## SECTORAL OPERATIONAL PROGRAMME

## ENVIRONMENT

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|  | Programming years covered by the multiannual action | **2024-2027** |
| **CRITERIA FOR RELEVANCE ASSESSMENT** | IPA III Window and thematic priorit(y)/(ies) | **WINDOW 3: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY**  ***Thematic Priority 1:* Environment and climate change** |
| Links with specific policy instruments of the enlargement process | The **EC 2022 Report on North Macedonia** highlights that North Macedonia has **some level of preparation** in the environment and climate change areas (Chapter 27). The proposed Sector Operational Programme (SOP) will contribute to addressing specific issues mentioned in the Report, such as the need to accelerate efforts for the reduction of air pollution at the local and national level and the reduction of point and diffuse pollution of freshwater resources; enforce measures to establish a regional waste management system, and implement the Paris Agreement, including by adopting a climate Law, consistent with EU 2030 framework. The proposed SOP's primary focus will be improving waste management systems and upgrading wastewater collection and treatment infrastructure. By implementing this programme, North Macedonia will be able to significantly reduce its environmental footprint and contribute to global efforts to combat climate change. Furthermore, the SOP will contribute to implementing the Urban Wastewater Treatment Directive 91/271/EEC and the Waste Framework Directive 2018/851/EE amending directive 2008/98/EC.  The SOP aligns with the **Stabilisation and Association Sub-Committee on Transport, Environment, Energy, and Regional Development's** Conclusions and Recommendations on March 2023. Regarding the environment area, the conclusions indicated that the country needs to increase efforts in constructing a wastewater treatment plant in Skopje and integrate regional waste management systems across the country in the context of the Economic and Investment Plan for the Western Balkans. The conclusions also refer to insufficient capacities in the administration at the central and local levels.  The SOP is in line with the **Economic Reform Programme (ERP) 2023-2025** and significantly contributes to overcoming the country's challenges. The programme recognises that the country still faces challenges regarding the necessary reforms to achieve a reasonable level of competitiveness and inclusive growth of human capital, the green transition and the competitiveness of national companies, their integration into global value and the formalisation of the economy. The ERP proposes Measure 7. *Establishing wastewater collection and treatment infrastructure in accordance with the EU requirements* (Water Framework Directive 2000/60/EC, Urban Wastewater Treatment Directive 91/271/EEC, Sewage Sludge Directive 86/278/EEC), and Measure 8. *Establishing an integrated and financial self-sustainable waste management system.* With this measure, it will be possible to establish a functional regional waste management system and construction of regional waste management centres and transfer stations. At the same time, closing all non-compliant landfills and dumpsites. It will enable the collection, transport, selection, and recycling of waste on regional level, as well as treatment and utilisation, which will increase the level of protection of human health and the protection of the environment.  The proposed SOP will contribute significantly to achieving the objectives of the **Economic and Investment Plan (EIP) for the Western Balkans (COM (2020) 641 final).** The Western Balkans' EIP acknowledges the challenges of inadequate waste and wastewater management, proposing measures to address them. These include supporting the development of modern waste management systems, improving wastewater treatment infrastructure, implementing EU waste and wastewater management standards, promoting circular economy principles, and providing financial instruments to support these measures. The EIP represents a significant commitment by the European Union to support sustainable and environmentally friendly development in the region, including in the crucial areas of waste and wastewater management.  This SOP is also in line with **EU Gender Action Plan (GAP) III**, applying the standards of conducting and using updated gender analysis to inform decision-making, in particular in the field of waste and wastewater management through inclusion of gendered indicators and needs assessment of women and members of other vulnerable groups, where applicable, in targeted sector. Activities will contribute to applying gender-sensitive and sex-disaggregated indicators and statistics in all mentioned fields. |
| Contribution to the IPA III Programming Framework objectives | The proposed SOP is designed to contribute to the achievement of the specific objective of the **IPA III Programming Framework**, **thematic priority** **1: Environment and climate change** within **Window 3:** **Green Agenda and Sustainable Connectivity.**   * Thematic priority 1: *To support the protection of the environment, improve its quality and contribute to actions and policies against climate change to accelerate the shift towards a low-carbon economy.* The goal is to develop robust institutional and financial capabilities to effectively deliver, design, implement, enforce, and monitor environmental and climate change policies, targets, and legislation. It is essential to prioritise efforts to enhance the capacity of state administrations to efficiently program EU funds and manage project preparations at both local and central government levels. This support will facilitate the effective execution of policies and initiatives to address climate change and preserve our environment. |
