

# ENVIRONMENTAL REGULATIONS

1.25

## WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Adopt the missing strategic documents (including Air Protection Strategy and Waste Management strategy) and accompanying planning documents and start implementing them. Continue with the transposition and implementation of regulations in this area;	2021		√	
Responsible actors for air quality monitoring should ensure quality maintenance of measurement systems and data availability as well as financing the smooth operation of air quality monitoring networks;	2021			√
Create an economic model that will motivate local governments to dispose of waste in sanitary landfills and to accelerate the process of closing and remediation of landfills - garbage dumps. Provide preconditions for the application of the principles of the waste management hierarchy with an emphasis on waste prevention, reuse and waste recycling;	2021			√
Ensure further application of the "polluter pays" principle;	2022			√
Adopt a Regulation on appropriate assessment, which will establish the necessary standards for the approval of plans and projects that may have an impact on the ecological network;	2021			√
Ensure adequate and purposeful financing of nature protection from the Green Fund (determine priorities and criteria for allocation of funds). Continue activities on the establishment of the ecological network of the Republic of Serbia and the NATURA 2000 network. Allocate more funds for the practical protection of species and habitats;	2021			√
Accelerate the transposition and implementation of regulations related to climate change as well as the strategic framework for this area, which is the most neglected in terms of legislation and implementation and therefore needs special attention;	2021		√	
Through a more rigid interpretation or change of regulations, find a balance between the right of the interested public to challenge projects if they consider that they infringe the right to a healthy environment, and the interest of investors to conduct projects in an atmosphere of legal certainty and time efficiency, without the ecological acceptability of the project being attacked on every step, which consequently creates, sometimes perennial, time delays and significant costs.	2022			√

## CURRENT SITUATION

Although there have been advances in the sphere of environmental protection, it is evident that some processes have slowed down, leading to the conclusion that environmental protection has somewhat lost its position as a strategic priority.

In the last report of the European Commission related to Chapter 27, which addresses environmental protection and climate change issues, no major developments in this area were observed. A significant increase in budget funds earmarked for environmental protection improvements is

noticeable, which somewhat compensates for the reduction in the budget for environmental protection due to the 2022 rebalance.

At the beginning of 2022, a public debate was held on the Draft Law on Environmental Impact Assessment and the Draft Law on Strategic Environmental Impact Assessment. However, for more than a year, there was no further progress in this area until October 2023 when the Government of the Republic of Serbia adopted the proposed regulations. If these drafts become laws, it is expected that the timeframes for obtaining consent for environmental impact assessment studies for mandatory projects or mak-

ing decisions for projects where the study is not mandatory, but may be required, will significantly increase.

In September 2022, the drafting of the Environmental Protection Strategy with the Action Plan commenced. In October 2022, the Ministry of Environmental Protection initiated consultations on the working version of the Strategy for the Implementation of the Aarhus Convention and its Action Plan.

It remains to be seen what results will emerge from the work on these documents.

For wastewater treatment, a large number of wastewater treatment plants (WWTP) are planned throughout Serbia, contributing to the resolution of one of the country's significant environmental problems.

In October 2023, numerous amendments to the Law on Fees for the Use of Public Goods were adopted, the effects of which have yet to be seen. One of the most significant changes is the large reduction of the fee for water pollution - while on the one hand this certainly represents relief for those liable for that fee, it remains unclear how this reduction will affect water purification activities.

Air pollution remains a pressing issue. In the 2022 Environmental Performance Index, which assesses air quality, Serbia is ranked 116th out of 180 countries. Among comparable nations, only Montenegro, Albania, Bosnia and Herzegovina, and North Macedonia rank lower, indicating unsatisfactory air quality, especially in urban areas.

According to data from the Environmental Protection Agency, Serbia produced approximately 11.8 million tons of waste in 2021, with nearly 3 million tons being municipal waste. Currently, there are no facilities for the thermal treatment of hazardous waste in the country, leading to the export of hazardous waste for treatment, primarily to other European nations. Due to obligations under the Basel Convention, which significantly restricts the export of hazardous waste, Serbia must find a viable solution for the disposal of hazardous waste generated within its borders. This necessitates the construction of facilities for the thermal treatment of such waste. Regarding municipal waste, many municipalities lack recycling facilities, an adequate number of waste containers, and source waste collection systems. Despite the adoption of the "polluter pays" principle promoted in various legal documents, the fee for waste

removal is determined based on the square meter used by individuals or businesses, rather than the amount of waste generated. This approach disincentivizes waste reduction efforts, such as waste prevention, reuse, repairs and recycling, as it provides no financial motivation for citizens and businesses to reduce waste generation. This fee calculation method, combined with weak or nonexistent penalties, has led to an estimated 3,500 illegal landfills across Serbia. Even when some of these landfills are cleared, they tend to reappear in previously cleaned areas. These challenges underscore the need for a change in waste management practices, especially in fee collection, alongside strict enforcement of legal regulations and improvements in the performance of public administration bodies responsible for waste management.

