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Country Specific Report

Written Contribution for the 2020 Annual Report

Republic of North 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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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). 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, crosscutting 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 North Macedonia¹ is a candidate country since 2005. In 2008, the Council adopted the revised Accession Partnership² with the Republic of North Macedonia. Since 2009, in continuation the Commission was recommending the Council to open accession negotiations.

In light of the progress achieved in previous years, in April 2018 the Commission repeated its unconditional recommendation to open accession negotiations. In June 2018, the Council set out the path towards opening accession negotiations in June 2019³.

¹ With the Decision on Declaring Amendments XXXIII, XXXIV, XXXV and XXXVI to the Constitution of RM, from January 11, 2019 Republic of Macedonia changed its name into Republic of North Macedonia <https://www.sobranie.mk/content/Odluki%20USTAV/odluka-amandmani-11.1.19.pdf>

² Revised Accession Partnership with RM <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:080:0032:0045:EN:PDF>

³ Republic of North Macedonia: Status of negotiation <https://www.consilium.europa.eu/en/policies/enlargement/republic-north-macedonia/>

In June 2019, the Council discussed the European Commission's communication of 29 May 2019 on the EU enlargement policy and the report on the Republic of North Macedonia. In light of the limited time available and the importance of the matter, it decided to revert, no later than October 2019, to the issue of opening accession negotiations with the country, with a view to reaching a clear and substantive decision.

Yet again, in October 2019, the presidency issued procedural conclusions noting that the Council will discuss the issue after the October European Council, and will revert to the question of enlargement before the EU-Western Balkans summit in Zagreb, in May 2020.

Finally, on 26 March 2020, the European Council endorsed the Council's decision to open accession negotiations with North Macedonia⁴. At the EU-Western Balkans summit in Zagreb, held in May 2020, it was announced that by the end of this 2020, North Macedonia would hold the first intergovernmental session with the EU Commission, which in effect would represent the beginning of the negotiation process for our EU accession.

At the time of writing this report, North Macedonia is still awaiting the approval of the new negotiation framework, and new challenges are on the horizon...

Environmental Status

Baseline position for this legislation progress monitoring report are the key findings and recommendations regarding the ability of the Republic of North Macedonia to assume the obligations of membership vis-à-vis its environmental status notified in the 2020 EU Commission Report⁵.

Concerning the area of **energy**, Republic of North Macedonia has been assessed as **moderately prepared**. As noted, the country has made **good progress** in the adoption of implementing legislation in relation with the Third Energy Package.

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

- Finishing the unbundling of the gas transmission system operator;
- Incensement of the number of staff as well as the technical/engineering capacity of the Energy Department in the Ministry of Economy and the Energy Agency;
- Adoption and implementation of the Energy Efficiency implementing legislation:

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 **limited progress** in "*nature protection, civil protection and climate change areas*". However, the key problem with implementation continues to be the biggest issue: in all sectors, it is lagging behind.

⁴ Joint statement of the Members of the European Council, March 26 2020
<https://www.consilium.europa.eu/media/43076/26-vc-euco-statement-en.pdf>

⁵ The Report, presented on October 6, 2020, is covering the period from March 2020 to September 2020.
https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/north_macedonia_report_2020.pdf

Key recommendations for North Macedonia in the coming year concerning **Chapter 27: Environment and climate change** notified in the last report encourage the country to considerably step up ambitions towards a green transition and should in particular:

- Improve the inter-sectoral coordination and increase the financial resources for reduction of air pollution at the local and national level;
- Set up an integrated regional waste management system and intensify the efforts for implementation of the adopted regional waste management plans;
- Implement the Paris Agreement, including by developing a comprehensive climate strategy and adopting a law, consistent with the EU 2030 framework, and develop a National Energy and Climate Plan, in line with Energy Community obligations

Having in mind that these two chapters are with an extremely complex *acquis*, which also requires significant investments in strengthening the institutional capacity for implementation, a special and continuous commitment by the authorities is needed. Hence, it should come as no surprise that most of the key recommendations relate to institutional strengthening and implementation in general, but also to approximation of legislation and the strategic framework, as the need for further harmonization with European legislation is also pointed out in the report.

The need for additional funding to implement laws and policies is rightfully recognised in the report as a necessity and a challenge. For Chapter 27 generally it states that financial resources for implementation of legislation are a challenge. Significant financial resources are also needed in Chapter 15 in the area of energy efficiency improvement, whereby the need for greater commitment of municipalities for its improvement is underlined.

Finally, we believe it is worth noting that in line with the new negotiation framework structure (instead of by chapters, it is organised in clusters, in total 6), in the Cluster 4: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY, energy (Chapter 15) and environmental issues (Chapter 27) are coupled with transport policy (Chapter 14) and trans-European networks (Chapter 21).

The cluster is linked to the realisation of the “European Green Deal”, which recognises that the EU’s environmental transition is impossible without effective action in its immediate neighbourhood. The second axis, connecting the chapters in these clusters, is the “Connectivity Agenda” for the Western Balkans, aimed at strengthening infrastructure links with and in the region, especially in transport and energy, which should contribute to economic growth. Apart from Chapter 15 (Energy), which is assessed with good progress, it is worrisome that all the other chapters are assessed with limited or some progress. Chapter 21 is the only one with a good level of preparation, while Chapter 27 has only some level of preparation. The fact that these chapters are an important part of the Economic and Investment Plan for the Western Balkans is of particular concern.

In light of the Covid 19 health and economic crises, which has and still is affecting the country (and the world in general), the challenges referred to above (adoption, financing and implementation) are deemed to become even greater.

1.2. Summary of the Report

This report presents a review of the legislation progress for the period December 2019 to September 2020 in respect to 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.

