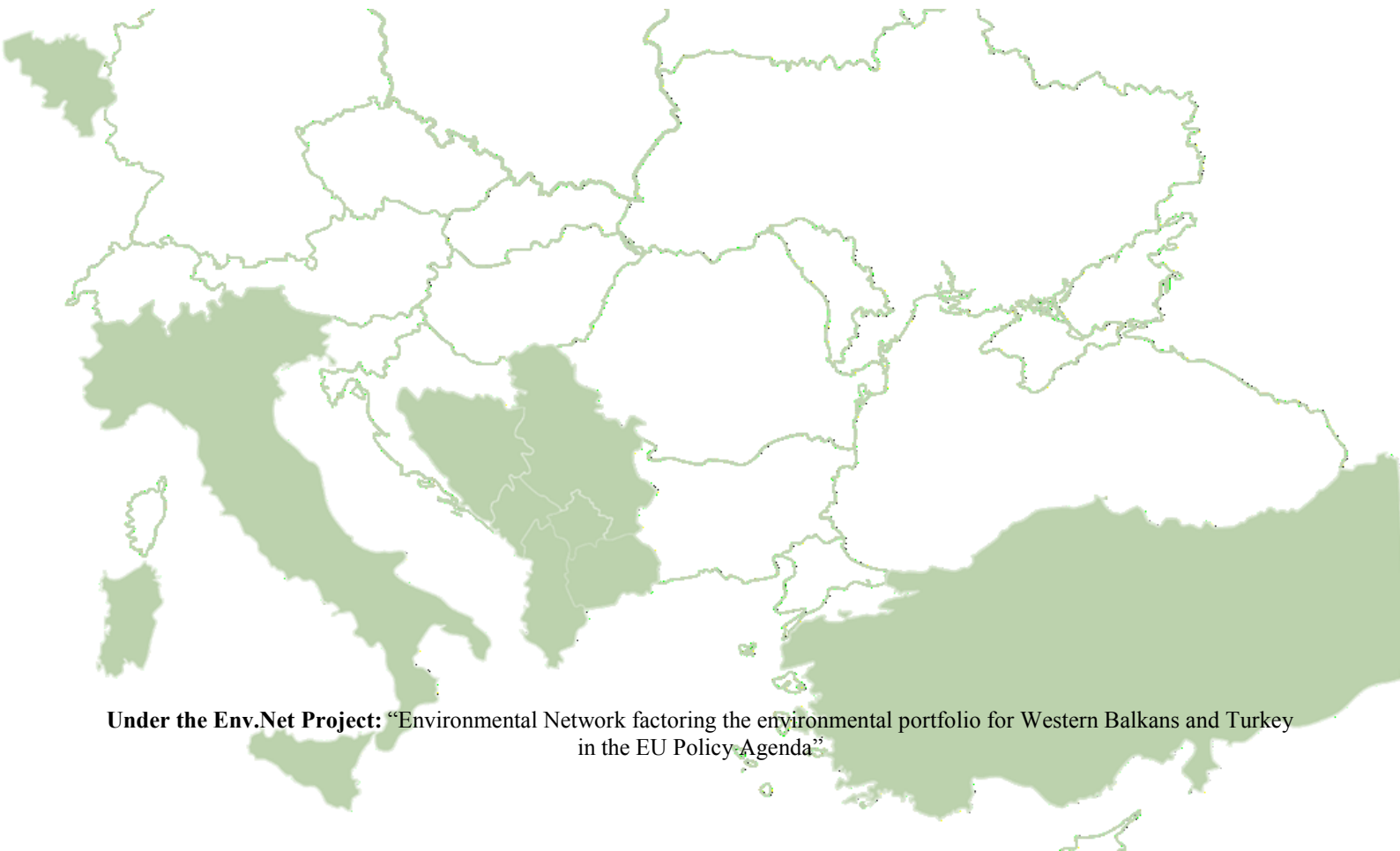


Country Specific Report

Written Contribution for the 2018 Bosnia and Herzegovina Annual Report
Chapter 15 & 27



Under the Env.Net Project: “Environmental Network factoring the environmental portfolio for Western Balkans and Turkey in the EU Policy Agenda”

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1. Introduction

This initial section is dedicated to present an overall picture of Bosnia and Herzegovina's EU Accession progress made during the last year, with regard to environment, climate change mitigation and energy sector.

Bosnia and Herzegovina authorities delivered to EU commission in February 2018 the answers to the Questionnaire presented by EU Commission in December 2016. BiH participates to the Stabilisation and Association Process and is a potential candidate for EU membership. The country submitted its application for EU membership in February 2016. Following the recognition of meaningful progress in the implementation of the Reform Agenda, in September 2016 the EU Council invited the European Commission to submit its opinion on Bosnia and Herzegovina's application for EU membership. The Stabilization and Association Agreement between BiH and the EU entered into force on 1st June, 2015. It replaced the Interim Agreement (2008). In July 2015, BiH adopted and started to implement the Reform Agenda, aimed at tackling the difficult socio-economic situation and advancing the judicial and public administration reforms. Significant progress in the implementation of the Reform Agenda is necessary, in order that EU considers an EU membership application from BiH.

