



USAID
FROM THE AMERICAN PEOPLE

SERBIA

FAA 119 BIODIVERSITY ANALYSIS

**Biodiversity Analysis Update: Serbia
Biodiversity Integration Opportunities 2013-
2017**

March 2013

The Biodiversity Analysis Update: Serbia Biodiversity Integration Opportunities 2013-2017 was produced by a USAID/Serbia team consisting of Timothy Donnay, Alison Case, and Ivan Vukojevic, pursuant to the requirements for the preparations of the USAID/Serbia Country Development Cooperation Strategy FY 2013-2017. This report serves to update the recent analysis entitled “FAA Section 119 Biodiversity Assessment Update for Serbia, April 2010,” which was prepared by Pat Foster-Turley, Bethanne Cellars, and Majda Sedej, with support from Alicia Grimes, under Purchase Order 169-0-00-10-24908-00. Both updates build on two earlier analyses, the Biodiversity Analysis for Serbia and Montenegro (2002) and the Biodiversity Assessment Update for Serbia and Montenegro (2005).

FAA 119 – Country Biodiversity Analysis Report Facesheet

Region/Country: Serbia
Document Title: Biodiversity Analysis Update: Serbia Biodiversity Integration Opportunities 2013-2017

Type of Document: Update **Date of Original:** 2002 **Updated in:** 2005, 2010

Facesheet Prepared by: Timothy J. Donnay, Mission Environmental Officer (MEO)
Date: March 25, 2013

FAA 119 Analysis Prepared by: Environmental Team (Tim Donnay, Alison Case, and Ivan Vukojevic), in consultation with Jeff Ploetz, Julie Appenhagen, and William Gibson.

FAA 119 Analysis Preparation Date: November 2012 – March 2013

Brief Description:

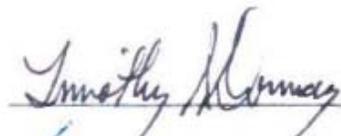
USAID/Serbia submits the attached FAA Analysis for the Europe and Eurasia (E&E) Bureau Environmental Officer (BEO) approval in preparation for the development of the Country Development Cooperative Strategy (CDCS).

This analysis addresses: “(1) the actions necessary in that country to conserve biological diversity, and (2) the extent to which the actions proposed for support by the Agency meet the needs thus identified (FAA, Sec. 119(d)).”

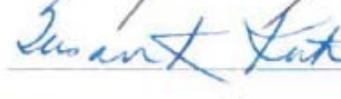
The Mission requests the BEO approval for this Update.

Clearance

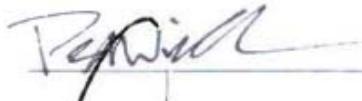
Timothy J. Donnay
MEO & Director, Program Office

 27/3/13
date

Susan Kutor
Director, Economic Growth Office

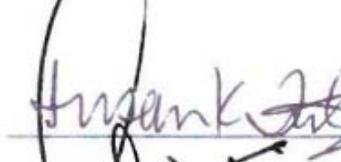
 3/28/2013
date

Peter Wiebler
Director, Democracy & Governance Office

 3/28/13
date

Approval

Susan K. Fritz, Mission Director

 3-29-2013
date

Concurrence
William Gibson, E&E BEO

 Mar 29 2013
date

AUTHORITY

This update entitled “Biodiversity Analysis Update: Serbia Biodiversity Integration Opportunities 2013-2017” was produced by a USAID/Serbia team consisting of Timothy Donnay (Mission Environmental Officer), Alison Case, and Ivan Vukojevic (both within the Program Strategy and Coordination Office), pursuant to the requirements for the preparations of the USAID/Serbia Country Development Cooperation Strategy FY 2013-2017.

This report updates the recent analysis entitled “FAA Section 119 Biodiversity Assessment Update for Serbia, April 2010,” which was prepared by Pat Foster-Turley, Bethanne Cellars, and Majda Sedej, with support from Alicia Grimes, under Purchase Order 169-0-00-10-24908-00. Both updates build on two earlier analyses, the Biodiversity Analysis for Serbia and Montenegro (2002) and the Biodiversity Assessment Update for Serbia and Montenegro (2005).

Table of Contents

Executive Summary	5
Introduction	7
Biodiversity in Serbia	8
Threats to Biodiversity	9
Direct Threats	9
Root Causes	10
Actions Necessary to Conserve Biodiversity in Serbia	12
Extent to Which USAID is Addressing Recommended Actions	14
Overview	14
Development Objectives	15
Conclusions	20
References	22
Annex 1: The extent to which USAID programs address biodiversity actions necessary in Serbia	23

EXECUTIVE SUMMARY

The Foreign Assistance Act (FAA) section 119 requires that USAID prepare a biodiversity analysis when new strategies are prepared that address the threats to and actions necessary to conserve biodiversity in the country and the extent to which USAID is addressing these. FAA 119 states:

“Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of: (1) the actions necessary in that country to conserve biological diversity, and (2) the extent to which the actions proposed for support by the Agency meet the needs thus identified (FAA, Sec. 119(d)).”

A thorough FAA 119 analysis for Serbia was completed in April 2010 (prepared by Pat Foster-Turley, Bethanne Cellars, and Majda Sedej, with support from Alicia Grimes) as part of USAID/Serbia and Montenegro’s Amended Strategy for 2011-2015. Based on the fact that the majority of the proposed activities for the new Country Development Cooperation Strategy (CDCS) are within the broad scope of the Amended Strategy and the significant budget reduction reality, it seems prudent to build on the 2010 findings that identified needs for biodiversity conservation. The recommended actions from 2010 were used as the basis for this desk study, which updates country information based on current USAID/Serbia programs and the proposed CDCS.

Considering the narrowing of the scope of activities proposed in the CDCS, due in part to budget limitations and in the interest of selectivity and focus, USAID/Serbia has not targeted biodiversity directly in the existing programs nor is it being proposed in the CDCS. However, USAID/Serbia currently addresses biodiversity indirectly through efforts on pollution prevention and cleaner production interventions, and these efforts will continue in the new strategy. Drawing on data and recommendations in the National Environmental Approximation Strategy (NEAS) for the Republic of Serbia (December 2011), an update of the challenges and threats to biodiversity in Serbia is discussed and linked back to proposed economic growth and democracy and governance activities.

Suggestions are given on how some of the recommended biodiversity actions (April 2010), as well as pollution prevention and cleaner production efforts, might be addressed through support to businesses and civil society organizations (CSO). A table illustrating the extent to which USAID programs address biodiversity actions necessary in Serbia is included in Annex 1.