| Links with national, regional and global strategies | The proposed SOP is in line with the following global, regional, and national strategies:   * The objectives of **United Nations’ 2030 Agenda for Sustainable Development**, more specifically, the SOP contributes to the following:   **Goal 3**. *Ensure healthy lives and promote well-being for all at all ages*, in particular target 3.9: Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination by 2030.  **Goal 6.** *Ensure availability and sustainable management of water and sanitation for all,* in particular 6.3: Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally by 2030; 6.4: Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity by 2030; 6.5: Implement integrated water resources management at all levels, including through transboundary cooperation as appropriate; 6.6: Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes including.  **Goal 11.** *Make cities and human settlements inclusive, safe, resilient and sustainable.* Target 11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management by 2030.  **Goal 12.** *Ensure sustainable consumption and production patterns.* Target 12.2: Achieve the sustainable management and efficient use of natural resources by 2030; 12.4: Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and solid in order to minimize their adverse impacts on human health and the environment by 2030; 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse by 2030.   * The proposed SOP contributes to the objectives of the **Green Agenda for the Western Balkans**, which aligns with the **European Green Deal's** priorities in the region. Waste and wastewater management are recognised as significant challenges in the region. The Green Agenda stresses the need for the Western Balkans to improve their waste management systems and decrease their dependence on landfills. The Green Agenda outlines specific objectives related to waste and wastewater, including reducing waste generation and increasing recycling, improving waste management infrastructure, investing in modern facilities for waste sorting, recycling, and treating hazardous waste, promoting circular economy principles, and addressing wastewater management challenges. Moreover, the agenda acknowledges the need to upgrade infrastructure for collecting and treating wastewater and reduce untreated wastewater discharge into rivers and seas. * The **Paris Climate Agreement** acknowledges the importance of addressing waste and wastewater in the broader effort to mitigate climate change. Specifically, the Agreement calls for implementing measures to reduce emissions from waste and wastewater. It encourages countries to: - Reduce the amount of waste generated and promote recycling and composting. - Develop sustainable waste management practices, such as reducing waste sent to landfills and promoting waste-to-energy technologies, and - Reduce emissions from wastewater treatment by improving energy efficiency and promoting renewable energy sources. * The **Circular Economy Action Plan for Cleaner and More Competitive Europe 2020** is a strategy developed by the European Commission to promote a circular economy in the EU, by reducing waste and pollution while increasing sustainability, innovation, and job creation. The plan includes initiatives like eco-design product guidelines, promoting recycled materials, improving waste management, encouraging circular business models, and investing in research and innovation. It is a crucial step towards achieving the EU's long-term sustainability goals and provides a framework for member states to develop their circular economy strategies. * The **Global Wastewater Initiative (GWI)** is a collaborative effort led by UNEP and UN-Habitat to promote sustainable wastewater management practices and encourage wastewater reuse as a valuable resource. The GWI aims to change the perception of wastewater from a waste product to a resource and supports adopting sustainable wastewater management practices, including appropriate treatment technologies and practical regulatory frameworks. The initiative raises awareness of the importance of wastewater management. It promotes knowledge exchange among stakeholders to achieve SDG 6, universal access to safe and affordable drinking water and sanitation for all. * The **National Strategy on Environment and Climate Change of North Macedonia** **2018-2023**. The strategy sets out the country's objectives and measures for sustainable development, environmental protection, and climate change adaptation and mitigation. The main objectives of the strategy include improving air and water quality, protecting biodiversity, reducing greenhouse gas emissions, promoting renewable energy, and promoting sustainable consumption and production patterns. The strategy sets out several specific measures and actions to achieve these objectives, such as strengthening the legal and institutional framework for environmental protection, promoting energy efficiency in buildings and industry, improving waste management, and promoting sustainable tourism. It is intended to be implemented through government action, private-sector engagement, and public participation. Overall, the National Strategy on Environment and Climate Change of North Macedonia reflects the country's commitment to sustainable development and environmental protection and provides a roadmap for achieving these goals over the next several years. * The **National Water Strategy, 2012-2042 of North Macedonia** outlines the country's plan for