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## CHALLENGE CALL FOR GREEN TRANSITION OF SERBIAN ECONOMY

### GREEN AGENDA IN SERBIA

#### Call for Concept Notes

## I. Introduction

This Challenge Call for Proposals is published as part of the “EU for Green Agenda in Serbia” project, funded and technically supported by the European Union, implemented by UNDP in partnership with the Ministry of Environmental Protection of the Republic of Serbia and in cooperation with the Embassy of Sweden and the European Investment Bank (EIB) with additional funding from the Governments of Sweden, Switzerland, and Serbia.

The project’s primary objective is to contribute to the efficient, inclusive, and sustainable implementation of the [Green Agenda for the Western Balkans](#) and its [Action Plan](#) in the Republic of Serbia. Also, its aim is building a broad engagement and societal participation in accelerating the EU approximation through adherence with the EU policy and harmonization with the *acquis* focusing Cluster 4.

Through this Challenge Call we seek proposals for innovative piloting actions - innovative project ideas and business models, that support green transition in one of the following **five pillars of the Green Agenda**:

1. Climate action, decarbonization, energy efficiency, and green industries;
2. Circular economy for resource efficiency and industrial symbiosis;
3. Depollution of the environment with a strong focus on air quality;
4. Protecting and investing in biodiversity and ecosystems;
5. Sustainable food systems for sustainable rural livelihood.

This Challenge Call for Proposals will be **open** throughout the duration of the project “EU for Green Agenda in Serbia” and will be conducted in the following phases:

**Phase one:** Applicants are invited to prepare their **brief innovative solutions/Concept Notes** in any of the five areas mentioned above and submit them to UNDP through the **following form**.

Received Concept Notes will be reviewed and ranked by the **UNDP project implementation team (EU for Green Agenda in Serbia project)**. After the first round of review, each applicant will be notified on the results,





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receive comments and guidance for eighter further preparation and submission of the full **Innovative Project Proposal** (phase two), or re-submission of a Concept Note.

**Phase two:** After the first round of review (and re-classification along pillars, if needed), successful applicants will be invited to prepare the full **Innovative Project Proposal**. Detailed **Guidelines** and application forms for each of the pillars (with **evaluation criteria** for each selection phase) will be available at the following link <https://zelena-agenda.euzatebe.rs/en/open-calls> from **March 15, 2023**.

**Phase three:** The **Challenge Call Evaluation Committee (CCEC)**, comprised of external evaluators and **Project Steering Committee** members<sup>1</sup>, will periodically **review, and evaluate submitted Innovative Project Proposals**, based on pre-defined criteria, and select proposals that will receive technical support (the so-called "Acceleration") in the next phase under the framework of Green Agenda Accelerator.

**Phase four:** Acceleration of successful **Innovative Project Proposals** (for Pillars 1-4) will assist the applicants in further elaboration of their **Innovative Project Proposals** into comprehensive **Project Documents** (business proposals). This will further qualify them to compete for co-financing support. The co-financing will be provided in the form of Performance-Based Payment Agreements (PBPA). The acceleration process may include following technical assistance: provision of technical and experts' support to de-risk project/business proposals and enable access to finance, improve technical aspects of the projects/businesses, and eventually support development **of full implementable projects/businesses** that will have direct positive impact and contribute to the green transition of Serbia. During this phase applicants will receive individual mentorship, as well as additional training on carbon footprint, GHG emissions calculation, business plan development, marketing planning, fundraising, public presentation, gender mainstreaming, and other relevant topics. General trainings will be organized for the entire Green Agenda Accelerator, while specialized/thematic trainings will be provided in line with the five pillars of the Green Agenda.

**Phase five:** At the end of the acceleration phase, each **Project Document** will be re-evaluated by the CCEC, in order to identify the most mature projects, ready for implementation, sustainable, and with the highest environmental, social and economic benefits. Those projects will receive **co-financing** in line with developed **Project Documents**, and as per the available budget, through Performance-based Payment Agreements (PBPA). This type of agreement enables co-financing of projects with up to 50% of the estimated project total investment value (detailed co-financing information may be found in the Section VII).