Key Recommendations:

- Conduct Pollution Prevention Assessments and promote/support cleaner production methodologies where-ever applicable;
- Ensure that any small- and medium-sized enterprises that are supported do not unsustainably use natural resources, including fish and wildlife, forest, and forest products, and other biological resources and do not introduce exotic non-native species into the natural environment;

- To the extent possible, biodiversity materials/concepts should be provided in educational training programs, particularly at the local municipal level;
- To the extent possible, support to natural resources and biodiversity CSOs should be encouraged as part of the sub IR 1.1.3 Civil Society Influence and Engagement Increased; and
- In supporting public-private partnerships, ensure robust discussions on environmental and natural resource management issues, with accompanying best practices, are included.

This report does not replace a full biodiversity analysis for USAID/Serbia, and it is limited in its reliance on information on the status of biodiversity in the country based on data that are nearly three years old. The authors of this report recommend that, during the environmental analysis conducted as part of new program designs, USAID/Serbia give special attention to biodiversity (both potential impacts to and opportunities for protecting) as a means to further incorporate more biodiversity considerations in the future, particularly in our Government-to-Government initiatives.

Biodiversity Analysis Update: Serbia Biodiversity Integration Opportunities 2013-2017

Introduction

USAID/Serbia is developing a CDCS for 2013 to 2017. This Biodiversity Analysis is required as part of the strategy development process to inform Mission staff on the issues, threats, and actions needed involving biodiversity in Serbia, and to identify how USAID/Serbia programs address these and can contribute further to biodiversity conservation needs in the country. This document forms an Updated Analysis, based on the last Biodiversity Assessment for Serbia that was prepared in 2002 and updated in 2005 and 2010. This analysis conforms to the U.S. Government's Foreign Assistance Act (FAA) 119 requirement which states:

“Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of: (1) the actions necessary in that country to conserve biological diversity, and (2) the extent to which the actions proposed for support by the Agency meet the needs thus identified (FAA, Sec. 119(d)).”

The first full biodiversity analysis for Serbia and Montenegro was prepared in 2002 as part of an Environmental Threats and Opportunities Assessment for USAID/Serbia and Montenegro. The present document only addresses Part Two of the analysis, clause (2) above, using biodiversity information from the 2010 analysis and applying the findings to the Mission's new strategy and programs already underway in Serbia. It addresses the “extent to which” Mission activities are addressing the needs identified in the 2010 Biodiversity Assessment Update, as well as any opportunities to support recommendations in the Serbian National Environmental Approximation Strategy (NEAS) (December 2011).

With the proposed new CDCS for FY 2013-2017, USAID will continue working in the same two broad sectors as stated in the Amended Strategy for 2011-2015, which are Governing Justly and Democratically and Economic Growth. The proposed Development Objectives (DO) are: (1) Accountability of Key Democratic Institutions Strengthened; and (2) Conditions for Broad-based, Inclusive Economic Growth Improved. Within these two DOs, there are only limited opportunities to positively impact biodiversity in Serbia.

With regard to the NEAS (2011), the overall goal is to set a course to converge with the European Union's (EU) environmental legislation. In the NEAS (2011), the authors acknowledge that achieving the goals set out in this strategy will “require time, sustained efforts and enhanced co-operation” between a multitude of partners at the local, national, and international levels. Currently, sector strategies (e.g., for air quality, climate change, water management, waste management, nature protection, and forestry) are being updated and aligned, and “Directive Specific Implementation Plans” are being prepared (NEAS, 2011).

Other additional documents referenced or consulted include the National Programme of Environmental Protection (NPEP, 2010), National Sustainable Development Strategy (NSDS, 2009), National

Programme for EU Integration (NPI), and the IPA Multi-annual Indicative Planning Document (IPA MIPD, 2011-2013). The NPEP is a national cross-cutting strategy that covers the whole environmental sector, including forestry and fisheries. The NSDS lays out a path for sustainable development that balances economic growth, social development, and environmental protection priorities. The NPI and IPA MIPD both target actions and activities that need to be taken to align with EU standards on the environment. In addition, the Biodiversity Strategy for the Republic of Serbia for the Period 2011-2018 (MESP, 2011) was consulted to assess any changes that may have occurred in biodiversity conservation since the 2010 USAID Biodiversity Assessment was compiled.

Wherever practical and prudent, activities in the democracy and governance sector may help address legislation that could impact the environment and increase awareness of environmental issues through the support of local non-governmental organizations (NGOs). Furthermore, economic growth activities promoting the development of small- and medium-sized enterprises in the economically depressed Sandžak and South Serbia regions may address biodiversity issues, especially when the focus is on agribusiness endeavors. Nonetheless, biodiversity-related activities under the proposed CDCS are still scarce.

Biodiversity in Serbia

Since 2010 and as described in the CDCS, the landscape of the political, social, and economic context has changed. Serbia gained EU candidate status in March 2012, had elections in May 2012, and ushered in a new President and a new, inexperienced government that has struggled to identify policy priorities. Economically, Serbia lags behind many of its Balkan neighbors. Unemployment remains at upwards of 25 percent, inflation is expected to reach 13 percent in 2013, and foreign direct investment has seen a dramatic drop. Thus, the backdrop for Serbia to prioritize efforts to conserve biodiversity is very challenging.

The legacy of environmental degradation is very apparent, both visually and when examining the data, in Serbia. As stated in the NEAS (2011):

“For instance, whereas on average within the EU nearly 90 percent of urban waste water is treated prior to release and nearly 100 percent of municipal solid waste is collected, in Serbia only 10 percent of waste water is treated prior to release and only 60 percent of municipal solid waste is collected. In addition, the municipal solid waste that is collected largely has to be disposed of in landfills that do not adequately protect the environment and public health. Less than 15 percent of municipal waste collected in Serbia is disposed of in landfills that would comply with EU standards in contrast to the average in the EU which is 99 percent. Similarly, whilst on average in the EU over 40 percent of municipal solid waste is recycled, in Serbia this recycling rate is only 4 percent.”

Although Serbia has made progress in environmental efforts, it has a long way to go in environmental protection in order to comply with the obligations of EU membership.

Further, the NEAS (2011) highlights three particular areas where sustained efforts are required if Serbia is to make progress on the environmental front. These are: transposition of the EU’s environmental

legislation into national legislation; putting in place the administrative capacity to implement, monitor, and enforce that legislation; and establishing the infrastructure required to be able to comply with the legislation (NEAS, 2011).

