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Public

Environmental and Social Data Sheet

Overview

Project Name:	Municipal Water Infrastructure North Macedonia
Project Number:	2018 0837
Country:	North Macedonia
Project Description:	The project consists of the construction and rehabilitation of water supply, wastewater collection and treatment infrastructure, and emergency flood protection measures for the 80 municipalities of the country under a framework managed at national level by the Ministry of Environment and Physical Planning. This project is in continuation of 2008-0446 WATER SUPPLY AND WASTE WATER COLLECTION.

EIA required: yes

This is a multi-scheme Framework Loan operation. Some of the schemes may require an EIA.

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

The operation concerns the promoter's (the Ministry of Environment and Physical Planning) capital investments driven by the need to increase water supply in rural areas and to improve waste water disposal throughout the country. The framework loan concerns investments in 80 municipalities in the Republic of North Macedonia, which together with the public water enterprises will be final beneficiaries of the project. The purpose of the investments is the provision of water supply, mainly in rural areas, and protection of public health and the environment from water pollution, while maintaining a balanced development of water supply and sanitation as well as safeguarding the financial and operational viability of the water companies. The proposed investments are in line with the National Strategy for Sustainable Development and will ensure the continuous access to compliant potable water and sanitation in line with the applicable EU Directives. The main components comprise the construction of abstraction infrastructure; water treatment and distribution networks, including water reservoirs and pumping stations, sewerage collection systems and wastewater treatment facilities, storm water systems and emergency flood protection measures. The relevant components are based on the preliminary screening done by the promoter, however the final list of the project schemes will be developed during the ensuing preparatory phase.

Compliance with applicable Environmental Legislation

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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The main legal framework in which Public Water Enterprises operate includes the following laws: Law on Environment, Law on Waters, Law on Drinking Water Supply and Drainage of Urban Wastewater, Law on communal activities, Law on Public Enterprises, Law on determining the prices of water services, Law on Labour Relations, Law on Administrative Officers, Law on Public Sector Employees.

The Law on Waters fully transposes the principles and requirements of the Water Framework Directive (2000/60/EEC), Urban Waste Water Directive (91/271/EEC) and the Council Directive (86/278/EEC) on the Protection of the Environment. Investments in water systems will contribute to improving the quality of the water supplied as required by the Drinking Water Directive 98/83/EC and to more efficient and resilient water services. The National law on Environment is essentially harmonised with the EIA Directive 2014/52/EU amending the Directive 2011/92/EU through "Decree on determining projects for which - and criteria on the basis of which - the screening for an EIA should be carried out".

It is expected that, depending on the scope, project components would fall either under Annex II (i.e. be subject to screening by the Competent Authority - the Ministry of Environment and Physical Planning) or outside the scope of the Directive 2014/52/EU amending the EIA Directive 2011/92/EU. Therefore, some of them might require a full EIA. North Macedonia is composed of four river basin districts. Two of them - the Vardar River and Strumica River Basin Management Plans have been developed following the principles of the Water Framework Directive.

Framework loans as a whole are not covered by the EIB Carbon Footprint Exercise. Each sub-project will be included in the carbon footprint exercise if emissions are above the thresholds, although given the more rural nature of investments they are unlikely to be above the thresholds. The climate change benefits, if relevant, will be quantified in the assessment of each scheme. The schemes including wastewater treatment components are expected to result in a positive reduction in related GHG emissions.

Environmental Impacts

The schemes are expected to have minor negative impacts during construction and no residual impacts in the operational phase. Most schemes will be located in a consolidated urban environment and on the existing routes of water mains and sewers and in the premises of existing facilities or their vicinity. Therefore, the schemes are not likely to have negative impacts on nature conservation areas. Nevertheless, compliance with the Biodiversity and Habitats National Legislation and its alignment with the Habitats and Birds EU Directives (92/43/EEC, 2009/147/EC) as well as EIB E&S Standards will be further checked during assessment of individual schemes, before allocating finance to schemes and during the implementation of the project.

Promoter's E&S capacity

The promoter has experience in management of environmental and social plans and is familiar with the application of other international financing institutions' standards, based on the experience during implementation of their existing operations. However, technical assistance will be made available to support the Promoter in the preparation and implementation of the schemes. The technical assistance will also support the promoter in setting up an environmental and social monitoring and reporting system.



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Social Assessment

Based on the information provided to the Bank, the potential schemes are not likely to trigger any large land acquisition and are not expected to trigger large permanent physical or economic displacement. In implementing water and sanitation infrastructure schemes aimed at improving efficiency, public health, and protection of the environment, the works will be kept as much as possible to the existing rights of way (for buried assets) and the existing facilities (for plants, reservoirs, etc.) which reduces potential negative social impacts to a minimum. All schemes are expected to have a positive impact on the living conditions of the inhabitants. In addition, the investment will provide job opportunities during the works phase.

Compliance with EIB's social standards, such as those on occupational and public health, safety and security, labour standards, involuntary resettlement and stakeholder engagement will be further checked during assessment of individual schemes, before allocating finance to schemes and during the implementation of the project. The technical assistance will support the promoter in screening the schemes according to EIB social standards.

Conclusions and Recommendations

Given that detailed information on the schemes is not available at this stage, environmental and social aspects will be checked at scheme allocation stage. The Bank will require the Promoter to follow the EIB environmental and social (E&S) standards. The Promoter will be obliged to provide the Bank with documentation stating that there are no negative impacts on biodiversity or that the appropriate mitigation measures are being taken according to the applicable national law, EU relevant legislation and EIB E&S Standards.

The following undertakings shall be included in the finance contract:

- The Promoter shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to national law and EU EIA related Directives without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the EIA and the EIA having been made available to the public, for publication on the Bank's website.
- The Promoter shall store and maintain updated the relevant documents (including environmental studies related to the ESIA and screening decisions, Nature/Biodiversity Assessments, Environmental, Social Management Plans, Resettlement Action Plans and Stakeholder Engagement Plans) to be provided to the Bank upon request. In case the EIB requires such documentation, the promoter shall provide all documents requested promptly.
- The Promoter shall implement and operate the Project in compliance with EIB's Environmental and Social Standards, and ILO core labour standards, in particular with the inclusion of provision (for contractors) for the respect of: principles of equal treatment and non-discrimination in employment and at the workplace, and equal access for men and women to employment opportunities and grievance mechanism.
- The Promoter shall assure that compensation has been paid for the land affected by the works before start of the relevant works on the project sites.

The overall anticipated environmental and social impacts of the operation are deemed positive. Minor negative (temporary) impacts during the construction will be compensated by considerable social, public health and environmental benefits. Considering the above, the project is acceptable for EIB financing from an environmental and social point of view.