In the past nine months of 2020, it is fair to note that environment was partially in the focus of the Government and Parliament activities. Even though the government and Parliament have been in large focused on other issues (the dissolution of the Parliament on February 12, and establishment of a Technical government to prepare the early parliamentary elections; the Covid 19 pandemic outbreak in March 2020, and all the challenges with the health and economic crises – currently still in the focus of the authorities; preparations for the early parliamentary elections initially foreseen for April 12, and eventually held in July 15 2020; establishment of the new Parliament in August 2020, and belated establishment of the new political government in September, 2020; the uncertainty for holding the first intergovernmental session with the EU before the end of 2020), certain progress, in respect to 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

In the 2020 EU Country Progress Report for **Chapter 15**, Republic of North Macedonia is assessed as **moderately prepared**. As noted, the country has made **good progress** in the adoption of implementing legislation in relation with the Third Energy Package. The National Energy Strategy (2020-2040) has been finally adopted. It fully reflects the EU energy and climate policy priorities and 2030 targets, as well as the integrated energy and climate strategy. The Energy Strategy is a particularly important strategic document that foresees how the energy life in Northern Macedonia will unfold in the next 20 years. On **gas interconnections**, North Macedonia has visibly shifted up a gear as regards the transposition of the Energy Community gas *acquis*. **Unbundling and certification** of the transmission system operator was completed in due course, taking full account of the Opinion of the Energy Community Secretariat. The unbundling of the main distribution system operator is also in accordance with the *acquis*. Concerning the **utilization of renewable energy sources (RES)**, The Energy Community lowered the 2020 renewable energy targets, and now the amended national renewable energy action plan aims to meet the revised binding target of 23% of energy coming from renewable energy sources by 2020 and 24% by 2025. As for the **energy efficiency**, the fourth action plan on energy efficiency has not been adopted. A new Law on energy efficiency that aims to align with the EU energy efficiency and the energy performance Directives has been adopted. The current legislation needs to be enforced. Adopting implementing legislation remains a challenge, due to limited human and technical resources at the Ministry of Economy's energy department and the Energy Agency. The Energy Efficiency Fund has not yet been set up.

Key developments in relation to **environment and climate change**, concerning **air quality**, the legislative alignment is almost complete, but its implementation remains weak. The new Law on Ambient Air Quality is still waiting its adoption. In regards to the **waste** sector, the new Law on Waste Management has been prepared, but has not been adopted yet. The same applies to the several laws on

special waste streams, which are still pending for adoption. The new National Waste Management Plan (2020-2030) has been prepared. In the context of the approximation of RS Macedonia with the EU goals for introduction of a circular economy, the planning document also provides a framework of measures and envisages a period in which these activities could move forward in the country. On **water quality**, the country made limited progress. Further steps were taken to secure funds for the construction of the wastewater treatment plant in Skopje, and work on wastewater collectors is ongoing.

For **nature protection**, the country has made some progress. It is worth to note that in the past three years, nature conservation activities appear to have been overshadowed by other segments of the environment, particularly air pollution and waste. As regards **industrial pollution and risk management**, a new Law on Industrial Emission and related implementing legislation have been developed but not adopted yet. Concerning **chemicals**, the country ratified the Minamata Convention. In the period covered by this report, no progress was made in the area of **noise pollution**. There has been some progress on **civil protection**. The country continues to participate in the Union Civil Protection Mechanism (UCPM), such it was the case with the Covid 19 crises, but it needs to strengthen its capacities for coordinated and efficient disaster mitigation and response action at all levels. In addition, certain steps were taken to finalise the technical connection to the Commission's common Emergency Communication and Information System (CECIS). With reference to **climate change**, the alignment of the legal framework with the *acquis* is still at an early stage. The preparation of a climate law and a comprehensive strategy on climate action, consistent with the EU 2030 framework, is ongoing. The country is the first contracting party under the Energy Community that integrated the pillars of energy and climate approach into the new National Energy Strategy (2020-2040). The country finalised its 3rd Biannual Update Report to the UNFCCC and currently the 4th National Communication Report to the UNFCCC are in preparation.

2. Obligations of Membership

2.1. Energy (*Under Chapter 15*)

2.1.1. *Security of Supply*

The National Energy Strategy (2020-2040) has been finally adopted. It fully reflects the EU energy and climate policy priorities and 2030 targets, as well as the integrated energy and climate strategy.

The Energy Strategy is a particularly important strategic document that foresees how the energy life in Northern Macedonia will unfold in the next 20 years. The latest energy document is very different from the previous ones, primarily in terms of its structure, but also essential, commented experts and participants in its preparation. It is based on the latest EU recommendations, and in addition to energy, the part of climate change is embedded. The document is based on five pillars: energy efficiency, decarbonisation, integration and security of energy markets, research, innovation and competitiveness, and legal and regulatory aspects. Compared to previous such documents, the Strategy now has strengthened energy efficiency measures as one of the largest domestic resources, as well as investing in renewable energy sources. The Boskov Most and Lukovo Pole projects, as well as the construction of

small hydropower plants in protected areas, have been discarded as investments, and no construction of new coal-fired power plants is planned.

North Macedonia, as a small country, must be (and is) open to any kind of cooperation with other countries, especially when it comes to cooperation in the energy sector, since, in terms of electricity production, the country is largely dependent on the production of coal-fired power plants. The future of REK "Bitola", as this concerns security of supply, is very uncertain, especially if a mandatory tax is introduced for CO₂ emissions, which will have a significant impact on the operation of the plant. In the referent scenario of the Energy Strategy, it is assumed that there will be an increase in the price of CO₂ tax by 2040, up to 30 euros per ton, and more (currently 27 euros per ton, at EU level). In that case, REK "Bitola" can continue to work, but will have to install installation equipment for desulphurization and, in addition, to open a new coalmine. That investment amounts to between 200 and 250 million euros. If it is assumed that the tax will be over 30 euros per ton, then the operation of REK "Bitola" is in question, i.e., this plant will not be competitive in the electricity market.