The goal of the NSDS is to achieve the balance between the three “pillars” of sustainable development, which are as follows: knowledge-based economy, social and economic development and environmental protection, and natural resources. The NSDS defines the following national priorities:

- Attaining EU membership;
- Developing a competitive market economy and balanced economic growth;
- Developing human resources and the rise in employment rate;
- Developing infrastructure and equitable regional development; and
- Protecting and improving the environment and a rational utilisation of natural resources.

The second Progress Report on NSDS (2010) states that “implementation shows evident and significant improvement in creating the strategic, legislative, and institutional framework as the necessary elements for achieving the aims of sustainable development. During the forthcoming period, however, it is still necessary to strengthen the institutional and administrative capacities for implementing the Strategy, as well as to establish the new regulations, strategies, and plans. Infrastructure development in the field of environmental protection has started, but it still represents a great challenge, due to the lack of financial resources and technical documentation. The global economic crisis has taken its toll, and the economy is slowly recovering.”

In 2011, a new Biodiversity Strategy for the Period 2011 to 2018 was prepared by the Ministry of Environment and Spatial Planning of the Republic of Serbia (MESP, 2011)¹ which calls for the need to address both indirect and direct threats to biodiversity in the country along with recommendations for implementation of actions that target these. These reported threats and suggested actions are similar to those in the previous FAA 119 Assessment for Serbia (Foster-Turley et al, 2010) with no significant additions. This validates the findings of the 2010 report as the basis for this update.

Much more detail on biodiversity and the status of species and ecosystems in Serbia is presented in the 2010 FAA 119 Assessment for Serbia, which provides a strong background to this present report.

Threats to Biodiversity

Direct Threats

The previous 119 report for Serbia (Foster-Turley et al, 2010) used a questionnaire survey, literature reviews, and interviews with numerous stakeholders to determine the most significant direct threats to biodiversity in the country. The direct threats are described in detail in this parent report, but are summarized again here.

¹ In 2012, the Ministry of Environment and Spatial Planning (MESP) was re-organized into two new ministries: the Ministry of Natural Resources, Mining, and Spatial Planning and the Ministry of Energy, Development, and Environmental Protection. The Biodiversity Strategy for 2011 to 2018 remains in effect. Responsibilities of the former MESP referenced in this document are now held by the two new ministries.

Encroachment on Protected Areas: Serbia's system of protected areas is expansive but not clearly mapped or marked and the boundaries and interior of a number of these areas, including national parks, is still subject to human encroachment.

Infrastructure: Hydroelectric power plants and dams block most rivers at a number of places throughout the country and more hydro structures are under development. Most of these dams were built years ago, creating large artificial lakes that have changed the ecological niches available to aquatic species.

Logging: Although there are forestry laws in place to control the type and extent of logging, corruption exists within the system, and much more happens unofficially than is registered. Private owners also may have little to no forest management or harvesting experience, causing serious ecological damage to the areas.

Illegal Hunting: Illegal and uncontrolled hunting is also viewed as a threat to biodiversity. Although there is an established system of hunting licenses and regulations in place, it is unclear how many hunters actually purchase licenses and how strongly infractions are enforced.

Mining: Serbia has had a long involvement in mining and, although a number of old mines have closed, their tailings are present in large dumping areas, and invade Serbia's waters and land. Many of these elements are highly toxic to fish, wildlife and other biodiversity. Gravel mining in streambeds is also a threat to biodiversity in Serbia.

Exotic and Invasive Species: In Serbia, invasive plants are especially threatening to the integrity of wetlands, and exotic aquatic species have invaded waterways creating problems for native species. There is no doubt that many exotic insects and other pest species are threatening natural ecosystems, although information was not available.

Overfishing: Overfishing is a major threat even with licensing regulations, closed seasons, and other regulations in place. While these regulations are considered technically sound, they are not being enforced adequately in the field.

Pollution of Rivers and Wetlands: Municipal and agricultural wastes still flow freely into the waterways, with a dearth of water treatment plants anywhere in the country. Although a number of industries have closed, toxic industrial and mining wastes still abound in the environment.

All of these direct threats are also described in the official Biodiversity Strategy (MESP, 2011). Other direct threats mentioned in this strategy include: 1) livestock grazing, 2) conversion of land for agriculture, 3) tourism, and 4) climate change.

Root Causes

Both the authors of the Biodiversity Strategy (MESP, 2011) and the FAA 119 Biodiversity Assessment (Foster-Turley et al, 2010) agree that these direct threats can best be addressed by looking at the causes

behind them. The 2010 FAA 119 Biodiversity Assessment described the relationship to direct biodiversity threats of eight root causes, which are summarized again here.

Lack of Finances: The Ministry of Environment and Spatial Planning (MESP) has some resources for biodiversity matters but does not have enough money available to support all the staff and systems it needs to do this work properly. The Ministry of Culture oversees the Natural History Museum but does not fund its biological research. All stakeholders consulted agree there is not enough funding for the programs necessary to conserve biodiversity.

Poverty: Rural poverty often leads to unsustainable extraction of resources to provide food and materials that many people cannot afford to buy. Issues such as property rights, uncertainty, lack of environmental awareness, and lack of access to resources are key factors influencing these more vulnerable populations.

Corruption and Favoritism: Corruption relates to biodiversity conservation especially in the extraction of natural resources, permits to build in protected areas, and other sectors where plants, animals and natural settings are involved.

Lack of Public Awareness: Most Serbians seem unaware of the benefits of biodiversity and natural areas, and do not flock to nature for bird watching, hiking, ecotourism, and other biodiversity-related activities. Without this public awareness of the value of biodiversity, there is not enough support for conservation activities within the country.

Lack of Data: Serbia has a history of strong academic research, but these data are not always easily available to those managing the resources, including other agencies with overlapping jurisdictions. There is also a need for mapping and land use planning data regarding protected areas, as well as resources for effectively delineating boundaries.

Lack of Policy, Administrative, and Management Coordination: Biodiversity management in Serbia largely falls under the MESP but aspects like forestry, water supplies, scientific studies, cultural resources, etc. are part of the portfolio of other Ministries with sometimes competing mandates. Driving forces towards economic development also often run directly counter to the strategies and tools needed to maintain biodiversity at healthy levels.

Lack of Enforcement and Follow-through: Although the policy and legal framework is in place and more laws are continually being added, there is still a need for more follow-through and enforcement. Poaching, overfishing, logging, encroachment on protected areas, etc. still present direct threats to Serbia's biodiversity.

Lack of Capacity in Biodiversity Conservation Efforts: Although Serbia's academic institutions have strong programs in biology and ecology, few jobs exist in Serbia for the graduates and many are forced to move elsewhere to find related jobs ("brain-drain").

