

ENVIRONMENTAL PROTECTION

Sector definition	<p>Based on DAC definitions, the Environmental Protection sector comprises the following elements:</p> <ul style="list-style-type: none"> • Environmental policy, laws, regulations and economic instruments; • Administrational institutions and practices; • Environmental and land-use planning and decision-making procedures; • Air pollution control, ozone layer preservation, marine pollution control; • Natural reserves and actions in the surrounding areas; • Other measures to protect endangered or vulnerable species and their habitats; • Environmental education and training, and environmental research; • Water resources protection; • Waste management and disposal; • Biomass energy. <p>DAC codes: 14015, 14050, 23070, 410.</p>
DCF donors	Italy/IC, Norway, Spain/AECID, Switzerland/SDC/SECO, Sweden/SIDA, the EC, UNDP, and the World Bank.
Other key international organizations (IOs)	United Nations Environmental Programme (UNEP) and the Food and Agriculture Organization (FAO).
Key government partners	The BiH Ministry of Foreign Trade and Economic Relations, the FBiH Ministry of Tourism and Environment, the FBiH Ministry of Physical Planning, FBiH Ministry of Agriculture, Water Management and Forestry, the RS Ministry of Urban Planning, Civil Engineering, and Ecology, and the RS Ministry Agriculture, Forestry and Water Management.
Total donor allocation to the sector in 2007	€ 6.59 million.
Sector strategies	No state-level environmental strategy. The National Environmental Action Plan was adopted by both entities in 2003. ¹¹⁴
International obligations	<p>Atmosphere: Framework Convention of United Nations on Climate Change, Rio de Janeiro, 1992; Convention on Long-range Transboundary Air Pollution; Convention for the Protection of the Ozone Layer.</p> <p>Water: Convention for the Protection of the Mediterranean Sea against Pollution (Barcelona Convention); Convention for the Protection of the Mediterranean Sea against Pollution from Land-based Sources (Land-Based Sources Protocol), Athens; Convention on Cooperation for the Protection and Sustainable use of the Danube River (The Danube River Protection Convention, DRPC).</p> <p>Land: Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD), Paris.</p> <p>Waste: Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention).</p> <p>Nature: United Nations Convention on Biological Diversity (CBD) Rio de Janeiro; Ramsar Convention on Wetlands; World Heritage Convention; International Convention for the Protection of Birds.</p>
Donor coordination	No regular coordination meetings; ad hoc cooperation only.

Overview

Bosnia and Herzegovina (BiH) possesses natural beauty, biodiversity and abundant ecological resources. However, the lack of environmental management and the ineffective delivery of environmental services have damaged these. According to the *Environmental Performance Review for BiH*, until recently, environmental management issues had been overlooked due to, what were seen as, more pressing post-conflict issues. This problem has been compounded by the lack of capacity and institutional development at the state level.¹¹⁵ Furthermore, domestic decision-makers and the BiH population in general have relatively low awareness of environmental issues, and a lack of understanding about the role and importance of environmental policies in development.

¹¹⁴ For more information, see <http://neapbih.ba>.

¹¹⁵ Environmental performance reviews: *Bosnia and Herzegovina: Environmental Performance Reviews Series*, no. 20 (Geneva: UN ECE, 2006); *EC Functional Review of the Environmental Sector in Bosnia and Herzegovina Final Report* (Sarajevo: EC, April, 2005).

The Environmental Protection sector, with its potential for aiding in poverty reduction and natural resources management, presents great opportunities for a country.¹¹⁶ As the World Bank assesses, "the environment is not a 'luxury' that concerns only the rich elite in industrialized countries. It is an integral part of the well-being of poor people."¹¹⁷ Therefore, as the poor are those most likely to depend on the environment for their livelihoods, improvements to the environment will positively impact their wellbeing.¹¹⁸ However, this will only be the case if environmental protection policies and programmes are well thought-out and sensitive to the actual needs of the poor. It is important to note that a gender perspective is also critical in all environmental planning and activities, to ensure that women's concerns are taken into account and their voices are heard in the decision-making process. By continuing to focus on improvements in the Environmental Protection sector, the government can also address issues of general development and poverty alleviation.