The 2014 Law on Compulsory Oil Reserves was amended for the fourth time and its entry into force is now postponed for 2021 (with 6 years overdue). Corresponding implementing legislation and action plans that comply with the Oil Stocks Directive have been prepared, but the approval of the necessary by-laws and action plans is still in delay. As with the latest government decision, the oil industry is now compensated for holding emergency oil stocks.

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 liberalisation of the electricity market in North Macedonia for small commercial customers and households was made possible with the adoption of the new Energy law in May 2018, which provided for these consumers to become eligible to choose their supplier from January 1 in 2019.

There are about 18 thousand companies (consumers) in the country, registered by measuring points that are supplied with electricity on the free electricity market. According to the data available through the Energy Regulatory Commission, the number of companies in the liberalized electricity market may be slightly lower because one company can be connected to several measuring points. What is important for the regulator, as they say, is that they have not received significant complaints regarding the electricity supply and the mutual relations between the electricity suppliers and the companies.

According to the Energy and Water Services Regulatory Commission, the new model of a universal supplier has proved to be functioning well, providing stability and security in the delivery of electricity. Consumers so far have no objections. Starting from July 1, 2019, when the universal supplier EVN HOME DOO Skopje started performing the energy activity, according to the ERC, there have been no open questions regarding the electricity supply.

EVN was selected as the most favourable bidder in the public bidding, and as a universal supplier in the regulated market, it works according to a fixed margin defined by the tender procedure in the next 5 years. The universal electricity supplier EVN Home supplies electricity to customers who have not chosen a supplier in the liberalized market. Specifically, EVN Home serves all households and

businesses with less than 50 employees and a total annual income of less than 2 million euros that have not selected their supplier

According to the ERC, not only the free market, but also the energy sector as a whole has no major problems in the 2019-2020 season. They say that in the field of electricity, open questions arise in the networks due to the overload of some elements. However, in order to avoid such situations in the future or to minimize them, the authorities have taken the initiative and a draft decision is currently being prepared, which will provide for a mandatory indication in the process of obtaining the building permit, to state exactly what type of energy each new building will use for heating.

The key goal is to use the resources we have as a state in the most efficient and economical way to solve the heating of the citizens. For example, where there is an organized heating system, the new buildings should be connected to it, and if the investor shows that there is a more efficient system to solve the heating problem, it is not disputable to implement that solution. In this way, companies in the energy sector will be able to properly plan future investments.

In accordance with the Law on Energy, consumers are obliged to choose a supplier on the open market within 90 days, a period after which the universal supplier (EVN Home doo) will no longer have the opportunity to supply them with electricity.

In May 2020, the companies in the field of energy from the country submitted their requests for determining the new price of electricity. The Energy Regulatory Commission after analysing their overall costs, decided to increase the price of electricity for 7%, which instigated public protests.

On **gas interconnections**, North Macedonia has visibly shifted up a gear as regards the transposition of the Energy Community gas *acquis*. The activities on the gas pipeline section Skopje-Gostivar, with a pipeline leg to Tetovo, are ongoing and in progress. Their completion is expected in the first half of 2021. Activities on the gas pipeline sections Nehotino – Bitola, with a pipeline leg to Kavadarci are also in progress.

Unbundling and certification of the transmission system operator was completed in due course, taking full account of the Opinion of the Energy Community Secretariat. The unbundling of the main distribution system operator is also in accordance with the *acquis*.

The Macedonian Electricity Market Operator (MEMO), established as a spin-off of the transmission system operator in October 2018, became operational on 1 October 2019. Further to this, the Government's decree on operation of the organized market operator, including the necessary technical, staffing and financial conditions, was adopted on 29 October 2019. The new balancing mechanism is fully market oriented.

Progress has been made also concerning the gas transmission system. Namely, the deadlocked relationship between the State and Makpetrol has been finally resolved in November 2019. Realisation of this agreement between the State and Makpetrol, envisaged to become operation in the early start of 2020 is not yet translated into practice.

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.

Related to promoting the use of RES in a way that ensures sustainable development, the Strategy notes that the construction of new small hydropower plants should be carefully assessed against environmental impacts and the benefits of electricity generated.

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.

The Energy Community lowered the 2020 renewable energy targets, and now the amended national renewable energy action plan aims to meet the revised binding target of 23% of energy coming from renewable energy sources by 2020 and 24% by 2025. In 2018, the country achieved only an 18.12% share.

By the end of August 2020, the Bogdanci wind farm delivered over 87 GWh of electricity, which is 37.5 percent more than the planned production for that period. Thus, four months before the end of the calendar year, this production capacity that uses the wind as a driving force has already achieved over 91 percent of the annual production plan provided in the energy balance. The production of WPP Bogdanci in the first half of 2020 as of June 30 is 68,452 MWh or 43.5 percent more than the planned 47,712 MWh.

The second phase for the wind farm "Bogdanci", for which the implementation procedure is already underway, consists of 4 to 6 turbines, each with a nominal capacity of 3 to 4 MW. The second phase increases the capacity of the existing wind farm "Bogdanci" for an additional 13.2-15 MW. The project planned investment is 21 million euros, of which 18 million Euros from the German KfW Bank and 3 million Euros from AD ESM.