managing water resources over 30 years. The Ministry of Environment and Physical Planning developed the strategy in collaboration with other government agencies and stakeholders. The strategy aims to ensure sustainable management of water resources, improve access to safe and reliable water supply and sanitation services, and protect and preserve the country's natural water ecosystems. It sets out a range of specific objectives and actions in the following areas:   + - Water governance and institutional capacity building     - Water resources management and protection     - Water supply and sanitation services     - Water infrastructure development     - Water quality monitoring and management     - Climate change adaptation and mitigation     - Public awareness and stakeholder engagement   The strategy recognises the importance of collaboration and coordination among various stakeholders in achieving its goals, including government agencies, local communities, NGOs, and the private sector. It also emphasises the need for robust legal and regulatory frameworks to support sustainable water management practices.   * The **National Waste Management Plan (NWMP) (2021-2031)**. The NWMP sets out several objectives, including the development of waste infrastructure, the promotion of separate collection of waste streams, the improvement of waste treatment and disposal practices, the reduction of hazardous waste, and the development of a monitoring and reporting system. The plan also includes measures to promote public awareness and participation in waste management and actions to strengthen institutional capacity and improve regulatory frameworks. Overall, the NWMP of North Macedonia is a comprehensive framework that provides a roadmap for the country's waste management system. Its implementation is expected to contribute to achieving a sustainable and circular economy, improve citizens' quality of life, and protect the environment. * The **Regional Waste Management Plans (RWMP)** in North Macedonia aims to guide sustainable waste management practices in different regions, reducing negative environmental and public health impacts. Developed by the Law on Waste Management, the plans involve local authorities, waste management companies, civil society organisations, and other institutions. Objectives include defining waste management status, identifying opportunities for improvement, setting targets, developing action plans, coordinating waste management activities, and optimising financial resources. RWMPs also address hazardous, construction, demolition, and biodegradable waste, proposing measures to reduce waste generation, increase recycling and recovery rates, and ensure safe disposal. * The **Local Waste Management Programmes and Plans** in North Macedonia are tailored to each municipality's specific needs and circumstances, involving a participatory process that includes consultation with stakeholders. Their main objectives are to define the current state of waste management, identify challenges and opportunities for improvement, develop an action plan for implementing measures, ensure coordination between stakeholders, and effectively allocate financial resources. These plans also address specific waste streams and aim to promote sustainable waste management practices and reduce negative impacts on the environment and public health within municipalities and cities. * The **National Programme for Adoption of the *Acquis (NPAA) 2021-2025.*** This three-year programme is revised and updated every year with activities that are proposed that will remove the remarks deriving from the progress report of the EC, as well as with short-term and mid-term priorities from the Accession Partnership Agreement. * The **Strategy for Gender Equality 2022-2027**, aiming at accomplishing gender equality in society in which women and men, girls and boys have equal rights, access to resources, opportunities, and protection in all spheres of life, as a condition for complete and sustainable economic, demographic, and social development and progress of the country, i.e., a society in which women and men will have same privileges and responsibilities accomplished in real joint partnership. |
| Coherence with the Sector Approach | The Action falls under the Sector Working Group (SWG) on Environment and Climate Change.  North Macedonia has made good progress in introducing the **Sector Approach**. Key strategy documents, especially those developed after 2017, use a rich data collection and measure success with SMART indicators. They are developed through a participatory process and benefit from the participation of relevant stakeholders, including civil society organisations and international donors. Authorities, donors, and civil society can discuss general and specific strategic directions and thus increase the compliance of the strategies with international and EU standards. The SWG is supported technically by the line ministry and guided methodologically by the Secretariat for European Affairs. The SWG work in two formats: technical, involving the experts from the participating organisations, and decision-making, involving the heads of the participating bodies. The SWG has the mandate to lead the sector policy dialogue, which includes the definition of sector priorities and the reporting on their implementation.  As of 2020, the country put in place a **Performance Assessment Framework** (PAF), streamlining the policy objectives; based on a set of impact and outcome indicators, targets, and baseline data. The indicators formulated and agreed upon for this window provide a robust system for measuring compliance with the evidence-based approach to policy making. The PAF is available under <https://pafnorthmacedonia.mk/PAF/>.  The **institutional set-up** is supportive to on-going and planned sector reforms with clear responsibilities allocated to the relevant national authorities.  The sector **policy budgeting** has seen relevant improvements. North Macedonia benefits from a medium-term expenditure framework to anchor the costs for the major reforms and ensure their credibility. The country adopted the Organic Law in September 2021. It introduces a new set of fiscal rules to guide fiscal consolidation and improve the budget process. Key reforms include medium-term projection, spanning both medium-term budgeting and a five-year fiscal strategy, as well as establishing a Fiscal Council, and independent body assessing fiscal policy. |
