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## **Country Specific Report**

Written Contribution for the 2019 Annual Report

*Republic of Macedonia*

*Chapter 15 & 27*



**Under the Env.Net Project:**

“Environmental Network factoring the environmental portfolio for Western Balkans and Turkey in the EU Policy Agenda”

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**Disclaimer:**

# 1. Introduction

## About the project

**Project title and code: ENV.Net Factoring the Environmental Portfolio for WB and Turkey in the EU**

**Policy Agenda (IPA 2017/ 394-372)**

The third phase of the ENV.net project (2018-2020) builds on the experience of the Environment Forum (<http://www.envforum.eu/doku.php>), implemented in the period 2009-2012, and the results achieved in the first two phases of the project during 2013-2016 ([www.env-net.org](http://www.env-net.org)). It currently covers the entire Western Balkan including representative organisations from all seven Western Balkan countries, and two partner organisations from EU based member countries.

On an overall objective level, the project aims to contribute to the improvement of environmental policy-making and implementation in compliance with the EU standards. To this end, the network foresees to contribute to both improved and intensified inter-action among actors (including environmental CSOs, media and policy-makers) and an overall more enabling *technical and financial* environment where these actors operate.

On a specific objective level, the action intends to strengthen the profile of ENV.net as the leading network and bridging actor in environmental policy-influencing in the WB and Turkey region (vis-à-vis EU). Further, it foresees introducing and initiating a discussion on the Circular Economy concept in the region, as well as intensifying climate change actions. The action also foresees a number of value-adding, cross-cutting elements such as inter-partner learning/exchange, networking, and thematic organisational support to third parties (*i.e. local grass-root organisations, media*).

One of the foreseen activities is preparation of ENV.net country specific contribution to EU country progress report specifically covering chapter 15 (in part) and chapter 27 (in full).

## 1.1. Environmental Status in Macedonia

### Country status

Republic of Macedonia is a candidate country since 2005. In 2008, the Council adopted the revised Accession Partnership<sup>1</sup> with the Republic of Macedonia. Since 2009, in continuation the Commission was recommending the Council to open accession negotiations. In 2015 and 2016, this recommendation was made conditional, correlated with the continued implementation of the "Pržino Agreement", and with substantial progress in the implementation of the "Urgent Reform Priorities".

In April 2018, as stated in its latest Report<sup>2</sup>, the European Commission recommended to the Council to decide an opening of accession negotiations with the Republic of Macedonia in light of the progress achieved and in view of the sustained reform momentum, maintaining and deepening the current reform momentum.

On 26 June 2018 the General Affairs Council, agreed to respond positively to the progress made by the Republic of Macedonia, and **set out the path towards opening accession negotiations in June 2019**<sup>3</sup>.

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<sup>1</sup> Revised Accession Partnership with RM <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:080:0032:0045:EN:PDF>

<sup>2</sup> The former Yugoslav Republic of Macedonia 2018 Report <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417-the-former-yugoslav-republic-of-macedonia-report.pdf>

<sup>3</sup> The former Yugoslav Republic of Macedonia: Status of negotiation <http://www.consilium.europa.eu/en/policies/enlargement/former-yugoslav-republic-macedonia/>

## Environmental Status

Baseline position for this legislation progress monitoring report are the key findings and recommendations regarding the ability of the Republic of Macedonia to assume the obligations of membership vis-à-vis its environmental status notified in the 2018 EU Commission Report<sup>4</sup>.

Concerning the area of **energy**, Republic of Macedonia has been considered as **moderately prepared**. As noted, the country adopted its third National Energy Efficiency Action Plan, and revised the National Renewable Energy Action Plan. However, no progress was notified on the opening of the electricity market. Obligations undertaken in accordance with the Energy Community Treaty have not been fully implemented.

Key recommendations for the country concerning **Chapter 15: Energy** notified in the last report included:

- Transposition and implementation of the EU's Third Energy Package;
- Completion of the process of unbundling of the transmission systems operators;
- Improvement of the capacity of the Energy Department in the Ministry of Economy, as well as the Energy Agency.

Regarding the area of **environment and climate change**, the country has been assessed to be at **some level of preparation**. As noted in the Report, the country has made **some progress** in *“further aligning its policies and legislations with the acquis, in water, nature protection and waste sectors in particular”*. It was noted that enforcement and implementation are areas that need significant efforts.

Key recommendations for the country concerning **Chapter 27: Environment and climate change** notified in the last report included:

- Improvement of the coordination between the government, central level institutions, and municipalities to actively work towards air quality improvement;
- Intensified efforts for implementation of adopted regional waste management plans and establishment of integrated regional waste management system;
- Start of implementation of the Paris Agreement, also by developing a comprehensive strategy on climate-related action consistent with the EU 2030 framework.

In the revised National Programme for Adoption of the Acquis Communautaire (NPAA), 2017-2019, the indicative budget for 2018, by chapters, has been calculated to 15.756.000 Euro for Chapter 15 and 21.275.000 Euro for Chapter 27<sup>5</sup>. The document also provides information (forecast) for secured and non-secured finances, by areas, institutions and programmes of intervention.

## 1.2. Summary of the Report

This report presents a review on the legislation progress for the period March-September 2018 in respect of the findings and recommendations in the area of energy and environment and climate change, notified in the latest EU country progress report. It is based on input from a variety of sources, including government institutions, official state websites, national and international reports.

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<sup>4</sup> The Report, presented on 17<sup>th</sup> April 2018, is covering the period October 2016 – February 2018.