According to the program of the new government, a fundamental change of the energy profile of the country is planned in order to prepare the country for the future challenges for the coming years. For that purpose, the energy sector needs to be sustainable and diversified, with cheap energy and stable sources of supply, with significantly increased domestic production. The projections envisage that by 2024, over 50 percent of the total installed electricity power in the country will be from renewable energy sources, which will reduce emissions of harmful gases from energy sources by more than 20 percent.

The Program envisages modernisation and transformation of TPP Negotino, into a plant that will use natural gas and will provide opportunities for increased agricultural production. Support for innovations in photovoltaic technology is announced, to help the new photovoltaic power plants with installed capacity of 400 megawatts, of which 100 megawatts are planned to be in TPP Oslomej, to produce about 560 gigawatt hours of electricity or about 10 percent of total domestic production.

In the next four years, it is planned to build wind power plants with an additional capacity of 160 megawatts and new 30 megawatts of biogas power plants, which will be offered to those investors who will open livestock plants or will be organised in cooperatives.

The program also envisages reinforcement of the electricity network throughout the country with new transmission lines and transformation stations, in order to enable new investments in photovoltaic and wind power plants throughout the country.

Full completion of the main gas pipelines and rapid development of distribution networks for households, administrative, commercial and industrial facilities are also planned.

At the moment our country has only one source of gas supply (Bulgaria), but it is working on expanding the network. The inter-connector with Greece is very important for us as a country. Connection with Albania, Kosovo and Serbia is also planned, which will create a larger source of gas supply, but will also ensure security and independence for us as a country.

2.1.5. Energy Efficiency

The fourth action plan on energy efficiency has not been adopted. A new Law on energy efficiency that aims to align with the EU energy efficiency and the energy performance Directives has been adopted. The current legislation needs to be enforced. Adopting implementing legislation remains a challenge, due to limited human and technical resources at the Ministry of Economy's energy department and the Energy Agency.

Financing to promote energy efficiency should be increased, including by setting up the Energy Efficiency Fund. Household heating is a serious problem and has a major impact on air pollution. Municipalities should take steps to fully respect their obligation to develop and implement municipal energy efficiency programs. According to the provisions of the Law, all bylaws in the field of energy efficiency should be adopted within 90 days to 1 year from the date of entry into force of the Law on Energy Efficiency. The most important of these are the Rulebooks on Energy Audits of Buildings and Large Traders as well as the Rulebook on Energy Performance of Buildings, which should be adopted no later than 6 months after the new law comes into force.

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.

According to the latest "Energy Development Strategy in the Republic of North Macedonia by 2040" the country will need a minimum of 1.5 billion euros by 2040 to reconstruct existing housing, commercial and public facilities to implement energy efficiency measures.

The Strategy outlines three scenarios for the period up to 2040 – referent, moderate and green transition scenarios, and with them, the funds that will be needed to spend on changing windows, doors and roofs, the construction of new facades and other interventions and measures to achieve savings in energy consumption in already built facilities across the country.

The referent scenario envisages 1 billion and 576 million euros for the reconstruction of the existing facilities in the next two decades, while the scenario of moderate transition envisages 1 billion and 726 million euros for this purpose. The green scenario for energy reconstruction of existing facilities requires the most funds. According to the Strategy, by 2040, as much as 2 billion and 558 million euros will have to be allocated - mostly for the rehabilitation of residential buildings in Macedonian municipalities.

The new Law on Energy Efficiency has created a legal basis for the adoption of a national Strategy for reconstruction of facades in the upcoming period. Using the TABULAR methodology, the typology of the buildings in the residential sector is currently being developed by collecting data on them, in order to establish a complete insight into the real situation.

The typology of buildings will be the starting point for the preparation of the Strategy for reconstruction of buildings for housing, public and commercial buildings, which according to the Law on Energy Efficiency is expected to be adopted no later than two years from the entry into force of the law. However, the biggest dilemma facing the state is the provision of funds for the implementation of energy efficiency measures at existing facilities. Preparations are underway for the launch of the Energy Efficiency Project in the public sector, which will reduce the energy consumption of these facilities through a loan from the World Bank in the amount of 25 million euros. Other sources of funding from the state will still need to be sought, and more time will be needed for the establishment of a national Energy Efficiency Fund.

The Ministry of Economy position is that the legislation on the establishment of the Energy Efficiency Fund will have to be drafted and adopted in approximately one year after the launch of the Energy Efficiency Project in the public sector, while the National Fund is expected to become operational within two years after the start of the project activities for implementation of energy efficiency measures in the public sector.

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 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 decision-making process for 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. Environmental impact assessment (EIA) and Strategic Environmental Assessment (SEA) procedures

need to be further improved. The quality of studies and public consultation processes, especially for projects related to hydropower, mining and infrastructure, needs to be further improved

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). In the period covered with this report, *no progress is made in the area of environmental liability*.

The Environmental Crime directive (Directive 2008/99/EC) is almost fully transposed (90%) into the Penal Code. Some progress is achieved, but 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*. 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. Some progress is also achieved with respect to INSPIRE directive, yet a lot needs to be done in terms of implementation.

The draft **Law on Environmental Inspection**, 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, should provide 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. *We are in 2020 now, and it is still waiting for adoption*.

Cooperation with the civil society has enhanced. The Ministry of Environment improved the practice of organising working meetings with representatives from the civil society organisations in the field of environmental protection. The first Aarhus Centre was set-up aimed to create opportunity for public participation related to environment related issues. However, further efforts are needed for effective public participation and consultation in decision-making processes. Fulfilling the form (invitation of CSOs to consultative meetings) does not suffice to achieving a meaningful improvement (closer and constructive cooperation with all stakeholders in the field of environmental protection). Constructive criticism directed at the work of the responsible institutions can only contribute to (and serve as) a roadmap for improving their work.