1.1. Environmental Status in Bosnia and Herzegovina

This section is dedicated to highlight main environmental concerns and related developments / news of the environmental portfolio.

Preparations in the areas of the environment and climate change have reached some progress in 2017 and 2018.

Concerning horizontal legislation, Environmental approximation strategy was adopted by the Council of Ministers in May 2017. Still, there is no legislation on environmental impact assessments at the state level. In the Federation of BiH, the Environmental Impact Assessment Directive was transposed through the Law on Environmental Protection and delegated legislation. In Republika Srpska, the Law on Environmental Protection of 2012 (amended in 2015), governs environmental impact assessment. In Brcko District, the Law on Environmental Protection, in force since 2004, governs environmental impact assessment. During 2016, Bosnia and Herzegovina drafted the Energy Strategy, which was adopted in August 2018. One of the priorities both at national and entity levels would be to carry out strategic environmental assessments for planning in the energy sector.

The dispute settlement case (Case-ECS 01/15) regarding the environmental impact assessment procedure carried out for the planned thermal power plant Ugljevik 3 in the Republika Srpska entity of Bosnia and Herzegovina is still pending. As the Secretariat considered that Bosnia and Herzegovina failed to rectify the breaches identified in the Reasoned Opinion, a Reasoned Request was submitted to the Ministerial Council in May 2018.

Bosnia and Herzegovina failed to rectify the breaches of the Sulphur in Fuels Directive determined by Ministerial Council Decision 2016/03/MC-EnC. The Contracting Party still fails to ensure that heavy fuel and gas oil with a sulphur content of 1% and 0.1%, respectively, is not in use on its territory. A new Decision on the quality of liquid fuels was drafted; it is however still not adopted. Consequently, the Secretariat opened a procedure for non-implementation of the Ministerial Council Decision under Article 92 of the Energy Community Treaty (Case ECS-02/13S).

Both entities have established emission limit values for existing plants in their secondary legislation in compliance with the Large Combustion Plants Directive. The provisions on emission limits for new plants based on the Industrial Emissions Directive had only been transposed in FBiH. With regard to the establishment of emission inventories and the reporting of emissions from large combustion plants, work remains to be carried out.

Bosnia and Herzegovina has five plants falling within the scope of the Large Combustion Plants Directive with a total rated thermal input of 5.339 MW. In the FBiH, a Regulation on Limiting Values of Emissions into the Air from Combustion Plants adopted in 2013 transposes the emission limit values of the Large Combustion Plants Directive and requires operators of large combustion plants to develop emission reduction plans. In Republika Srpska, the Regulation on Limit Values of Emission into the Air from Combustion Installations of 2005 and the Rulebook on Measures for Preventing and Reducing Air Pollution and Improving Air Quality of 2015 (amended in 2016), transpose the emission limit values of the Large Combustion Plants Directive both for new and existing plants.

Bosnia and Herzegovina has adopted the National Emission Reduction Plan (NERP). The NERP, approved by the Secretariat, is in compliance with the Energy Community *acquis communautaire*. Furthermore, three large combustion plants have commenced their opt-out period as of 1 January 2018, meaning they can only remain in operation for a maximum of 20,000 hours up until 31 December 2023.

RS adopted Waste management strategy in period 2017-2026 (RS Official Gazette, 67/17).

Federation of BiH Ministry of Environment and Tourism implemented the FBiH Environmental protection strategic action plan that was in force until 2018, and FBiH waste management plan that was in force until the end of 2017. Brčko District has not adopted waste management policy or strategy.

National Biodiversity Strategy with Action Plan (NBSAP) of BiH for period 2015-2020 was adopted by the council of Ministers in May 2017. It is a continuation of global strategic planning and reporting under the United Nations Convention on Biodiversity. The national targets on biological diversity conservation in NBSAP of BiH have been set based on priorities and harmonized with the Strategic Plan (2011-2020).

BiH adopted National Renewable Action Plan in April 2016. However, the implementation of the RE measures and reaching RE technology objectives towards 2020 are lagging behind. Renewable energy measures and their benefits should be increasingly promoted in the region. In February 2018 was adopted the Energy Efficiency Action Plan for Bosnia and Herzegovina for the period 2016 - 2018, as the first document in this field, which was prepared by a working group comprised of the representatives of the Ministry of Foreign Trade and Economic Relations, the relevant entity ministries and Brčko District. It includes roadmap for transposition and implementation of the Energy Efficiency Directive in Federation Bosnia and Herzegovina, Republika Srpska and Brčko District.