There are noticeable initiatives in the direction of utilizing waste as an energy source, particularly in the development of a 'waste to energy' plant at the Vinča landfill in Belgrade. Additionally, the Electric Power Company of Serbia (Elektroprivreda Srbije) has taken initial steps towards the potential co-combustion of coal and municipal waste in thermal power plants, starting with boilers in TENT and later TEKO B. While these initiatives represent a positive step forward, it's crucial to ensure the separation of hazardous and municipal waste before utilizing waste as an energy source. This underscores the continued importance of effective waste management classification.

The Flood Risk Management Plan is being worked on (a Decision was made on the development of a strategic assessment of the impact of this plan on the environment).

The Law on Climate Change was enacted in March 2021, as the first of its kind in the fight against climate change. It serves as the foundation for the development of essential by-laws required to initiate the green transition. Furthermore, the adoption of the Integrated National Energy and Climate Plan, which covers the period up to 2030 (with projections up to 2050,) and public discussions are currently underway. Preparations for the Adaptation Program to address changing climatic conditions, along with an associated action plan, have commenced.

The initial by-laws required for conducting greenhouse gas (GHG) emissions inventory work have been enacted, with further significant steps yet to be taken in this field.

The primary challenge lies in the insufficient administrative

capacity of public bodies at both, the local and national levels to address all aspects of environmental issues. On one hand, there is a lack of personnel within public administration dedicated to environmental protection. On the other hand, the environmental problems in this area are very complex, demanding expertise, experience, and often quick resolution. The deficiencies in environmental regulations, their inconsistent application, inadequate oversight by the competent authorities, and a general lack of public awareness regarding these issues are evident.

In 2022, a unit dedicated to combating environmental crime and environmental protection was established within the Police Administration of the Ministry of Internal Affairs. This development represents a positive step towards addressing the responsibilities of this unit. We are eagerly awaiting the unit's full contribution to the fight against environmental crime.

The management of investments related to environmental in Serbia lacks a clear strategic framework. Therefore, there is a need to enhance general strategic planning, project management and transparency in processes.

## POSITIVE DEVELOPMENTS

Amendments to the Law on Waste Management were recently adopted to provide further elaboration and specification on certain issues and to better align the Law with EU regulations. Notably, these amendments improve the regulation of waste management (areas of construction and demolition waste, as well as waste sludge from municipal and industrial wastewater treatment plants and similar facilities). Recognizing the need to address the challenge of sludge management, the Ministry of Environmental Protection initiated the development of a sludge management strategy in early 2023, taking into account the relevant EU directives.

We welcome the adoption of the Low Carbon Development Strategy for the period from 2023 to 2030, with projections up to 2050, which was adopted by the Government of the Republic of Serbia on June 1, 2023, although it remains to be seen what effects this strategy will bring.

In December 2022, the Government of the Republic of Serbia adopted the Air Protection Program for the period 2022 to 2030 with an action plan, which defined measures and activities for the next period.

Among the strategic documents in this area, the adoption of the Circular Economy Development Program for the period 2022-2024 should be mentioned, which represents the first strategic document with set goals in the transition to the circular economy.

In April 2023, the Water Management Plan on the territory of the Republic of Serbia for the period from 2021 to 2027 was adopted as the basic instrument implementing the principles of the Water Framework Directive.

In the previous period, numerous wastewater treatment plant (WWTP) projects were initiated, with the majority of these projects funded by the EU. Several wastewater treatment systems reached the final stages of construction, and the preparation of projects or commencement of construction in several locations has been announced. Water protection has seen the most activity in terms of projects, design documentation and construction, establishing it as a top priority in environmental protection in Serbia. Despite the substantial financial resources required for these projects, notable progress is evident in this area, not only related to legal regulations.

## REMAINING ISSUES

In February 2020, the Republic of Serbia adopted the National Plan for the reduction of emissions of major pollutants originating from old large combustion plants (NERP). Some of these facilities to a certain extent do not fulfill the obligations under the NERP, in terms of the permitted emitted quantities of polluting substances, so additional efforts will be necessary to comply with the NERP.

Air pollution, as one of the key problems in the field of environmental protection, and to some extent, passivity in this field, have led to the displeasure of part of the public in Serbia.

Based on the National Waste Management Strategy from 2009, the closure and recultivation of existing landfills and the construction of 24 regional centres for waste management are foreseen. These expectations were not met. The objectives of the previous strategy envisaged a large coverage of the waste collection system. The program from 2022 estimates that coverage is currently around 82%, but at the same time it is stated that only 10 sanitary landfills in Serbia meet EU standards, which means that a huge part of the population is still not covered by the system of collection and adequate sanitary disposal. The remaining landfills

and rubbish dumps are not only potential environmental pollutants, but also are a danger of the spread of infections. Leachates and fires are a particular problem of landfills, which lead to air, soil and water pollution.