Administrative capacity at all levels remains weak and financial resources are still insufficient to implement existing legislation.

2.2.2. Air Quality

On **air quality**, the legislative alignment is almost complete, but its implementation remains weak. The new Law on Ambient Air Quality is still waiting its adoption.

The lack of sufficient administrative and financial resources is still the main obstacle to putting in place air-quality improvement measures. The progress of implementation of the plan to reduce air pollution is slow, and the air pollution levels in the major cities, particularly with the beginning of the heating season are still high.

The two-year Plan for reducing air pollution (2019-2020)⁶ presented in 2018, was aimed, if the planned activities are fully realised, to contribute for reducing the air pollution in Skopje by 50%, and in other cities affected by the air pollution, by 30 to 50%. The allocation of funds for implementation of the Plan and the air-quality improvement measures (introduced in 2019) continued also in 2020.

The fundamental principle of this Plan for reduction of air pollution is to tackle, or prevent, sources of pollution. Among other priority measures, such as: monitoring and replacement of all instruments in the 18 monitoring stations and application of modern mathematical models for modelling and proper forecasting of air pollution; increased inspection controls; public campaigns; changes in the legislation; the plan foresees dealing with the sources of pollution (household heating, transport, industry, construction, waste).

The national air quality-monitoring network has been renewed with the replacement of few analysers, but it still requires considerable reinforcement. Out of 18 air quality-monitoring stations installed throughout the country, 16 are operational.

In March 2020, the Ministry of Environment signed an agreement with Euromak-Control DOO Skopje to prepare documentation for the start of the accreditation process of the Central Laboratory within the Ministry, which has not been yet accredited for air quality testing methods.

The selected company had an obligation to prepare the necessary documentation for accreditation of the Central Laboratory within five months, after which it would apply to the Institute for Accreditation of Macedonia for accreditation of methods for air quality testing. The entire accreditation process is expected to be completed within a year. Once the methods used have been accredited, the MoEPP Central Laboratory will be able to perform air pollution measurements and pollution control inspections, and the results obtained from the samples taken by the competent inspections will be considered relevant in all official procedures. So far, it has not been the case.

The problem with the accreditation of the laboratory at the MoEPP is not new. For decades, the environmental inspectors were taking the samples for testing in private laboratories, accredited for testing air pollution. Because these laboratories were often hired by the companies in question, environmental associations and the professional public pointed to a possible conflict of interest and unbiased measurements and determination of the actual situation with air pollution.

The city of Skopje, and few other municipalities have prepared local plans, with measures to mitigate the problem with air pollution and improve the air quality in the urban areas, but the pace of their implementation should be increased. For example, the City of Skopje, and some of the municipalities in the city (the municipality of Centar, Karposh,...), continued with giving subsidies to citizens for covering the bicycle provision costs (aimed to diminish the air pollution from the traffic) and air conditioners provision costs (aimed to diminish the air pollution from household heating), improvement of the cycling infrastructure in the city of Skopje (bike lanes, biking square, etc), cleaning of illegal dumpsites and increased inspections to prevent burning of the waste on open. Yet a lot more needs to be done to decrease the levels of air pollutants in the urban areas.

In June 2020, the Intersectoral Working Group (IWG) for Monitoring the Ambient Air Quality responsible for defining and proposing recommendations and measures which need to be taken for

⁶ https://vlada.mk/sites/default/files/programa/programa_namluvanje_aerozagaduvanje.pdf

improvement of air quality, held its 15th video-conference meeting, after which joint conclusions were reached, with appropriate proposal for short-term and medium-term measures.

Short-term measures included: one day a week to work from home (for example Friday); one day a week without motor vehicles (for example Wednesday); one day a week to teach on-line; once a month one session of the Government to be on-line; to the sessions of all various government Commissions, the invited guests to participate exclusively on-line; in the third package of economic measures to help only those companies that will show that their business plans for future activities take into consideration the environmental protection; exemption from repayment of subsidies if the company applies the measures of the new Macedonian Green Deal and the Paris Agreement; stimulating companies to design their business models according to the principles of circular economy; placement of mini containers for medical waste; adoption and implementation of the Decree on eco-labels; and harmonization and acceptance of the proposals from the initiative "On Bicycles" to create functional conditions for stimulating the use of bicycle traffic.

For medium-term measures, they proposed decarbonisation of the heating methods (both in households and in public institutions); accelerated implementation of the Clean Air Plan; to ensure that there is no public institution that pollutes; subsidies for households to replace heating if it pollutes; protection of producers of renewable sources of energy; mass project "Renovation of buildings" for increased energy efficiency; equalising the price of extra light fuel with diesel, etc

2.2.3. *Waste Management*

Regarding **waste management**, the country's progress was limited.

In January 2020, the Parliament of North Macedonia, after nearly two months of receiving the proposal, finally passed the amendments to the Law on Waste Management that prohibit the import of waste to be used as an energy source.

Public pressure to amend the Law on Waste Management and ban the import of waste to be used as an energy source has increased following the announcement of an investigation affair opened by the Bulgarian state prosecutor for an unregulated import of 25 Italian containers with waste at the port of Burgas, transposed by boat on September 5 last year, allegedly, to be burnt at the Bobov Dol thermal power plant. Additional confusion was made after different data from the State Statistical Office and the Ministry of Environment on the quantities of imported waste in the country in the past ten years have been presented in public. In that period, there have also been accusations from citizens and eco-activists who have shared photos on social networks, saying they show that the cement plant USJE is poisoning the citizens of Skopje by burning imported hazardous waste. Nevertheless, the plant's general manager denied this. He acknowledged that the images on the internet are from USJE, but stated that it was an alternative waste fuel imported from Italy that was burned in the kilns in the cement manufacturing process.