According to the BiH constitution, environmental protection is the responsibility of the Entities and the Brčko District. In the Federation of BiH (FBiH) the environmental portfolio lies with the Ministry of Environment and Tourism, and in the Republika Srpska (RS), with the Ministry of Urban Planning, Civil Engineering, and Ecology. In the FBiH this authority is further distributed between the Entities and the ten Cantons. Currently there is no overarching environmental protection institution at the state level. The Law on Ministries of BiH assigns state-level responsibility for environmental protection to the BiH Ministry for Foreign Trade and Economic Relations (MoFTER). The Ministry is responsible for coordinating and harmonizing the Entities' activities on the environmental front. However, there are no laws or other regulations on the environment at the state level. Additionally, large parts of the practical environmental legislation created under the auspices of the framework laws are yet to be passed in both Entities.

According to the EC's *2007 Progress Report on Bosnia and Herzegovina*, the country suffers from limited administrative capacity and has scarce financial resources for the necessary environmental investments. Though progress has been made in the past year and experts are endeavouring to introduce environmental laws, the sector is further burdened by the lack of a legal or institutional framework. This in turn hampers MoFTER from acting as the national authority on the environment.¹¹⁹

In terms of achieving EU standards, Environmental Protection is a very expensive and time-consuming sector, as it requires extensive changes to the preexisting infrastructure and the legal framework. Therefore, the sector demands a great deal of attention both from donors and domestic authorities. International agencies are attempting to support national actors in focusing on the environment and by working on building local awareness and capacities.

Donor support to the Environmental Protection sector consists of a variety of activities and areas, including environmental policy development, legal and administrative management, research, and capacity building. Many environmental projects, especially those dealing with water sanitation and waste management, may be classified under the Infrastructure sector, depending on which component of the initiative dominates. Therefore, the level of funding allocated to the Environmental Protection sector is not entirely reflective of reality. Other projects with environmental components can also be found in, for example, the Agriculture and Forestry, Economic and Social Development, and Conflict Prevention and Resolution, Peace and Security chapters of this report.

¹¹⁶ Jan Bojo, et al, *Environment in Poverty Reduction Strategies and Poverty Reduction Support Credits* (The World Bank Environment Department, November 2004), 1.

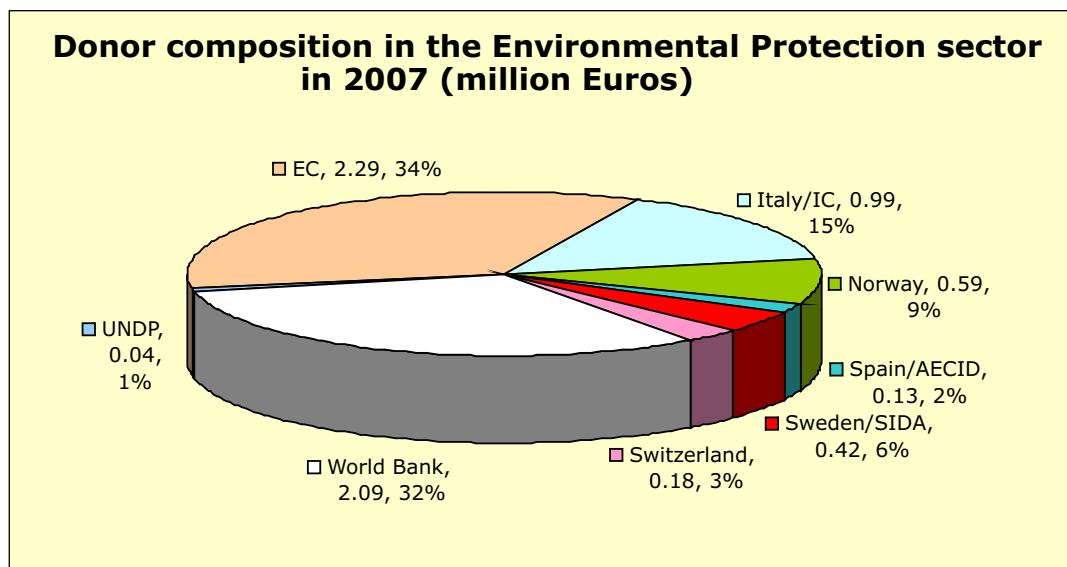
¹¹⁷ *Ibid.*, 2.

