# ENVIRONMENTAL PERFORMANCE REVIEWS

# **BOSNIA AND HERZEGOVINA**

# Second Review Synopsis



UNITED NATIONS New York and Geneva, 2011

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The United Nations issued the first Environmental Performance Review of Bosnia and Herzegovina (Environmental Performance Reviews Series No. 20) in 2004.

This volume is issued in English only.

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### **Preface**

The second Environmental Performance Review (EPR) of Bosnia and Herzegovina began in January 2010 with a preparatory mission. During this mission, the final structure of the report was discussed and established. A review mission took place from 24 May until 3 June 2010. The team of international experts taking part included experts from Canada, Czech Republic, Germany, the Netherlands and Russian Federation, as well as from the secretariats of the United Nations Environment Programme (UNEP) and the United Nations Economic Commission for Europe (UNECE).

The draft EPR report was submitted to Bosnia and Herzegovina for comment and to the Expert Group on Environmental Performance for consideration in October 2010. During its meeting on 29 October 2010, the Expert Group discussed the report in detail with expert representatives of the Government of Bosnia and Herzegovina, focusing in particular on the conclusions and recommendations made by the international experts. The Expert Group decided to address those recommendations of the first EPR of Bosnia and Herzegovina that were still valid in two different ways. If a chapter from the first EPR was also covered in the second EPR, then valid recommendations and their conclusions from the former would be reflected at the end of the respective chapter in the latter. If a first EPR chapter however was not covered in the second EPR, valid recommendations would be mentioned in Annex I-A "Valid Recommendations from the first Environmental Performance Review not covered in preceding chapters". The remaining first EPR recommendations that had been implemented partially or fully would be covered in Annex I-B "Implementation of the recommendations of the first Environmental Performance Review".

The EPR recommendations, with suggested amendments from the Expert Group, were then submitted for peer review to the Committee on Environmental Policy on 2 November 2010. A high-level delegation from Bosnia and Herzegovina participated in the peer review. The Committee adopted the recommendations as set out in this report.

The Committee on Environmental Policy and the UNECE review team would like to thank the Government of Bosnia and Herzegovina and its experts who worked with the international experts and contributed their knowledge and assistance. UNECE wishes the Government of Bosnia and Herzegovina further success in carrying out the tasks involved in meeting its environmental objectives, including the implementation of the recommendations contained in this second review.

UNECE would also like to express its deep appreciation to the Governments of Austria, the Netherlands and Switzerland for their financial contributions; to the Governments of Germany and the Netherlands for having delegated their experts for the review; and, to UNEP and the United Nations Development Programme for their support of the EPR Programme and this review.

## Executive summary

The first Environmental Performance Review (EPR) of Bosnia and Herzegovina was carried out in 2003. This second review intends to measure the progress made by Bosnia and Herzegovina in managing its environment since the first EPR and in addressing upcoming environmental challenges.

During the post-war period there has been a persistent, huge current account deficit driven by a large trade deficit. After experiencing massive hyperinflation during and after the war, the situation improved and has stabilized during the past decade. Inflation has dropped to the single-digit level. Despite high gross domestic product (GDP) growth during the past 10 years, the current account imbalance continued to grow. The current account deficit, along with the high unemployment rate, are the two most serious macroeconomic challenges in Bosnia and Herzegovina today.

In spite of relatively low integration in the global economy, Bosnia and Herzegovina has been deeply affected by the 2008 international economic crises. The risk of a knock-on effect on local industries from the drop in European Union (EU) industrial production is significant, as is the big decrease in foreign direct investment and in large per capita remittances coming from the exceptionally high percentage of the population living abroad. By 2009 the economy is estimated to have contracted by about 3 per cent. A three-year US\$ 1.5 billion International Monetary Fund (IMF) Stand-By Arrangement was agreed mid-2009.

The current economic downturn presents significant opportunities to reorientate the recovery process by increasing investment in clean and efficient technologies, renewable energy and ecosystem services. These all have potential for increasing economic returns, job creation, poverty reduction and increased foreign direct investment. However, economic priorities continue to be focused on redressing negative GDP trends and ensuring repayment of IMF and World Bank loans.

Policy-making framework for environmental protection and sustainable development

Redressing political fragmentation will continue to be a significant challenge for a complex State such as Bosnia and Herzegovina. With up to four administrative levels (state, entity, cantonal, municipal), environmental administration and regulatory control systems are very complex and in many cases duplicate one another.

