

ENVIRONMENTAL REGULATIONS

1.55

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
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;	2021		√	
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.	2023			√
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;	2021		√	
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.	2021			√
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;	2021			√
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;	2021			√
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;	2021		√	
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, or enactment of new bylaws;	2023		√	
Passing regulations for the implementation of GHG inventory, reporting and verification of emissions with the greenhouse effect.	2023	√		

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
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.	2023			√
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.	2023			√

CURRENT SITUATION

Serbia has achieved some level of preparation in the field of environment and climate change, as reflected both by the reports from the Energy Community and the European Commission. Key legislative initiatives have been launched, although significant gaps remain in terms of implementation, compliance and alignment with EU directives.

In the last report of the European Commission related to Chapter 27, which addresses environmental protection and climate change issues, Serbia has achieved some level of preparation in the area of environment and climate change. Overall, Serbia made some progress, including on last year’s recommendations, in particular by adopting the Low Carbon Development Strategy 2023-2030, and its national energy and climate plan (NECP).

One of the primary challenges identified by the Energy Community Secretariat in their implementation progress report for 2023, relates to Serbia’s incomplete transposition of the amended Environmental Impact Assessment (EIA) Directive. Although a draft of the new EIA law was submitted to Parliament, the Secretariat identified that the breach concerning the requirement that projects should obtain development consent only after the finalisation of the EIA process persists. The current framework under the currently applicable EIA Act allows EIAs to be submitted even at the stage of commencement of works, i.e. even after the building permit. Construction regulations have been adopted recently with a view to shift the moment of EIA necessity to the building permit phase, but still, it is necessary to implement this requirement via amendment of laws, and not via by-laws.

Additionally, while Serbia has submitted the draft Law on Strategic Environmental Assessment (SEA) to the Parliament, it has not yet been adopted, so the SEA Directive is yet to be transposed.

Moreover, while there are some strategic documents in the field of environmental protection, Serbia has not yet adopted a national strategy for environmental protection. Although progress has been made, with the Ministry for Environmental Protection publishing a call for public participation in the consultation process in September 2024, the formal adoption of this strategy remains pending. The delay in finalising the Environmental Protection Strategy with the Action Plan hampers efforts to align Serbia’s policies with the EU’s Green Agenda and broader environmental goals.

In the area of industrial emissions, the reporting under the Large Combustion Plants Directive for 2022 revealed that while emissions of nitrogen oxides and dust have decreased, sulphur dioxide emissions have increased. An infringement procedure for non-compliance with the National Emissions Reduction Plan (NERP) ceilings has been ongoing since March 2021.

Serbia continues efforts to comply with the Sulphur in Fuels Directive, with relevant legislation in place since December 2020. However, further amendments to the Rulebook regarding the requirements for marine fuels are still in the drafting stage. In addition, annual monitoring programmes for fuel quality and emissions are being carried out.

In the field of nature protection, Serbia is progressing with the establishment of Natura 2000 sites. A proposal encompassing 277 potential Sites of Community Interest and 85 Special Protection Areas for Birds has been put forward, covering approximately 35% of Serbia’s territory. Despite these positive steps, institutional and human resource capacity remain challenges, particularly at the local level. Serbia also continues to struggle with enforcing a ban on small hydro-power plants in protected areas, as the necessary environmental impact assessments are often not conducted.

Progress in transposing the Environmental Liability Direc-

tive is limited, with key aspects of the legislation still pending adoption. A comprehensive Law on Liability for Environmental Damage remains unapproved. Additionally, despite efforts, enforcement of environmental legislation remains weak, particularly in areas such as illegal logging, wildfire trade and water management.

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.

Air pollution remains a pressing issue.

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 metre 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 non-existent 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.

The management of investments related to the environment in Serbia lacks a clear strategic framework. Therefore, there is a need to enhance general strategic planning, pro-

ject management and transparency in processes.

POSITIVE DEVELOPMENTS

Serbia has made several important steps forward in its environmental and climate agenda. In the past year, notable achievements include the adoption of the Low Carbon Development Strategy for 2023-2030, which serves as a key policy instrument for Serbia's transition to a more sustainable economy. Serbia also increased its budgets for environment and climate action by 18% compared to 2022, particularly focusing on waste management and water quality sectors.

In a major development, Serbia adopted its NECP, a strategic document that outlines the country's commitments to energy efficiency, renewable energy sources, and the reduction of greenhouse gas emissions. The adoption of the NECP is an essential step toward aligning Serbia with EU climate goals and improving its overall energy security and sustainability.

In the area of air quality, Serbia adopted its first Air Protection Programme for 2022-2030, following an extensive public consultation. The Air Protection Action Plan was also implemented, aimed at reducing air pollution levels across the country. Despite continued issues with exceeding the EU daily limit on air pollution, Serbia made progress increasing the transparency of air quality data through improved communication by the Serbian Environmental Protection Agency (SEPA). Efforts to introduce the EU Air Quality Index are also underway.

In the area of waste management, Serbia continues to show alignment with the EU acquis. In December 2022, the country adopted a Programme for the Development of the Circular Economy. Sorting waste at source has been a significant increase in four waste regions, thanks to the support from Team Europe, while funds have been allocated to clean 233 illegal dumpsites and install video monitoring to prevent waste disposal. Serbia had 12 sanitary landfills operational at the end of 2022, and projects for constructing additional waste-to-energy facilities are ongoing, including the remediation of the Belgrade landfill.

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 has adopted a Sludge management strategy in late 2023, taking into account the relevant EU directives.

