





MAINSTREAMING CLIMATE CHANGE INTO THE ENERGY SECTOR

Briefing paper

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Key issues:













- After falling abruptly with the demise of USSR, GHG emissions in energy sector in Moldova increased by 52.9% up to 10.0 Mt CO_2 e of CO_2 equivalent in the period from 2000 to 2020;
- Economic growth decoupled from GHG emissions, as GDP grew 2,2 times and emission only in the same period;
- Energy intensity decreased by 40.6% in 2019 compared to year 2000, to 18.32 GJ/thousand 2015 USD;
- GHG intensity of GDP of Moldova is still among the highest among transition economies from the Central and Eastern Europe, even if decreased by 29.3% to 1.180 kg CO₂/2015 USD in 2020;
- High dependence of the electricity sector on natural gas consumption, insufficient diversification of the country's fuel mix remained the key challenges for the energy sector of Moldova over the past 20 years;
- There is a great potential in Moldova to save both money and energy by reducing energy intensity and promoting circular economy.

General Objectives in Energy and Climate Policies

Moldova has adopted or is developing a number of important national documents reflecting the integration of energy and climate policy issues.

In its second NDC, Republic of Moldova raised its ambition to reduce its greenhouse gas emissions by 70 per **Cent** below its 1990 level in 2030, instead of 64-67 per cent as committed in NDC1. NDC2 is based on national development priorities oriented towards reaching Sustainable Development Goals expressed in the *National Development Strategy "Moldova 2030"*.

The current climate policy framework in the Republic of Moldova in the national energy context:

- Consistency in the policy planning process. The current climate policy framework in Moldova is based on long-term, middle-term and short-term documents covering the most critical issues (such as renewable energy policies, energy security, energy efficiency, climate mitigation and adaptation strategies, sector-specific regulations). For example, the NDC2 targets are planned to be achieved through the updated Low Emission Development Strategy of the Republic of Moldova until 2030 and the Action Plan for its implementation. The overall strategic framework is set by the National Development Strategy "Moldova 2030" and Energy Strategy of the Republic of Moldova until 2030. The 2050 Low Emission Development Strategy should be adopted in 2022 (published for consultations with stakeholders) and NIECP in 2023.
- Alignment of the legislative framework and technical regulations in the energy sector of Moldova to EU best practices is considered an important step to ensure its sustainable development. For example, the revision of the Law on Energy Efficiency is in process, to transpose the requirements of 2012/27/EU Directive.



- The most important policy documents are usually posted for comments on specific web-resources and are available for revision and discussion to relevant stakeholders, including representatives of the central and local public authorities, academia, civil society organizations, private entities, business associations;
- Taking into account existing gaps and barriers in engaging the private sector in climate investment in the energy sector, such as lack of finance, low energy tariffs, high interest rates for funding provided by local banks etc., *capacity building, involvement of international financial institutions and provision of technical assistance* are considered important elements for achievement of sectoral climate targets;



Legal and strategic framework

	Legal framework	Strategic framework
Energy in general	• The Law on electricity (No. 107 from 27-05-2016)	• The National Development Strategy "Moldo- va 2030"
	 The Law on thermal energy and promotion of co-generation (No 92 of 29.05.2014) The Law on natural gases (No 108 of 27.05.2016) 	 Energy Strategy of the Republic of Moldova until 2030
		• The "Green" Economy Program of the Repub- lic of Moldova for the years 2018-2020
		• The Environmental Strategy for 2014-2023
		 The National Strategy on Ensuring Equality between women and men
		• National Program for the Greening of SMEs
		• The 2050 <i>Low Emission Development Strat- egy</i> should be adopted in 2022
		• NIECP under development, to be adopted in 2023
Renewable energy	• The Law on Promoting the Use of Ener- gy from Renewable Sources (No. 10 of 26.02.2016)	
Energy efficiency	 The Law on Energy Efficiency No. 139/2018 	
	 National Action Plan in the field of Energy Efficiency for the years 2019- 2021 	
	 Several regulations regarding ener- gy efficiency of residential and public buildings have been adopted 	
Energy markets	 Regulation of ANRE on energy markets (No 283 of 07.08.2020) 	
Energy balances	 Methodology for calculation of monthly and annual statistic indica- tors in energy sector and energy prices (No 6/3 of 23.12.2014) 	

As a Party to the UN Framework Convention on Climate Change (UNFCCC) and as a contracting party to the Energy Community Treaty (EnC), the Republic of Moldova assumed a series of commitments in the fields of climate and energy.

- National Plans for Energy Efficiency;
- National Action Plans in the field of Renewable Energy;
- Republic of Moldova's Adaptation to Climate Change Strategy etc.

According to EU's best practices the iterative NDC development process should be merged with the elaboration and implementation reporting of NECP. For example:

in 2022 – 2023:

- Update NECP Energy Community Secretariat;
- Initiate NDC3 UNFCCC.

in 2024:

- Presentation of the first implementation report of NECP to the EnC Secretariat;
- Presentation of NDC3 to UNFCCC.

In the context of synchronization, the 4th component of NECP (Decarbonization of economy) may serve as a starting point to elaborate NDC3.



Climate change adaptation and energy in Republic of Moldova

In its efforts to establish an integrated National Adaptation Planning (NAP) and Sectoral Adaptation Planning (SAP) process at sector level, Republic of Moldova continues the alignment of the functionality of Climate Change Adaptation Monitoring and Evaluation (M&E) System to the planning cycle of NAPs and SAPs.

The M&E system for the Republic of Moldova's adaptation component was designed to create a set of overarching adaptation goals, to which the energy sector will contribute, track and monitor individual sectoral objectives and indicators; enforce the gradual integration of adaptation priorities in regular sectoral development planning; measure and monitor the outcomes and impacts of adaptation activities, investments, programmes on gender resilience to climate change from a gen der-responsive perspective.

For the energy sector, inclusion of a comprehensive set of indicators in Energy Supply and Consumption, specific Electricity and Heat indicators and GHG Emissions and Carbon Intensity would provide a far-reaching approach to design a transparent and broad framework for tracking progress of policies adopted.

As part of the M&E system, in the Republic of Moldova, a Climate Budget Tagging (CBT) process is under implementation, that aims at improving the understanding of how and how much is being spent on national climate change responses, through which programs funds are being spent, and which programs include climate change objectives (or co-benefits). Under the CBT tracking system, it is proposed that the monitoring of sectoral (including energy sector) work plans is based on output indicators at the activity level and outcome indicators at the programme level.

Recommendations, each backed by a list of concrete actions

- Improvement of Legal Framework
- Integration of Climate Change-Related Indicators into Energy Sector's Strategic Planning Framework
- Strengthening Institutional and Cross-cutting Capacities
- Strengthening Role of International Organizations and International Financial Institutions in Mainstreaming Climate Change Issues into Energy Policy, Technology Transfer and Green Market Development
- Strengthening Municipal Planning Polices