On February 24 2020, the ban on import and export of combustible waste between Bulgaria and North Macedonia entered into force. Both countries pledged that from February 24, such waste would not pass from Bulgaria to Macedonia, nor from Macedonia to Bulgaria.

Although the current law is generally in line with the Basel Convention on Waste, practice has shown that we lack an effective system of waste control and management. These problems must be seriously addressed by the Department of the Environment, responsible for issuing the A-integrated permits, as well as by the State Environmental Inspectorate, which controls the industrial plants. Both A-integrated permits and how industry controls are handled should be revised to eliminate system failures, be it a result of incompetence or corruption.

Provisions in the Law that regulate the ban of import of waste for storage, for the purpose of disposal, and for the disposal and import of hazardous waste mixed with non-hazardous waste or other components that reduce the harmfulness and hazardous characteristics of the waste, remain in force. Provisions that regulate the permission for import of waste that can be safely recycled, without the risk of endangering the environment, human life and health, as well as being used as raw material also remain in force.

The new Law on Waste Management have not been adopted, even though the Government has sent the draft law to the Parliament. The same applies to the several laws on special waste streams, which are still pending for adoption.

The new National Waste Management Plan (2020-2030)⁷ has been prepared. On August 21 2020, the Ministry of Environment and Physical Planning announced that they are starting the procedure for conducting a strategic environmental impact assessment of the planning document "National Waste Management Plan of the Republic of North Macedonia 2020-2030"

The new National Waste Management Plan (NWMP) 2020-2030 for the Republic of North Macedonia focuses on finding practical, acceptable and financially feasible solutions and ways to finalise the activities that remained unrealised during the period of the previous NWMP (2009-2015).

The main activities presented in NWMP 2020-2030 are aimed at improving the standards for household waste management in RN Macedonia, especially the problems of environmentally unsafe waste disposal at municipal non-standard landfills, which urgently need to be closed and new regional waste management centres need to be established. In addition, NWMP 2020-2030 aims to regulate the management of industrial and medical waste as well as the special waste streams.

A novelty in the this plan, compared to the previous national plan, is that it includes programs for special waste streams (packaging waste, waste batteries and accumulators, as well as waste electrical and electronic equipment), which aim to provide specific guidelines for achieving the goals set out in the relevant laws on special waste streams, especially in the part of the quantities released on the market of these materials and products, as well as future forecasts and development trends in the next ten years.

In the context of the approximation of RN Macedonia with the EU goals for introduction of a circular economy, the Planning Document also provides a framework of measures and envisages a period in which these activities could move forward in the country. The key measures and activities proposed in the Planning Document are divided under clusters (in line with the new action plan for circular economy for a

⁷ <http://www.moep.gov.mk/wp-content/uploads/2020/08/NPUO-2020-2030-final-draft.pdf>

cleaner and more competitive Europe⁸) with a starting / implementation period appropriate for RN Macedonia.

Table 1. Referent Circular Economy Action Plan for a cleaner and more competitive country

| KEY CLUSTERS ⁹ | EU (REALISATION DATES) | NORTH MACEDONIA (REALISATION DATES) |
|--------------------------------------------------------|---------------------------|------------------------------------------------|
| A SUSTAINABLE PRODUCT POLICY FRAMEWORK, | 2020-2022 | 2022-2024 |
| KEY PRODUCT VALUE CHAINS, | 2020-2021 | 2021-2025 |
| LESS WASTE, MORE VALUE | 2021-2022 | 2022-2024 |
| MAKING CIRCULARITY WORK FOR PEOPLE, REGIONS AND CITIES | 2020 | 2022 |
| CROSSCUTTING ACTIONS, | 2020-2023 | 2022-2025 |
| LEADING EFFORTS AT GLOBAL LEVEL | 2020-2023 | AFTER THE START OF THE MEMBERSHIP NEGOTIATIONS |
| MONITORING PROGRESS | 2021 | 2024 |

Public Hearing on the Draft Strategic Environmental Assessment Report for the National Waste Management Plan 2020-2030 is foreseen before the end of 2020.

The problem with reliable data gathering is still an issue. The lack of reliable data limits the accuracy and reliability of any planning process and makes it impossible to measure performance effectively in relation to the main objectives set in NWMP.

In order to generate quality data on waste management and the “fate” of waste, improved data collection methods are needed. A long-term solution is the implementation of a comprehensive data collection and monitoring scheme based on electronic tracking and reporting of data from the generator, through the collector, to the subsequent waste handlers.

The development of information technology systems is estimated at 1.5 million euros to 4 million euros, and the costs for maintenance of the system are projected at up to 185,000 euros per year.

The integrated waste management system is still delayed as setting up the regional structures took longer than expected. Another challenge are the opposition of the local population in the regions and cities where the waste management centres are to be built, but also the unwillingness of the local authorities to stand behind the regional waste management system. The reasons can be sought in the insufficient information, the lack of political will, but also in the long and inefficient bureaucratic procedures in conducting the public procurement tendering procedures.

The economic incentives to promote recycling are still limited and the lack of an organised extended producer responsibility scheme is hindering the implementation of the process. The business interests are obviously a powerful obstacle to move towards a system that for a start would motivate waste generation diminishing, but also a higher “buy-in” among the population to support the “up-cycle and re-use” approach.