Federation of BiH made progress by the adoption of the Law on Energy Efficiency and the first Energy Efficiency Action Plan (EEAP). Transposition related to energy efficiency in RS is at more advanced stage. However, energy efficiency measures should be increasingly promoted and implemented in residential as well as industrial sector. No further progress is registered in Republika Srpska, after having transposed provisions of Directive 2010/30/EU on labelling of energy related products in its Energy Efficiency Law and adopted nine delegated regulations in March 2016. Federation of Bosnia and Herzegovina has not yet transposed Directive 2010/30/EU, and hence has no legal basis for adoption of regulations on labelling of energy related products.

1.2. Summary of the Report

Key findings from legislation monitoring summarized as executive summary, intended to reach and facilitate main findings for policy maker audience.

Key findings from legislation monitoring in period from January 1, 2017 up to now are the following:

- Federation of Bosnia and Herzegovina adopted the Law on energy efficiency, aiming to implement Energy Services Directive 2006/32/EC. (Feb. 2017)
- As a non-Annex I party to the United Nations Framework Convention on Climate Change, Bosnia and Herzegovina ratified the Paris Agreement (March 2017)
- Environmental Approximation Strategy of BiH adopted (May 2017)

- RS adopted Waste management strategy in period 2017-2026 (RS Official Gazette, 67/17)
- Strategy for protection of biological diversity in period 2015-2020 and Action Plan for implementation adopted (May 2017)
- FBiH in June 2017 adopted the Decision on the adoption of the Strategic Environmental Impact Assessment for the Water Management Plan for the Sava River Basin in the Federation of Bosnia and Herzegovina in period 2016-2021, (Official Gazette of the Federation of Bosnia and Herzegovina No. 47/17)
- Secretariat submitted draft amendments to Renewable Energy Laws in force of Republika Srpska and Federation, introducing support schemes for renewable energy in compliance with State aid guidelines (July 2017)
- FBiH adopted Energy Efficiency Action Plan and roadmap for implementation of Directive 2012/27/EU on Energy Efficiency (July 2017)
- First Progress Report under Renewable Energy Directive 2009/28/EC adopted (Nov. 2017)
- Republika Srpska adopted the Amendments to the Energy Efficiency Action Plan of RS until 2018 (Nov. 2017)
- Ministry of Spatial Planning, Civil Engineering and Ecology of Republika Srpska submitted to the Ministry of Foreign Trade and Economic Relations an amended Rulebook on Measures to Prevent and Reduce Air Pollution and Improve Air Quality (Dec. 2017)
- Energy Efficiency Action Plan for Bosnia and Herzegovina for the period 2016-2018 adopted (Feb. 2018)
- FBiH in May 2018 adopted the Water Management Plan for the Sava River Basin in the period 2016-2021 (Official Gazette of the FBiH No. 44/18).
- ESCO model contracts and the legal gap analysis were finalized and submitted to Bosnia and Herzegovina by EBRD and the Energy Community Secretariat, as a part of an international technical assistance programme (REEP Plus) (June 2018)
- Framework energy strategy until 2035 adopted at BiH level by the Council of Ministers (August 2018)

2. Fundamentals

- 2.1. Environmental Rights
- 2.2. Environmental Accountability & Governance
- 2.3. Environmental Monitoring
- 2.4. Fight against Crime to Environment

3. Obligations of Membership

- 3.1. Energy (*Under Chapter 15*)
 - 3.1.1. Security of Supply
 - 3.1.2. Energy Market
 - 3.1.3. Hydropower

3.1.4. Renewable Energy

Latest developments in renewable energy	Date
Bosnia Herzegovina adopts its First Progress Report for Bosnia and Herzegovina under Renewable Energy Directive 2009/28/EC.	November 2017
Secretariat submitted draft amendments to Renewable Energy Laws in force of Republika Srpska and Federation, introducing support schemes for renewable energy in compliance with State aid guidelines.	July 2017

At the level of BiH, there is no Law on Renewable Energy. The relevant laws, aligned with Directive 2009/28/EC together with accompanying secondary legislation have been adopted by both Entities, while Brčko District has no law on renewable energy.

In accordance with its competences under the Law on Electricity in Federation and the Law on usage of RES and efficient cogeneration, the Regulatory Commission for Energy in RES Federation adopted the Rulebook on obligatory share and purchase of electricity generated in RES (Official gazette of Federation BiH, 99/2016).

In RS, the RS National Assembly and RS Government adopted The Rulebook for incentives on generation of electricity from RES and in efficient cogeneration (Official gazette of RS 43/16).

With the adoption of the National Renewable Energy Action Plan (NREAP), Bosnia and Herzegovina has increased its compliance with the requirements of Directive 2009/28/EC. However, the implementation of the RE measures and reaching RE technology objectives towards 2020 are lagging behind. Thus, renewable energy measures and their benefits should be increasingly promoted in the region. NREAP, in order to achieve 40% of share of RES in final energy consumption in 2020, defines binding target for the final energy consumption from RES in 2020 to 1950,5 ktoe (including electricity, heating, cooling and transport).