The Biodiversity Strategy (MESP, 2011) included a similar list of what they called "indirect threats" to biodiversity which closely resembles this list.

Actions Necessary to Conserve Biodiversity in Serbia

The 2010 FAA 119 Assessment for Serbia (Foster-Turley et al, 2010) identified a number of recommended actions necessary to conserve biodiversity in Serbia for each root cause that was described. Table 1 below from the original report lists these needs. These actions are still needed in the country and the list given here remains relevant to conservation efforts in Serbia.

Table 1: Needs Identified for Biodiversity Conservation In Serbia (from Foster-Turley et al, 2010)

Root Causes of Biodiversity Threats	Needs Identified for Biodiversity Conservation
A. Lack of Finances	1. Socio-economic instruments such as Payment for Ecosystem Services schemes need to be developed to provide other sources of revenue for species and habitat conservation efforts.
	2. Biodiversity-related activities should be considered “science” and receive more support from the Ministry of Science.
	3. Protected areas need to develop ecotourism programs that draw both national and international tourists, and be able to use admission revenues and other fees to help support park operations. An initiative recently started by UNEP aims to address this problem but more work is needed.
	4. Revenue from ecological taxes should in part be used to support government biodiversity related activities.
B. Poverty*	1. Poverty reduction programs are encouraged, but efforts to increase economic development need to be mindful of effects of unplanned and overdevelopment on biological systems.
	2. Alternate sources of livelihood that help conserve biodiversity resources while providing income to local residents need to be developed in poverty stricken rural areas.
C. Corruption and Favoritism	1. Employment in natural resources-related institutions, agencies, and protected areas should be based on qualifications in the field and not on political favoritism.
	2. Efforts to detect and eliminate corruption in all aspects of biodiversity management need to be strengthened.
D. Lack of Public Awareness	1. A greater understanding of biodiversity and environmental issues needs to continue to be fostered in the journalism and media community.
	2. More support is needed for civil society organizations to play an active role in biodiversity monitoring, conservation, and public awareness.

	<p>3. Public awareness campaigns regarding biodiversity and overall environmental considerations need to be developed, and disseminated through all media outlets.</p>
	<p>4. The pleasures of natural tourism including hiking, bird-watching, white water rafting, kayaking, and other outdoor endeavors need to be promoted to the Serbian public through media and outdoor festivals.</p>
	<p>5. Informal activities like nature clubs need support at lower grade levels in public schools, and hiking, kayaking, bird-watching, and outdoor-related clubs need encouragement at higher grade levels to help promote the enjoyment of nature.</p>
E. Lack of Data	<p>1. A biological inventory and monitoring system needs to be developed, implemented, and made available to managers of biological resources and the public.</p>
	<p>2. Geographic information systems, ground-truthing data, and satellite imagery are needed to better map and manage ecological habitats, and these data need to be accessible to resource managers and the public.</p>
	<p>3. The collection of data and the preparation of Red Data Books for Serbian vertebrates, invertebrates, and other groups need to be supported financially and the results made public and assimilated into conservation activities.</p>
F. Lack of Policy, Administration and Management Coordination	<p>1. The management of protected areas needs to be modified in accordance with EU and international standards, removing the role of resource extraction and public utilities from the management system.</p>
	<p>2. Policies regarding biodiversity and biological resources management need to be harmonized among the various involved ministries and agencies.</p>
	<p>3. Local Biodiversity Action Plans need to be supported as tools for involving public and local communities in biodiversity conservation and protection, and these efforts need to harmonize with central government policies and frameworks.</p>
	<p>4. New hydroelectric schemes being proposed by the government need to have input from MESP and other experts to insure that the spawning needs of endangered fish such as sturgeon are accommodated for in the design process.</p>
G. Lack of Enforcement and Follow-Through	<p>1. More human and financial resources need to be dedicated to dissemination and enforcement of laws related to hunting, fishing, logging, and other biological resource extraction activities.</p>
	<p>2. Although there is a rush to prepare initial documents for the Convention on Biological Diversity, more follow-through is still needed to implement existing biodiversity programs and policies that are already completed.</p>

H. Lack of Capacity in Biodiversity Conservation Efforts	1. More funding needs to be directed to increase MESP and other agencies' capacity to implement best practices in conservation and natural resources management.
	2. Biology and ecology graduates from Serbian universities need to be hired within protected areas, within MESP, and in other areas related to biodiversity conservation and management.
<p><i>* Note: Poverty was indicated as a root cause of threat to biodiversity by respondents to a questionnaire survey, but aside from the situation in parts of southern and western Serbia, many Serbians live in urban and suburban settings, where they purchase their needed goods and poverty was not seen as a major factor by the biodiversity assessment team.</i></p>	

Extent to Which USAID is Addressing Recommended Actions

Overview

Most of the recommended actions necessary to conserve biodiversity in Serbia are not being directly addressed by USAID/Serbia, although some of them are touched on as summarized below.

1. **Lack of Finances** – Both national and local levels of government are under extreme budget constraints, and this is not expected to change within the near future. The NEAS identifies a huge funding gap between resources available and resources needed to address critical environmental priorities, and will need significant EU assistance to move forward with the strategy. With limited USAID assistance, there is no opportunity to have an impact in this area.
2. **Poverty** – Considering that the regions of South Serbia and Sandžak are highly economically depressed, USAID’s economic growth focus in this area can help reduce poverty within this region. The creation of jobs in these two regions could have a positive impact on biodiversity as the gray economy becomes more formalized. As these alternate sources of income are developed, action B 2 is directly being addressed.
3. **Corruption and Favoritism** – Through supporting the civil society and rule of law program areas in the CDCS, USAID expects to reduce opportunities for corruption, which can positively impact conservation efforts. As more of these efforts look at wildlife, logging, and other areas where corruption influences biodiversity loss, action C 2 is addressed.