In the previous report, we highlighted 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. However, since then, the action plan, which according to the strategy was supposed to be adopted within 1 year, as of 2024 has yet to be adopted and no draft or announcement on the topic has been made public. As such, it is not clear how harmonisation measures are to be defined without an action plan, bringing into question the overall effectiveness of the strategy.

Regarding water management, Serbia adopted its first River Basin Management plan in April 2023 and continues to develop flood risk management plans. Efforts to address pollution in transboundary rivers such as the Danube, Drina, Dragovištica, and Pek are progressing slowly, but the first steps have been taken. Serbia's participation in the EU funded programmes to improve wastewater treatment infrastructure, particularly in Niš, is another positive development. Serbia's legislative alignment on water quality has improved, though significant efforts are still needed in monitoring and enforcement.

In the previous period, numerous wastewater treatment plant (WWTP) projects were initiated, with a large number 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.

In terms of nature protection, efforts to establish the Natura 2000 network are ongoing, with the proposal to include significant portions of Serbia's territory. This process has been supported by an EU-funded project that

helps improve institutional capacity at the national level.

REMAINING ISSUES

Despite progress, Serbia still faces several challenges in fully aligning its environmental legislation with the EU acquis and improving enforcement mechanisms. The issue of incomplete transposition of the EIA Directive remains a key obstacle, particularly regarding the requirement for development consent to be granted only after the EIA process is completed. The absence of mechanisms to assess projects that have bypassed the EIA process and the lack of clear timelines for environmental assessments continue to be problematic.

The delayed adoption of the draft SEA Law further complicates Serbia's ability to align with EU standards on environmental assessments. The public consultation step in the development of SEA for key national strategies such as the National Energy and Climate Plan have marginally improved but still require significant efforts to ensure full transparency and participation.

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). Nevertheless, the issue of industrial emissions also persists, particularly concerning sulphur dioxide pollution from large combustion plants. Non-compliance with the NERP ceilings remains an area of concern, namely bearing in mind the deadline for the closure of opt-out plants, highlights the urgency for addressing the issue.

Air quality remains a critical issue, with several regions in the country regularly exceeding EU air pollution limits. While the adoption of the Air Protection Programme is a positive step, Serbia needs to accelerate the implementation of air quality plans to improve further monitoring.

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.

The waste management sector, although showing improvement, continues to suffer from insufficient inspection capacity and illegal waste dumping. Serbia still has a large number of illegal dumpsites, and the sorting of waste at the service is not yet widely adopted.

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 synchronisation 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 fertilisers 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 field of nature protection, institutional and human resource capacity at both the national and local level remains inadequate. Issues such as illegal logging, hunting of protected species and insufficient enforcement of bans of small hydropower plants in protected areas are ongoing.

Also, in the area of nature protection, Serbia needs to continue aligning its regulations, particularly in compliance with the Directive on habitats and birds. Harmonisation 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 access 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 initial revocation of the Special Purpose Spatial Plan for the Jadar project.

Serbia also struggles with aligning its legislation on environmental crime and liability. The Law on Liability for Environmental Damage remains pending, and enforcement in areas such as industrial pollution and wildlife protection are weak.

FIC RECOMMENDATIONS

- Complete the transposition of the EIA and SEA Directives - this includes ensuring that development consent is granted only after the EIA process is finalised, and introducing mechanisms to address projects that have bypassed the necessary assessments. The draft laws on EIA and SEA should be adopted promptly to ensure alignment with EU standards
- Improve enforcement and monitoring - strengthening the administrative capacity of both national and local institutions is crucial, particularly for inspectorates and the judiciary. This will require the implementation of cross-sectoral reforms and the provision of adequate resources to ensure compliance with environmental regulations.
- Tackle air pollution – Serbia must accelerate the implementation of its air quality plans and strengthen monitoring systems to reduce air pollution levels, particularly in regions most affected by industrial emissions. The introduction of the EU Air Quality Index should be prioritised, and SEPA’s capacity for monitoring and reporting must be further enhanced.
- Improve waste management practices - efforts to increase waste sorting at the source should be expanded, and illegal dumpsites must be eradicated. Inspection capacity in the waste sector needs to be improved, and further investments should be made in developing waste-to-energy facilities and recycling infrastructure.
- Strengthening transboundary cooperation - Serbia should intensify efforts to improve cooperation with neighbouring countries on the management of transboundary rivers and ecosystems, particularly of ongoing pollution issues.
- Adopt and enforce environmental crime legislation - the Law on Liability for Environmental Damage should be adopted, and Serbia must establish a track record for enforcement to address illegal logging, wildlife trade, and industrial pollution
- Increase transparency and public participation - Serbia should ensure that public consultations on environmental matters are inclusive, transparent, and meaningful. Greater efforts should be made to engage stakeholders in the decision-making processes, particularly concerning large-scale investments that impact the environment.
- Tackle greenwashing and misleading green claims – currently, this issue is only regulated by one paragraph of Law on Advertising and general rules on consumer protection and unfair market practices. With EU’s proposal of Green Claims Directive and entry into force of Empowering consumers for the green transition (Directive 2024/825/EU) Serbia could be in pole position to define and regulate this issue in more detail.
- Invest in nature protection and biodiversity - institutional and human resource capacity in the area of nature protection must be strengthened, namely at the local level. Serbia should continue its efforts to establish the NATura 2000 network and improve enforcement of existing regulations, especially regarding illegal construction and hunting in protected areas.
- 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, or enactment of new bylaws.