Support schemes and cooperation mechanism

Support schemes for various RE technologies in the form of feed-in tariffs were adopted by both entities. Despite the draft amendments to the RE laws of both entities provided by the Secretariat, activities towards the adoption of revised RE laws that include a market-based approach for granting the support has not started in any entity. A mechanism to transfer the costs of incentivizing RE to all customers is missing.

In July 2018, Ministry of Industry, Energy, and Mining of Republika Srpska has launched a tender for 50 years concession contract to build 65 MW solar PV plant without support. The electricity produced will be sold in the market and the concessionaire will pay 0,28 €/kWh as concession fee in addition to one-off fixed fee of 150.000 EUR.

No legislation regarding cooperation mechanisms exists. Currently, the country does not comply with Directive 2009/28/EC on the promotion of the use of energy from renewable sources in this respect.

Integration to the grids

A state-level law that imposes priority or guaranteed access for energy from renewable sources to the transmission network and priority dispatch is not in place. Moreover, state-level requirements for the development of the transmission network to take into account the integration of RE are not transposed. The entity-level RE laws fail to include priority or guaranteed access to the grids but do include priority dispatch and guaranteed priority of connection. However, they are often not respected in practice, particularly when the plant is not close to the existing network, which is the case in Federation of BiH. Sometimes the connection procedure can take up to one and a half

years. There are no rules on renewable energy self-consumption for distributed generation to encourage and enable customers to become prosumers.

Administrative procedures

Several RE projects were licensed in 2016, but the coordination among the institutions in the authorization process for small, decentralized renewable energy producers should still be improved in both entities. Increased clarity and simplification of procedures are needed to ensure a transparent and conducive investment framework for applicants in both entities. Currently, compliance with Article 13 of Directive 2009/28/EC remains to be achieved.

Guarantees of origin

Legislation on guarantees of origin exists in both entities and the bodies in charge of issuing, transferring and cancelling guarantees of origin for energy from renewable sources have been appointed. However, a reliable, accurate and fraud-resistant system of issuing, transferring and cancelling guarantees of origin has yet to be made operational in both entities. Implementation of Article 15 of Directive 2009/28/EC is yet to be achieved.

Renewable energy in heating and cooling

There is no compliance with the requirements of Article 13 of Directive 2009/28/EC in both entities. There are no requirements for the use of minimum levels of energy from renewable sources in new buildings or in existing buildings that are subject to major renovation. Obligations on the exemplary role of public buildings, promotion of heating and cooling systems and other requirements regarding biomass, heat pumps and solar thermal energy are missing despite the existing potential. Three regulations came into force in Republika Srpska, setting the minimum energy performance requirements for buildings, as well as implementing schemes for energy audits and energy certification of buildings.

Renewable energy in transport

There were no activities to introduce incentives, promotional campaigns or the relevant certification scheme for biofuels at the state or entity level. Articles 17-21 of Directive 2009/28/EC related to sustainability criteria for biofuels and bioliquids remained non-transposed. Thus, Bosnia and Herzegovina is non-compliant with Directive 2009/28/EC with respect to renewable energy in the transport sector.

There are difficulties in implementation of renewable energy EU policies in FBiH due to lack of dedicated staff in the FBiH Ministry of Energy, Mining and Industry- *Energy division*. This refers to implementation of rules in sector of energy use from RES in transport, heating and cooling.

3.1.5. Energy Efficiency

Latest developments in energy efficiency	Date
ESCO model contracts and the legal gap analysis were finalized and submitted to Bosnia and Herzegovina by EBRD and the Energy Community Secretariat, as a part of an international technical assistance program (REEP Plus).	June 2018
The Council of Ministers adopted the Action Plan for Energy Efficiency in Bosnia and Herzegovina in the period 2016 - 2018, as the first document in this field, which was prepared by the working group comprised of the representatives of the Ministry of Foreign Trade and Economic Relations, the relevant entity ministries and Brčko District. The Plan was adopted during 123 rd Session of Council of Ministers, held in February 2018.	February 2018
Regarding energy efficiency measures in buildings, a comprehensive programme for energy efficiency improvements in the residential sector was launched by the EBRD Green Economy Financing Facility.	November 2017
Government of Republika Srpska in November 2017, adopted the Amendments to the Energy Efficiency Action Plan of RS until 2018.	November 2017
Government of the Federation of BiH adopted Energy Efficiency Action Plan and roadmap for implementation of Directive 2012/27/EU on Energy Efficiency.	July 2017
Federation adopted the Law on energy efficiency, aiming to implement Energy Services Directive 2006/32/EC.	February 2017
Three regulations came into force in Republika Srpska, setting the minimum energy performance requirements for buildings, as well as implementing schemes for energy audits and energy certification of buildings.	January 2016

Energy Efficiency Directive

Republika Srpska adopted the Law on energy efficiency transposing Directive 2006/32/EC in 2013, Federation of Bosnia and Herzegovina adopted the mentioned Law in February 2017, while Brčko District failed to do so.