| Coherence with other IPA III programmes | Overall, the proposed SOP is aligned with the area of interventions of **IPA III 2021-2027 Strategic Response for North Macedonia**, under Window 3, *Thematic priority 1: To optimise the water cycle and to reduce the impact of solid waste on environment*, regarding:  Objective 1.1: To optimise the water cycle and to reduce the impact of solid waste on environment.  Planned areas of intervention:   * Investments in wastewater collection and treatments using best available technologies not entailing excessive costs to reduce GHG emissions. * Investment in upgraded soil and water quality monitoring systems and technologies. * Preparation and implementation of river basin management plans for improving the quality of surface, ground waters and drinking water; for the establishment of systems for drinking water quality control and for flood management. * Approximation, implementation, and enforcement of waste management legislation. * Investments in integrated waste management systems at local and regional level, in line with the most modern technologies to avoid increasing emissions of GHG. * Investments in recycling and re-use of waste. * Investments in water supply systems. * Building the capacity of the national authorities to effectively implement the legislation and ensure protection of the environment. * Building the capacity of the national authorities to effectively implement the legislation and ensure protection of the environment in environmental impact assessment for re-use of waste. * Strengthening the capacity of laboratory analyses in the field of waste. * Building the capacities of the public utilities companies in the water and waste sectors.   The proposed SOP shows coherence with and/or will be complementary to several ongoing and planned actions under IPA annual and multiannual action programmes, multi-country programmes and WBIF, as well as projects financed and implemented by other EU Member States or other donors and will build on their results and achievements.  **Sector Operational Programme for Environment and Climate Action 2014-2020 (SOPECA). S**trategic document developed by the government of North Macedonia in cooperation with the European Union. The programme aimed to improve the environmental performance of North Macedonia and contribute to the country's sustainable development while also helping it to comply with the EU environmental *acquis*.  The programme had four priority areas:   * Improvement of air quality and reduction of greenhouse gas emissions; * Improvement of water management and protection of water resources; * Waste management and contaminated sites; * Biodiversity conservation and preservation of natural resources.   To achieve these priorities, the programme has set several specific objectives and targets, such as reducing air pollution, increasing the use of renewable energy, improving wastewater treatment, and promoting sustainable land use practices. The SOPECA is funded by IPA and has a total budget of €115 million. The Ministry of Environment and Physical Planning implements the programme in collaboration with other relevant institutions and stakeholders.  **IPA II 2021 Action Document “EU for Prespa”.** This Action supports the implementation of the Green Agenda for the Western Balkans in the Prespa lake area. It promotes biodiversity, a toxic-free environment, sustainable agriculture and local business. EU investments will be used to restore Macro Prespa Lake's damaged ecosystem, combat water and soil pollution, protect endangered species, and encourage sustainable practices. The Action will also promote sustainable food and tourism, reduce chemical use in agriculture, and encourage renewable energy use and the circular economy. It is expected to impact cross-border cooperation and promote sustainable development across borders significantly.  **IPA II 2021 Action Document "EU for Environmental Standards and Clean Air in North Macedonia"**. While the Action focuses on air quality and reducing air pollution, there are also aspects related to waste and wastewater issues. For example, the Action document mentions the need to promote waste recycling and the use of renewable energy sources, which can help reduce waste and encourage sustainable production and consumption. In addition, the Action aims to support the development of a circular economy in North Macedonia, which includes measures to promote the reuse and recycling of materials and reduce waste.  **IPA III 2022 Action document “EU for Modern Wastewater Systems”.