Progress with priority environmental infrastructure investment projects in the SEE
Results of the 2007 - 2009

Republic of Macedonia
Progress achieved in the legislative framework during 2007 - 2009

- **A number of legal documents** have been adopted and/or amended in Macedonia with the aim to align with the EU asquis for the period of 2007-2009. After passing the horizontal and vertical laws, the most intensive drafting of bylaws is observed for the waste sector and partially in the air sector.

- **The most important regulation:**
  - Ordinance on the landfill of waste ("OGRM No 8/2008"). It regulates the disposal standards which are fully in line with the EU acquis.
  - The sub-laws for the Hazardous Waste Management (HZWM) ("OGRM No 15/2008") have also been adopted.
  - Secondary legislation on handling of the Health Care Waste (HCW) ("OGRM No 146/2007").
  - Since the new Law on Water is adopted, it will be a major challenge to establish an integrated water management approach, overcoming barriers resulting from inherited institutional disparities. (transfer of competences from MAFWE and MTC to the MOEPP)
  - The air quality related legal framework is fully in line with the EU, as well as regulation on the Zones and Agglomerations, which will serve the air quality monitoring and planning of measures for an improved ambient air quality.
Strategies and Plans 2007 - 2009

- There are a number of Strategies and Plans in Macedonia which provide grounds for an improved implementation of environmental management.

- The most relevant documents in the period 2007-2009 are:
  - National Environmental Approximation Strategy (2008)
  - National strategy on CDM (adopted in 2007)
  - National strategy on Transport
  - National Waste Management plan (2008-2014)
  - National Strategy for Sustainable Development of the Republic of Macedonia (expected to be adopted by the end of June 2009)
  - National Strategy on Environmental Investments (2009)
  - National Strategy for Regional Development (2009)
Progress achieved in the institutional framework during 2007 - 2009

• The overall process for environmental approximation is embedded in the Ministry of Environment and Physical Planning (MoEPP).
• Various departments under the MEPP are competent for policy making, information systems, regulation and standardization, inspection and supervision over the enforcement of laws and regulations in the area of environment.
• To implement environmental investments continuous consultations and integrated actions are to be conducted with the Ministry of Agriculture, Forestry and Water Economy (MAFWE), Ministry of Transport and Communications (MTC), Ministry of Health (MH), Ministry of Economy (ME) and Ministry of Finance (MF).
• The coordination of mentioned institutions is scarce, while the competition for authorities and funds is enhanced at the Governmental sessions.
• There are overlapping investment activities (at least three ministries finance water projects).
• Significant gaps are created for certain areas. (hazardous waste management is not recognized as an authority of the MEPP, because the industrial sector is under the responsibility of the Ministry of Economy, chemicals are under the responsibility of the Ministry of Health, pesticides are under responsibility of the MAFWE etc.)
Progress achieved in the institutional framework during 2007 - 2009

- In addition, the Law on Local Self-Governments of 2002 delegated a variety of tasks to the municipal level. (Environmental management and inspection responsibilities of municipal importance have been delegated to the LSGs).
- Public Enterprises providing municipal services are in charge of improving the state of the existing infrastructure and their extension.
- According to the law the municipalities and Public Enterprises may initiate Public Private Partnerships.
- The participation of the private sector in the provision of public services and the construction of new infrastructure is limited at present.
- During 2008, the World Bank supported and financed preparation of Feasibility Study for Affordability, Willingness to Pay and Support Mechanisms in Water, Sewerage and Solid Waste Management in Macedonia.

- **IPA implementation structures**

- The IPA implementation structures in the Ministry of Finance are already accredited. The staff in the CFCD obtains training for the financial management of the IPA projects.
- The IPA unit in the MEPP is lead by a Senior Coordinator for the IPA third component, who is also Senior Programme Officer for IPA component I.

The first IPA Application for construction of WWTP for Prilep was sent on 26.05.2009. Final approval of the application is expected.
Progress achieved in the financial framework during 2007 - 2009

Macedonia has access to pre-accession assistance through the Instrument for Pre-accession Assistance (IPA) and will be eligible for assistance under all five components of the program EU (IPA) funds for investment in environmental infrastructure require substantial co-financing (co-financing of around 30 percent of total project costs is to be expected). To address the co-financing requirements the following co-financing sources were identified:

- National budget funds;
- Loans to government;
- Local budgetary funds;
- Loans to municipalities;
- Loans to utility company;
- Private sector (as a part of a public-private partnership arrangement);
- Carbon financing.

