

## ECONOMIC DEVELOPMENT IS IMPORTANT, BUT SO IS THE ENVIRONMENT



> *“Sustainable development affects all aspects of life at all levels. It is a long-term and comprehensive process that aims to reduce poverty and improve living conditions and, at the same time, protect the environment through rational and reduced use of natural resources and avoidance of new pollution.”* <

**B**ožidar Đelić, President of the Republic of Serbia’s Council for Sustainable Development, talks to AmCham Perspective about what is meant by the concept of sustainable development. Mr. Đelić reminds us that the modern world faces an obligation to ensure that its development meets human needs but also acknowledges the needs of nature.

- This means that economic, scientific and technological development must not put the environment at risk, and must be environmentally sustainable. The developmental needs of today’s population must not jeopardize the needs of future generations. – Mr. Đelić stressed.

**What does the National Strategy for Sustainable Development include?**

**Why are three pillars of sustainable development - the economic, social, and environmental aspects - so important?**

- The goal of the National Strategy for Sustainable Development is to establish a balance between its three pillars and consequently provide for economic, industrial and technological development. In other words, we need to develop society based on social balance and ensure environmental protection through rational use of natural resources.

Our National Strategy has identified Serbia's priorities and goals and has defined developmental instruments and activities to achieve them. By 2017, Serbia will become an economically developed country with standards comparable to those in the EU, with a protected environment populated by well-educated people and providing equal opportunities for all its citizens.

**What does the Action Plan for implementation of the Strategy include? What are its priorities?**

The established national priorities include EU membership, development of stable institutions in a competitive economy, balanced economic growth, development of education, increased employment and social inclusion. Also essential are development of infrastructure and balanced regional growth as well as environmental protection and enhancement and rational use of natural resources. For every individual goal identified in the Strategy, the Action Plan defines the activities and measures necessary to achieve it, Time limits were set, and the parties responsible for implementation were identified, as were the required funds and funding sources.

The Action Plan, which is currently being drafted, is the key mechanism for implementation of the Strategy. Priorities will certainly include institutional-capacity building as well as the establishment of an effective funding system.

**How will the Strategy strengthen the social & economic development of Serbia?**

- Sustainable social and economic development will be achieved through

consistent implementation of Action Plan activities and measures based on identified goals, such as the introduction, adjustment, and application of EU principles (i.e. raising the competitiveness of the economy based on knowledge, innovations and entrepreneurship). The establishment of strong, competent and stable institutions will facilitate long-term sustainable development as well as improve the quality and standard of life and reduce poverty.

**What mechanisms does the Strategy envision will contribute to environmental improvement?**

It is necessary to incorporate environmental policy within other policies. Also, it is essential to apply economic instruments to the area. Economic growth needs to comply with investments in cleaner production, energy efficiency, reduction of pollutant emissions, and environmental protection. We must ensure compliance with international standards – otherwise degradation of the environment will result in ever increasing economic loss. The use and degradation of natural resources need to be included in production costs. Through the implementation of recognized and accepted principles, such as 'the polluter and the user-pay' concept, as well as "full life-cycle product engineering", product prices will include the costs of production, use and disposal. Implementation of objectives in this

area requires a more efficient cooperation between various sectors.

**Where do you see the role of the private sector in the Strategy implementation process?**

In view of our Gross Domestic Product (GDP), the allocations presently made for a number of areas important to sustainable development, such as education, environmental protection and research & development, are small. The government does not invest more than 0.35 percent of Serbian GDP in environmental protection, and statistics concerning investments by the private sector are unknown. In the period before accession, the new EU member states invested between 1.5 and 2.5 percent of their GDP in environmental protection. In other countries the investment of the private sector in this area equals that of the government. The Strategy envisages an increase in allocations for environmental protection to 1.5 percent of GDP by 2014 and 2.5 percent of GDP by 2017. The greatest burden will be borne by industry through the polluter-pays principle. Investment in education needs to be increased as well, from 4.2 percent of GDP to 6.0 per cent. Increased investment by the private sector is also expected. It is necessary to develop a partnership between public and private sectors. Better communication, cooperation and coordination between the public administration and the private sector are preconditions to achieving sustainable

**COMMENDATION FOR SERBIA**

The 16th session of the UN Commission on Sustainable Development took place on the 14th of May in New York City. A new regional achievement was presented – the adoption of the National Strategy for Sustainable Development. Our country was commended not only for having adopted the Strategy quickly and efficiently, but also for the quality of the Strategy and, above all, for how it was developed. Specifically, the process of Strategy development involved about 100 experts from our country and several thousand representatives of the business community, NGOs, local self-government representatives and ordinary citizens. This shows how great an interest the Strategy has raised and, therefore, an increase in the likelihood of seeing it make a difference in people's everyday lives.

The plan is, with the support of the Swedish International Development Cooperation Agency, to commence the implementation of the Strategy project in January 2009.



## stance, what is your assessment of the electronic-waste recycling plant in Višnjica?

The idea behind the implementation of pilot projects is to present a concept of sustainable development and establish the models and standards that would be followed by other projects in the course of Strategy implementation. The most significant completed project is the plant for electronic-waste recycling, the only one in the region. The development of the project took three years, and the EU standards were fully complied with. E-waste is the critical element in waste management in most developed countries, and we were lucky to have this project realized at the right moment so that it can serve as a good example. Currently in progress is the construction of a plant for utilization of wood waste in Ivanjica and Bajina Bašta and a tire-recycling factory in Irig.

## When can we expect to see the effects of implementation of the Strategy in our day-to-day lives?

Considerable allocations for sustainable development are already being made from the National Investment Plan and the IPA program, as well as from various funds and government ministries. Programs and projects are being realized in education, health care, social housing, introduction of e-government, regional and social development, environmental protection, etc. The implementation of the Strategy for Poverty Reduction, which covers a large amount of sustainable development, is also in progress. After the Action Plan for implementation of the Strategy is agreed and adopted, an office for sustainable development will be set up. It will be in charge of monitoring the implementation of the Strategy and coordinating the execution of the Action Plan. The plan is to begin the Strategy implementation project in January 2009 with further assistance from the Swedish International Development Cooperation Agency. Building of an efficient institutional framework at all levels is a prerequisite to achieving the goals of sustainable development – stressed Božidar Đelić, President of the Republic of Serbia Sustainable Development Council in his interview for the Perspective.

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development goals. The goals defined in the Strategy also refer to harmonization with international legislation. Therefore, companies must ensure that their activities are in compliance with international regulations and standards. This means reducing environmental pollution as much as possible and applying corporate social

responsibility principles. In this way, the economy will raise the level of its competitiveness in the market.

**How much progress was made by the Strategy pilot projects? What are examples of such projects and what is their significance? For in-**