The Government has stated its commitment to putting environmental priorities high on its agenda. However, environmental management has not been a priority in the post-war economic recovery process in Bosnia and Herzegovina and environmental management throughout the country suffers from suboptimal institutional, policy and legal frameworks. As a consequence, policies, plans and programmes fail to take into account environmental impacts. However, an important driver in the reform efforts of the environment sector since the first EPR has been the prospect of eventual EU membership and the adoption and transposition of the EU acquis communitaire.

The EU pre-accession period has created important opportunities for the country to start systematically adapting its laws and accessing additional resources and technical assistance. It also brings complex challenges for Bosnia and Herzegovina, since adoption of the entire EU environmental acquis requires extensive changes to the existing institutional and legal framework. Environmental laws have been harmonized in both entities and in line with a number of EU directives.

The State Mid-Term Development Strategy for the period 2004-2007 makes reference to the importance of the environment in poverty reduction. However, environmental priorities were not specified, and for political reasons the strategy has not been effectively implemented. There are currently no plans to develop a long-term development strategy at the State level.

In view of the lack of a State-level environment agency, the inter-entity approach has been a good compromise. The lack of an environmental mandate, authority and capacity at the State level and continuing opposition to any increase in power at the State level contributes to many problems, especially a lack of policy coherence between the State and the entities. Environmental management continues to be the primary responsibility of the two entities, in accordance with article III.3 (a) of the Constitution.

Inter-entity cooperation has been strengthened through the Inter-Entity Steering Committee for the Environment. This has functioned reasonably well in coordination and harmonization of environmental law and policy between the two entities and provides a good example of inter-entity cooperation. However, it has had limited impact in raising environmental issues to State level and in ensuring the necessary level of vertical and horizontal coordination and communication. This is in part because the Committee does not have a legal basis for its existence.

#### Compliance and enforcement mechanisms

The State Law on Environmental Protection has still to be adopted, as has a strategy for environmental protection and sustainable development. The lack of a State environment law continues to exacerbate a number of problems, such as the scattering of the competencies for environmental legislation and administration over all administrative levels. Because of weak inter-entity coordination mechanisms, legislative and administrative procedures are slow and redundant. Law-making activities at the State level are not based on clear and coordinated policies and priorities. Poor coordination with other sectors in turn leads to limited attention to environmental considerations in those domains.

In both entities a Law on Environmental Protection has introduced significant new instruments for environmental protection and for integrating environmental concerns in economic sectors. These are environmental permits and procedures to carry out environmental impact assessments (EIAs). In addition, since 2006, all entity-level inspectorates, including non-environmental inspectorates, have been subordinated to a single entity-level administration for inspection activities. This consolidation has been accompanied by an institutional separation of inspection and permit issuing processes thus improving the quality and integrity of compliance mechanisms.

The implementation of EIAs began in 2008 and Strategic Environmental Assessment (SEA) has been adopted in both entities but has yet to be implemented. SEA has not been implemented because neither entity has a precise procedure included in the Law on Environmental Protection, nor have they issued a decree. Although both entities have an Environmental Advisory Council to establish a wide social and scientific professional basis for environmental protection, there is a need for greater exchange of experiences on environmental permits and compliance.

Monitoring, information, public participation and education

Specified goals and priorities in environmental monitoring, information management and environmental training were adopted in the 2003 National Environmental Action Plan. Achievements include strengthening the air-quality monitoring network; improving water monitoring; strengthening emission reduction activities and emission monitoring of large emitters; establishing a pollutant emission cadastre; and developing Pollution and Release and Transfer Registers (PRTRs). However, there has been little progress in developing a comprehensive monitoring system, an integral spatial information system or a national environmental information system including a central database. Practical implementation of PRTR also faces a number of challenges, especially insufficiently trained staff.

One of the most important gaps for air quality monitoring is the lack of organization, coordination and communication between different public institutions. Data exchange between the different public institutions is limited and as a consequence there is no centralized database. Also, measurement sites have not been

selected using modelling results, so the chosen locations may not reflect the worst pollution. Positive aspects include automation of some monitoring stations allowing, in particular, observations of pollutants dangerous to human health such as ground-level ozone (O3) and particulate matter (PM10 and PM2.5).

In both entities, a Law on Water specifies the institutions responsible for establishing and managing the water management data-processing system. The laws also oblige all other legal bodies, institutions, companies using water or engaged in public water supply, or wastewater discharge, to install devices for measuring and control of water quality and quantity; to carry out measuring and testing; and to keep and submit proper records. The most significant gaps are in monitoring of lakes, bathing waters, coastal waters, groundwater and discharge of harmful and toxic substances in wastewater. Gaps also remain in river monitoring.