Foreign sources of financing for environmental investments have already played an important role in Macedonia. The level of grant and loan financing for environmental purposes in Macedonia that has been provided by donors and IFI’s in recent years, manly in water supply sector), is summarizes below.
Progress achieved in the financial framework during 2007 - 2009

<table>
<thead>
<tr>
<th>Water sector</th>
<th>Waste sector</th>
<th>Air sector</th>
</tr>
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<tbody>
<tr>
<td>Austria – 13.870.860€</td>
<td>GBR - 53.249€</td>
<td>PHARE – 99.790€</td>
</tr>
<tr>
<td>CARDS – 23.245.611€</td>
<td>CARDS – 1.784.232€</td>
<td>CARDS – 2.083.939€</td>
</tr>
<tr>
<td>Switzerland – 21.486.171€</td>
<td>EU – 228.264€</td>
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</tr>
<tr>
<td>Germany – 47.188.067€</td>
<td>UNDP – 332.409€</td>
<td></td>
</tr>
<tr>
<td>PHARE – 8.964.077€</td>
<td>USA – 1.076.597€</td>
<td></td>
</tr>
<tr>
<td>Italy – 8.860.173€</td>
<td>ITALY – 6.800.000€</td>
<td></td>
</tr>
<tr>
<td>UNDP – 5.535.749€</td>
<td>OBN – 1.000.000€</td>
<td></td>
</tr>
<tr>
<td>Greece – 2.000.000€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden – 1.151.751€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France - 3.644.714€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBRD – 20.800.000€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU Funds - 457.660€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan - 3.289.587€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan - 78.192.058€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands - 14.180.076€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-Obnova - 4.500.000€</td>
<td></td>
<td></td>
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<tr>
<td>EU-ECHO - 450.000€</td>
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</tr>
</tbody>
</table>
Programme for Environmental Investments

Total Annual investments

• **Year 2007:**
  – Total – 1,5 mil Euro, in different sectors

• **Year 2008:**
  – Total – 2,5 mil Euro, in different sectors

• **Year 2009:**
  – Total – 2,5 mil Euro are planned to be invested in different sectors. Public Call to be announced.
Key challenges

Administrative maturity of project beneficiaries

• One of the challenges would be to work on administrative maturity of project beneficiaries. At this point the project with highest priority is construction of WWT plant for the Cities of Skopje. (no.1 on the PEIP List)

Streamlined IPA funds

• Further challenge is to create conditions for IPA financing that should be streamlined to drinking water supply and WWTP and/or regional solid waste management. Grant money from international donor society are necessary for construction of WWT plants, due to high costs and affordability issues.
The role of PEIP

- The Priority Environmental Investment Programme for South Eastern Europe (PEIP) support regional cooperation, institution-strengthening and capacity-building, that supports national strategic environmental investment planning and provided background information to the donor community and international financial institutions (IFIs), outlining a regional perspective of investment planning.

- Since there were dynamic changes in the South Eastern European countries in relation to the process of conducted reforms in the countries and in relation to moving towards closer working with the European Union, The PEIP Team was providing over the longer period continuous assistance to the ministry of environment on strategic investment planning.
Future priorities for the legislative, institutional and financial framework

- Strengthening the capacities for enforcing the EU compliant laws. Anticipated gaps are present in terms of availability of know how and technologies, wherein the dependence on the international market of products and services is enhanced.
- Strengthening of the stakeholders capacities for inspection over the laws enforcement.
- Bearing in mind the forthcoming investment cycles through funds to be provided from the IPA, new institutions have been created and accredited.
- In addition, the MEPP may consider to strengthen the capacities for management of the structural and cohesion funds via the establishment of an Agency for Environmental Investments, proposed in NEIS. Future priorities for investments are determined in waste water and waste sector, as it is proposed in NEIS.
The Government of RM is facing the application of the “Programme-based Approach” concept for management, coordination and delivery of external assistance in Macedonia. It is based upon a conceptual framework towards achieving a commitment by both the Government and the international partners in implementing five priority programme areas and respective action plans as follows: business environment, competitiveness and innovation, human capital (education, social policy and health), agriculture, environment and governance.

Therefore, single projects will not be further supported and a straightforward and coordinated action will prevail in defining scope of the programme – reaching a common understanding about the area covered by the PBA.
For example: Regions in which integrated regional waste management should be implemented

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>Location</th>
<th>Expenditures in mil. euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skopje</td>
<td>644,592</td>
<td>Drisla</td>
<td>15</td>
</tr>
<tr>
<td>Polog</td>
<td>277,729</td>
<td>Rusino</td>
<td>8</td>
</tr>
<tr>
<td>South - West</td>
<td>222,639</td>
<td>Topolcani</td>
<td>10</td>
</tr>
<tr>
<td>Pelagonija</td>
<td>238,436</td>
<td>Topolcani</td>
<td>10</td>
</tr>
<tr>
<td>Vardar</td>
<td>133,180</td>
<td>Veles</td>
<td>12</td>
</tr>
<tr>
<td>North - East</td>
<td>172,787</td>
<td>Kumanovo</td>
<td>8</td>
</tr>
<tr>
<td>East</td>
<td>203,213</td>
<td>Karbinci</td>
<td>8</td>
</tr>
<tr>
<td>South - East</td>
<td>171,416</td>
<td>Novo Selo</td>
<td>8</td>
</tr>
</tbody>
</table>
Role of RENA

- It is very important, after the completion of PEIP, a link with RENA to be establish as soon as possible.

- From this perspective we all have to have in mind the added value of PEIP, its positive achievements, impact, efficiency and sustainability.

- Sustainability aspects are very important from the perspective of the need for continued regional cooperation.

- Opportunities via RENA and the direct link of PEIP with IPF (projects from the PEIP list were already submitted to IPF) and other mechanisms and initiatives are very important for the SEE Countries in their integration into the EU.
Thank you!

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