4. ***Lack of Public Awareness*** – When opportunities exist to support CSOs and the Office for Cooperation with Civil Society, USAID will support efforts to promote biodiversity monitoring, conservation, and public awareness. This will include efforts to target youth at the municipal level, in coordination with Embassy Belgrade’s Public Affairs Section and its Democracy Commission Grants program. With biodiversity and nature conservation included in these programs, action D 5 can be addressed. Efforts to include more conservation NGOs in capacity building efforts of USAID will also address action D 2.
5. ***Lack of Data*** – Serbia continues to work on developing a biological inventory and monitoring system that can be used by both managers of biological resources and concerned citizens. The NEAS (2011) identifies significant needs in this area to be able to meet EU standards for data collection and publication. USAID is not addressing these concerns in its programs.
6. ***Lack of Policy, Administrative and Management Coordination*** – Multiple ministries, including the Ministry of Natural Resources, Mining and Spatial Planning, Ministry of Energy, Development and Environmental Protection, Ministry of Agriculture, Forestry and Water Management, Ministry of Regional Development and Local Self-Government, and Ministry of Finance and Economy all impact and/or have some jurisdiction over aspects of biodiversity conservation. Policies have not been harmonized amongst the various ministries, thus inefficiencies, ineffectiveness, and gaps in funding responsibilities remain. USAID does not have the capacity or the resources to affect this threat directly at the national level; at the local level, USAID’s economic growth activities could have a positive impact on overall coordination.
7. ***Lack of Enforcement and Follow-through*** – The NEAS (2011) identifies “permitting procedures and enforcement” as a significant weakness that needs to be overcome to ensure that environmental compliance is adequately addressed. Once again, the cost of implementing reforms is substantial, and USAID does not have the capacity or the resources to affect this threat.
8. ***Lack of Capacity in Biodiversity Conservation Efforts*** – Although the Ministry of Natural Resources, Mining and Spatial Planning takes the lead role in biodiversity conservation, it has limited technical capacity and budget resources to impact efforts on the ground. Other Ministries, such as the Ministry of Energy, Development and Environmental Protection and Ministry of Agriculture, Forestry and Water Management also have limited budget resources and technical capacity to adequately address conservation efforts. USAID does not have the capacity or the resources to affect this threat.

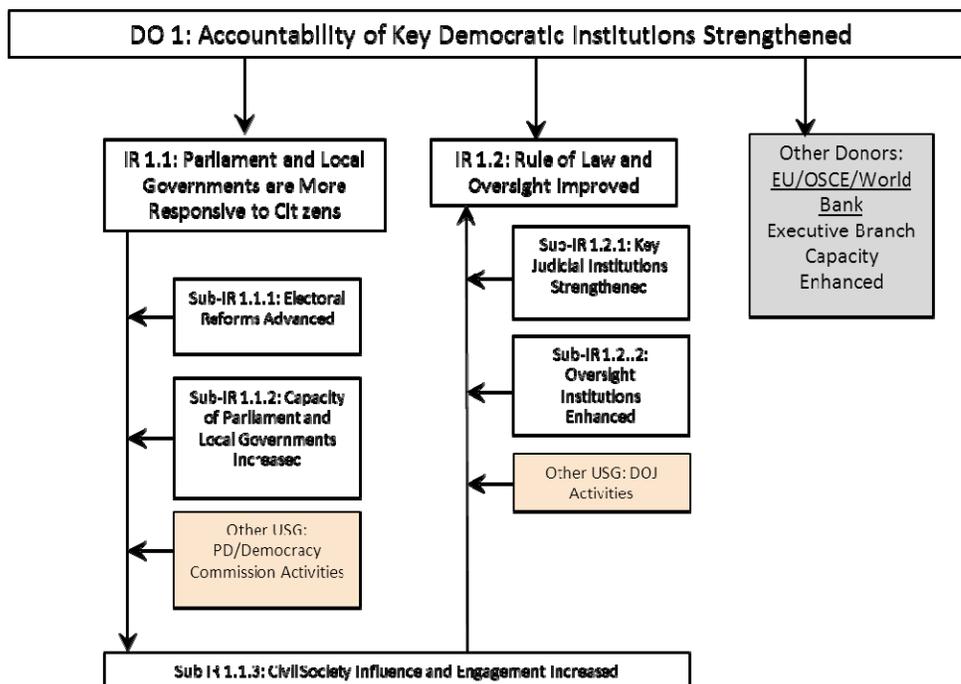
Wherever possible and appropriate, USAID will endeavour to address the root causes and recommendations within the constraints of its limited budget and technical expertise. A more detailed analysis of the extent to which these are addressed by each Development Objective is given in the following section.

Development Objectives

USAID/Serbia has developed a five-year, \$70 million assistance strategy for Serbia. After considerable reflection, the Mission concluded that the most effective use of its funds would be to support reforms early in Serbia’s EU accession bid. Hence, the proposed strategy is based on the premise that the Mission receives the level of resources proposed over the five years of the strategy. USAID/Serbia proposes to focus and concentrate its limited resources to assist Serbia to strengthen its political stability and advance its democratic, free-market, and Western-oriented transformation. With this in mind, USAID will promote rule of law and representative government institutions that will contribute to more accountable and enduring democratic institutions. Through our economic growth efforts on select national-level reforms and local economic development, we will advance economic governance and broad-based, inclusive, and more sustainable growth. This proposed strategy is expected to produce sustainable results that will further the country’s Euro-Atlantic integration.

Development Objective 1 (DO 1): Accountability of Key Democratic Institutions Strengthened

Description: DO 1 will address the challenges associated with the accountability of key democratic institutions by enhancing the rule of law and oversight, and by helping Parliament and local governments become more responsive to the electorate. The tightly focused DO will directly strengthen key democratic institutions and processes through achievement of its two Intermediate Results (IR), as shown in the figure below. As a result, the targeted institutions will be more accountable and will become increasingly responsive to Serbian citizens’ needs and aspirations. With the institutionalization of mechanisms for stronger and more vital links between Serbian society and Parliament and between citizens and local governments, Serbia’s democratic institutions will become more accountable, and democratic processes will become more robust.



Close coordination with the development and diplomatic initiatives of other international actors will play an important role in achieving this DO. The Mission collaborates with a wide array of donors in the democracy and governance area, including first and foremost the EU, due to the predominant EU-accession focus of U.S. strategy. USAID's comparative advantage in democracy and governance programs is due to substantial, sustained, and timely resource allocation, technical expertise, diverse assistance delivery capabilities, and a well-established reputation for collaboration with stakeholders and program responsiveness/effectiveness. While USAID has long had constructive partnerships with other governance donors and the NGO community, as USAID's programmatic focus has narrowed it has developed increasingly rich partnerships with Serbian governmental institutions, including Parliament, the judiciary, and independent oversight institutions. Democracy and governance programs financed by other donors, including the EU and member nations, other bilateral actors, UN agencies, the World Bank, and the Organization for Security and Cooperation in Europe, will reinforce DO-level efforts as will activities implemented by Public Affairs Section, Department of Justice, and National Endowment for Democracy programming.