<sup>5</sup> National Programme for Adoption of the Acquis Communautaire (NPAA), revised 2017-2019, 3\_NPAA2017\_Aneks3\_Budget, <http://www.sep.gov.mk/en/content/?id=13>

In the past seven months of 2018, environment has not been at the forefront of the Government and Parliament activities. Country developments have been in large focused on improving good neighbourly relations, the "name issue" and the Agreement signed with Republic of Greece, ratification of the Agreement in the Parliament, preparations for the national Referendum, and possible early elections.

Nonetheless, progress, as per the latest EU country report findings and recommendations, related to Chapter 15 and Chapter 27, has been achieved in a number of areas, as presented below.

### **Key findings from the legislation monitoring**

Concerning the **energy sector**, the country has adopted the new Energy Law. Five relevant EU Directives and three relevant EU Regulations have been transposed with this law, and with that, the delayed transposition of the Third Energy Package and the obligation towards the Energy Community has been fulfilled. The Law entered into force in May 2018. Secondary regulation is expected to be issued.

Macedonia was the only of the Western Balkan countries (WB6) where small businesses and households were deprived from purchasing electricity directly from a supplier of their choice. The new Law finally removed the barriers **providing for liberalisation** of this segment of the electricity / **energy market**.

On **unbundling**, the Government will continue to have jurisdiction over the Macedonian Power Plants (ELEM), the Electricity Transmission System Operator (MEPSO) will fall under the Ministry of transport and communication, while the Macedonia Energy Resources (MER) will be under the Ministry of Economy.

Concerning **gas interconnections**, the activities on the gas pipeline section Skopje-Gostivar, with a pipeline leg to Tetovo, are in progress. Their completion is expected to be by late 2019.

The **utilization of renewable energy sources** (RES) is one of the priorities in the energy sector that is strategically determined in the National Strategy for the utilization of RES until 2020. In order to reduce the negative effects on the environment from the so-called conventional power plants, the new Energy Law contains a separate Chapter (Chapter XI) dealing with issues related to the use of renewable energy sources and its share at the energy market. The process of simplifying and streamlining procedures for authorisation, permitting, licensing and connection to the grids has to continue.

The legislation on **energy efficiency** is not fully aligned with the Energy Efficiency Directive and the Energy Performance of Buildings Directive. The relevant Ministry (the Ministry of Economy) in its Strategic plan 2018-2020 has announced preparation and adoption of a new Energy Efficiency Law. However, no official information on the progress of the process is available on the website of the Ministry, or for that matter, at the ENER (Unique National Electronic Register) website.

The **Energy Efficiency Fund** (EEF) has not been set up yet. The establishment of this Fund is paramount for the delivery of energy efficiency (EE) programmers and measures, promotion of the EE market development, provision of grants, loans, financial guarantees and/or other types of financing that would guarantee results.

Key developments in relation to **environment and climate change**, concerning **air quality**, include preparation of a Law for Amending the Law on Ambient Air Quality, in line with the EU 2008/50 Ambient Air Quality Directive. In addition, the web portal on air quality real time monitoring has been regularly updated. Air Quality Plans and Short-term action plans for the agglomeration Skopje region, the municipality of Tetovo and municipality of Veles were developed and adopted. The coordination between the government, central level institutions and municipalities is progressing. Yet, commitment to actively work towards air quality improvement needs to be enhanced.

In regards to the **waste** sector, a new Law on Waste Management has been prepared, but has not been adopted yet. In addition, the National Waste Management Plan (2018-20140) and the first Plan for Prevention of Waste Generation (2018-20140) have been developed. Concerning the establishment of

integrated and financially sustainable regional waste management system, procedures for implementation of the adopted regional waste management plan for the East and North-East Region are in progress.

Concerning **water quality**, the process for amending the Law on Waters that will provide for further harmonisation with the EU measures 32000L0060, 31991L0271, 31991L0676 and 32006L0118 has been initiated. Implementation of activities for construction of systems for collecting, draining and treatment of urban wastewater, which started in 2017 under the IPA II funding mechanism, has continued in 2018. Preparation of the River Basin Management Plans for Vardar and Black Drim rivers is ongoing. Completion of the RBMP for the River of Vardar is expected to be by the end of 2019.

In the area of **nature protection**, progress has been made in establishing and testing monitoring protocols of various bird and insect species habitats in protected areas. Preparation of a new Law on International Trade in Endangered Species of Wild Fauna and Flora is in progress, including a red list of amphibians and reptiles and provisions on the trading procedure for these species.

As regards **industrial pollution and risk management**, a new Law on Industrial Emission and related implementing legislation have been developed but not adopted yet.

Actions for preparation of **strategic noise maps** are in progress. Equipment and relevant software for mapping have been provided.

Concerning **civil protection**, an agreement on the TESTA platform has been signed between the European Commission and the Ministry of Information Society and Administration (MISA). Technically, the system will be located and managed by the Ministry of Interior, and once operational, it will enable establishing connection with the Common Emergency Communication System.

With reference to **climate change**, the Republic of Macedonia ratified the Paris Agreement in November 2017 and with that is responsible to follow its nationally determined contributions (NDCs). Concerning legal alignment progress, the country is at an initial stage regarding the development of an integrated National Energy and Climate plan (NECP) for the years 2021 to 2030. Preparation of the Law and the Strategy on Climate Change has been programmed under the EU Instrument for Pre-Accession Assistance (IPA II) funding mechanism. The preparation of this strategy is expected to begin in October 2018 and last for 18 months.