There is no law on energy efficiency on the BiH level.

The Secretariat is informed about ongoing activities of dedicated technical working groups supported by international technical assistance programs to work on certain articles of the Energy Efficiency Directive. This includes the development of typologies and long-term building renovation strategies (Article 4 and 5 of the Energy Efficiency Directive), establishment of the energy efficiency obligations scheme (Article 7) and assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling (Article 14).

However, amendments of the primary legislation to transpose the Energy Efficiency Directive continues to be delayed, and Bosnia and Herzegovina missed the reporting deadlines foreseen by the Energy Efficiency Directive, as follows: 30 March 2017 for Article 4, 1 January 2017 for Article 5, 15 March 2017 for Article 7 and 30 June 2018 for Article 24(1).

NEEAPs and targets

The state-level Energy Efficiency Action Plan (NEEAP) was adopted by the Council of Ministers in December 2017, which includes forecasted energy savings and targets of primary and final energy consumption for Bosnia and Herzegovina, Federation Bosnia and Herzegovina, Republika Srpska and Brčko District for 2020.

The specific targets under the Energy Efficiency Directive are still not set (for renovation of central government buildings and the energy efficiency obligating scheme), but certain activities are ongoing. The outline of the energy efficiency obligation (EEO) scheme and the proposed approach has been developed by the EEO Working Group in Bosnia and Herzegovina, which focuses on the residential sector and vulnerable consumers. Furthermore, the EEO Working Group has developed the necessary amendments to the existing entity energy efficiency laws.

ESCO market development and financing

The energy efficiency laws of both entities recognize ESCO and energy performance contracting. Republika Srpska has adopted an ESCO-enabling regulation, while Federation of Bosnia and Herzegovina is drafting it.

Notwithstanding the principal admissibility and feasibility of ESCO projects mentioned above, the ESCO market is not functioning and important legal gaps remain. In June 2018, the model contracts and the legal gap analysis were finalized and submitted to Bosnia and Herzegovina by EBRD and the Energy Community Secretariat, as part of an international technical assistance program (REEP Plus).

The Energy Efficiency Action Plan of Bosnia and Herzegovina also included measures for further removal of regulatory and legal barriers. The Plan includes measures to amend primary laws on energy efficiency and public–private partnership to align with new requirements imposed by the Energy Efficiency Directive, introduce multi-year budgeting and improve state level public procurement procedures to enable the use of energy efficiency criteria suitable for ESCO projects, capacity building of authorities and simplification of project approval procedures.

Energy efficient products – labelling

No further progress is registered in Republika Srpska, after having transposed provisions of Directive 2010/30/EU in its Energy Efficiency Law and adopted nine delegated regulations in March 2016. Federation of Bosnia and Herzegovina has not yet transposed Directive 2010/30/EU, and hence has no legal basis for adoption of regulations on labelling of energy related products. Therefore, Bosnia and Herzegovina continues to fail to comply with the Energy Labelling Directive.

Institutional capacities

In Bosnia and Herzegovina, the entity ministries are in charge of developing energy efficiency legislation, while the State Ministry of Foreign Trade and Economic Relations participates, coordinates and reports about activities related to the Energy Community.

Each entity established an energy efficiency and environmental fund, which is responsible for financing of energy efficiency measures, as well as monitoring of their implementation and reporting on achieved savings.

The Permanent Joint Energy Efficiency Cooperation and Coordination Group and different ad-hoc technical working groups were established to coordinate the work on energy efficiency (including work on the Energy Efficiency Directive) with participation of different technical assistance programmes and public institutions in Bosnia and Herzegovina.

Further improvement of coordination between state and entity levels and strengthening of institutional capacities, especially in the energy efficiency and environmental funds, are important for establishment and development of an efficient mechanism for financing, implementation and monitoring of energy efficiency measures.

3.1.6. Energy Performance, Classification and Audit in Housing and Industry

Energy efficiency in buildings

Directive 2010/31/EU was transposed in Federation of Bosnia and Herzegovina by the 2017 Energy Efficiency Law, the 2013 Law on Spatial Planning and Land Utilization and several by-laws. In Republika Srpska, the key requirements of Directive 2010/31/EU were transposed by the 2013 Law on Spatial Planning and Construction, including the setting of minimum energy performance requirements of new and existing buildings, certification of buildings and energy audits of buildings. Both entities are now working on an update of the relevant secondary legislation and the training of experts for the certification of buildings is ongoing.

