



Institute for Good Governance and Policies  
in Environment and Climate Change

## REPORT ON GOOD GOVERNANCE IN THE FIELD OF THE ENVIRONMENT AND CLIMATE CHANGE IN NORTH MACEDONIA

*Findings, conclusions and recommendations*

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## EXECUTIVE SUMMARY

The research report on good governance in the field of environment and climate change in North Macedonia was prepared within the framework of the project of the Institute for Good Governance and Policies for Environment and Climate Change (IPECC) "Improving Good Governance in the Environment and Climate Change," financially supported by the European Union. The aim of the research is to assess the current level of understanding of good governance in the environment and climate change among different stakeholders and how good governance is reflected in relevant laws and policies. At the same time, this report aims to strengthen the capacity of IPECC and, through it, the civil sector in North Macedonia for better engagement in good governance in the environment and climate change and to enhance communication between stakeholders.

The research was conducted using four methodological tools: office research, survey research in municipalities, interviews with heads of organizational units in the Ministry of Environment and Spatial Planning (MOEPP), and a final consultation event with all relevant stakeholders.

The office research resulted in a separate Working Report containing a theoretical explanation of the term "Good governance" in political science, a review of good governance in the field of environment and climate change in the European Union, UN, and other multilateral organizations, an analysis of 12 laws regulating certain aspects related to good governance, and six laws in the field of environmental and nature protection, along with a total of 11 relevant policies. In doing so, all provisions of the laws directly related to the principles and values of "Good governance," as well as related goals, measures, and activities from the analyzed policies, are mapped. For some of these articles, a verification question was formulated - whether and how the provision is implemented. Some articles of the analyzed laws were singled out as the subject of discussion through interviews and consultative meetings and events with stakeholders. The Working Report concludes with an analysis of relevant stakeholders for good governance in the area of the environment and climate change in North Macedonia, including all relevant national institutions, municipalities, citizens' associations, and other stakeholders. The large number of identified stakeholders illustrates the complex challenge of consistently applying the principles of transparency and inclusiveness, i.e., ensuring their participation in all processes for the adoption and implementation of related legislation and policies.

The survey research in the municipalities was conducted based on a structured survey questionnaire sent electronically by ZELS to all municipalities in the Republic, and anonymously completed by the municipalities. Answered questionnaires were received from 31 municipalities. Seven interviews were conducted with heads of organizational units in the MOEPP, and on December 12, 2023, the final event with stakeholders was held in Skopje. During this event, the key findings, conclusions, and recommendations from this report were discussed, primarily related to the possibilities for the advancement of the relevant laws and policies in the domain of good governance and the process of their implementation.

Concerning general laws creating the framework for good governance, the conclusion is that there is no gap in terms of non-covered legal matters. However, challenges related to the implementation of the laws and certain aspects that need improvement are perceived, some of them through full compliance with EU law. It is recommended to expand the list of principles related to good

governance in the Law on Public Sector Employees and to incorporate a general definition of the term "Good Governance." Regarding municipalities, the finding that only one out of three municipalities has introduced the basic standard ISO 9001, although it is a legally established obligation, is worrying. This finding also indicates an additional challenge related to the establishment of an integrated management system in the public sector, consisting of several ISO standards, including the ISO 14001 standard for the establishment of an environmental management system, to reduce or completely eliminate the negative impacts on the environment from the operational activities of organizations. Therefore, it is recommended that this standard be explicitly stated in the Law on the introduction of a quality management system and the common framework for assessing the operation and provision of services in the civil service. Regarding the implementation of the Law on electronic management and electronic services and the Law on the use of data from the public sector, greater proactivity is necessary on the part of the municipalities and the MOEPP to contribute to a more efficient establishment of e-government and "open government" at the national and local levels. Perhaps the greatest positive dynamic in the past few years is related to the creation of a series of tools for the implementation of the Law on the Prevention of Corruption and Conflict of Interest, followed by two more recent laws: the Law on Lobbying and the Law on the Protection of Whistleblowers. The MOEPP and the municipalities should consistently and proactively implement the provisions of these three laws that create a framework for the effective prevention of corruption and conflict of interest in the public sector. Four additional laws have been analyzed, the provisions of which should be taken into account for the efficient and effective practice of good governance. Greater attention should be paid to the prevention and protection from discrimination through the consistent implementation of the provisions of the related Law, which is also upgraded to the Law on Equal Opportunities for Women and Men. The provisions of these two laws should be more strongly reflected in the legislation and policies in the field of environment and climate change. Regarding the Law on Free Access to Public Information, its implementation is of particular importance for the closer topic of this research because it transposes part of the provisions of the Aarhus Convention on Access to Information, public participation in the adoption of decisions, and access to justice on environmental matters. Regarding municipalities, it is recommended that they continue with a consistent and proactive implementation of the provisions of the Law on Local Self-Government related to informing the public and the participation of citizens in decision-making on issues of local importance. For its part, the MOEPP should take into account these provisions and reflect on them in the legislation on the environment and climate change in all cases where competences from a municipal scope are regulated. The same applies to the new Law on Budgets, which strengthens the obligations to ensure financial transparency and gender budgeting.