## 2. Obligations of Membership

### 2.1. Energy (*Under Chapter 15*)

#### 2.1.1. *Security of Supply*

The National Energy Strategy (2015- 2035) is still not adopted. In accordance with the Law on Energy, the Government has an obligation every five years to prepare a Strategy on Energy Development for a period of at least 20 years. The process started in 2015, when with a technical support from the international community a draft text of the Strategy was prepared, and presented (22<sup>nd</sup> December, 2015), at a public hearing organised by the National Council for Euro-integration, titled “Republic of Macedonia and the European Energy Network”<sup>6</sup>. In order to include all relevant institutions and actors from the energy sector in the preparation of the final text of this strategic document, an advisory body has been set up, its role being to provide their position and suggestions in certain phases of the strategy drafting process.

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<sup>6</sup> Report to the Parliament on public hearing organised by the National Council on Euro-integrations : <https://www.sobranie.mk/content/%D0%9D%D0%A1%D0%95%D0%98/Izvestaj%20JR%20-%20RM%20vo%20Evropskata%20energetska%20ramka%2022.12.15.pdf>

Information on the progress of the process is not publicly available on the official website of the Ministry of Economy.

The Ministry of Economy, in its latest Strategic-working plan<sup>7</sup> (2018-2020), for the energy sector, under the priority Programme 32: Energy Development envisages a set of strategic priorities for creating conditions for stable and sustainable energy security. The document foresees a set of measures concerning: further liberalisation of the electricity market, growth of investments in the energy sector, improvement of the energy efficiency, greater inclusion of renewable energy sources in the energy consumption, increased usage of natural gas. In addition, it refers to integration of the country's energy sector into regional and European electricity and natural gas market by building new capacities, and harmonization of the domestic legislation with the existing legal regulation of the Energy Community (*acquis communautaire*) on electricity, environment, competition and renewable energy sources and energy efficiency. Among other steps, this strategic plan envisages adoption of a Strategy on Energy Development for a period of five years.

Information on the progress of the process is not publicly available on the official website of the Ministry of Economy.

### 2.1.2. Energy Market

On **energy market**, the country has made progress in aligning the national legislation framework with the EU's Third Energy Package in electricity and gas. The new Energy Law, after more than nine months (August 2017) from the announcement by the Government that a new Energy Law would be prepared, was adopted on May 21<sup>st</sup> 2018 by the Parliament of the Republic of Macedonia. The new Energy Law is by large harmonised with the requirements of the EU energy Directives and Regulations<sup>8</sup>. However, for the full harmonisation and implementation, a set of by-laws will need to be adopted.

Macedonia was the only of the Western Balkan countries (WB6) where small businesses and households were deprived from purchasing electricity directly from a supplier of their choice. The new Law finally removed the barriers providing for liberalisation of this segment of the electricity / energy market.

In September, the Government announced the start of the tendering procedure for selection of a universal electricity supplier that will also provide last resort supply, in line with the new Energy Law. The Government expects that this will ensure stable supply and prices until 2025.

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<sup>7</sup> Ministry of Economy, Strategic working plan 2018-2020  
[http://www.economy.gov.mk/Upload/Documents/STRATESKI%20PLAN%20NA%20ME%202018-2020-%D0%9A%D0%9E%D0%9D%D0%95%D0%A7%D0%9D%D0%90%20%D0%92%D0%95%D0%A0%D0%97%D0%98%D0%88%D0%90\(3\).pdf](http://www.economy.gov.mk/Upload/Documents/STRATESKI%20PLAN%20NA%20ME%202018-2020-%D0%9A%D0%9E%D0%9D%D0%95%D0%A7%D0%9D%D0%90%20%D0%92%D0%95%D0%A0%D0%97%D0%98%D0%88%D0%90(3).pdf)

<sup>8</sup> In the new Energy Law, in accordance with the Decision of the Council of Ministers of the Energy Community no. D / 2011/02 / MC-EnC, the following Directives and Regulations are transposed:

- Directive 2009/72 / EC concerning common rules for the internal market in electricity;
- Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity;
- Directive 2009/73 / EC on common rules for the internal market in natural gas;
- Regulation 715/2009 on conditions for access to the natural gas transmission networks;
- Directive 2005/89 / EC concerning measures to safeguard security of electricity supply and infrastructure investment;
- Directive 2004/67 / EC concerning measures to safeguard security of natural gas supply;
- Directive 2009/28 / EC on the promotion of the use of energy from renewable sources;
- Regulation 543/2013 on submission and publication of data in electricity markets.



As noted in the latest Energy Community (EnC) Report on electricity<sup>9</sup>, published in March this year, tendering for selection of a national universal supplier is rare in Western Balkan countries. According to EnC report, by March 2018, none of the Western Balkan countries Governments had initiated actions for selection of a universal supplier, in a non-discriminatory and transparent procedure.

The bids application deadline is 3<sup>rd</sup> December 2018, and it is expected that the whole procedure for selection of the universal electricity supplier will be finalised by the end of December this year. The selected supplier is expected to become operational by March 2019.

In Macedonia, currently there are 28 companies licensed to supply electricity, and they are all eligible to apply, individually or as consortiums, to become a country universal supplier in the following 5 years. The state energy company ELEM will no longer be required to provide universal and last resort services to households and small-scale consumers from January 1, 2019. However, ELEM will have an obligation to offer 80% of its electricity production to the future universal supplier in 2019. This percentage is expected to decrease in the following years, coming down to 30% in 2025

In the upcoming months, household (citizens), and micro and small companies will have to decide on their electricity supplier.

However, the general perception is that majority, at least the citizens, are neither properly informed, nor fully aware of this new opportunity (and obligation).

