions by 2026

Serbia should introduce a system for monitoring, reporting and verifying [greenhouse gas emissions](#) by 2026 to comply with its obligations under the Paris Agreement and prepare for the rollout of the **European Union's carbon border tax**. The same year is set as a deadline to ensure that at least 25% of capital investments is earmarked for green and climate projects.

The introduction of monitoring, reporting and verification (MRV) of emissions and a mandatory share of green and climate-responsive capital expenditures are part of the two programs launched by the [Government of Serbia](#) and the **World Bank** under loan agreements.

The international finance institution's board has approved the Green Transition Development Policy Operation, of EUR 149.9 million, and the Improving Public Financial Management for the Green Transition Operation, worth EUR 69 million.

Under the terms of the EUR 149.9 million loan, the government committed to take several policy actions

The funds will be combined with the government's own resources. Rather than financing specific ring-fenced activities, the operations influence the overall direction of public expenditure and make the government's own spending greener, the bank told Balkan Green Energy News.

The Green Transition Development Policy Operation is budget support financing, not earmarked for any specific expenditure. The government commits to take several policy actions, and then the funds are disbursed in one go, the World Bank explained.

Under the EUR 69 million package, disbursements take place gradually upon the completion of specific actions

According to the document, the operation will support the government in reforms including the promotion of investments in renewables, energy efficiency, and ensuring financial sustainability of power utility [Elektroprivreda Srbije \(EPS\)](#) while protecting the most vulnerable consumers.

As for the other program, disbursements take place gradually through indicators, upon the completion of specific actions.

It is aimed at helping the fulfillment of the goals from the Public Financial Management Reform Program and the Green Agenda for 2021-2030.

MRV system to be in place by 2026

One of the actions from the program for results is an MRV system for emissions from stationary installations. It is planned that by 2020 the Ministry of Environmental Protection will produce a national emissions inventory covering institutions and the emitting facilities.

In 2021 Serbia adopted the Climate Change Law, and the adoption of specific MRV rulebooks is expected by March 2023, the document reads. The system should include 160-200 installations.

The system typically covers both state-controlled and privately owned installations like power plants, oil refineries, coking plants and steelworks and for the production of metals, cement, ceramics, glass, pulp, and paper.

There are an estimated 160-200 installations that require monitoring of emissions, the document reads, adding that the group accounts for 58% to 62% of Serbia's total greenhouse gas emissions or about 46 million tons per year, based on data from 2019. According to the bank, the future MRV system is an important element of Serbia's Green Agenda commitments. It said it is necessary to comply with the provisions of the Paris Agreement and the EU's upcoming carbon border adjustment mechanism or CBAM. Under CBAM, exporters of some goods to the EU will have to pay for the carbon used in production unless they prove they already paid the carbon price or were taxed for it. In practice, Serbia risks making its exports highly uncompetitive if it does not start taxing emissions, so an MRV system is a necessary prerequisite, the document reads.

Investments of EUR 8 billion needed by 2030

Serbia currently doesn't systematically monitor or report the share of green public investments, so by 2026 the share of green and climate-responsive capital expenditures has to reach at least 25%.

For every increase of five percentage points, Serbia would get EUR 1.2 million, the bank said.

The required investments to pursue Serbia's green transition are estimated at a minimum of EUR 8 billion by 2030 or EUR 1 billion annually, compared to overall public investment expenditures of EUR 2.3 billion in 2020. The bank noted that Serbia has initiated various projects including for wastewater treatment, energy efficiency and renewables.

A key aspect will be to prioritize public investments that specifically address the most pressing pollution issues, the document reads, Balkan Green Energy News writes.