Currently there are no specific laws, at the national or entity level that directly address soil protection including monitoring. As a result, soil monitoring does not exist in Bosnia and Herzegovina. Efforts are limited to ad hoc observations on the scope of projects, land valuations, studies and other activities by various institutions.

Waste monitoring currently organized through the entity Statistical Institutes is partially functional and based on a statistical form, which public utility companies are obliged to fill in. Public utility companies present data from their own internal waste-monitoring system. However, the quality of such monitoring is questionable since it is based on estimations, not constant monitoring.

Bosnia and Herzegovina has improved data reporting to the European Environment Agency (EEA) and now submits some 65 per cent of required data. The establishment of a State environmental protection agency has been under discussion since 2002. The Federation of Bosnia and Herzegovina has introduced regular environmental assessment reports based on indicators, but much needs to be done to improve the reliability and consistency of data and indicators contained in its state-of-the-environment report. There are no similar environmental assessments in the Republika Srpska or at the State level.

Bosnia and Herzegovina acceded to the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters in 2008. The definitions of environmental information, restrictions to its access and other provisions of the entities' laws correspond generally to those established in the Convention. Environmental authorities at the State, entity and cantonal levels take actions to raise public awareness of environmental problems and citizens' rights on environmental protection. However, contrary to the entity environmental laws, non-governmental organizations are not sitting on the supervisory boards of the entity environment funds.

The public actively participates in environmental permitting procedures, especially with regard to projects subject to environmental impact assessment. The Environmental Advisory Council of each entity, established under its Law on Environmental Protection, is expected to be actively involved in the evaluation of strategic environmental assessments, environmental plans and programmes. These Councils are composed of different stakeholders including environmental associations, organizations and institutions representing professional and economic interests and scientific circles.

Some progress has been made in creating a public system of environmental education in Bosnia and Herzegovina. Curricula and programmes for preschool education and schools now include environmental elements, due to the adoption of a number of laws and strategies. However, these elements are insufficiently linked and coordinated, which prevents the interdisciplinary approach necessary for understanding environmental issues. In higher education, several universities have introduced environmental curricula.

Since the first EPR, Bosnia and Herzegovina has made some progress in compiling information on biodiversity and on forestry. There is much biodiversity data at different institutions. However, these data are

frequently neither accessible nor verified. No central or coordinating institution responsible for collecting, registering and analysing biodiversity data has been designated at the entity or at the State level. The second countrywide State Forest Inventory has been under way since 2006.

Implementation of international agreements and commitments

As part of the international community, Bosnia and Herzegovina is aware of the need to take its share of responsibility for solving global ecological problems. More detail is needed for policy formulation, and environmental protection programmes remain to be developed. Nevertheless, the EU agreements already refer to commitments under Multilateral Environmental Agreeements (MEAs), and the current United Nations Development Assistance Framework (UNDAF) for 2010–2024 includes a target for fulfilment of these commitments by 2014.

Since the first EPR, major steps have been taken to strengthen international cooperation and the participation of the country in international agreements. Bosnia and Herzegovina has ratified or acceded to many global and regional MEAs. Since the first EPR the country has ratified seven environmental conventions and two protocols. However, there is still much to be done as regards practical implementation and enforcement.

By ratifying the Kyoto Protocol in 2008, Bosnia and Herzegovina has demonstrated its interest and need for inclusion in the mechanisms, which are offered to signatories of the Protocol. Bosnia and Herzegovina carries out its Protocol obligations in line with the technical and financial assistance it receives. Country delegations have also regularly participated in the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), as well as at the meetings of expert bodies within the UNFCCC secretariat.

As a potential candidate country, Bosnia and Herzegovina will benefit from the EU Instrument for Pre-Accession Assistance (IPA). The Multiannual Indicative Planning Document for the period 2009–2011 builds on the IPA programme with results and indicators for adoption of an environment strategy, alignment of sectors to the environment; prioritization tools for environmental infrastructure investments, and measures for operationalizing environmental protection; and co-financing mechanisms and enhanced investments in environmental infrastructure.

Economic instruments and expenditure for environmental protection

Since the first EPR, Bosnia and Herzegovina has continued developing and defining its environmental priorities and policies, including with regard to economic instruments. Both entities have created the foundation for environmental legislation, although only a limited amount of legislation relating to environmental economic instruments is as yet operational. In most cases the current Government

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