Several international technical assistance programs are working with entity working groups on development of the cost-optimal calculations, update of minimal energy performance requirements and definition of standards for nearly zero-energy buildings. However, in Federation of Bosnia and Herzegovina, there is no concrete progress with respect to the outstanding obligations from the Buildings Directive, namely related to adoption of a methodology for calculations of cost-optimal levels of the minimum energy performance, targets and plans for realization of nearly zero-energy buildings. In Republika Srpska, there was also no progress in the adoption of the outstanding provisions to align the minimum energy performance standards, national calculation methodology for energy performance of buildings and energy performance certification with the requirements of the Directive. There were also no activities related to the transposition and implementation of Directive 2010/31/EU in Brčko District. Overall, Bosnia and Herzegovina still fails to comply fully with the requirements of the Energy Performance of Buildings Directive.

3.1.7. Energy in Public Services and Mobility Sector

3.2. Environment (Under Chapter 27)

Latest developments in environment	Date
Ministry of Spatial Planning, Civil Engineering and Ecology of Republika Srpska submitted to the Ministry of Foreign Trade and Economic Relations an amended Rulebook on Measures to Prevent and Reduce Air Pollution and Improve Air Quality.	December 2017
Environmental Approximation Strategy of BiH adopted	May 2017
Strategy for protection of biological diversity in period 2015-2020 and Action Plan for implementation adopted	May 2017
Secretariat gave a positive assessment on Bosnia and Herzegovina's National Emission Reduction Plan.	October 2016

Bosnia and Herzegovina submitted its National Emission Reduction Plan to the Secretariat	December 2015
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3.2.1. Water Quality and Management

Government of FBiH in May 2018 adopted the Water Management Plan for the Sava River Basin in the Federation of Bosnia and Herzegovina in period 2016-2021, (Official Gazette of the FBiH No. 44/18). Government of the FBiH in June 2017 adopted the Decision on the adoption of the Strategic Environmental Impact Assessment for the Water Management Plan for the Sava River Basin in the Federation of Bosnia and Herzegovina in period 2016-2021, (Official Gazette of the Federation of Bosnia and Herzegovina No. 47/17)

3.2.2. Climate Change

Latest developments in climate	Date
Framework energy strategy until 2035 adopted at BiH level by the Council of Ministers	August 2018
As a non-Annex I party to the United Nations Framework Convention on Climate Change (UNFCCC), BiH ratified the Paris Agreement.	March 2017

BiH does not have a separate law on climate change at the national level. The legal basis for action in the field of climate in Republika Srpska is Article 50 of the Law on Air Protection. Amendments to the Law on Air Protection were adopted in 2017 and published in the Official Gazette of Republika Srpska No. 46/17. Federation does not have any specific legislation on climate, however, its Law on Air Protection lays down technical conditions to prevent or reduce the emissions into the ambient air from anthropogenic activities.

Although the country has a strategy on climate change (from 2013), it lacks a list of priority actions and a concrete timeframe for their implementation. In addition, the current strategy has never been revised nor it includes projections.

Preparation of the Fourth National Communication and the Third Biennial Update Report on greenhouse gas emissions is in its inception phase. Collection of data up to the year 2017 and submission of reports in 2020 and 2021 respectively are expected.

Development of National Energy and Climate Plans (NECPs) as part of Recommendation 2018/01/MC-EnC

Following the adoption of Recommendation 2018/01/MC-EnC and the Policy Guidelines 03/2018-ECS on the development of National Energy and Climate Plans (NECPs), an Energy and Climate Technical Working Group composed of technical experts designated by the Contracting Parties was established at regional level in the framework of the Energy Community Energy and Climate Committee. Bosnia and Herzegovina has not officially set up a national working group to work on the NECPs yet. Preparatory work on the analytical and technical aspects of the plans is expected to start by the end of 2018. Preliminary regional consultations have been launched in the framework of the Energy Community and Climate Committee and its Technical Working Group, to which Bosnia and Herzegovina participated. After the submission of the draft national plans, a consultation with the other Contracting Parties and EU Member

States will be organized. The consultation will result in an opinion issued by the Secretariat on the draft national plan. Bosnia and Herzegovina shall submit the final plan to the Secretariat by October 2020.

3.2.3. *Horizontal Legislation*

Environmental Impact Assessment / Strategic Environmental Assessment Directive

Environmental approximation strategy was adopted by the Council of Ministers in May 2017. The Ministries at entities level act as the competent authorities to carry out environmental impact assessments, with no legislation on environmental assessments existing at state the level. In the Federation of BiH, the Environmental Impact Assessment Directive was transposed through the Law on Environmental Protection and delegated legislation. In Republika Srpska, the Law on Environmental Protection of 2012 (amended in September 2015), governs environmental impact assessment. In Brcko District, the Law on Environmental Protection, in force since 2004, governs environmental impact assessment.

During 2016, Bosnia and Herzegovina drafted an Energy Strategy, which was adopted in August 2018. One of the priorities both at national and entity level would be to carry out strategic environmental assessments for planning in the energy sector.