¹¹⁸ *Ibid.*

¹¹⁹ Commission of the European Communities, *Bosnia and Herzegovina Progress Report* (Brussels: 11 June, 2007), 42.

Donor activities in 2007

The donors to this sector include Italy/IC, Norway, Spain/AECID, Switzerland/SDC/SECO, Sweden/SIDA, the EC, UNDP, and the World Bank. Together, they contributed € 6.59 million. The United Nations Environmental Programme (UNEP), not a DCF member, is also active in this sector. These donors focus on strengthening BiH institutional capacities and supporting various environmental protection activities.



The **World Bank** finances the Environmental Protection sector mainly through loans. The *Forest Development Project* focuses on enhancing biodiversity conservation through participatory approaches in forest land use planning.¹²⁰ The World Bank's Global Environment Facility¹²¹ (GEF) *Water Quality Protection Project's* aim is to further strengthen the capacity of local utility companies and reduce pollution from municipal sources that empty into the Neretva and Bosna Rivers and eventually into the Adriatic Sea and the Danube Basin as well. The main objectives of the *Solid Waste Management Project*, the World Bank's third ongoing initiative in the sector, are to improve solid waste services in participating priority areas and to increase administrative and technical capacity for solid waste management at the local and entity level.

The **EC's** portfolio in the environmental sector is two fold: institution building and environmental infrastructure. Strengthening environmental institutions and governance are objectives of IPA funding. IPA 2007 projects will support the creation of BiH water policy, transposition of the *acquis*¹²¹ into the existing legislation in the water sector and public participation principles, and the implementation of the Integrated Pollution Prevention and Control Directive. IPA 2007 also includes a capital project in wastewater management. This joint project is in cooperation with **EIB** and the **World Bank**, where the EC gives grants towards the construction of wastewater collectors in Živinice Municipality in Tuzla Canton. EU Community Assistance for Reconstruction, Development and Stabilization (CARDS) funding supported the rehabilitation of an unregulated landfill in the Banja Luka region. In addition, CARDS is aiding rehabilitation of a landfill in Trebinje. In cooperation with Germany/GTZ/KfW, the EC has also conducted a feasibility study for a wastewater treatment plant in Bihać. According to preliminary information, Germany/KfW plans to give a combination of grant and loan funds for the construction of the plant.

Sweden/SIDA mainly works at the local level, focusing on re-educating municipal staff about environmental issues and creating ownership for environmental protection activities. Sweden/SIDA works with municipalities on Local Environmental Action Plans (LEAPs) and strengthens civil society organizations that deal with the environment. The former of these projects was developed in cooperation with the EC and UNDP. In 2007, six municipalities took part in the creation of LEAPs. Five more municipalities will join the programme in 2008. Sweden/SIDA helps them identify environmental problems, make priority lists and implementation plans. Regarding civil society, Sweden/SIDA tenders small projects to support the protection of the environment at the grass-roots level.

¹²⁰ For more information on this project see the Agriculture and Forestry chapter.

¹²¹ Established in 1991, the GEF helps developing countries fund projects and programmes that protect the global environment.

Environmental Protection is currently **UNDP's** fastest growing portfolio and UNDP's activities in the sector focus on a variety of areas. The agency assists the government in accessing aid from the GEF fund in the following areas: climate change, energy efficiency (biomass energy projects) and biodiversity. In 2007, UNDP BiH together with UNEP and United Nations Educational, Scientific, and Cultural Organization (UNESCO) received \$ 5.5 million in the context of the Spanish Millennium Development Goals (MDG) Achievement Fund. This three-year project will be used to improve local-level environmental planning (the preparation of 30 LEAPs), enhance the management of environmental resources and the delivery of environmental services, and increase national environmental awareness and action. A main conceptual pillar of the project is the mainstreaming of environmental issues into the broader development agenda with a particular emphasis on poverty alleviation as expressed in the MDGs.

