



Water quality

Overview

Water-related issues have been accumulating for decades in Serbia. These issues primarily concern the pollution of water with communal and industrial wastewater and various types of hydromorphological pressures that negatively impact on the status of watercourses. The very low percentage of wastewater processing is among the biggest environmental protection challenges, particularly considering the financial resources required to improve the situation, such as building water treatment systems. There are indicators that activities related to water purification facilities have intensified during the reporting period. Nonetheless, more investment and faster implementation is required in this field.

During the reporting period, the specific Implementation Plans for the four EU Water Directives were prepared and should be used in the preparation of the negotiating position of the Republic of Serbia in the process of EU accession in the field of water.

During the previous year, the Water Directorate of the Ministry of Agriculture, Forestry and Water Management initiated the implementation of the *Support to policy planning in the water management sector* project. At the end of 2019, the first steps towards the development of the Water Management Plan for the Territory of the Republic of Serbia 2021-2027 were taken.

Strategic and legislative framework

The most significant document on water management that was under development during the reporting period was the Water Management Plan for the Territory of the Republic of Serbia 2021-2027. The Water Directorate began the development of the Plan through the *Support for policy planning in the water management sector* twinning project. Two preparatory documents were developed in 2019: The Draft Work Programme and the Schedule for Developing the Water Management Plan for the Territory of the Republic of Serbia 2021-2027¹²¹, and the draft Report on Significant Issues in Water Management in Serbia.¹²² Both documents were published on the web page of the Water Directorate and interested members of the public were invited to submit comments (by April 2020). If the Plan is adopted within the planned period (by end of 2021), the Republic of Serbia will enter the third planning cycle of the EU Water Framework Directive.

During the reporting period, there were no amendments to the Law on Waters¹²³. The following bylaws were adopted:

- The Regulation on Publicly Owned Water Estate Leases¹²⁴ - the Regulation is of a technical nature and describes in detail the procedure for leasing river basin land (by announcement and public tender).

121 http://www.rdvode.gov.rs/doc/dokumenta/javne-rasprave/Program-rada-i-dinamika-izrade-Plana_nacrt_final_251019.pdf

122 http://www.rdvode.gov.rs/doc/dokumenta/javne-rasprave/Izvestaj-o-znacajnim-pitanjima_nacrt_final_191029.pdf

123 "Official Gazette of the Republic of Serbia", No. 95/2018.

124 "Official Gazette of the Republic of Serbia", No. 50/2019.

- The Regulation on Establishing a General Flood Protection Plan¹²⁵ – the plan covers a six year period and stipulates measures to be undertaken in periods of high water, the manner of institutional organization and responsibilities, the observation and recording of hydrological and other data, and the forecasting of phenomena and alerting relevant public institutions and the public in the case of floods. The Flood Risk Management Plan for the Territory of Serbia, the development of which is mandatory pursuant to the Law on Waters and the EU Floods Directive on the assessment and management of flood risks, has not yet been adopted.
- Rulebook on Establishing the Plan for the Extraction of River Deposits with the Atlas of Maps for the Extraction of River Deposits for the River Basins of the Danube, Sava, Velika Morava, Zapadna Morava, Južna Morava and Drina (for the period August 2019 – August 2021)¹²⁶, this is the second Plan of its type and represents an attempt to establish control over river sediment use. The Plan does not include any changes regarding the permitted amounts of extraction compared to the previous plan (2017-2019). The report on the extent to which the previous plan was implemented is not available. Although the introduction of plans for the extraction of river sediments creates a basis for the introduction of better control in this field, the issue of the implementation of these provisions remains.

125 “Official Gazette of the Republic of Serbia”, No. 18/2019.

126 “Official Gazette of the Republic of Serbia”, No. 67/2019.

The implementation of regulations

Longstanding problems in the implementation of planning and legal documents in the area of water management remain. Other than the acceleration of the process of designing and constructing wastewater treatment plants¹²⁷, there have been no other significant steps forward.

Limited financial and human resources continue to represent a basic obstacle to serious progress in this complex sector. There have been developments in transposing EU legislation (preparation of the Water Management Plan for the Territory of the Republic of Serbia), however these developments have been very slow and have mostly relied on the initiative and financial support of the EU.