Successful Project Proposals in the realm of Pillar 5 (Sustainable food systems for sustainable rural livelihood) will not undergo Acceleration phase, and instead of PBPA – the most successful applicants will be contracted through an Innovation Challenge Agreement. Both contractual forms are available in the Challenge call material package.

<sup>1</sup> The Ministry of Environmental Protection, Delegation of the European Union to Serbia, and other donors (Embassy of Sweden and Embassy of Switzerland whose involvement will be ensured in processes of distribution of their grants)





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**Phases 1 and 2** of the Challenge Call for Proposals will be active until the end of the Green Agenda in Serbia Project (estimated by end of 2026). The Project Implementation Team will contact the applicant within maximum one month upon submission of the Concept Note via online questionnaire.

**Phases 3, 4 and 5 will be repeated periodically by the UNDP team** to ensure identification of as many projects as possible, to maximize available financial contribution and to accelerate green transition in Serbia through supporting various innovative initiatives and creating level playing field for all actors in Serbian economy.

## II. Challenge Call timeline for the first evaluation cycle

<b>Phase one: OPEN CALL FOR CONCEPT NOTES – phase active until the end of the Project (2026)</b>		
23 <sup>rd</sup> February, 2023	CALL OPENS	
<a href="#">15<sup>th</sup> March, 2023</a>	Hybrid and online Info Days for potential applicants	
<a href="#">24<sup>th</sup> March, 2023</a>		
31 <sup>st</sup> March, 2023	Deadline for the first submission of Concept Notes	
<b>Phase two: EVALUATION OF CONCEPT NOTES AND OPEN CALL FOR PROJECT PROPOSALS – phase active until the end of the Project (2026)</b>		
10 <sup>th</sup> April, 2023	Selection results for Concept Notes and invitation to submit Innovative Project Proposals for the first cut off	
<a href="#">19<sup>th</sup> April, 2023</a>	Hybrid Info Day for potential applicants in the first cut off	
30 <sup>th</sup> April, 2023	Deadline for the submission of Innovative Project Proposals in the first evaluation cycle	
<b>Phase three: EVALUATION OF PROJECT PROPOSALS</b>		
By 5 <sup>th</sup> June, 2023	Selection of Innovative Project Proposals for Acceleration support	Signature of Innovation Challenge Agreements for Pillar 5
<b>Phase four: ACCELERATION for Pillars 1-4, or IMPLEMENTATION for Pillar 5</b>		
June 2023 – September 2023	Mentoring/coaching, training and webinars	





October 2023	Selection of most mature projects/businesses ready for implementation, and signing of co-financing agreements (PBPA's)	June 2023 - December 2023 implementation of awarded projects under Pillar 5
<b>Phase five: IMPLEMENTATION OF THE SELECTED PROJECTS</b>		
October 2023 – October 2024	IMPLEMENTATION of the most mature, sustainable and impactful projects for pillars 1-4	June 2023 - December 2023 implementation of awarded projects under Pillar 5

**Deadlines for the next evaluation cycle will be announced during the summer 2023.** Submitted Project Proposals will be periodically reviewed and directed to next phase two or three times each year (depending on the interest, namely the number of received applications, and available funding), in order to increase efficiency and maximize synergy between all five pillars.

### III. Who can apply?

Lead applicants for each of the Pillars can be from the following sectors, marked in the table below:

LEAD APPLICANT:	Decarbonization <sup>2</sup>	Circular economy	Depollution	Biodiversity	Sustainable food systems
Local self-government units (cities and municipalities)	☑	☑	☑	☑	
Public enterprises and utility companies	☑	☑	☑	☑	
Commercial organizations/ businesses / companies	☑	☑	☑	☑	☑
Research institutions	☑	☑	☑	☑	

<sup>2</sup> With particular focus on facilities that are or will be required to obtain GHG emission permits (under the Law on Climate Change) and IPPC permits (under the IPPC Law).