On **gas interconnections**, the activities on the gas pipeline section Skopje-Gostivar, with a pipeline leg to Tetovo, are in progress. Their completion is expected to be by late 2019. Currently the works are on hold, as environmental groups of activists from the initiative “To save Vodno” are strongly opposing the planned route of the pipeline to go through the protected area of the mountain of Vodno, as it will have effect on the environment, and even more, will endanger the problem with air pollution in Skopje. Several public debates between the state institutions, the activists and the company implementing the works were held in September 2018. However, each of the parties involved stays at their initial positions and arguments for pro and contra the planned route.

On **unbundling**, the Government will continue to have jurisdiction over the Macedonian Power Plants (ELEM), the Electricity Transmission System Operator (MEPSO) will fall under the Ministry of transport and communication, while the Macedonia Energy Resources (MER) will be under the Ministry of Economy.

### *2.1.3. Hydropower*

Hydropower investments are expected to be in conformity with the relevant environmental acquis, considering that the Government has committed that all large industrial, hydro and mining investment projects must fully comply with and respect nature protection regulations and obligations as requested by the country strategic documents.

### *2.1.4. Renewable Energy*

The **utilization of renewable energy sources** (RES) is one of the priorities in the energy sector that is strategically determined in the National Strategy for the utilization of RES until 2020.

In order to reduce the negative effects on the environment from the so-called conventional power plants, the new Law on Energy contains a separate Chapter (Chapter XI) dealing with issues related to the use of renewable energy sources and its share at the energy market. The law also prescribes adoption of an Action Plan on Renewable Energy Sources and preparation of a Report for the implementation of the

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<sup>9</sup> WB6 Electricity Monitoring Report - Energy Community Secretariat  
[https://www.energy-community.org/dam/jcr:06b59775.../EnC\\_WB6\\_032018.pdf](https://www.energy-community.org/dam/jcr:06b59775.../EnC_WB6_032018.pdf)

plan every two years. At the same time, with aim to increase the use of renewable energy sources, and promote environmental protection, the law provides legal framework for production of electricity from renewable energy sources intended for own consumption. It also provides for the surplus of the produced energy to be transferred into the electricity distribution grid, under conditions and in a manner determined in accordance with this new Law. The process of simplifying and streamlining procedures for authorisation, permitting, licensing and connection to the grids has to continue.

#### *2.1.5. Energy Efficiency*

The legislation on **energy efficiency** is not fully aligned with the Energy Efficiency Directive and the Energy Performance of Buildings Directive. The relevant Ministry (the Ministry of Economy) in its Strategic plan 2018-2020 has announced preparation and adoption of a new Energy Efficiency Law. However, no official information on the progress of the process is available on the website of the Ministry, or for that matter, at the ENER (National Electronic Registry of Regulations) website.

The third National Energy Efficiency Action Plan (2016-2018) has set its target to 9 % energy savings by 2018. The real battle for achieving national energy efficiency targets (and greater use of renewable energy sources) is at the local level. With the Law on Energy from 2011 (Article 132), the municipalities were obliged to adopt three-year programs for energy efficiency, annual plans and to submit information on the implementation of the programs in the previous year to the Energy Agency. Although the obligation for these plans has paved the way for the implementation of the energy and climate goals in practice, the annual reports of the Energy Agency for the past years show that not all municipalities fulfilled this obligation (55 out of 81 in 2015) for the preparation of an energy efficiency program. In 2018, the city of Skopje prepared and adopted its Programme for energy efficiency 2018-2020<sup>10</sup> and one year Action Plan, with measures aimed at reducing energy consumption / costs, primarily in facilities that are under city administration jurisdiction, as well as street lighting. By applying all the measures envisaged in Energy Efficiency Program, expected energy savings should be 10625 MWh / per year, equivalent to 0.914 ktoe oil, and will represent 6% of the total envisaged level of energy savings in the public sector of the Republic of Macedonia for 2018 set by the Third National Energy Efficiency Action Plan.

The Energy Efficiency Fund has not yet been set up. The establishment of this Fund is paramount for the delivery of energy efficiency (EE) programmes and measures, promotion of the EE market development, provision of grants, loans, financial guarantees and/or other types of financing that would guarantee results.

In January 2018, the Government adopted a Programme for promoting renewable energy sources and strengthening energy efficiency in households<sup>11</sup>, by providing incentives intended to encourage / stimulate energy efficiency in households in the current 2018.

## **2.2. Environment (Under Chapter 27)**

### *2.2.1. Horizontal Legislation*

Implementation of the regulations in the area of horizontal legislation is in large under the responsibility of the Ministry of Environment and Physical Planning. More specifically, the responsibilities are fully defined and distributed among the relevant sectors within the Ministry, the Environment Directorate and

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<sup>10</sup> Programme for Energy Efficiency of the City of Skopje 2018-2020 (MK)

<http://www.skopje.gov.mk/Uploads/Programa%20Grad%20Skopje%202018-2020-%20konecna.pdf>

<sup>11</sup> Official Gazette of the Republic of Macedonia, no. 17 of 26 January 2018

the State Environmental Inspectorate. Additionally, the local self-government units have enforcement obligations defined in the horizontal environmental legislation.

Most of the horizontal legislation has been transposed into the Law on Environment and the secondary regulations deriving from it. the Directive 2001/42 / EC on the assessment of the effects of certain plans and programs on the environment (SEA Directive), the Directive 2003/4 / EC on public access to environmental information, and Directive 2003/35 / EC on the provision of public participation in the donation the establishment of certain plans and programs in the field of environment (Public Participation Directive) have been fully transposed. The Directive 2011/92 / EC on the assessment of the effects of certain public and private projects on the environment (EIA Directive) is partially transposed.