** The Action aims at decreasing water pollution along the Vardar River basin district in North Macedonia while supporting the transition to a green economy and addressing climate change. It directly contributes and creates synergies with the priorities of the Economic and Investment Plan and the Green Agenda for the Western Balkans. The EU financial assistance will be invested in measures for collecting and treating urban wastewater in the municipalities of Shtip, Veles and Vinica. The Action supports investment in both energy demand and supply. The Action encourages stewardship of reclamation and reuse of the remaining solid waste stream instead of the current policy (practice) of disposing of it in sanitary landfills (dumpsites).  **SECO** (State Secretariat for Economic Affairs, Swiss Government Agency). **“Construction of WWTP for the Municipality of Delcevo extension and rehabilitation of water supply system (2018-2023)** (7,254,000,00 CHF).  **EIB (ERI) “Technical Assistance to the Skopje Wastewater Treatment Plant Project Implementation Unit (PIU)” (2021-2023)** (€ 0,5m.)**.** The EIB is providing technical assistance to the PIU to effectively implement the Skopje Wastewater Treatment Plant Project, which aims to improve wastewater treatment infrastructure in Skopje. The project involves constructing a new wastewater treatment plant and upgrading existing facilities to improve water quality in the Vardar River and reduce the risk of flooding in Skopje.  **EBRD** (European Bank for Reconstruction and Development) (2023-2028) “**Construction of a wastewater treatment plant (WWTP) in the City of Skopje”** (€ 58 m.).  **EIB** (European Investment Bank) (2023-2028) **“Construction of a wastewater treatment plant (WWTP) in the City of Skopje”** (€ 68 m.).  **EIB** (European Investment Bank) (2022-2026) **“Municipal infrastructure in the water sector”**-Framework loan (€ 50 m.).  **EBRD** (European Bank for Reconstruction and Development) (Loan agreement signed in January 2023) **“Establishing a regional waste management system in five regions”** (Polog, Vardar, South-East, Pelagonia and South-West regions) (€ 55 m.)  **WBIF:** Support in form of grants provided for the Construction of Wastewater treatment Plant in Skopje(€70m), Establishment a regional waste management system in Polog, Vardar, South-East, Pelagonija and South-West regions (€ 22 m) etc. |
| Indicative budget (in EUR) | | Indicative budget of the Sectoral Operational Programme  **Total EUR: 124,200,000,00**  **EU contribution EUR : 70,000,000**  **Yearly allocations in EUR:**  2024 – 11,360,000  2025 – 34,600,000  2026-2027 – 78,240,000 |
| Indicative list of areas of support under the operational programme | | Areas of intervention  **1. Investment in water management**. (Not exhaustive list)  - *Upgrading and establishing wastewater collection and treatment infrastructure, meeting EU requirements of selected projects that are at most advanced level of preparation above 10,000 population equivalents (p.e.)*  - *Improving water management and costs efficiency aiming to achieve carbon neutrality.*  *- Improving sewage sludge management.*  *- Planning and developing technical documentation for improving sustainable water management and creating conditions for new investments in water management.*  *- Supervision of works contract as well as construction auditing services.*  *- Procurement of needed equipment for sustainable water and wastewater management.*  **2. Investment in integrated waste management** (Not exhaustive list)  - *Construction*/*Upgrading the integrated regional waste management system and avoid further deterioration of environment by uncontrolled waste management.*  *- Supporting inter-municipal cooperation in waste management.*  *- Improving waste tariffs setting and implementation.*  *- Planning and developing of technical documentation for improving waste management and creating conditions for new investments.*  *- Closure of non-compliant landfills.*  *- Supervision of works contracts.*  *- Procurement of needed equipment/vehicles for integrated waste management.*  **3. Supporting SOP implementation and strengthening capacity of IPA operational structure for environment** (Not exhaustive list)  *- Technical assistance for implementation of infrastructure projects.*  *- Improving project planning and management capacity and capabilities.*  *- Planning and developing technical documentation supporting investment projects implementation.*  *- Supporting retention policy for IPA operational structure.*  *- Technical audit for infrastructure projects implementation.*   * *Visibility and communication activities to ensure the SOP is communicate effectively to all stakeholders and that the benefits of the programme are widely understood.* |
| Institutions involved in the management of the operational programme | | The institutional framework for IMBC under IPA III and the FFPA is currently in development and pending agreement. As part of this process, a comprehensive analysis of potential alternative institutional frameworks will be conducted, considering the possible future institutional framework for Cohesion Policy.  Once the institutional framework is agreed upon, documents will be created before the NAO requests entrustment. These documents will include the following:   * Organigrammes outlining the roles and responsibilities of the NIPAC Technical Secretariat, Management Structure, Managing Authority(ies), IBPMs, and IBFM(s). * A decree specifying the mutual relations between the structures for IPA III, including the Audit Authority * An act of systematisation and job descriptions for the NIPAC Technical Secretariat, Management Structure, Managing Authority IBFM(s), IBPMs. * Operational agreements and a bank protocol. * Protocols to ensure IT security across all structures involved in IMBC. * A manual of procedures for the NIPAC Technical Secretariat, Management Structure, Managing Authority(ies), IBFM(s), and IBPMs. |

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