Managers of protected areas				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Forest proprietors / owners (cooperatives, associations, companies)				<input checked="" type="checkbox"/>	
Food Cooperatives		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Registered farms / Agricultural holdings / Farmers' associations		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Applicants can apply independently or in consortia. If applying in consortium, other consortium members can be from complementary sectors, e.g. academia, civil sector, etc. The Lead Applicant, which shall represent the consortium and serve as the main point of contact throughout the application process, must be clearly indicated. The Lead Applicant will also be the main recipient of the co-financing funds.

All applicants must be registered in Serbia, according to the national legislation in force.

**During one evaluation cycle** of this challenge call for green transition of Serbian economy, an applicant can submit up to two applications as a Lead Applicant and can participate in an unlimited number of applications as a consortium member.

During the entire Call, the **same legal entity can be awarded** with co-financing via PBPA or Innovation Challenge Agreement **at maximum two times**, for diverse projects, with different activities.

#### IV. What kind of projects are foreseen/expected?

1. Projects applying innovative “green” technologies or those presenting a new application of an existing technological solutions (the first-of-its-kind in Serbia).
2. Innovative/improved business models or organization/production processes, that contribute to the green transition.
3. Innovative business models for green products/services.





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4. Projects and businesses that have tangible positive multiple impacts in terms of environment and climate (e.g. reducing emissions into soil, air and waters, preserving/improving natural capital etc.), employment (e.g. green jobs creation), sustainable economic growth, women empowerment in just green transition, etc.
5. Urban solutions and urban design solutions that contribute to the green transformation of economy and society (reduce carbon emissions and/or pollution, improve energy efficiency, protect nature and biodiversity, improve food quality and supply, etc.).

#### **Additional aspects that have to be taken into account during project preparation**

Innovative projects must:

1. Be in accordance with the national legislation in force.
2. Contribute to EU accession, EU approximation process and EU standards implementation.
3. Have a concrete impact on at least one environmental challenge from any of the five pillars defined above, e.g. reduction of GHG emissions, green jobs generation, air quality improvement, water and soil pollution reduction, prevention of waste generation, efficient use of resources, deployment of industrial symbiosis, biodiversity and ecosystem protection, nature restoration, promotion of nature-based solutions, regenerative agriculture, etc.
4. Have clearly identified end-users and implementation plan.
5. Propose partnerships that bring an added value to the project contributing to a systemic transition towards the green transformation, if applicable.
6. Have potential to be further scaled-up or used as a model for replication.
7. Contribute to solving social challenges (gender equality, marginalized groups, unemployment...).
8. Contribute to the achievement of at least one Sustainable Development Goal (SDG)  
<https://sdgs.un.org/goals>

Examples of successful projects can be seen in the EU for Green Agenda in Serbia **Catalogue of Supported Projects in 2022.**

## V. Thematic priorities within the five Pillars of the Green Agenda

In each of the Green Agenda pillars, specific type of project ideas will be supported, as explained below:

### V.1. Pillar 1 - Climate action, decarbonization, energy efficiency, and green industries

In the realm of Pillar 1, Challenge Call is focused on selecting, and providing support for new technologies or digital solutions with the primary objective to reduce GHG emissions in both:





- **EU ETS sector:** electricity and heat generation, energy-intensive industry sectors including oil refineries, steelworks, and production of iron, aluminum, metals, cement, lime, glass, ceramics, pulp, paper, cardboard, acids and bulk organic chemicals (i.e. EU-ETS operators), as well as entities obliged under the Energy Management System, and
- **non-ETS sector:** e.g. transport, buildings, agriculture, waste, etc.

Additionally, Challenge Call will provide support to pollution reduction for:

- **IPPC operators** (falling under the Industrial Emissions Directive), through investments in the application of the Best Available Technologies to pursue a clean technology transition and better resource efficiency for alignment with BAT conclusions (for sectors and horizontal) and/or alignment with BAT reference documents (BREFs).