Water pollution is commonly emphasized as the greatest challenge not only in the water sector, but to environmental protection as a whole. Several projects for the construction of wastewater treatment plants have been initiated in the reporting period, which is encouraging. A significant contribution to this process has been made by the EU, which has provided financial support for several projects. Several wastewater treatment systems have been brought to the final stage of construction in the reporting period (Kruševac, Leskovac, Vršac and Zlatibor) and project preparation or the beginning of construction was announced in several towns (Čačak, Bačka Topola, Feketić, Kraljevo, Kopaonik-Jošanička Banja, Niš and Pirot). Consolidated plans for the construction of wastewater treatment plants in the territory of Serbia are still not available. The Water Management Strategy has provided priorities for the construction of these systems, but it is still not clear how they are implemented in practice. Consequently, despite being a key strategic and financial aspect of EU accession, it is not possible to gain a clear overview of progress in this field. Monitoring the dynamics of project preparation and construction represent a particular challenge, as there are frequent inter-

127 WWTP – Wastewater treatment plant

ruptions and delays of several years. It is obvious that determination to invest in resolving the issue of communal wastewater pollution has been shown, but it is concerning that it is not possible to gain insight into long-term planning or a comprehensive schedule for the implementation of these projects. One document that could help address this issue is the Plan for the Protection of Water Against Pollution, the adoption of which is stipulated by the Law on Waters. The Plan has not yet been adopted, as it relies on the Water Management Plan, the drafting of which has only recently started.

The first Plan for the Extraction of River Deposits on the territory of the Republic of Serbia was developed in 2017¹²⁸; a new two-year plan was developed in 2019.¹²⁹ The new plan does not present anything essentially new and contains the same limitations as the previous plan. The issue of uncontrolled and excessive use of river deposits from Serbian rivers remains. The capacity of competent institutions remains insufficient to correctly respond to these pressures, which dramatically endanger Serbia's rivers. Several organizations and media have highlighted the obvious issue of corruption and illegal activities related to gravel extraction.

The illegal use and usurpation of river basin land has still not been appropriately addressed by the competent institutions. This complex issue goes beyond institutions in the water sector, and resolving it requires the coordination of several sectors; it is particularly important that the Ministry of Construction, Transport and Infrastructure and the competent provincial and municipal institutions take appropriate action. A key step towards resolving this issue is to define water estate boundaries and introduce them into the realty registers. The Law on Waters stipulates the adoption of a bylaw on determining water estate boundaries, but the bylaw has not yet been adopted and no information is available concerning it.

The previous year was also marked by the continuation of protests by local communities, as well as experts and the general public, against the construction of small hydropower plants in Serbia. The reaction of the competent institutions remains declarative only. According to unofficial information, the Ministry of Environmental

128 "Official Gazette of the Republic of Serbia", No. 82/2017.

129 "Official Gazette of the Republic of Serbia", No. 67/2019.

Protection has prepared a Draft Amendment to the Law on Nature Protection¹³⁰ to prohibit the construction of small hydropower plants in protected areas, which has been sent to other ministries with a request to submit opinions about the draft.

The Cadastre of Small Hydropower Plants from 1987, pursuant to which the locations of small hydropower plants in the spatial plans of local self-governments were proposed, has never been verified by a body of the Republic of Serbia and its non-binding character has been confirmed by the Spatial Plan of the Republic of Serbia 2010-2020¹³¹, as well as the National Renewable Energy Action Plan of the Republic of Serbia¹³², the National Strategy for the Sustainable Use of Natural Resources and Goods¹³³, as well as the Energy Sector Development Strategy of the Republic of Serbia by 2025 with projections until 2030.¹³⁴

Information about the development of the new Cadastre of Small Hydropower Plants, which the Ministry of Mining and Energy is implementing through an IPA project (*EuropeAid/135623/IH/SER/RS*), is still unavailable to the public, despite clear public interest in this information. At the time of writing of this report, no information about the project's implementation or results is publicly available.

Incentives for renewable energy sources provided by the Serbian Government to investors continue to drive small hydropower plant expansion. The Decree on Incentive Measures for Electricity Generation from Renewable Sources and the High-Efficiency Cogeneration of Electricity and Heat¹³⁵ ceased to have effect on the 31st of December 2019. On the 16th of January 2020, the Ministry of Mining and Energy issued a communication stating that "persons acquiring the status of a temporary privileged producer and/or privileged power producer on the basis of an application submitted after the 31st of December 2019, will acquire rights to incentive measures but cannot exercise them before the adoption of

130 "Official Gazette of the Republic of Serbia", Nos. 36/2009 88/2010, 91/2010 – corrigendum, 14/2016 and 95/2018 – other law.

131 <https://www.mgsi.gov.rs/sites/default/files/ZAKON%20O%20PROSTORNOM%20PLANU%20RS%20OD%202010%20DO%202020.pdf>

132 https://www.mre.gov.rs/doc/efikasnost-izvori/NAPOIE%20KONACNO%2028_jun_2013.pdf

133 "Official Gazette of the Republic of Serbia", Nos. 33/2012, available on: <http://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/vlada/strategija/2012/33/1/reg>

134 "Official Gazette of the Republic of Serbia", Nos. 101/2015, available on: <https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/ostalo/2015/101/1/reg>

135 "Official Gazette of the Republic of Serbia", Nos. 56/16, 60/17, and 91/2018.

a new regulation". At the time of writing of this report, three months after the expiry of the deadline, a new regulation had not been adopted.