UNDP also provides direct support for building national capacities, specifically by supporting the Unit in MoFTER with technical assistance and consultancy services. UNDP is involved in a regional programme, funded by the Netherlands, which focuses on the remediation of two essential ecological issues: increasing the capacities of national and local governments to implement sustainable environmental policies in accordance with EU standards, and raising environmental awareness.

Italy/IC is currently supporting the *Environment Protection and Fight Against Social Exclusion in the Rural Areas of North-East BiH* project, which has three main aims: to improve environmental conditions, in particular the forest heritage of BiH; to contribute to the stabilization of the areas impacted by minority return; and to promote the fight against social exclusion. The project focuses on reforestation actions in areas where poverty and unemployment rates are higher, with the intent to involve the most vulnerable populations, and create the conditions for economic development of the area. **Spain/AECID** is working to solve the problem of conserving the fauna and increasing interest in the Hutovo Blato Natural Park. The park is one of the most important areas of biodiversity in continental birds and fish in the Mediterranean region. **Switzerland/SDC/SECO** contributes to the creation of conditions for integrated management of the Neretva Delta, with a project implemented by the Regional Environmental Centre (REC). **Norway** contributes to wastewater management and general environmental protection initiatives.

EBRD provides loans for solid waste management, water sanitation and infrastructure initiatives, offering either zero or very low interest rates.¹²² One of EBRD's primary public sector projects, signed in 2007, concerns the construction of the Priority Wastewater Collection Network in the town of Bijeljina in order to prevent further pollution of underground water (aquifers) that are used as the source of potable water, thus reducing the health hazard for the town's population. In addition, EBRD contributes to Environmental Protection by requiring that all its large projects (ranging from € 5 million to € 250 million) satisfy environmental standards.

Sector strategies

There is no state-level, comprehensive environmental strategy for this sector. Both the FBiH and the RS have prepared drafts of Environmental Protection Strategies, which will attempt to incorporate Environmental Protection into other sectoral strategies, and recommend changes and enhancements for existing measures. The documents will outline ways in which environmental goals can be achieved.

A National Environmental Action Plan (NEAP) was adopted by both Entities in 2003. Although the NEAP has led to numerous project proposals, it has not performed as a proper action plan, as no one

National Environmental Action Plan

The goal of the NEAP is the identification of priority areas and the creation of a statewide environmental protection strategy. It identifies eight priorities:

- water resource management and wastewater treatment;
- sustainable development in rural areas;
- environmental management (information systems, integral planning, and education);
- protection of biological and landscape diversity;
- waste and waste management;
- economy and sustainable development;
- public health;
- and de-mining.¹²³

¹²² EBRD's financial allocation for these initiatives is listed in the Infrastructure sector.

¹²³ The National Environmental Action Plan website offers more information. See <http://neapbih.ba/home.php>.

institution is designated responsible for its implementation. Thus, while the document provides general direction regarding the environment, it has had little effect.

The 2004-2007 Medium-Term Development Strategy (MTDS) of BiH was seen as having more of an impact in the Environmental Protection sector than the NEAP. The MTDS addressed environmental issues but was more explicit in designating the actors and agencies responsible for carrying out priority areas.

LEAPs offer an effective tool for both donors and their domestic counterparts to help municipalities undertake environmental planning, and provide a solid basis for further coordinated action. Approximately 30% of all municipalities have already developed and adopted LEAPs.¹²⁴ Most of the LEAPs have been created with support from different donors (specifically the Netherlands, Sweden/SIDA, and the EC), and with facilitation assistance from national organizations (such as REC and others). REC has made a significant contribution to the process of fostering LEAPs by organizing seminars and workshops, and providing technical assistance in plan development. However, the quality of LEAPs varies significantly among municipalities; in most cases, the direct links between municipal budgets, investment planning and a respective LEAP project are missing. The implementation of LEAPs is currently limited because of the lack of human and institutional capacities, low public environmental awareness, and a general shortage of resources.