Regarding key environmental laws and their implementation, one of the key challenges is the expired National Environmental Action Plan (NEAP) as well as the unupdated long-term Sustainable Development Strategy. At the same time, the process of preparing an integral National Development Strategy for the period 2024 - 2044 is in the final stage, which should be adopted by a special law by the Assembly of the RNM. Hence the legitimacy of the question, whether it is necessary to have two comprehensive and integrated development strategies with parallel mechanisms for coordination of implementation and monitoring and reporting. A significant finding from the analysis is the serious gap in terms of regulating the possibilities for digitization and thereby creating better conditions for achieving a higher level of legality, impartiality, integrity, and prevention of corruption, transparency, and accountability. It would also increase efficiency and effectiveness and focus on users in the management of the processes and procedures. And no less significant, through the application of

innovative electronic tools, the responsiveness of the competent ministry and the municipalities would increase. The lack of an adequate, fair, practical, efficient, and effective system for financing the management of the environment and climate change by the municipalities, with strong mechanisms of fiscal transparency, is also perceived. Currently, the local self-government units indicate that the dedicated financial instruments at their disposal are insufficient to finance the large volume of transferred competences in the area of the environment. The low degree of fiscal decentralization in itself is a major limitation for municipalities in terms of allocating funds from other own financing sources. The consequence is the impossibility of adequate delivery of services to the population due to the symbolic allocation of funds in the municipal budget programs for the protection of the environment and nature. At the same time, limited financial resources make it impossible to build stable, long-term, and sustainable capacities in the local administration for environmental and climate change management. The delay in the preparation of national and local plans arising from the provisions of the Law on Ambient Air Quality, the Law on Water, and the Law on Noise Protection should be singled out from the strategic challenges. Related to the implementation of the Waste Management Law, a key challenge is the organization of adequate technical and professional support for the inter-municipal waste management boards, as well as the insufficient commitment of the municipalities to the smooth establishment and functioning of the inter-municipal enterprises that should manage the regional landfills.

Concerning environmental policies, it is recommended to pay attention to the implementation of the Long-Term Strategy for Climate Action with an Action Plan by establishing a comprehensive process for planning, coordination, and implementation of policies that have an impact on climate change. It is also recommended to speed up the process of enacting the Law on Climate Action, which should more precisely arrange the instruments for coordination as well as the mechanisms for monitoring the implementation of the foreseen policies and measures and consistently include all stakeholders in them. Adoption of the National Adaptation Plan is also necessary to complement the already formulated measures with this Strategy, to mitigate the effects of climate change. A related challenge to which attention should be paid is the just energy transition, for the management of which financial resources should be provided in a timely manner in the State Budget. Regarding the implementation of strategies for the protection of nature and biological diversity, it is necessary to establish a system with sustainable economic and financial instruments and a fully functional National Information System for biological diversity. Only on that basis can a well-informed basis be created for making decisions and formulating expedient and justified measures and activities. The National Water Strategy 2012-2042 has not been updated and it lacks a full reflection of the principles of good governance as well as appropriate measures.