So far, there is partial transposition (83%) the Directive 2004/35 / EC on environmental liability for damage to the environment, in relation to the protection and repair of damages to the environment (Environmental Liability Directive).

The Environmental Crime directive (Directive 2008/99/EC) is almost fully transposed (90%) into the Penal Code, while the Directive 2007/2 / EC on establishing an Infrastructure for Spatial Information in the European Community (INSPIRE Directive) has been transposed (72%) into the Law on National Infrastructure for Spatial Information.

Delayed implementation of the horizontal legislation has been identified in terms of liability for environmental damage and as a result, there is no real case of applying such provisions in practice so far.

Furthermore, the implementation of the environmental provisions of the Penal Code is at a very low level, due to the lack of capacity to effectively initiate and prosecute environmental crime.

Draft **Law on Environmental Inspection** was prepared within the Twining project, "Strengthening administrative capacities at the central and local level for the implementation of the environmental legislation" aimed at strengthening the capacities of the State Environmental Inspectorate and local environmental inspectors for environmental monitoring. The law provides for better organisation of the environmental inspection, and transposition of the EU Directive 32010L0075, SEVESO Directive and Recommendation 2001/331 / EC on providing minimum criteria for inspections. In December 2017, the law has passed the government consultation. It is still waiting for adoption.

### 2.2.2. *Air Quality*

On **air quality**, the legislative alignment is almost complete, but its implementation remains weak. Concerning **air quality management** in the Republic of Macedonia, the following problems were identified as the main challenges:

- the existing way of preparing air quality plans at the level of a zone / agglomeration creates difficulties because the local self-government units do not have sufficient administrative capacity for mutual coordination because the level of the zone includes a larger number of municipalities with different problems and sources of air pollution;
- the manner of adopting planning documents at the level of units of local self-government and verification and approval of them by the central government are not clearly specified;
- the prescribed short-term measures in the local short-term action plans, as well as the short-term measures proposed by the Intersectoral Working Group and adopted by the Government, are being implemented with difficulty;
- partial control of the implementation of the defined short-term measures by the relevant inspection services and
- insufficient number of state environmental inspectors and authorized environmental inspectors performing control over the implementation of short-term measures implemented under conditions of alarming air pollution.

In that perspective, the Ministry of Environment and Physical Planning in February 2018 announced the beginning of the process of drafting a Law for Amending the Law on Ambient Air Quality<sup>12</sup>. The main purpose is to establish a clear way of preparing air quality plans and short-term action plans as well as to effectively implement air quality improvement measures, in line with the EU 2008/50 Ambient Air Quality Directive.

For a smoother implementation, the law will ensure:

- Clear definition of the competences for preparation and adoption of air quality plans and short-term action plans at the local level, in accordance with two cumulative criteria – exceeding the alert threshold values and population numbers;
- Determination of the competence of the Government to implement certain short-term measures to improve air quality when exceeding the alert threshold;
- Authorisation of other state inspectorates and local inspectors to supervise implementation of short-term measures for air quality improvement.

As announced, the timeframe for drafting of the Law was February - April 2018. In parallel with the preparation of the text of the Law, the Ministry also has foreseen preparation of a Report on the Regulation Impact Assessment (RIA).

The draft version of the law has been prepared. The text is not yet publicly available on the official website of the proposer (Ministry of Environment and Physical Planning), or through the National Electronic Registry of Regulations (ENER) system.

The web portal on **air quality real time monitoring**<sup>13</sup> has been regularly updated. It also provides other useful information concerning the thresholds (limits) for informing and alerting the competent institutions and the public to concentrations / exceedances of pollutants in the ambient air, daily / monthly / annual reports and other relevant data.

The implementation of the measures from the National Plan for ambient air quality protection is ongoing. During 2017, within the Twinning Project "Further Strengthening of the Capacities for the Effective Implementation of the Acquis in the field of Air Quality", Air Quality Plans and Short-term action plans for the agglomeration Skopje region, the municipality of Tetovo and municipality of Veles were developed and adopted. Still, **air pollution levels**, especially in Skopje, Tetovo and Bitola are still very high. The commitment and coordination between the government, central level institutions and municipalities to actively work towards air quality improvement need to be enhanced.

The Government undertook steps by adopting a Decree on reducing the limit values for levels and types of pollutants<sup>14</sup>. The Decree prescribes a set of urgent measures, to be enforced if the average daily concentration of PM 10 particles is above the threshold of over 200 milligrams per cubic meter for two, instead of five consecutive days (as previously prescribed), and when these thresholds are measured at at least two measuring stations in the city of Skopje, or at 50% of the number of stations installed in any town.

It is also necessary to emphasize that the high concentrations of PM10 especially during the winter period cannot be solved only by implementing urgent and short-term measures. At the same time, it is necessary to intensify the process of implementation of the medium and long-term measures defined in the National plan for ambient air quality protection, and in the air quality plans at local level.

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<sup>12</sup> Ministry of Environment and Physical Planning <http://www.moep.gov.mk/?p=13736>

<sup>13</sup> Air Quality Portal <http://air.moep.gov.mk/?lang=en>

<sup>14</sup> Government of the Republic of Macedonia <http://vlada.mk/node/13877>

### 2.2.3. Waste Management

The analysis of the state of **waste management** in the Republic of Macedonia pointed to a number of problems in waste management, the main being: non-compliance of the Law on Waste Management and the regulations deriving from it with the requirements arising from the new changes to the EU acquis in the field of waste, especially in the definitions of waste; overlapping of some of the responsibilities of the waste management institutions and their harmonization between the central and local governments; insufficient implementation of the regulations on waste management; partial implementation of the economic measures aimed at establishing a waste utilization system; and lack of adequate waste management infrastructure.