Positive developments and challenges in the sector in 2007

The year saw incremental progress in the Environmental Protection sector. In terms of laws and regulations, the Law on Water was adopted by both the FBiH and the RS, and according to the EC Progress Report, BiH has made improvements in adopting horizontal legislation. That said, the same report states that “the implementation of environmental legislation by the Entities remains an issue [as] communication channels between administrative levels and relevant authorities with regard to the enforcement of legislation are weak.”¹²⁵

In terms of international treaty obligations, in March 2007, BiH acceded to the Rotterdam Convention on the prior informed consent procedures for certain hazardous chemicals and pesticides in international trade. In April 2007, BiH signed the Kyoto Protocol and as part of its obligations, BiH must establish a state-level environmental body independent from the Ministries. In May, the Council of Ministers (CoM) adopted the decision to implement the Montreal Protocol regulating issuance of licenses, quotas, and permits for the export and import of substances depleting the ozone layer. More limited progress in terms of legislative implementation has been made in the areas of waste management and nature protection.¹²⁶

While there have been improvements in monitoring and collecting raw environmental data, donors note that further efforts are needed to improve the quality of processed data. They have suggested the implementation of an environmental monitoring system. This is also important in terms of ensuring systematic reporting to the European Environment Agency. Some progress has been made with the establishment of entity-level environment funds although they are not yet fully operational.¹²⁷

Although recent years have seen gains in terms of the development of basic environmental policy and management functions, serious gaps remain, especially in terms of an overall environmental protection strategy. Some of the outstanding issues will be addressed in the context of ongoing and planned EU support, particularly at the state level.

Coordination and ownership

The current lack of formalized donor coordination is an obstacle to reform, especially as Environmental Protection is a very costly sector. There are currently cordial relations among international agencies and some ad hoc gatherings. However, donors agree that there is a need for better cooperation. To this end, they suggest that coordination meetings should be regularly organized and be co-chaired by the BiH authorities. International agencies are concerned that

¹²⁴ Municipalities in RS are required to adopt LEAPs; in FBiH they are not obligated to do so although Cantons must adopt cantonal environmental action plans.

¹²⁵ *Bosnia and Herzegovina Progress Report* (Brussels: Commission of the European Communities, 11 June, 2007), 41.

¹²⁶ *Commission of the European Communities*, 43.

¹²⁷ *Ibid.*, 42.

MoFTER does not currently have the capacity to lead donor coordination efforts, but they will continue to work with the Ministry in order to address this issue.

The Inter-Entity Steering Committee for the Environment was established in 1998. According to donors, this is a reasonably effective mechanism providing for coordination and communication between the FBiH and the RS, while the State and the Brčko District have observer status. The Committee deals with environmental issues delegated to it by the Entities.

UNDP is using the *MDG-Fund* (MDG-F) project, administered by the United Nations Resident Coordinator's Office, as a way of initiating coordination among donors. It must be noted that this is a multi-UN agency project, with UNDP, UNEP, the Food and Agriculture Organization (FAO), the United Nations Volunteers (UNV), and UNESCO participating. This common initiative itself requires coordination. As the MDG-F focuses on areas of interest to all donors active in the sector, it has the potential to become a flagship project in terms of donor coordination.

The MDG-F, like all initiatives financed through the Fund, will receive strategic guidance through the National Steering Committee of the *MDG-F UN Joint Programme* while operational coordination will be through the Programme Management Committee (PMC). The PMC will ensure that other stakeholders (particularly Sweden/SIDA, the EC, and the World Bank) are closely involved with the Programme and have opportunities to coordinate and harmonize approaches with the BiH Government and other programme initiators. National institutions are also members of the PMC, a mechanism that ensures domestic ownership is built into all projects.

Another example of ongoing collaboration in the sector is the effort of Sweden/SIDA and EBRD to find appropriate environmental projects that need support from the International Financial Institutions. In one instance, EBRD finances the establishment of functioning sewage systems. Municipalities, however, need to do a lot of preparation work to access these credits and Sweden/SIDA provides them with technical assistance in the process.

Future activities

Several donors active in the sector have identified the need for the creation of an overall financial and project management system for environmental policy implementation. Work is currently underway to establish environmental funds in both Entities. The FBiH and the RS have adopted Environmental Fund Laws although these have yet to be implemented. In line with this, donors note the need to strengthen coordination between the two Entities' environmental ministries to ensure that information is being adequately shared between the institutions.