In terms of broader policies in the area of good governance in the public sector, an essential recommendation is that the MOEPP and the municipalities take an active part in the implementation of the measures and activities foreseen by the Strategy for the Reform of the Public Administration 2023 - 2030 with the Action Plan 2023 - 2026, and thus most directly promote good governance in their own scope of competences. It is of particular importance for the MOEPP, but also for the municipalities, to take a proactive part in the formulation and implementation of measures for the development of a policy for the retention of professional and competent staff, taking into account the existing deficit of such staff in the field of technical sciences, IT staff and in general the process of the outflow of experienced and professional staff. In view of the strategic determination for optimization and increasing efficiency, the MOEPP should make the necessary comparative analyzes and make a final decision on the eventual transformation of organizational parts of the Environment

Administration into a Water Agency and a separate Nature Agency. A challenge that needs to be addressed urgently is strengthening the capacities for conducting administrative procedures and establishing a mechanism for monitoring the efficiency of administrative procedures. The MOEPP and the municipalities should make their own contribution to the successful implementation of a series of significant individual green investments such as the construction of the waste water treatment plant in Skopje and investment programs supported by the World Bank, EIB, and EBRD. An essential recommendation is to implement a consolidation process of water service providers and waste managers in the coming period. It is desirable to encourage the Regulatory Commission for Energy and Water to establish the system with national benchmarks for the operation of municipal PUCs and to effectively introduce price regulation of services in the field of waste management. Other significant measures are related to the prevention of waste generation and the enabling of an efficient transition to a circular economy, the introduction of explicit bans on performing harmful economic activities in protected areas, as well as the creation of valid programs for energy efficiency. The MOEPP should encourage the municipalities to establish formal forms of inter-municipal cooperation and effective mechanisms for public participation, access to information, access to justice for environmental issues, and reporting on the environment, as well as for implementing campaigns to strengthen public awareness in cooperation with citizens' associations. Effective climate action should gradually be enabled by localizing the response to climate change with a focus on the most vulnerable categories of the population who are also most exposed to the harmful effects of climate change.

According to the survey in the municipalities, a worrying finding is that more than 40% of them do not have a Local Environmental Action Plan (LEAP), that is, a local policy with appropriate measures and activities for the protection of the environment and nature, and thus a basis for quality preparation of expedient projects. This deficit can be addressed through targeted cooperation of the MOEPP with the municipalities and the delivery of training. At the same time, the solution in the Law on the Environment should be reconsidered, in a way to unify the content of Local Agenda 21 in the methodology for the preparation of the LEAP. In terms of local sustainable development, the Methodology developed by the Ministry of Local Self-Government should also be taken into account in relation to the preparation of Integrated Local Development Plans, which make a closer connection with the budget process in the municipalities. It refers to the integration of the municipal development program for the protection of the environment and nature in a single development planning document of the municipality. In that way, fragmentation of the development planning documents prepared by the municipalities can be avoided.

The report contains findings and recommendations related to other significant challenges in the performance of the competences of the MOEPP and the municipalities. The key recommendations from the regular annual report of the European Commission, which are related to generic aspects of good governance in the public sector but also specific challenges in the area of the environment and climate change, should be addressed through roadmaps and operational plans for their implementation.

## CONCLUSIONS AND RECOMMENDATIONS

The stated conclusions and recommendations primarily pertain to opportunities for improving relevant laws and policies in the domain of good governance and their implementation processes.



### General laws that establish the framework for good governance

Ten (10) principles of good governance are delineated in Articles 4 - 13 of the Law on Public Sector Employees: legality; equal conditions and access to the workplace; adequate and fair representation; expertise and competence; employee performance management; service orientation; professional ethics, impartiality, and objectivity; transparency and confidentiality; responsibility; prevention of conflicts of interest; and, as a final principle, economical use of funds. However, the law lacks a comprehensive definition of the term "Good governance," and it does not specifically cover seven (7) principles from the Good Governance Manual of the European Commission: inclusiveness; connection; sustainability; vision; reflection; innovations; and accountability, although some of these are partly reflected in the descriptions of the aforementioned principles. The report includes a deeper qualitative comparison of the descriptions of these principles, accompanied by recommendations.