## V.2. Pillar 2 - Circular economy for resource efficiency and industrial symbiosis

In the realm of Pillar 2, Challenge Call is focused on selecting, and providing support for:

- the implementation of **innovative business models, technologies, and digital solutions** to be put forward by **public companies or cities and municipalities**, with a focus on resource efficiency through non-hazardous waste reuse and recycling (including special focus on biodegradable waste, including sludge);
- selection of and support to **SMEs (e.g., the HORECA sector), waste operators, and industries (e.g., farms and the food processing industry)** to establish **industrial symbiosis** and apply the best available technologies and techniques for optimizing the use of resources and energy. This component could also include other waste streams, such as: bio-waste, construction/demolition waste, plastics, paper, metal, and glass;
- **Circular design** (design for a prolonged lifecycle, design for recyclability, design for disassembly and ease of repair, energy and water efficient design, design for durability, toxic-free design, design for upgradeability, modular design, zero-waste production, clean production);
- New business models for products/services that promote **shared use, increased efficiency and productivity of usage**, or models that promote access over ownership;
- Urban design solutions, including **circular construction and buildings**.

## V.3. Pillar 3 - Depollution of the environment with a strong focus on air quality

In the realm of Pillar 3, Challenge Call is focused on selecting, and providing support to project ideas with the aim to produce, implement, procure or establish new value chains for:



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- innovative solutions that can lead to scaled-up **replacement of inefficient and polluting individual heating/combustion units** with cleaner alternatives;
- innovative solutions that can address **transport-related emissions**, including traffic management, traffic enforcement and optimization, parking solutions, innovative solutions for public transport use, etc.;
- novel and effective ways of **reducing air pollution from industrial processes** and production facilities;
- innovative solutions to **agriculture-related air pollution**, such as but not limited to: reducing the pollution coming from agricultural practices/soil processing/melioration, energy-efficient technologies that address emissions from livestock and agriculture inputs, crop residue management (such as stubble), fertilizer and pesticide applications;
- **eco-building materials and processes**, innovative solutions for heating & cooling, improved energy efficiency of public buildings and households, reducing indoor air pollution, construction dust management, dust collection, and disposal, increase of green infrastructure, new technologies for purification of ambient air, etc.;
- other equipment, technologies, values chains, business models or advanced processes that contribute to the reduction of air pollution, including innovative solutions that build on traditional knowledge/practices, which can be scaled up.

#### V.4. Pillar 4 - Protecting and investing in biodiversity and ecosystems

In the realm of Pillar 4, Challenge Call is focused on innovative ideas for the improvement of **green infrastructure and forest cover** in order to restore and preserve ecosystems and ecosystem services and strengthen resilience to natural disasters and extreme weather conditions caused by climate change. Support will be provided to:

- Solutions that apply **innovative approaches (spatial, technological, biological)** or existing approaches that have not been applied in Serbia so far;
- Previously tested sustainable solutions that have a potential for multiplication and improved implementation;
- **Green transformation of unused or degraded areas** (e.g. abandoned agricultural land);
- Urban renewal such as, but not limited to, **greening the open residential blocks**;
- Solutions that **improve the biodiversity** and/or climate resilience in practice;
- **Digital solutions** that set the preconditions for green infrastructure.







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## V.5. Pillar 5 - Sustainable food systems for sustainable rural livelihood

In line with the [EU The Farm to Fork Strategy](#), Sofia Declaration on Green Agenda for the Western Balkans and national legislation, the aim of the call is to accelerate the transition to a sustainable food system that should:

- have a **neutral or positive environmental impact**,
- help to **mitigate climate change** and adapt to its impacts,
- **reverse the loss of biodiversity**,
- ensure food security, nutrition and public health, making sure that everyone has **access to sufficient, safe, nutritious, sustainable food**,
- preserve **affordability of food** while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade.

Under this call for proposal, it is envisaged to support environmentally friendly food production and organic farming adjacent to [protected areas](#). The projects should seek to reduce synthetic chemical products used in food production: pesticides, veterinary medicines and fertilizers.

Cooperation among scientific organization and food producers to facilitate transfer to innovative and environmentally friendly technologies and farming methods is eligible, however the lead applicant must be from one of the following categories: farmers association, cooperative or commercial organization/ businesses/ company.