IR 1.1: Parliament and Local Governments are More Responsive to Citizens: Activities under this IR will promote good governance by providing technical assistance and training to Parliament and elected local governments. The overall objective of this assistance is to help elected bodies better fulfill their roles in representing and responding to citizens' interests. By strengthening representation, USAID assistance will help expand and deepen connections between representatives and the electorate. Enhanced linkages, connections, and capabilities will help local and national deputies better understand and respond to citizen priorities – a critical component of governmental accountability.

IR 1.2: Rule of Law and Oversight Improved: Strengthening the rule of law and combating corruption are stated goals of the Serbian government and key EU accession requirements. Crucial issues affecting rule of law in Serbia include the inconsistent and unequal application of the law and the pervasiveness of corruption. A justice system that provides for the protection of human rights, and allows for the constructive and equitable resolution of disputes may be one of the most fundamental services a government provides its citizens. If, by expanding access to justice and increasing the capacity of government anti-corruption agencies, Serbia's rule of law and oversight can be strengthened, then governance will be more responsive to its citizens' needs for an equitable arena in which to operate, and an important check on government power will have been established. Consistent and predictable application of the rule of law would also greatly reinforce efforts under DO 1. Programs under IR 1.2 will improve judicial capacity by creating a more effective and objective court system and will strengthen the abilities of the independent government agencies to fulfill their oversight functions.

Extent to which this meets identified biodiversity needs: DO 1 does not directly target biodiversity threats; however, by improving public participation, strengthening civic activities and NGOs, combating corruption and strengthening rule of law, root causes of biodiversity threats Corruption and Favoritism (3) and Lack of Public Awareness (4) will be addressed. Creating a demand for a more transparent and accountable government will be a desired result that will also bring attention to various natural resource use issues.

Potential Threats to Biodiversity: No threats to biodiversity are evident in the draft DO or programmatic activities.

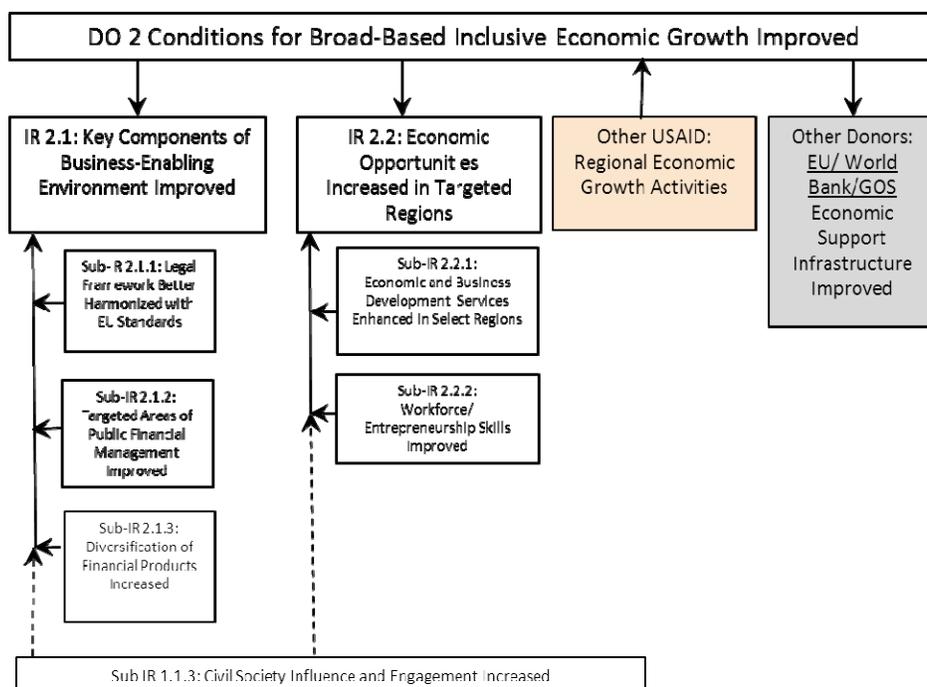
Recommendations for Further Inclusion of Biodiversity-Related Efforts: Rule of law, oversight and enforcement regarding extraction of natural resources, wildlife hunting, logging, fishing, and other biodiversity-related endeavors can be focused on as part of this DO. There is considerable need in this sector for more transparency and citizen engagement to protect the country's natural resources. Local government officials could also benefit from training in the management and oversight of natural resources within their districts.

USAID will support the creation of a framework for an improved relationship between elected officials and citizens through engagement of civil society, media, MPs, political parties, Parliament, and local government councils – and encourage discussion of environmental issues at the national and local levels. At the local level, USAID will foster the active involvement of civil society in municipal government through capacity-building of local or sub-national CSOs in participation and networking techniques. To the extent possible, support to natural resources and biodiversity NGOs should be encouraged as part of the sub IR 1.1.3 Civil Society Influence and Engagement Increased. More engagement of conservation-related NGOs in these activities will help further biodiversity objectives in the country.

Development Objective 2 (DO 2): Conditions for Broad-based, Inclusive Economic Growth Improved

Description: DO 2 is focused on improving the conditions for broad-based, inclusive economic growth in Serbia. USAID will accomplish this through targeted interventions that improve key components of the business-enabling environment and by increasing economic opportunities in targeted regions of the country. USAID will strengthen the business-enabling environment through improved legislation, through the predictable and efficient implementation of existing laws and regulations, and through greater dialogue and transparency in exchanges between public and private sector actors. USAID will increase economic opportunities through the improved capacity of economic development actors, such as local governments and business support service providers, to address economic development issues that will lead to improved local conditions for doing business, improved internal and export market linkages, and increased productivity. This will lead to employment generation in targeted regions, some of which are in economically devastated areas.

In addition to USAID's activities, the efforts of other donors, in particular in the provision and improvement of economic support infrastructure will be critical. For example, the EU is funding the development of major regional highway corridors, rehabilitation of the railway system, and construction of new power plants, while Russia is developing major natural gas pipelines and storage facilities. Programs financed by other donors, including the World Bank, the European Bank for Reconstruction and Development, the EU and member nations, and UN agencies will reinforce DO-level efforts to improve the business environment and create economic opportunities in targeted regions. Programs being carried out by the Department of Justice, the Foreign Commercial Service, and the Economic Section of the U.S. Embassy are also linked to this DO.



IR 2.1: Key Components of the Business-Enabling Environment Improved: An improved business-enabling environment includes the implementation of reforms and/or enforcement of laws that promote a transparent and consistent set of rules for all companies, and reduce the burden on businesses of complying with these rules and regulations. It also extends to effective public financial management, including increased revenues and prudent expenditures. An improved business-enabling environment will require mechanisms that encourage public-private dialogue to inform economic policy and expand the role and influence of civil society and the private sector with respect to research and advocacy in economic reform. Improvements in the overall business-enabling environment will benefit all firms in Serbia, improving their competitiveness and attracting further investment. They will also improve the appeal of the country as a destination for foreign direct investment, further fueling economic growth. The selection of specific activities under this IR is informed both by extensive, in-depth USAID research of the most critical barriers inhibiting economic growth in Serbia, including annual surveys of 1,000 businesses, and discussions with Government of Serbia representatives regarding their willingness to embrace the reform recommendations.