⁸https://eur-lex.europa.eu/resource.html?uri=cellar:9903b325-6388-11ea-b735-01aa75ed71a1.0017.02/DOC_1&format=PDF

⁹https://ec.europa.eu/environment/circular-economy/pdf/implementation_tracking_table.pdf

A systematic approach for remediation of the environmental hot spots (Jugohrom - Jegunovce, the lindane dumpsites of OHIS, REK Bitola, Topilnica Veles....) is not yet in place. This increases the risks to human health and the environment.

After the media and CSOs raised the problem with methyl acrylate the deposited in an old and rusty cistern at the former OHIS industrial site, the government took measures to organise for its safe transfusion into appropriate containers and transportation to a facility in Germany, with licenses and technology for destruction of hazardous chemical substances. Luckily, for the citizens of Skopje, there was no uncontrolled leakage of this toxic and dangerous (flammable) chemical substance (methyl acrylate), deposited at former OHIS industrial site.

2.2.4. Water Quality

On **water quality**, the country made limited progress. Further steps were taken to secure funds for the construction of the wastewater treatment plant in Skopje, and work on wastewater collectors is ongoing

Concerning preparation (and implementation!) river basin management plans, on April 24, 2020, high-level representatives from North Macedonia, Albania, Greece, Kosovo and Montenegro, virtually signed a joint statement, thus endorsing the Strategic Action Program (SAP) for sustainable management of the extended Drin River Basin. Shared among these five countries, the Drin River Basin provides water resources for drinking, energy, agriculture, tourism and industry.

The Strategic Action Program for the extended Drin River Basin is an extremely important document for North Macedonia and the countries of the region (Greece, Kosovo, Albania and Montenegro). The document foresees improving the exchange of information on the state and water regime in the Drin River Basin, creating conditions for sustainable use of water and ecosystems, as well as developing cooperation measures in order to minimize the risks of disasters due to extreme natural phenomena and climate change until 2030.

One of the most important aspects for North Macedonia is the management of the Lake Ohrid mouth as a sub-basin of the Drin River Basin. Within the Drin project, a draft Management Plan for the Lake Ohrid Basin has been prepared. For years, there was no quality plan for protection and management of the Lake Ohrid and all its mouths.

The goals of the program also include improved solid waste management measures and appropriate waste disposal, reduction of pollution with nutrients originating from untreated or inadequately treated wastewater discharged into the waters of the Drin Basin, and unsustainable agricultural practices, as well as pollution reduction with hazardous substances such as heavy metals and pesticides.

The Strategic Action Program plays two different roles: environmental, as an important step towards future joint management of the Drin River Basin, and a political message for regional cooperation.

The signing of SAP, in fact, opens a window of opportunities for providing funds from the donor community for the implementation of the envisaged measures. At the same time, this is country's contribution to the implementation of the European Union Water Framework Directive.

Municipality of Ohrid has finally got an "Integrated Cadastre of Environmental Polluters" that covers air, water, soil, and waste pollutants in the municipality. The development of the Integrated Pollutants

Cadastre is aimed at obtaining a basic qualitative and quantitative database on the status of emitters and emissions of pollutants into the air, water, and soil, waste generation and its treatment, in order to follow the trends of the basic indicators for the quality of the environment in the Municipality of Ohrid, as well as to control the success of the measures taken, based on appropriate decisions and solutions at local level.

The database and the level of their processing will enable this Cadastre to be a dynamic strategic document and as such, together with the legislation in this area, to be an instrument of both state and local governments for sustainable environmental quality management in the Municipality of Ohrid.

Responsible water management system for monitoring quality and quantity of surface waters (lakes and river) is needed.

During September 2020, the water level of the Lake Prespa dropped by 5 meters and 12 centimetres below the normal water level. The water in some places has receded for more than 200 meters, so instead of beaches on the coast there were muddy swamps and reeds. Residents were worried that the lake (that means life to them) was slowly, but steadily disappearing before their eyes.

The authorities said that in addition to drought and climate change, this situation has also been influenced by the human factor, ie excessive use and abuse of lake water. In order to take measures, it is necessary to determine what the water balance is, how much there is a natural inflow, how much water is used for drinking and irrigation in agriculture. For that purpose, in March a working group was formed and cross-border cooperation with Albania and Greece was planned, but the pandemic prevented further activities.

There is no information on what is happening on the Albanian and Greek side, with the pumping of the waters from Lake Prespa for irrigation in the upper parts. There is a need for a database for proper forecasting of measures and activities that would be implemented by all stakeholders.

According to the analysis data from the Monitoring Station in Stenje, the chemical quality of the water in Lake Prespa is good, and now for the first time results for biological quality are expected. It will certainly help to locate the pollution sources, whether they are from artificial fertilizers, pesticides, wastewater management, or other pollutants.

However, it is more than certain that accelerated measures and activities are needed to save Lake Prespa. Although the withdrawal of water is a process that has been going on for more than 15 years, the recent water level (dropping by 5 meters from normal) indicates an alarming situation that requests responsible neighbours for better neighbourhoods.

The issue of inadequate administrative capacity and inter-institutional coordination is still a challenge, and needs to be strengthened.

2.2.5. Nature protection

For **nature protection**, the country has made some progress. It is worth to note that in the past three years, nature conservation activities appear to have been overshadowed by other segments of the environment, particularly air pollution and waste.

Regarding the national legislation, a new Law on Nature Protection has been drafted and is waiting for adoption by the Parliament. Procedures for declaring protected areas and national parks have been initiated (for parts of the Osogovo Mountains, Shara Mountain, Vodno Mountain); five natural rarities were declared (including the old plane tree in Ohrid, as a contribution to the preservation of natural values at the national level); A Plan for Management of the Natural and Cultural Heritage of the Ohrid Region was adopted, as an obligation of the Convention for the Protection of the World Cultural and Natural Heritage (UNESCO); The 6th National Report to the Convention on Biological Diversity (CBD) has been prepared; and other acts and decisions related to the protection of the forest fund and other natural resources in the national parks, protection of wild species, as well as active involvement in international and regional initiatives for cross-border cooperation for nature protection.