Despite the relatively high number of small hydropower plants (137) operating in 2018, they contributed only 0.8% of the power supply in Serbia, with great damage caused to river ecosystems and the surrounding local communities. In 2018, small hydropower plants were granted almost half of all incentives intended for renewable energy sources in Serbia – slightly less than €25 million out of a total of €52.7 million.¹³⁶ Despite criticism by experts and organizations, the Serbian government has decided to continue the controversial policy of providing incentives for small hydropower plants, and in 2020 will not change the incentivized fee for privileged power producers, which will remain at RSD 0.093 per kilowatt-hour (KWh).¹³⁷ In July 2019, a group of CSOs submitted proposals to the Ministry of Mining and Energy in order to open a dialogue on this issue and initiate changes to the incentive scheme for renewable energy sources toward a more financially and environmentally sustainable direction.¹³⁸ At the time of writing of this report, the Ministry of Mining and Energy had not responded.

An existing mechanism for preventing the construction of small hydropower plants that will harmfully impact on natural resources are modifications of local spatial plans. By the end of 2019, local CSOs had submitted applications to several local self-governments pertaining to a ban on issuing licences at all small hydropower plant locations for which procedures have not been initiated. Pursuant to these applications, decisions have been made in Pirot, Svrlijig, Bor, Paraćin, Užice, Požega and Arilje.

One of the basic objectives of the Water Framework Directive is to achieve the good ecological status of water bodies. The fulfilment of this objective includes large-scale river and river habitat restoration projects, in order to eliminate hydromorphological pressures that have an adverse impact on water ecosystems. There are still no serious river restoration initiatives in Serbia, despite a high

136 Energy Agency of the Republic of Serbia (AERS) (2019): Energy Agency Activity Report for 2018

137 Decision of the Energy Agency Council, No. 311.01-2/2019-S-I ("Official Gazette of the Republic of Serbia", No. 16/2020)

138 Balkan Green Energy News: Let the sunshine in, say civil society groups, available at: <https://balkangreenenergynews.com/let-the-sunshine-in-say-civil-society-groups/>

percentage of watercourses having been significantly altered and/or negatively impacted on. Initiating and implementing these projects requires cooperation with other sectors, primarily with the energy sector, which is most prominent in putting pressure on rivers (river damming and regulation); these sectors will need to take part in river restoration project funding.

Although the new Law on Waters and the Water Management Strategy introduced the concept of integral water management into public policies, it is being implemented slowly in practice. Out-dated approaches to watercourse regulation are still prevailing at the expense of the protection of watercourse and aquatic ecosystems. The significance of natural ecosystems in the mitigation of floods and water treatment continues to be neglected, with watercourses assessed separately from the accompanying ecosystems. There are no data about activities or plans for the integral renewal of watercourses. Moreover, proposals have been made for very harmful projects that will place significant hydromorphological pressures on watercourses and further deteriorate already unfavourable watercourse conditions. An example is the construction of a residential complex on *Ribarsko ostrvo*, a waterside area in Novi Sad, which has recently been reported on by the media. Although only unofficial information has been reported by the media about this project¹³⁹, it is concerning that any proposal would include moving the existing embankment and the expansion of construction land at the expense of the floodplains.

Better news for watercourse protection and preservation, at least declaratively, is the withdrawal of the Serbian Government's support for the construction of a new port in the area of Beljarica near Belgrade.¹⁴⁰ This construction project was controversial due to the importance of the location for biodiversity protection; the area is an important bird habitat and a potential area of the European ecological network *Natura 2000*. It is unclear whether the Ministry of Construction, Transport and Infrastructure has accepted the objections of nature protection organizations and experts in choosing to withdrawn from the project, or it is due other reasons.

139 <http://www.politika.rs/scc/clanak/447719/Ko-i-sta-koci-Novi-Sad-na-vodi>, <https://www.slobodnaevropa.org/a/30432925.html>

140 <http://rs.n1info.com/Vesti/a573954/Luka-nece-bitu-Beljarici.html>

Financing

The total budgetary allocation for water management is difficult to assess, as funds are divided across several budget lines and several ministries (capital investments, international project co-funding, etc.). However, there is general agreement within the expert community that the allocated funds remain many times lower than needed.

The Budget of the Republic of Serbia for 2019¹⁴¹ allocated RSD 1,513,782,000 for the Republic Water Directorate and RSD 3,928,000,000 for the Budget Water Fund. In the budget for 2020, funds earmarked for the Republic Water Directorate have increased by about 17% compared to the previous year (RSD 1,769,320,000 in 2020), whereas the allocation for the Budget Water Fund has decreased by about 1.5% (RSD 3,870,362,000 in 2020).