IR 2.2: Economic Opportunities Increased in Targeted Regions: Activities implemented under this IR will work through and with a wide range of host-country entities, including local governments, regional development agencies, local firms, and civil society organizations to improve economic and business development opportunities in select areas around the country, building capacity and demonstrating models that can be replicated nationwide. Strengthened linkages between economic development stakeholders at the local level and between businesses and economic development stakeholders at the local and national levels will help to further integrate Serbia’s regions. The targeted regions span the country and include regions with marginalized populations such as ethnic minorities, women, and vulnerable youth. USAID will accomplish this by working from two directions with key economic development actors – local governments and the private sector. USAID will target 32

municipalities throughout Serbia, which have joined together to form eight inter-municipal clusters focused on area-based (regional) development. The focus will be to help local governments to identify, design, and implement economic development projects that support private sector growth that will generate jobs.

Extent to which this meets identified biodiversity needs: While not specifically programmed to address the actions necessary to conserve biodiversity in economic growth, this DO does address several of the root causes and direct threats to biodiversity. These are: Poverty (2); Corruption and Favoritism (3); Lack of Public Awareness (4); and Lack of Policy, Administrative and Management Coordination (6). These issues are covered under the current and planned USAID programs, such as Business Enabling Project, Sustainable Local Development Project, and the new Private Sector Development Project. The Mission will continue to promote Pollution Prevention Assessments and encourage cleaner production methodologies when support to businesses is considered. Where appropriate, environmental reviews will be conducted before firm-level support is authorized. Water pollution is a major threat to aquatic species and habitats in Serbia and strengthening pollution prevention measures will help in biodiversity conservation efforts.

Potential Threats to Biodiversity: Economic growth programs pose the risk of exacerbating the issues and threats to biodiversity, as the support to small- and medium-sized enterprises may have potential adverse impact on environmental and human health if the associated mitigation and monitoring measures are not properly designed and implemented. Economic growth requires a balance between short-term consumption of natural resources and long-term sustainability of natural ecosystems. Care must be taken to avoid unsustainable use of timber, non-timber forest products, fish, wildlife, and other natural resources in any enterprises that are supported under this DO. As is the practice currently, and to mitigate any risk, programs need to be implemented in a manner to ensure a net positive outcome is achieved while mitigating potential threats.

Recommendations for Further Inclusion of Biodiversity-Related Efforts: In supporting public-private partnerships, ensure robust discussions on environmental and natural resource management issues, with accompanying best practices, are included.

All activities aimed at improving private sector competitiveness in the agriculture sector should be aware of the importance of preserving native varieties of fruit and crop plants, specifically in South Serbia and Sandžak. For any firm-level support to businesses, a Pollution Prevention Assessment should be conducted to determine whether it would benefit the company, and supported if deemed to be beneficial. Further, support for clean production methodologies wherever applicable should be strongly encouraged and supported. To the extent possible, biodiversity and general environmental-related materials/concepts should be provided in educational training programs, particularly at the local municipal level and in work with Serbia's National Agency for Regional Development and its network of Regional Development Agencies. In supporting public-private partnerships, robust discussions on environmental issues should be included.

Conclusions

Overall, the extent to which USAID/Serbia addresses recommended biodiversity actions from the 2010 FAA Biodiversity Assessment for Serbia (Foster-Turley, et al, 2010) is not much. Presently, USAID/Serbia only directly addresses one recommended biodiversity action: “B2: Alternate sources of livelihood that help conserve biodiversity resources while providing income to local residents need to be developed in poverty stricken rural areas” through activities under *IR 2.2: Economic Opportunities Increased in Targeted Regions*. Other recommended biodiversity actions can easily be addressed with a tweak in programming to include more biodiversity and conservation related themes in program activities. For instance, “C2: Efforts to detect and eliminate corruption in all aspects of biodiversity management need to be strengthened” can be addressed under *IR 1.2: Rule of Law and Oversight Improved*, to the extent that natural resource management entities are included in these efforts. Similarly, biodiversity action “D 2: More support is needed for civil society organizations to play an active role in biodiversity monitoring, conservation, and public awareness” can be accommodated as more conservation NGOs are enhanced through *Sub IR 1.1.3 Civil Society Influence and Engagement Increased*. A table illustrating the extent to which USAID programs address biodiversity actions necessary in Serbia is included in Annex 1.

Specific recommendations to include more biodiversity issues in Mission programming include:

- Conduct Pollution Prevention Assessments and promote/support cleaner production methodologies wherever applicable;
- Ensure that any small- and medium-sized enterprises that are supported do not unsustainably use natural resources, including fish and wildlife, forest and forest products, and other biological resources, and do not introduce exotic non-native species into the natural environment;
- To the extent possible, biodiversity materials/concepts should be provided in educational training programs, particularly at the local municipal level;
- To the extent possible, support to natural resources and biodiversity NGOs should be encouraged as part of the sub IR 1.1.3 Civil Society Influence and Engagement Increased; and
- In supporting public-private partnerships, ensure robust discussions on environmental and natural resource management issues, with accompanying best practices, are included.

Even considering programmatic and budgetary constraints, it is still possible to be creative in the inclusion of more natural resources and biodiversity activities within Mission-supported activities in the years to come under the new Development Objectives.

References

Biodiversity Analysis for Serbia and Montenegro. (2002)

Biodiversity Assessment Update for Serbia and Montenegro. (2005)

Foster-Turley, P; B, Cellars, M. Sedej, A. Grimes, 2010, FAA Section 119 Biodiversity Assessment Update for Serbia. (April 2010) USAID under Purchase Order 169-0-00-10-24908-00.

IPA Multi-annual Indicative Planning Document. (2011-2013) Chapter 3.6 Environment, Climate Change and Energy. European Union.

Ministry of Environment and Spatial Planning (MESP). (2011) Biodiversity Strategy for the Republic of Serbia for the Period 2011-2018. Belgrade, Serbia.

National Environmental Approximation Strategy (NEAS) for the Republic of Serbia. (December 2011) Official Journal of the Republic of Serbia, No. 80/11 of 28 October 2011.

National Sustainable Development Strategy (NSDS). (2008) No update planned.