*A general recommendation is to seize the opportunity to make appropriate amendments and additions to this law. Given that preparations for a new Law on Public Sector Employees are in the final stage, the delay in its adoption noted in the EC Report should be considered. This window of opportunity should be used to introduce a definition of the term "Good governance" and enhance the description of existing principles in the law. Additionally, it is advisable to supplement it with principles that are not covered, especially those relevant to achieving a higher degree of harmonization of our public service with the European Union's standards.*

In the Law on the Introduction of a Quality Management System and the Common Framework for Assessing the Operation and Provision of Services in the Civil Service, an obligation has been established for bodies (of the state and local government) to introduce at least the basic standard ISO 9001. Depending on their competences and specifics, there is the possibility to introduce other types of ISO or Macedonian standards that complement the basic standard. However, it is observed, based on a survey in municipalities, that one third of the surveyed municipalities do not implement this provision.

*In the context of good governance, it is advisable to align the need to establish internal procedures with the ISO standard 9001:2015 for quality management and closer standards for inclusive policy preparation, cooperation with stakeholders, and project cycle management. Consistent application of this standard necessitates the adoption of a quality management policy at the highest management level. In the realm of good governance, with a focus on the environment and climate change, the ISO 14001 series is relevant. It defines criteria for establishing an environmental management system aimed at reducing or eliminating negative impacts on the environment from organizational operational activities. Therefore, it is recommended that this standard be explicitly stated in this law.*

The Law on Electronic Management and Electronic Services stipulates that electronic services will be unified and available through the National Portal for Electronic Services, established and managed by MISA. MISA is responsible for maintaining the Service Catalog, containing a description of services through a specific technical standard and specification. The establishment of the "One point for services" ensures access to services from several competent authorities through administrative offices. The provisions of this law impact the implementation of various principles of



good governance, including integrity and prevention of corruption, impartiality, inclusiveness, openness, user-centeredness, responsiveness (responsibility), connectivity, efficiency and effectiveness, innovation, and accountability. This law is complemented by the Law on the Use of Data from the Public Sector, which aims to enable the use of data created by the public sector for the creation of new information, content, applications, or services by legal or natural persons.

MISA is responsible for maintaining a Central Catalog of data from the public sector, published on the portal [www.otvorenipodatoci.gov.mk](http://www.otvorenipodatoci.gov.mk). The provisions of this law impact the implementation of inclusiveness, openness (transparency), user-centeredness, and innovation principles of good governance.

*It is recommended that the Ministry of Environment and Physical Planning (MOEPP) and the municipalities consistently and proactively implement the provisions of these two laws, creating a framework for e-government and open government.*

The Law on Prevention of Corruption and Conflict of Interest is based on principles of good governance, including legality, integrity, equality, and accountability. Pursuant to this law, the State Commission has specific powers that include acting on its own initiative or based on received reports. This law is followed by the Law on Lobbying, aiming to improve transparency in the processes of preparing, adopting, and modifying public policies, programs, laws, by-laws, or other general acts. Among other things, it prohibits lobbying entities from receiving, giving, promising donations, gifts, services, influence, or other advantages. The provisions of this law primarily impact the implementation of legality, integrity, and openness (transparency), impartiality, responsibility, and accountability. The Law on the Prevention of Corruption and Conflict of Interest is followed by the Law on the Protection of Whistleblowers, regulating protected reporting in the public and private sectors to protect the public interest and the rights of whistleblowers. The provisions of this law primarily impact the principles of legality, integrity, impartiality, responsibility, and accountability.

*It is recommended that the MOEPP and the municipalities consistently and proactively implement the provisions of these three laws, creating a framework for effective prevention of corruption and conflict of interests in the public sector.*

The Law on Prevention and Protection Against Discrimination prohibits any discrimination based on various grounds. A procedure for preventing and protecting against discrimination is conducted before the Commission for Preventing and Protecting Against Discrimination. The provisions of this law primarily impact the principles of legality, impartiality, and inclusiveness. The Law on Equal Opportunities for Women and Men, aims to establish equal opportunities in various areas of social life. The provisions of this law primarily impact the principles of impartiality and inclusiveness.