Due to the detected anomalies, in December, 2017 the Ministry of Environment and Physical Planning (MoEPP) has begun the procedure for **drafting a new Law on Waste Management**. The main goal of the new Law on Waste Management is to establish an efficient waste management system that will minimize the negative impacts of waste generation and management on human health and the environment by respecting the waste hierarchy.

The novelty was that this time, the Ministry has announced the dynamics of the process (on 28th December, 2017, a detailed time framework for preparation of the draft law was announced on the MoEPP website, with specified steps of the process from December 2017 to September, 2018), and the method of involvement of the stakeholders (including public hearings, requests for written opinions, remarks and suggestions from the stakeholders, participation in working groups established by the ministry or the Government, public debates on certain issues through the use of the electronic interactive tools available on the ENER and e-Democracy portals).

The draft version of the law has been prepared. The text is not yet publicly available on the official website of the proposer (Ministry of Environment and Physical Planning), or through the National Electronic Registry of Regulations (ENER) system.

The **National Waste Management Plan (2018-2024)** and the first **Plan for Prevention of Waste Generation** have been developed.

The **National Waste Management Plan** is a short strategic document, outlining the objectives and deadlines for its implementation, while the details are to be given in the regional plans. In addition, short-term waste management plans are to be adopted at the municipal level. The waste recycling rate should continuously grow at the expense of a continuous reduction in the landfill rate. At present, in the Republic of Macedonia recycling rates are still very low.

In the hierarchy of waste management, the prevention of waste generation is in the first place. The **Waste Prevention Plan** encompasses measures aimed at reducing the generation of waste, and measures that need be taken by the central government, at the local level, in the education sector, by the business sector, as well as measures for the citizens.

In March 2018, the Ministry of Environment and physical Planning announced the beginning of the process for amending of three laws related to **management of waste streams**: packaging waste, electronic waste and waste batteries and accumulators.

In analysing the situation, it was found that the main problem in managing of these waste streams is the partial fulfilment of national waste collection and treatment targets, as prescribed in the Law on Management of Packaging and Packaging Waste, the Law on Management of Electrical and Electronic Equipment and Waste Electrical and Electronic Equipment, and the Law on Management of Batteries and Accumulators and Waste Batteries and Accumulators.

The reasons for amending of these three laws are in large related to insufficient clarity of the rights and obligations of the collective and individual waste handlers; partial implementation of the economic measures aimed at establishing a system for waste utilization; lack of proper waste management infrastructure, and violation of the principles of equal access to waste treatment services.

The main objective of the new draft laws for amending the laws currently in force is to establish an efficient system for managing these waste streams, which will enable minimization of the negative impacts of waste management on human health and the environment through the support of the units of local self-government and citizens to implement it.

For that purpose, it is necessary to provide sufficient resources to comply fully with the principle of extended producer responsibility, and establishment of economic measures that are crucial for the future development and long-term sustainability of the extended producer responsibility system

The timeframe set for the preparation of these draft laws was March-July, 2018. Consultations with the concerned parties / stakeholder on the extended producer responsibility have been initiated in March this year, and are ongoing.

Concerning regional waste management, in February this year, the officials from the Ministry of Environment and Spatial Planning announced the start of the project for setting up regional waste centres across the country in line with European standards. The action will be financed from the IPA II funds. Waste management plans for establishing regional waste management centres have been developed for seven regions in the country. Intended timing of publication of a tendering procedure for the East and North-East Region of Macedonia is November 2018.

The aim is establishment of integrated and financially sustainable regional waste management system that will include one Central Waste Management Facility (CWMF) located near the municipality of Sveti Nikole, and six Local Waste Management Facilities (LWMFs), that will serve 16 municipalities from the East and North-East Region of Macedonia.

#### *2.2.4. Water Quality*

In the course of 2018, the process for **amending the Law on Waters** has been initiated. This will provide for further harmonisation with the EU measures 32000L0060, 31991L0271, 31991L0676 and 32006L0118. Also, a number of bylaws will be adopted, which will transpose the stated EU measures 32000L0060, 31991L0271, 31991L0676, 31998L0083, 31978L0659, 31980L0068, 31996L0082 and 32006L0118.

**Urban Waste Water Treatment:** In the course of 2018, continued the implementation of the activities under the IPA Component for construction of systems for collecting, draining and treatment of wastewater (urban waste water treatment plants)

Besides for the city of Strumica (2017), systems for collecting, draining and treatment of wastewater were built in Kicevo, Radovish, Prilep, Gevgelija, Kocani, and by the end of the year is envisaged the beginning of the works for Tetovo, Bitola and Stip

Preparation of the **river basin management plans for Vardar and Black Drim rivers** is ongoing. The new approach to water management laid down in the Water Framework Directive and the Flood Directive requires that waters are to be assessed and managed at the level of river basins rather than by geographical or political boundaries. The demand for water from the river basins is as follows: 79% of the total demand for water from the river of Vardar, 12% from the drainage of the river Crn Drim and 9% from the drainage of the river Strumica. At the end of 2016, the activities for implementation of the IPA Twinning Project for continuing the preparation of the river basin management plan for the river of Vardar. Completion of the plan is expected to be by the end of 2019. In relation to the drainage area of the river Crn Drim, river basin management plan will be prepared for the area of Ohrid.