The dispute settlement case (Case-ECS 01/15) regarding the environmental impact assessment procedure carried out for the planned thermal power plant Ugljevik 3 in the Republika Srpska entity of Bosnia and Herzegovina is still pending. As the Secretariat considered that Bosnia and Herzegovina failed to rectify the breaches identified in the Reasoned Opinion, a Reasoned Request was submitted to the Ministerial Council on 28 May 2018.

3.2.4. *Air Quality*

Sulphur in Fuels Directive

Bosnia and Herzegovina failed to rectify the breaches of the Sulphur in Fuels Directive determined by Ministerial Council Decision 2016/03/MC-EnC. The Contracting Party still fails to ensure that heavy fuel and gas oil with a sulphur content of 1% and 0.1%, respectively, is not in use on its territory. A new Decision on the quality of liquid fuels was drafted, it is however still not adopted. As a consequence, the Secretariat opened a procedure for non-implementation of the Ministerial Council Decision under Article 92 of the Energy Community Treaty (Case ECS-02/13S). The requirements on marine fuels have also not been transposed in Bosnia and Herzegovina yet. With regard to the Sulphur in Fuels Directive, the fact that BiH has one refinery producing heavy fuel oil and gas oil, located in the municipality of Brod in Republika Srpska, is of relevance.

Reviewing the national greenhouse gas emissions monitoring and reporting systems with a view to align with the Regulation (EU) 525/2013

Bosnia and Herzegovina does not have a clearly defined system for data collection and processing, quality assurance and control of input data, or a reporting and monitoring system. In addition, no agreement on who will manage the greenhouse gas inventory and store the data at national level has been reached. The air protection laws of the two entities that are currently in effect primarily stipulate the rules on the development of emissions inventories in Bosnia and Herzegovina. In Republika Srpska, the Law on Air Protection provides that the jurisdiction to

manage the greenhouse gas inventory is with the Hydro Meteorological Institute of Republika Srpska. However, the appropriate by-laws that would govern inventory management have not been passed yet. The amendments to the Law on Air Protection include provisions on data exchange among ministries and institutions and envisage a Rulebook on the methodology for the greenhouse gas inventory. These are only partially compliant with the Monitoring Mechanism Regulation.

There is no greenhouse gas management and jurisdiction prescribed at the level of Federation of Bosnia and Herzegovina or Brcko District. This is not in line with Monitoring Mechanism Regulation (EU) No 525/2013.

Low Carbon-development Strategies

A Climate Change Adaptation and Low Emission Development Strategy has been adopted by the Council of Ministers in 2013. This constitutes an initial step in setting the general policy course for low-emission and climate resilient development, integrating more specific policies, measures and projects into sectorial strategies; and identifying existing opportunities for adaptation and mitigation actions to attract international support. The country is currently preparing its NDC (Nationally Determined Contributions) Implementation Plan, which should guide the reduction of greenhouse gas emissions in the coming years.

Large Combustion Plants / Industrial Emissions Directive

Both entities have established emission limit values for existing plants in their secondary legislation in compliance with the Large Combustion Plants Directive. The provisions on emission limits for new plants on the basis of the Industrial Emissions Directive have only been transposed in Federation. With regard to the establishment of emission inventories and the reporting of emissions from large combustion plants, work still needs to be carried out.

Bosnia and Herzegovina has adopted the National Emission Reduction Plan (NERP). The NERP, approved by the Secretariat, is in compliance with the Energy Community acquis communautaire. Furthermore, three large combustion plants have commenced their opt-out period as of 1 January 2018, meaning they can only remain in operation for a maximum of 20,000 hours up until 31 December 2023.

Bosnia and Herzegovina has five plants falling within the scope of the Large Combustion Plants Directive with a total of 12 units and a total rated thermal input of 5.339 MW. All units use lignite and/or brown coal as fuel. In the Federation of Bosnia and Herzegovina, a Regulation on Limiting Values of Emissions into the Air from Combustion Plants adopted in 2013 transposes the emission limit values of the Large Combustion Plants Directive and requires operators of large combustion plants to develop emission reduction plans. Furthermore, a Rulebook on Conducting the Monitoring of Air Quality and Defining the Polluting Types, Limit Values and Other Environmental Quality Standards has been adopted. In Republika Srpska, the Regulation on Limit Values of Emission into the Air from Combustion Installations of 2005 and the Rulebook on Measures for Preventing and Reducing Air Pollution and Improving Air Quality of 2015 (amended in 2016), transpose the emission limit values of the Large Combustion Plants Directive both for new and existing plants.

3.2.5. Noise and Light Pollution

3.2.6. Waste Management

Latest developments in waste management	Date
Decision on requirements for transboundary transport of hazardous waste	September 2016

Management of packaging waste is regulated by the Decree on packaging and packaging waste in RS (Official Gazette of RS, 36/15), which is aligned with Councils' Directive 91/271/EEC.

RS adopted Waste management strategy in period 2017-2026 (RS Official Gazette, 67/17).