## VI. What are the benefits for applicants?

Projects selected for acceleration will receive:

⇒ **Development support and mentorship.**

This will be organized through up to 4 months of programme for the selected applicants under Pillars 1-4, who will work on improvement of their projects/businesses and will receive valuable skills on carbon footprint, GHG emissions calculation, business planning, fundraising – access to finance, public presentations gender mainstreaming, etc. This will also include management assistance, education on specific environmental issues / relevant for each specific pillar of the Green Agenda, various trainings, support, assessment of compliance with legal requirements (permits, licenses, etc.), networking and experience sharing among peers throughout Serbia.

Projects selected for implementation will also receive:



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### ⇒ Co-financing.

Based on the financial plan and total project budget, potential co-financing is up to 50% of total investment and not more than 250,000.00 € per applicant. On exceptional basis, for project proposals with high evaluation score and budget justification, it might be possible to increase the rate of donor co-financing.

In the realm of Pillar 5 (Sustainable food systems for sustainable rural livelihood), potential co-financing is up to 80% of the investment and not more than 20,000.00 € per applicant.

## VII. Value-based categories of the projects and co-financing

**NB Co-financing for the challenge calls is ensured thanks to financial support to the EU for Green Agenda in Serbia provided by the European Union, the Government of Switzerland and the Government of Serbia. An additional challenge call will be made later for Pillar 4 for nature-based solutions, with the financial support from the Government of Sweden.**

Based on the financial plan and total project budget value, proposals will be divided into 4 categories:

1. Mini projects - only within Pillar 5 (up to 25,000.00 €),
2. Small projects (up to 100,000.00 €),
3. Medium projects (up to 1 million €),
4. Large projects (investment values exceed 1 million €).

**Important Note on co-financing:** All projects that are expected to be co-financed, either through bank loans or other sources of financing (bilateral, multilateral, private, etc.), must present by the end of the Acceleration Phase **a contract with the bank and/or other documents confirming the co-financing commitments**. Also, it is important to note that there is a requirement in the Project Proposal form to provide at least an indication of financing sources and the amount of co-financing. Where relevant, the applicants can confirm this by letters of intent, memorandums of understanding, guarantee schemes, bank guarantees, etc.

For Pillar 5 (Sustainable food systems for sustainable rural livelihood), the use of in-kind contributions as a source of co-funding is permitted.

The value of the co-financing of each project will be defined based on the cost-benefit analysis and the determined impact of the project. Individual grants per project will also depend on the project investment value and are limited to the established proportional share of the total investment, or an established maximum sum, as indicated below:





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Investment value	Co-financing through EU for Green Agenda Project
Mini projects - only within Pillar 5 (up to 25,000.00 €)	Up to 80% of the total investment
Small project (up to 100,000.00 €)	Up to 50% of the total investment
Medium projects (100,000.00 € – 1 million €)	Up to 30% of the total investment, but no more than 150,000.00 €
Large projects (investment value exceeds 1 million €)	Up to 20% of the total investment, but no more than 250,000.00 €

**Disclaimer:** On exceptional basis, for project proposals with evaluation score of minimum 85 points graded by the CCEC, and a provided budget justification, it might be possible to increase the rate of donor co-financing.

The co-financing will be delivered in tranches, upon fulfilment of the indicators that are to be specified for each individual selected project.

## VIII. The Intellectual Property Rights Disclosure

The sole applicant is required to confirm to UNDP that no intellectual property disputes have arisen from the submitted innovative idea. In the case of applications submitted for projects in consortia, the consortium agreement should appropriately confirm and resolve intellectual property rights between consortium members. In case of other intellectual property issues, the applicant(s) are required to disclose them to UNDP before the evaluation process.

## IX. Contact

For more information about the Challenge Call for Proposals you can use the following e-mail address:

[zelena.agenda.rs@undp.org](mailto:zelena.agenda.rs@undp.org) or contact us via telephone: 063 101 80 79 (Ana Mitić-Radulović).



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