However, considerable efforts are still needed concerning implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, as it is still at an early stage. Also, long term funding for implementation of the obligations arising for nature protection provisions.

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.

In the area of large combustion plants, the key priority is the proper implementation of the National Emission Reduction Plan (NERP), which started in January 2018. In order to achieve compliance, adequate financing must be allocated for emissions abatement. This is also in correlation with the legal provisions and capacities for inspection, (needed for enforcement of the polluter accountability provisions , which at the moment is not at a satisfactory level.

Some progress has been made on integrated permits, in terms of quality and quantity. Local-government capacity in the procedures for issuing B-integrated permits is still low.

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 North Macedonia, out of which 99% in shortened procedures, as they come from the EU countries¹⁰.

In 2020, North Macedonia ratified the Minamata Convention. The objective of the Minamata Convention is to protect the human health and the environment from anthropogenic emissions and releases of mercury and mercury compounds. It contains, in support of this objective, provisions that relate to the entire life cycle of mercury, including controls and reductions across a range of products, processes and industries where mercury is used, released or emitted. The treaty also addresses the direct mining of mercury, its export and import, its safe storage and its disposal once as waste. Pinpointing populations at risk, boosting medical care and better training of health-care professionals in identifying and treating mercury-related effects will also result from implementing the Convention.

2.2.8. Noise

Republic of North 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 still under preparation. Equipment and relevant software for mapping have been provided. In addition, activities under the 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. Inter-institutional cooperation and coordination between the key institutions is needed to ensure data collection.

In the period covered by this report, no progress was made in the area of **noise pollution**.

2.2.9. Civil Protection

There has been some progress on **civil protection**. The country continues to participate in the Union Civil Protection Mechanism (UCPM), such it was the case with the Covid 19 crises, but it needs to strengthen its capacities for coordinated and efficient disaster mitigation and response action at all levels. An inter-institutional working group has been set up to propose recommendations for improvement. The Covid 19 crises showed that there is a need for improvement of the legal framework and institutional capacities as well as human and financial resources of civil protection authorities also with regard to health emergencies.

In addition, certain steps were taken to finalise the technical connection to the Commission's common Emergency Communication and Information System (CECIS). However, the country has not still implemented the recommendations of the 2018 Peer Review, including improving cooperation and coordination between the Protection and Rescue Directorate and Crisis Management Centre.

2.2.10. Climate Change¹¹

¹⁰ National Programme for Adoption of the Acquis Communautaire (NPAA), revised 2017-2019, <http://www.sep.gov.mk/en/content/?id=13>

¹¹ Klimatski Promeni, <https://klimatskipromeni.mk>

The alignment of the legal framework with the *acquis* is still at an early stage. It should also pursue efforts to implement the Paris Agreement, which North Macedonia ratified in November 2017.

The preparation of a climate law and a comprehensive strategy on climate action, consistent with the EU 2030 framework, is ongoing.

The country finalised its 3rd Biannual Update Report to the UNFCCC and currently the 4th National Communication Report to the UNFCCC are in preparation.

The preparation of the National Energy and Climate Plans in line with Energy Community obligation and on mainstreaming climate action into other sectors is in its final stage.

The country is the first contracting party under the Energy Community that integrated the pillars of energy and climate approach into the new National Energy Strategy (2020-2040).

The Kigali amendment to the Montreal Protocol was ratified. Considerable efforts are still needed to align with the EU climate *acquis*.

Technical, institutional and administrative capacity remains weak and needs to be strengthened at all levels. The efforts to mainstream climate action into other sectors need to be intensified.

3. Concluding notes

Access to information

The problem with reliable data gathering is still an issue. The lack of reliable data limits the accuracy and reliability of any planning process and makes it impossible to measure performance effectively in relation to the main objectives set in the national strategic documents.

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 concerned: administration, the public and businesses.

Implementation and Capacity

Enforcement and implementation are areas that need significant efforts. Furthermore, there is a lack of capacity to effectively initiate and prosecute environmental crime. Human, technical and financial reinforcement is paramount for delivering results.

Programming the Progress in correlation with Financing

The need for additional funding to implement laws and policies is rightfully recognised in the report as a necessity and a challenge. For Chapter 27 generally it states that financial resources for implementation of legislation are a challenge. Significant financial resources are also needed in Chapter 15 in the area of energy efficiency improvement, whereby the need for greater commitment of municipalities for its improvement is underlined.

Finally, we believe it is worth noting that in line with the new negotiation framework structure (instead of by chapters, it is organised in clusters, in total 6), in the Cluster 4: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY, energy (Chapter 15) and environmental issues (Chapter 27) are coupled with transport policy (Chapter 14) and trans-European networks (Chapter 21).

The cluster is linked to the realisation of the “European Green Deal”, which recognises that the EU’s environmental transition is impossible without effective action in its immediate neighbourhood. The second axis, connecting the chapters in these clusters, is the “Connectivity Agenda” for the Western Balkans, aimed at strengthening infrastructure links with and in the region, especially in transport and energy, which should contribute to economic growth. Apart from Chapter 15 (Energy), which is assessed with good progress, it is worrisome that all the other chapters are assessed with limited or some progress. Chapter 21 is the only one with a good level of preparation, while Chapter 27 has only some level of preparation. The fact that these chapters are an important part of the Economic and Investment Plan for the Western Balkans is of particular concern.

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