Federation of BiH Ministry of Environment and Tourism implemented the FBiH Environmental protection strategic action plan that was in force until 2018, and FBiH waste management plan that was in force until the end of 2017.

Brčko District has not adopted waste management policy or strategy.

In BiH the legislation in force is the Decision on requirements for transboundary transport of hazardous waste in accordance with the Convention on Transboundary Movement of Hazardous Waste and its Disposal. Decision was adopted by the Council of Ministers on 22nd of September 2016.

According to statistical data, there are 91 landfills in BiH. Sanitary landfills are located in Sarajevo, Banja Luka, Bijeljina, Tuzla and Zenica. There is no landfill tipping fee or tax, which means there is no incentive to reduce the waste sent to landfill or for the establishment of alternative waste treatment options, such as recycling. This also means that the cost of waste disposal and the environmental impacts are not covered by the system. For the recycling of municipality solid waste just a limited number of activities, involving about 100,000 residents (less than 3% of the population) are in operation. Recyclables separated from the mixed municipal waste amount to approximately less than 5 % of the total municipal waste mass where 20-25 % of waste paper, 1 % of plastics, and less than 1 % of glass was actually segregated and collected. At least 95 % of the collected mixed municipal waste is thus landfilled, mostly at non-sanitary disposal sites. Capacity to manage industrial and hazardous waste remains to be strengthened.

3.2.7. Chemicals and GMO's

3.2.8. Civil and Animal Protection

3.2.9. Circular Economy

3.2.10. Wildlife and Nature Protection

National Biodiversity Strategy with Action Plan (NBSAP) of BiH for period 2015-2020 was adopted by the council of Ministers in May 2017. It is a continuation of global strategic planning and reporting under the United Nations Convention on Biodiversity. The national targets on biological diversity conservation in NBSAP of BiH have been set based on priorities and harmonized with the Strategic Plan (2011-2020).

Wild Birds Directive

With regard to nature protection in Bosnia and Herzegovina, the respective laws delegate competence to entity level. In total, there are 28 protected areas, including two strict nature reserves, three national parks, sixteen nature monuments, five nature parks and two areas for resource management.

In Federation of Bosnia and Herzegovina, both the entity itself and the cantons can designate protected areas. However, the areas that are already protected do not completely meet the necessary standards as regards the protection system, monitoring or sustainable use. The Federation lacks the competent bodies and adequate administration capacities necessary for the successful implementation of the measures in the protected areas. The entity has identified these issues in their Strategy and Action Plan for biodiversity protection, covering the period between 2016 and 2020.

In Republika Srpska, the 2025 Biodiversity Strategy recognizes the need to establish a national ecological network and an inventory of Natura 2000 areas. However, the number of protected areas as well as the capacity for their management is low.

4. Conclusions and recommendations

The coordination between state and entity level authorities needs to be strengthened as a precondition for further progress in transposition and implementation of Chapters 15 and 27. Internal communication between environmental institutions at the level of BiH, FBiH, RS and Brcko District is crucial, given the complexity of the constitutional structure of BiH and the need for a high level of coordination and harmonization in the transposition process, which is one of the internationally accepted duty of the BiH state. This position requires the active participation of all involved competent institutions. This further presupposes the detailed elaboration of a feasible approach to coordination in the process of collecting, processing and submitting information on the transposition, implementation and enforcement of the EU acquis.

Access to information needs to be improved and available to parties interested in environmental reporting and monitoring, including transparent availability of data on implementation.

Legislation on environmental impact assessments should be adopted at the state level. Priorities both at national and entity levels are to carry out strategic environmental assessments for planning in the energy sector.

Bosnia and Herzegovina should ensure compliance with the provisions of the Sulphur in Fuels Directive in order to rectify the breach identified.

Bosnia and Herzegovina must prepare the necessary administrative acts, including the permits for individual combustion plants, to ensure timely implementation of its National Emission Reduction Plan. Furthermore, the implementation of the provisions of the Industrial Emissions Directive for new plants need to be ensured.

A state-level framework for the promotion of renewable energy needs to supplement the existing entity laws. For instance, the role and tasks of the transmission system operator in connecting new renewable energy producers to the network and the principles of operation of the transmission network for electricity from renewable sources have to be established via state-level legislation. Moreover, attracting investments in renewable energy will require simplification of the existing procedures and improving transparency. Implementation of the RE measures for reaching RE technology objectives towards 2020 need to be increased. Renewable energy measures and their benefits should be increasingly promoted. Also, energy efficiency measures should be increasingly promoted and implemented in residential as well as industrial sectors.

Bosnia and Herzegovina should adopt national legislation on climate change and transpose the Monitoring Mechanism Regulation. It should strengthen institutional capacities and formally define competences and responsibilities in this area. This includes the establishment of a

greenhouse gas inventory system at national level, in accordance with the requirements of Regulation (EU) 525/2013.

Enforcement and delayed implementation are critical aspects that need further improvement and additional efforts.

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