Environmental Protection is one of the larger *acquis communautaire* chapters. As BiH's eventual goal is accession to the European Union, a future priority will be to line up BiH institutions and legislation with European standards. The EC will assist BiH in institutional alignment. The minimum legal requirements have been outlined in the European Partnership document (divided into short-, medium-, and long-term goals), including the creation of state-level environmental legislation, environmental bodies and an Environment Agency. So far BiH has made little progress in meeting these requirements. Therefore several donors have noted the immediate need to build awareness and to create a body at the state level that can partner up with international agencies and facilitate the implementation of environmental laws and regulations. Underlying all of these concerns is the critical need in the short term to strengthen local ownership in the environmental sector. To achieve this goal it is necessary to further enhance the unit within MoFTER responsible for the environment. Donors are committed to providing the needed support in this process.

International agencies also called for the creation of comprehensive and systematic environmental information management. With support from EU CARDS, a structure for such a system has been developed. However, its implementation has not been effective, leaving significant gaps in terms of environmental data management, environmental statistics and reporting, including to international bodies.¹²⁸ In particular, donors have commented on the fragmented nature of monitoring activities and suggested that a mechanism for sharing environmental data between institutions with environmental portfolios would be helpful in ensuring that existing information gets circulated through the proper channels.

¹²⁸ Ibid., 43.

In terms of more specific sectoral areas, waste management stands out. According to several donors, many municipalities do not take this issue seriously and do not see it as their responsibility to resolve it. Therefore, international agencies suggest that BiH needs more local-level support in this area.

Donors also note that there should be a focus on future projects that link employment (regarding recycling and bio-fuel) and the environment. Moreover, they suggest analyzing ways to finance the sector. According to the EC *Progress Report*, further efforts are needed towards ratifying and implementing the guidelines from relevant international conventions. The creation of the Water Information System is under development. So far the required software and hardware have been purchased and the staff trained. The establishment of Water Agencies is the next step in this process.¹²⁹

It is essential to mainstream environmental and ecosystem sensitivity into all MDG development strategies, particularly those that address health, water and sanitation, poverty, gender, and governance targets. The economic and social, as well as environmental, returns on investments in environmental management and ecosystem restoration are positive, and the success rate is improving. Focusing on defining national targets means they can be used in implementing national and local strategic planning efforts.¹³⁰

There is a very important place for civil society organizations in this effort. Environmental NGOs are usually active at the municipal level, the level of government closest to citizens. NGOs, in cooperation with donors and government institutions can raise public awareness regarding the importance of environmental issues and their impact on citizens' daily lives. Integrating the gender perspective and ensuring gender sensitivity in all mechanisms, policies, and measures in the environmental sector also remain priorities.

¹²⁹ Ibid., 42.

¹³⁰ *Assessing Environment's Contribution to Poverty Reduction: Environment for the MDGs* (New York: Prepared on behalf of the Poverty-Environment Partnership, UNDP, 2005), 57.

Conclusion

Overall, BiH's preparations in the Environmental Protection sector remain at an early stage. Enhancing the administrative capacity, strengthening the environmental protection institutions, establishing a State Environmental Agency, harmonizing legal framework for environmental protection, and creating a functioning environmental monitoring system would constitute significant steps forward. These measures will likely take time to realize. In the meantime, the number of professional environmental specialists in BiH remains low, there is limited absorption capacity, and financial resources for the necessary environmental investments remain insufficient.¹³¹

In order to address these issues and to realize the potential of the Environmental Protection sector to alleviate poverty and encourage development, both domestic actors and donor agencies will need to continue their focus on the environment. All stakeholders took steps forward in 2007 and should use these successes to push them further ahead in 2008 and beyond.

As EU accession becomes more of a reality for BiH, the Environmental Protection sector will increase in importance. This will especially be the case as BiH keeps working towards harmonizing its laws to the extensive *acquis* on the environment. Donors will continue their involvement in this sector while building domestic capacity and encouraging local actors' focus on the environment. Domestic stakeholders are becoming more and more aware of this sector's importance and are committed to moving forward.

¹³¹ Commission of the European Communities, 43.