*It is recommended that the MOEPP and the municipalities consistently and proactively implement the provisions of these two laws. In the legislation related to the environment, climate change, and laws shaping the system of local self-government, provisions should be introduced to contextualize and elaborate on the implementation of these two generic laws.*





The purpose of the Law on Free Access to Public Information is to ensure publicity and openness in the operations of information holders, enabling natural and legal persons to exercise the right to free access to public information. The provisions of this law primarily impact the principles of integrity, transparency, inclusiveness, user-centeredness, responsiveness, and accountability.

*It is recommended that the MOEPP and the municipalities continue with consistent and proactive implementation of the provisions of this law. The law also reflects the provisions of the Aarhus Convention on access to information, public participation in decision-making, and access to justice for environmental matters.*

The Law on Local Self-Government regulates aspects closely related to the principles of good governance, including the competences of the municipality, direct participation of citizens in decision-making, organization and work of municipal bodies, municipal administration, and local self-government. It stipulates that municipal bodies, council commissions, and public services inform citizens about their work, plans, and programs important for municipal development. Citizens directly participate in decision-making on local issues through citizens' initiatives, gatherings, and referendums, with associated costs falling under the municipal budget.

*It is recommended that municipalities consistently and proactively implement the provisions of this law, particularly regarding public information and citizen participation. The MOEPP should take these provisions into account and reflect on them in legislation related to the environment and climate change whenever municipal competences are regulated.*

Among the stated budget goals and principles in the Law on Budgets are included the principles of economy, efficiency, and effectiveness; transparency; secure financial management; and gender equality. The law also refers to the instrument of "Citizens' initiative," requiring main budget beneficiaries at the state and municipal levels to establish a mechanism for citizen participation in proposing new initiatives in the preparation of strategic plans and fiscal strategy. The Minister of Finance, ministries, and mayors are obligated to present draft budgets to the public. The law details procedures for preparing financial reports and final accounts, as well as providing public access to these reports. The provisions of this law primarily impact the principles of legality, integrity, transparency, responsiveness, efficiency, effectiveness, sustainability, and accountability.

*It is recommended that the MOEPP and the municipalities continue with consistent and proactive implementation of the provisions of this law. Moreover, considering the adoption of a new Law on Budgets with effect from January 1, 2025, the upcoming year should be utilized to make necessary preparations for its application. The new Law on Budgets strengthens obligations related to ensuring financial transparency and gender budgeting.*

### Key environmental laws

The Law on the Environment describes in more detail the goals that are related to good governance, namely: achieving an integrated approach to environmental protection and economic development, establishing a system of planning for the protection, promotion and management of



the environment, control of activities that threaten the environment; developing awareness of the need for environmental protection in the educational process and promoting environmental protection; harmonizing economic and other interests with the requirements for environmental protection and improvement and informing the public and the relevant institutions for the state of the environment and their involvement in its protection.

The Law emphasizes two key principles: the principle of public participation and access to information and the principle of raising public awareness of the importance of the protection of the environment. Also in the Law there is a specific provision related to the determination of the public, which regulates that the bodies that make decisions or planning documents in accordance with the provisions of this law, and in which the participation of the public is foreseen, are obliged to determine the public during the procedure of their adoption which will be affected or likely to be affected by the implementation of the adopted decisions or planning documents, or has an interest in the implementation of the adopted decisions or planning documents and that the authorities are obliged to make their decisions for public determination available at the earliest stage of initiation of the procedure for making decisions or planning documents. It is planned that this procedure will be elaborated by a by-law.

During the implementation of this Law, the following challenges have been identified.

The National Environmental Action Plan has recently expired and the long-term Strategy for Sustainable Development has not been updated.