**Transposition and alignment with the Nitrates and Bathing Directives** will be enhanced through the Technical Assistance and Information Exchange instrument of the European Commission (TAIEX) aimed at providing support to public administrations with regard to the approximation, application and enforcement of EU legislation as well as facilitating the sharing of EU best practices.

**Transposition of Groundwater and Environmental Quality Standards Directives** is still at early stage. Progress in their transposition will be made with the Law on Amending the Law on Waters, preparation of which is currently in progress, and is expected to be finalised by the end of the year.

#### 2.2.5. *Nature protection*

In the area of **nature protection**, progress has been made in establishing a monitoring system of the conservation status of habitat types and species. Activities related to strengthening capacities for preparation of a methodology for biodiversity monitoring, and preparation of national biodiversity monitoring program were realised within Component 3 of the EU Twinning Project "Strengthening the capacities for effective implementation of the European legislation in the field of nature protection" (MK 13 IPA EN 02 17). In May 2018, in the National Park Pelister, training was conducted on the methodology for monitoring habitats, plants, and invertebrates of European importance. The methodology for monitoring selected insect species has been tested.<sup>15</sup> In addition, protocols for monitoring various bird species habitats have been developed and tested in two protected areas: the National Park of Pelister and the in area of Prespa Lake.

Concerning implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora Regulation (CITES), the country regularly reports on the provided permits for trading. Preparation of a new Law on International Trade in Endangered Species of Wild Fauna and Flora is in progress, including a red list of amphibians and reptiles and provisions on the trading procedure for these species.

Progress has been also made in relation to respecting nature protection obligations when hydropower, mining and large infrastructure investments are planned. The Government has committed that all large industrial, hydro and mining investment projects must comply with and respect nature protection regulations and obligations as by the country strategic documents (National Nature Protection Strategy 2017-2027 with Action Plan, and National Strategy on Biodiversity with Action Plan).

#### 2.2.6. *Industrial pollution and risk management*

As regards **industrial pollution and risk management**, a new Law on Industrial Emission and related implementing legislation have been developed but not adopted yet. The remarks on the draft text presented at the public debates were partially incorporated into the law. The main obstacle highlighted by the stakeholders is the timeframe for implantation, which due to the current state of the industry (technical and financial), will have effects in both economic and social terms.

Limited progress has been made on transposing the SEVESO III Directive. Preparation of a Rulebook on the criteria for determining cases of a major accident, as well as a Rulebook on the types of hazardous substances and quantities for the presence of hazardous substances, harmonised with the SEVESO III Directive (32012L0018) is envisaged.

Concerning EU Eco Label Regulations, depending on the approved funds, it is envisaged to continue the activities related to the projects for environmental labelling.

The revised National Emission Reduction Plan for large combustion installations, adopted in April 2017, was approved by the Energy Community Secretariat. In this period, a preliminary list of operators where an accident with the presence of dangerous substances can have transboundary consequences has been prepared. The list will need to be upgraded with data provided by the inspectorate, from their fieldwork activities.

Some progress has been made on integrated permits, but further improvement on quality is required. Local-government capacity in the procedures for issuing B-integrated permits is still low. In the course of 2018, trainings on the implementation of the procedure for issuing integrated environmental permits are planed.

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<sup>15</sup> Natura 2000 <http://natura2000.gov.mk/mk/obuka-za-metodologijata-za-monitoring/>



### 2.2.7. Chemicals

Concerning **chemicals**, the EU Regulation on the classification, packaging and labelling of biocide products, as well as the REACH Regulation (EC) No 1907/2006 for Registration, Evaluation, and Restriction of Chemicals is fully implemented. The Commission for Registration of Chemicals has been established, which besides representatives of the sector, includes well-known scientists from several scientific-research institutions. In total, 220 chemicals have been registered in the Republic of Macedonia, out of which 99% in shortened procedures, as they come from the EU countries<sup>16</sup>.

In 2018, it is planned to finalise the inventory of mercury, as well as the identification of sources of mercury emissions.

For 2018, analysis of the Law on Chemicals with regard to compliance with the EU regulations is planned, followed by a transposition of the new EU regulations: 32016R0009, 32016R0918, 32016R1179, 32017R0999, 32017R0776 and 32017R0542 in the Law on Chemicals and the corresponding secondary regulation.

So far, information on the progress of the process is not publicly available at the official website of the Ministry of Health, or through the National Electronic Registry of Regulations (ENER).

### 2.2.8. Noise

Republic of Macedonia so far has made good progress in approximating to the EU requirements on noise. The country has fully transposed the Environmental Noise Directive in its national legislation. Actions for preparation of **strategic noise maps** are in progress. Equipment and relevant software for mapping have been provided. In addition, preparatory works for the beginning of a two-year IPA project (2019-2020), aimed to support the progress, are ongoing. The project envisages assistance from EU experts. Initially, mapping will include the city of Skopje, Bitola, Kumanovo and Tetovo.

### 2.2.9. Civil Protection

Republic of Macedonia, through the Directorate for Protection and Rescue (DPR), in accordance with the allocated quota, participates in the Training Program of the Civil Protection Mechanism, which aims to improve coordination of interventional assistance in the field of civil protection by ensuring compatibility and complementarity between the intervention teams of the participating countries. This program includes courses, trainings, seminars, joint exercises, as well as a system of exchange of experts from the countries participating in the Mechanism.

