

Public

Environmental and Social Data Sheet

Overview

Project Name:	<i>Skopje WWTP</i>
Project Number:	<i>20170232</i>
Country:	<i>North Macedonia (FYROM)</i>
Project Description:	<i>Construction of a waste water treatment plant (WWTP) in Skopje, serving approximately 500,000 inhabitants</i>
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	yes

Environmental and Social Assessment

Environmental Assessment

Public Water Company Vodovod i Kanalizacija-Skopje (WCViK) is in charge of management, operation and maintenance of the water and wastewater services in the City of Skopje, comprising 10 municipalities (having approx. 550,000 inhabitants in 2018) in accordance with the Law on Water of North Macedonia. At present, the most serious environmental problem in the City of Skopje concerns surface and groundwater contamination because the wastewater is poorly treated in septic tanks, cesspits or is simply discharged straight to the Vardar River, which flows across the border into Greece and later to the Aegean sea. The project consists of the construction of a new wastewater treatment plant (WWTP), to be located in the south-eastern part of Skopje Valley, within the Municipality of Gazi Baba. It will also include the siphon connection with the two EU funded wastewater collectors currently under construction on the left and right banks of the Vardar River, which will transport wastewater from the City of Skopje to the WWTP. The new plant will treat the wastewater collected from 9 municipalities of the City of Skopje, designed for a capacity of 625,000 population equivalent (PE) in 2030 and 650,000 PE in 2045. The project will be implemented in 2 phases. The present project funded by EIB jointly with EBRD will cover phase 1 of WWTP construction, including biological treatment of wastewater, incineration of sludge, and co-generation of thermal energy from the gases produced by sludge digesters. The project will contribute to increasing service levels in terms of efficacy and reliability of the wastewater treatment and disposal in the largest municipality in North Macedonia, contributing also to North Macedonia's long-term economic development.

The main legal framework in which Public Water Enterprises operate includes the following laws: Law on Water, 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

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

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services, Law on Labor Relations, Law on Administrative Officers, Law on Public Sector Employees.

The Law on Water 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, and in Particular of the Soil, when Sewage Sludge is used in Agriculture. A set of by-laws are in place as well, regulating the design of WWTP's, emission limit values for discharge of wastewater after treatment, the method of calculation and the conditions for re-use of waste water and sludge. 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 EIA should be carried out". The construction of the WWTP will be in line with the requirements of the EU Directive 91/271/EEC on Urban Wastewater Treatment, which is fully transposed into Macedonian legislation.

According to the EIA Directive, 2014/52/EU amending the Directive 2011/92/EU, wastewater treatment plants with a capacity exceeding 150,000PE are on the list in Annex I (requiring mandatory EIA). Macedonian legislation is more restrictive as it requires mandatory EIA at national level for construction of WWTPs with a capacity over 40,000 PE. The ESIA was prepared by an external consultant and approved by the competent authority (MoEPP) in 2016. An update of an ESIA was completed in December 2018 upon request of the EBRD, approved by the MoEPP and published on EBRD website in December 2018. It will also be published on the EIB website.

In general, no main issues in terms of compliance with national, EU and Lenders' requirements have been identified, which cannot be readily mitigated using standard mitigation measures. The Environmental and Social Action Plan (ESAP) includes a set of comprehensive mitigation measures to ensure project compliance with International standards and best practices. Positive long-term impacts for the aquatic life and biodiversity of the recipient river are anticipated. The ESAP refers to the execution of the works with due account of the design solutions adopted and provides the measures and actions to mitigate potential adverse impacts, and to enhance positive or beneficial impacts.

The Law on Nature Protection defines categories of protected areas, habitats and ecologically important areas, relevant bodies for nature protection, general conservation measures for protection of biodiversity and ecosystems, the establishment of Natura 2000, as well as the development and adoption of the Red List of Flora and Fauna in North Macedonia. The location of the WWTP, defined by the General Urban Plan (GUP) Skopje 2012-2022, is in the vicinity of a protected area (called Ostrovo, located nearby settlement of Trubarevo, designated as national monument from 1976), however it is not categorised as a Natura 2000 site. Specific mitigation measures to avoid any significant impact on this area are provided in the ESAP and shall be implemented by the WCViK during preconstruction, construction and operation phases.