National Programme of Environmental Protection (NPEP). (2010)

National Programme for EU Integration (NPI). (2009) GOS prepared this document before applying for candidacy to the EU in February 2009. No update planned.

National Sustainable Development Strategy - Action Plan for the period 2009-2017. (2008)

2010 Progress Report on the Implementation of for National Sustainable Development Strategy for the period 2009-2017. (2011)

Serbian Biodiversity Portal. Species, ecosystem and genetic diversity. <http://biodiverzitet-chm.rs/>. (February 2012)

Statistical Office of the Republic of Serbia. Biodiversity 2011. <http://webrzs.stat.gov.rs>. (2011)

Annex 1: The extent to which USAID programs address biodiversity actions necessary in Serbia

USAID Program	Brief Program Description	Extent to Which Program Currently Addresses Biodiversity Recommended Actions listed in Previous Section	Potential Conflicts with Biodiversity	Possibilities for Future Biodiversity Efforts
Development Objective 1: Accountability of Key Democratic Institutions Strengthened				
<p><i>AID-169-C-11-00001 (NCSC)</i></p> <p><i>Judicial Reform and Government Accountability Program (JRGA)</i></p>	<p>This program upgrades court facilities through design and financial assistance, improves the transparency, openness, efficiency and safety of the courts and strengthens independent agencies to improve government accountability.</p>	<p>Improving judicial capacity by creating a more effective and objective court system, improving public participation and strengthening civic activities will help combat corruption and strengthen rule of law, positively impacting both recommendations #3 and #4.</p>	<p>No</p>	<p>No</p>
<p><i>169-C-00-08-00102 (EWMI)</i></p> <p><i>Separation of Powers Program (SPP)</i></p>	<p>SPP is designed to help Serbia move closer to EU accession by strengthening the judicial and parliamentary branches of government. SPP increases the capacity of the Serbian judiciary and National Assembly to plan, allocate, acquire, and manage their budgetary resources. In addition, this program assists the Serbian judiciary in making the administration of justice more efficient and responsive to the needs of users.</p>	<p>Strengthening the judicial and parliamentary branches capacity by creating a more effective and objective judiciary will help combat corruption and strengthen rule of law, positively impacting recommendation #3.</p>	<p>No</p>	<p>No</p>
<p><i>169-A-00-10-104 (NDI/IRI/IFES)</i></p> <p><i>Political Process Support in Serbia</i></p>	<p>Political Processes Activity aims to enhance the ability of key actors, including the government, political parties, parliament, and civil society, to develop institutional capacities and strengthen relations between institutions within the political</p>	<p>Improving public participation and strengthening civic activities positively impacts recommendation #4.</p>	<p>No</p>	<p>No</p>

	environment. Political reforms will increase the government's accountability and public faith in democracy.			
169-G-00-10-00103 (OSCE) Promoting Good Governance	USAID grant to the OSCE Mission to Serbia aims to increase the capacities of institutions, public officials, and civil society to ensure good governance through improving the legislative framework, enhancing existing public accountability mechanisms, and promoting best practices in public accountability.	Does not address Recommended Actions (note, activity expected to end December 2013)	No	No
AID-169-A-12-00001 (ISC) Civil Society Forward Project	Civil Society Forward provides assistance for local civic activism and policy advocacy initiatives that advance Serbia's Euro-Atlantic integration efforts, particularly outside Belgrade and major cities; improve prospects for local Serbian philanthropy to expand potential sources of civil society support; strengthen civil society capacity, networks/linkages and innovation to better address community and social challenges through collective action.	Does not address Recommended Actions	No	Recommendation #4 could be strengthened through additional support to NGOs who promote efforts to raise public awareness of the importance of biodiversity conservation, and positive effect on the community.
G2G Assistance to Office for Cooperation with Civil Society	Organizational Capacity Development	Does not address Recommended Actions	No	No
Small Grant to Balkan Community Initiatives Fund (BCIF)	Organizational Capacity Development	Does not address Recommended Actions	No	No
Small Grant to Civic Initiatives (CI)	Organizational Capacity Development	Does not address Recommended Actions	No	No
Small Grant to Media Coalition	Organizational Capacity Development	Does not address Recommended Actions	No	No

Development Objective 2: Conditions for Broad-Based Inclusive Economic Growth Improved				
169-C-00-10-00102 <i>(Chemonics Int)</i> Sustainable Local Development Project (SLDP)	SLDP project supports the long-term economic and social development of Serbian communities. This project works to improve the capacity of Serbian municipal governments to implement policies, procedures, and projects that will contribute to area-based economic development and responsive and transparent municipal governance.	Current activities do positively impact both recommendations #2 (particularly since activities are centered in two of the poorest regions in Serbia (South Serbia and Sandjak) and #6 through support to local businesses and SLDP's work and coordination with municipalities.	No	Recommendation #4 could be strengthened through additional efforts to raise public awareness of the importance of biodiversity conservation, and positive effect on the community.
TBD Private Sector Development Program in South Serbia and Sandzak (PSD)	Through PSD Program, USAID will support the growth of private businesses and job creation by partnering with Serbian private-sector entities to provide technical assistance. By taking this approach, USAID will increase the sustainability of these efforts by improving the institutional capacity of its partners.	In development – though any firm-level support will include an environmental review to look at opportunities for supporting cleaner production methodologies and conducting a pollution prevention assessment, positively impacting recommendation #4.	No	Activities could positively impact both recommendations 2 (particularly since activities are centered in two of the poorest regions in Serbia -South Serbia and Sandjak) and 6 through support to local businesses and work with the Regional Development Agencies in the local municipalities.
169-A-00-03-00102 <i>(Opportunity International)</i> Opportunity Bank Serbia	OBS's mission is to help create jobs, stimulate small businesses and enable the economic transformation of its clients. With a strategically developed branch network, OBS utilizes field-based client advisors (loan officers) to reach clients remote areas.	Current focus of activities is under review (as the agreement is set to expire) and expected to end. Undetermined timeframe for what comes next.	No	Unknown
Small Grant to Junior Achievement (JA)	Organizational Capacity Development	In development	No	No
Small Grant to National	Organizational Capacity	In development	No	Activities could

<i>Alliance for Local Economic Development (NALED)</i>	Development			positively impact both recommendations 2 and 6 through support to local businesses and NALED's work with municipalities.
Cross-cutting Activities				
AID-169-G-12-00001 (Special Olympics Int.) Inclusion for All Project	The eighteen month project provides year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with Intellectual Disability (ID), giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families and the community.	Does not address Recommended Actions	No	No