The agreement on the TESTA platform (Trans European Services for Telematics between the Administrations) between the European Commission and the Ministry of Information Society and Administration (MISA) was signed on 26.06.2018. Technically, the system will be located and managed by the Ministry of Interior. After the installation of the complete system, the DPR will be able to start establishing a connection with the Common Emergency Communication System, for which the DPR already has technical capacities and partly human resources.

The Directorate for Protection and Rescue started regular participation in the meetings of the EU Civil Protection Committee.

Preparations are under way to implement a comprehensive peer review of the protection and rescue system by experts from EU Member States, planned for the period from 24.10 - 9.11.2018.

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<sup>16</sup> National Programme for Adoption of the Acquis Communautaire (NPAA), revised 2017-2019, <http://www.sep.gov.mk/en/content/?id=13>



### 2.2.10. Climate Change<sup>17</sup>

Republic of Macedonia ratified the **Paris Agreement** in November 2017 and with that is responsible to follow its nationally determined contributions (NDCs).

Concerning the reporting requirements, Republic of Macedonia has a dual status. As a signatory to the United Nations Framework Convention on Climate Change (UNFCCC), the country is required to follow the reporting requirements as a Non-Annex I - developing country, while as a candidate country for European Union membership, it must adhere to EU Climate and Energy Policy, assuming the commitments of Annex I countries. Country's reporting efforts are, therefore, twofold:

- Regarding its status of an EU candidate member state, Macedonia has an obligation to explore the optimal way for improving its system of monitoring, reporting, planning, and aligning its energy and climate policies with the relevant EU policies, and to do so in close cooperation with the rest of the signatories of the WB6 Sustainability Charter, following the adopted recommendation of the Ministerial Council of Energy Community (EnC) on greenhouse gas emissions' (GHG) monitoring;
- Regarding its reporting obligations to the UNFCCC, Macedonia prepares National Communications (NCs), Biennial Update Reports (BURs), and National Inventory Report. As the reporting towards EU (Annex I Party) is similar although the required content and the timetable for its submission are more demanding, Macedonia has voluntarily incorporated much of the Annex I UNFCCC reporting principles within its NCs and BURs.

The preparation of the INDCs and the rest of the UNFCCC national communications have developed capacities within the different relevant institutions nationally, that translates to improvements in country's deliverables on climate action. Namely, the mitigation analyses with the First BUR are conceptualized through WOM (without measures), WEM (with measures) and WAM (with additional measures) scenarios. In addition, as a part of the First BUR, a conceptual Monitoring, Reporting and Verification (MRV) framework that includes an appropriate institutional setting was developed.

Conclusions of the Second BUR<sup>18</sup> submitted in March 2018, point out it that higher climate change ambition is possible for Macedonia by implementation of 46 measures (35 measures in the Energy sector, 8 measures in Agriculture, Forestry and Other Land Use (AFOLU) and 3 measures in the Waste sector) - all selected from national strategic and planning documents. Furthermore, approximately 80% of all emission reductions can be achieved through the implementation of 'win-win' measures, which, if implemented, not only will reduce emissions, but will also create financial savings for the country.

**Progress in legal alignment:** Macedonia is at an initial stage regarding the development of the integrated National Energy and Climate plan (NECP) for the years 2021 to 2030. In terms of energy, the country is currently in search of funding in order to develop a National Strategy for Energy Development to 2040. The preparation of the Law and Strategy on Climate Change has been programmed under the EU Instrument for Pre-Accession Assistance (IPA II) funding mechanism. The preparation of this strategy is expected to begin in October 2018 and last for 18 months.

The national body with existing capacity to work towards integration of energy and climate action in the country is the Macedonian Academy of Sciences and Arts (MASA) whose potential lies in developing the technical and analytical aspects of NECP. However, MASA's work is project based, dependent on funding by international bodies, and is not legally binding. Positive developments in the direction of strengthened national collaboration

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<sup>17</sup> Source: Ministry of Environment and Physical Planning, unofficial document "**State of Progress – Macedonia**"

<sup>18</sup> Macedonian Second Biennial Updated Report on Climate Change  
[http://www.unfccc.org.mk/content/Documents/SBUR/1\\_EN%202.pdf](http://www.unfccc.org.mk/content/Documents/SBUR/1_EN%202.pdf)

and institutional dialogue on climate and energy issues is the recently signed Memorandum for cooperation on sustainable energy development between MASA and the Ministry of Economy (March 2018).

Overall, with all of its actions in the two areas, as well as the preferable timing, Macedonia has the basis and a lot of potential to be a positive example of consolidated climate and energy efforts, particularly with and in the lead up to the development of the integrated National Energy and Climate Plan.

### **3. Concluding notes**

#### ***Access to information***

Information on the implementation, in particular for those pieces of legislation that are covered by the alignment process, needs to be more up to date and in a transparent manner, available to everybody involved or interested in environmental monitoring and reporting. This will be of benefit to all parties: administration, the public and businesses.

#### ***Programming the Progress in correlation with Financing***

Considering the allocations programmed in the indicative budget for 2018 of the revised National Programme for Adoption of the Acquis Communautaire (NPAA), 2017-2019, for areas in Chapter 15 and Chapter 27, slower progress in certain areas is to be expected.

#### ***Implementation and Capacity***

Enforcement and implementation are areas that need significant efforts. Delayed implementation of the horizontal legislation has been identified only in terms of liability for environmental damage, and as a result, there is no real case of applying such provisions in practice so far. Furthermore, the implementation of the environmental provisions of the Penal Code is at a very low level, due to the lack of capacity to effectively initiate and prosecute environmental crime.

Human, technical and financial reinforcement is paramount for delivering results.

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