Investments in the field of wastewater treatment are evident, but their implementation and effects have yet to be seen.

The strategic framework for combating climate change is still not at a satisfactory level. In the near future, it is necessary to adopt a CO2 emission taxation mechanism, in synchronization with the introduction of the CBAM mechanism (Carbon Border Adjustment Mechanism) by the EU. The absence of this mechanism currently gives Serbia a comparative advantage in relation to the EU market, which will be completely lost when CBAM is introduced in the EU. This will have an impact not only on electricity exported to the EU, but also on products originating from industries with high GHG emissions. In the first phase of application of the mechanism, it will be the sectors of cement production, iron and steel, aluminium and fertilizers for agriculture. Climate change will in the future, with the increasing number of regulations governing the fight for climate stability and adaptation to changes, represent one of the biggest challenges for the Republic of Serbia, among other things, due to the delay in the transposition of regulations. In addition, it is necessary to work on raising awareness about climate change.

In the area of nature protection, Serbia needs to continue aligning its regulations, particularly in compliance with the Directive on habitats and birds. Harmonization of domestic legislation governing the areas of hunting and fishing

with EU standards and the above-mentioned directives is forthcoming, as well as the continuation of work on establishing the Natura 2000 network, which is mainly being carried out with the help of European Union funds, although a serious lack of institutional capacity at the national level is still noticeable and especially at the local level in this area.

The broad interpretation of the right to justice, as stipulated in Article 81a of the Law on Environmental Protection, can lead to extended delays not only in projects that may impact the environment, but also in those aimed at environmental improvement. Such an interpretation allows individual stakeholders from the interested public to contest various projects, instead of defending the right to a healthy environment solely within the context of assessing a project's environmental impact. This can result in challenges through public discussions, objections, appeals, and administrative disputes on every administrative act required for a project, such as a building permit, energy permit, consent for impact assessment, water permit, and more.

On the other hand, there's a need to enhance public notification and involvement in decision-making processes related to environmental administrative matters to ensure proper transparency in procedure implementation. By doing so, conditions would be established for the public to react promptly within the legal timeframes of specific procedures of interest, mitigating public dissatisfaction. Public input has, in the past, influenced the reconsideration of certain decisions, such as the prohibition on constructing small hydroelectric power plants in protected areas and the revocation of the Special Purpose Spatial Plan for the Jadar project.

## FIC RECOMMENDATIONS

- Permanent and proactive improvement of the regulatory framework concerning environmental protection - adopt the missing strategic documents (including the Environmental Protection Strategy and Waste Sludge Management Strategy) and accompanying planning documents, and start their implementation. Continue with the transposition and implementation of regulations in this area;
- Continuous education and systematic training for personnel in all state institutions and local self-governments responsible for addressing these issues with active participation of the civil sector, and particular emphasis should be placed on enhancing the effectiveness of prosecutor's offices and judicial authorities.
- Actors responsible for air quality monitoring must ensure quality maintenance of the measurement system and availability of data that represent information of public importance, as well as financing the smooth operation of

the air quality monitoring network;

- Create an economic model to motivate local governments to use sanitary landfills and expedite the closure and rehabilitation of illegal landfills - rubbish dumps. Secure the implementation of the “polluter pays” principle by calculating a municipal waste tax based on the quantity of waste generated and/or the frequency of collection. Additionally, establish the necessary conditions for applying waste management hierarchy principles, with a focus on waste prevention, reuse, and recycling.
- Adopt the Decree on Acceptability Assessment, which will establish the necessary standards for approving plans and projects that may have an impact on the ecological network, including NATURA 2000;
- Provide adequate and purposeful financing of nature protection from the Green Fund, with criteria for determining priorities for the allocation of funds. Continue activities to establish the ecological network of the Republic of Serbia and NATURA 2000. Allocate more funds for the practical protection of species and habitats;
- Accelerate the transposition and implementation of regulations related to climate change, including the strengthening of the strategic framework for this area, so that it is as well covered as possible, in terms of legal regulations and implementation, and therefore it needs special attention;
- Find a balance between the right of the interested public to participate in decision-making in environmental administrative matters and the interests of investors to carry out projects within a framework of legal certainty and timely assurance. This implies that the environmental acceptability of a project should not be challenged without valid arguments, which can lead to multi-year delays and significant costs. This recommendation should be implemented through the interpretation of existing regulations and/or their amendments, as well as the creation of new subordinate acts
- Passing regulations for the implementation of GHG inventory, reporting and verification of emissions with the greenhouse effect.
- Preparation of a feasibility study in order to implement effective measures that will enable a high rate of recycling of metal, plastic, glass, paper and cardboard in order to achieve a resource-efficient economy based on the circular economy model.
- Enable business entities to organize the collection of small e-waste, such as batteries, mobile phones, chargers, etc., more easily and handed over to an authorized legal entity for further processing.