A Project Implementation Unit (PIU) will be established by the WCViK. Technical assistance will be made available to support the PIU in the preparation and implementation of the project, including the setting up an environmental and social monitoring and reporting system.

The Project will have a significant contribution to Climate Action Mitigation due to the reduction of the methane emissions from septic tanks and the recovery of energy from biogas thanks to sludge digestion.

Estimated emissions savings are 12,800 tonnes of CO₂ equivalent per year. For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount, as a proportion of project cost.

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Social Assessment

Social impacts include the possible disruption of services, noise and temporary occupation of public or private space, traffic disruptions, and safety hazards during construction. The ESAP proposes mitigation measures for the aforementioned impacts.

The project will not trigger any permanent physical displacement. The WWTP physical footprint consists of 22 land plots, out of which 21 land plots (with no resident), route of inlet pipe and siphon, are state owned while one plot is privately owned, however currently not in use and will be acquired. One of the state-owned plots is rented from the Ministry for Agriculture and Water Management by a private company for the seasonal production of corn, alfalfa and wheat. Based on the site visits as well as consultations with the local population, there is no informal land use where the WWTP, inlet pipe and siphon will be built. The promoter has committed to compensate any land acquisition of private property at full replacement cost in line with both EIB and EBRD standards prior to providing the right of access to the site. Acquisition will be carried out by the City of Skopje, in line with the Law on Expropriation.

Public consultations took place in 2015 during the preparation of the General Urban Plan (GUP) for the City of Skopje and a Strategic Impact Assessment (SEA) related to GUP. The documents were published on the website of the City of Skopje, no comments were received with regards to the location of the WWTP.

The ESIA prepared in 2016 was publicly disclosed on MoEPP webpage. Public hearings took place in the premises of the City of Skopje. In addition, the City provides information on new infrastructure projects through the local TV station, local newspapers, and website. The project, which will improve the wastewater services, is receiving positive feedback in anticipation of enhanced living conditions of the inhabitants, as well as the job opportunities created during the works and operation of the plant.

A Stakeholder Engagement Plan (SEP), inclusive of a project wide grievance mechanism, was prepared in December 2018. The updated ESIA, SEP, NTS and ESAP has been endorsed by the competent authority (MoEPP), City of Skopje and WCViK and published on their respective websites in December 2018, with hard copies available at their locations (also the Municipalities of Gazi Baba and Aerodrom).

Macedonia is a signatory of all ILO fundamental conventions broadly transposed into national legislation under the Labour Law. WCViK and the selected contractors will comply with national Labour Law and EBRD/ EIB standards, specifically in the area of internal grievance mechanism, and monitoring of third party employers and management of grievances in relation to security of personnel. Contractors' compliance in relation to labour standards will be supervised by the promoter with the support of the technical assistance.

Conclusions and Recommendations

The project will support the reduction of environmental pollution, the improvement of sanitation, thus bringing a positive social impact and, ultimately, contribution to sustainable economic growth. The project is in line with both EU and national objectives and will be

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implemented in accordance with the EIB's and EBRD's social and environmental standards. It is expected to have minor environmental impacts during construction and minor negative residual impacts in the operational phase. Overall, the project will generate positive impacts on the environment and will also provide long-term socio-economic benefits to the local population in the form of employment opportunities and improved quality of life.

The following conditions and undertakings shall be included in the finance contract:

- The Promoter shall implement the Project in accordance with the Environmental and Social Action Plan and the Stakeholders Engagement Plan (inclusive of a grievance mechanism) and report to the Bank on the status of implementation;
- The Promoter shall implement and operate the Project in compliance with the 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, equal access for men and women to employment opportunities and grievance mechanism.

In view of the above findings and conditions, the project is acceptable for EIB financing from the perspective of environmental and social compliance.

PJ/SQM/ECSO