According to the Regulation on Determining the Water Management Plan in 2019,¹⁴² RSD 3.7 billion was allocated from the Budget Water Fund for water regulation and use, water protection against pollution, the regulation of water-courses and protection against the harmful effects of water, and planning and international cooperation in the field of water. In 2020, RSD 4.3 billion¹⁴³ was allocated for these purposes, an increase of 16%. The largest portion of funds, about RSD 2.9 billion (over 70% of the total budget), was again allocated for the regulation of watercourses and protection against the harmful effect of water.

Funds allocated to other ministries and institutions concerning water protection should be considered alongside these budget items. RSD 60,000,000 of the budget of the Ministry of Construction, Transport and Infrastructure were allocated in 2020 for the construction of wastewater treatment plant in Kikinda,

141 "Official Gazette of the Republic of Serbia", No. 95/2018.

142 Regulation on determining the Water Management Plan in 2018, "Official Gazette of the Republic of Serbia", No. 12/2019.

143 Regulation on determining the Water Management Plan in 2020, "Official Gazette of the Republic of Serbia", No. 13/2020.

whereas RSD 270,000,000 of the budget of the Ministry of Environmental Protection were allocated the construction of a WWTP in Leskovac.

Public investment in the water sector has continuously grown in recent years, in large part due to the support of the EU and other donors. For example, the financial assistance of the EU in the budget of the Republic Water Directorate rose from RSD 47 million in 2019 to RSD 250 million in 2020. This is an encouraging trend, but greater and faster mobilization of national resources should continue to be insisted upon.

Recommendations



Strategic and legislative framework

- 1.** Integrate nature directives (Birds Directive and Habitats Directive) into the area of water management. Better coordination is needed between the water management and environmental sectors in relation to the implementation of the EU directives.
- 2.** Develop a concrete plan and measures in order to improve water quality monitoring according to the Water Framework Directive.
- 3.** Develop specific strategies for improving investment in wastewater treatment facilities. Initiate the development of models and strategies for knowledge transfer in the field of wastewater treatment in order to reduce costs and utilize domestic capacities.
- 4.** Adopt strategic and planning documents in accordance with the obligations arising from the Water Framework Directive (Water Management Plan and Flood Risk Management Plan).



The implementation of regulations

- 5.** Build capacity and improve organization of public institutions responsible for water management, particularly at a local level – the complexity of local management issues requires increased personnel and technical capacities. The competent institutions should conduct an analysis of existing capacities as soon as possible and develop a plan for improvement. To achieve this, professional institutions and CSOs should advocate for greater political and financial support for the water management sector.

- 6.** Develop structured cooperation with other relevant sectors: environmental protection, energy, agriculture and spatial planning. Establish continuous communication and the exchange of information between the sectors.
- 7.** Further promote public participation in public policy development in the water management sector. Public consultations should provide more opportunities for participation than the minimum legal requirement. The engagement of stakeholders should start at the early stages of public policy development.
- 8.** Integrate sustainable solutions into water management practices and more seriously consider ecosystem services. Development of specific capacities in the competent institutions to meet these needs is necessary.
- 9.** Improve the control and mitigation of key threats: Intensive proliferation and poor-planning of small hydropower plants, gravel extraction, pollution, uncontrolled use of groundwaters, and illegal construction on river banks. River habitats, swamps and water resources in general are very vulnerable in Serbia. Immediate action at a national level is required.
- 10.** Develop a single, publicly accessible database on the planning and construction of wastewater treatment plants and enable more efficient and systematic planning and monitoring of project implementation across the whole territory of Serbia.



Financing

- 11.** Gradually increase the price of water and service fees for wastewater transport and processing in order to enable the construction and operation of necessary infrastructure facilities.
- 12.** A permanent increase in budget funds to finance activities related to water management and protection.



WATER QUALITY

Serbia is **NOT RICH** in water resources, but in spite of that, **WE SUBSIDIZE THE DESTRUCTION OF RIVERS WITH PUBLIC FUNDS.**

In 2018, about **EUR 25,000,000** of incentives for SHPPs was paid



More than 50% of that sum is considered **social loss.**

In some cases, the **preferential price** we are paying to the producers of energy from SHPPs is

2-3 TIMES

more expensive than the market price



MARKET

PREFERENTIAL PRICE



TOTAL PRODUCTION OF ENERGY



* less than 1%



Energy losses in the system are estimated at 12%.

If the losses decreased by only 1%,

it would compensate for the **total energy production from SHPPs** and in the state budget, we would save tens of millions annually, protecting our watercourses at the same time.