*A new NEAP should be prepared and adopted and this situation of deficit of a key policy in the area of environmental protection should be overcome. In this context, it is necessary to review the provisions related to the preparation of the Strategy for Sustainable Development because the preparation of an integral National Development Strategy for the period 2024 - 2044 is in the final stage, as the highest planning document in which as one of the 8 strategic areas include the environment and climate change. The strategy should be adopted by the NRM Assembly with a special law.*

The Law on the Environment is extensive in content, with a total of 228 articles. The Law regulates in more detail the procedures for Strategic Environmental Assessment (SEA) and Project Environmental Impact Assessment (EIA) as key tools for integrating the objectives of environmental protection and climate change into all relevant sectoral policies and preventing more serious impacts by predicting appropriate measures and activities in policies and projects. These procedures are also significant because of the participative component, that is, the obligation to ensure the participation of all stakeholders.

*A possible reduction of the scope of the law can be moved in the direction of separating this legal matter into a special law and consequently making a full transposition of the relevant EU directives, also indicated as a recommendation in the EC Report.*

A significant finding from the analysis of the provisions of the Law on the Environment is the serious gap in terms of regulation of the possibilities for digitization of all previously analyzed processes and procedures regulated by the Law. For now, the only option is to issue B - integrated environmental permits electronically, as a procedure led by the municipalities. An appropriate application for electronic management of this procedure has been developed and administered by ZELS, but compared to a similar application of ZELS related to the procedure for issuing construction

permits, the scope of use of the electronic tool for B - integrated environmental permits by municipalities is far more limited.

*Through enhanced digitization of all relevant processes and procedures regulated by this systemic Law, a greater positive impact on the application of the principles of good governance would be realized. Better conditions for achieving a higher level of legality, impartiality, integrity and prevention of corruption, transparency and accountability would be ensured. It would also increase the efficiency and effectiveness and focus on the users in the management of the processes and procedures. And no less significant, through the application of innovative electronic tools, the responsiveness of the competent ministry would increase.*

Another important aspect for the analysis of the solutions from the Law on the Environment is the application of the principle of connection or interoperability, primarily between the MOEPP and the municipalities.

*It is recommended in the Law, in addition to a series of existing provisions in which obligations for local authorities are specified in more detail, to define at the beginning of the Law which competences in the area of the environment and climate change are the original competences of the local self-government, and which competences are shared between the central and local government. The latter is also important for the establishment of an adequate, fair, practical, efficient and effective system for financing the protection of environment and climate change with strong mechanisms of fiscal transparency.*

*Currently, the local self-government units indicate that the dedicated financial instruments at their disposal are insufficient to finance the large volume of transferred competences in the area of the environmental protection. The low degree of fiscal decentralization in itself is a major limitation for municipalities in terms of allocating funds from other own financing sources. The consequence is the impossibility of adequate delivery of services to the population due to the symbolic allocation of funds in the municipal budget programs for the protection of the environment and nature. At the same time, limited financial resources make it impossible to build stable, long-term and sustainable capacities in the local administration for environmental and climate change management.*

The Ambient Air Quality Law quite solidly and comprehensively reflects the principles of transparency, public participation, and vision through a separately arranged framework for thematic planning, and thus responsiveness and accountability.

*The only recommendation is to introduce general provisions that would structurally link the decisions of this law with the decisions of the Law on Environmental Protection in the part of regulating the procedures for the implementation of SEA and EIA and the procedures for issuing A and B - integrated permits, and thus to explain the whole system of transparent and participatory preparation of measures that address challenges related to ambient air quality. The same connection should be made in relation to the Law on Harmful Emissions from Industry, which is in the process of adoption.*

The Nature Protection Law comprehensively reflects the principles of transparency, public participation, and vision through a separately arranged framework for thematic planning, connection

between relevant stakeholders at the level of state bodies and institutions, but also vertically with local self-government, and thus responsiveness and accountability.

*Participation in administrative procedures related to the issuance of consents and permits provided for by this Law would be more efficient and effective if those procedures were digitized. In this context, a sustainable digital solution and the allocation of appropriate resources (human and financial) for the smooth functioning of the National Biodiversity Information System is also necessary.*

The Law on Protection from Noise in the Environment comprehensively reflects the principles of transparency, public participation, vision through a separately arranged framework for thematic planning, connection between relevant stakeholders at the level of state bodies and institutions, but also vertically with local self-government, and with that and responsiveness and accountability.

*A serious challenge is the non-implementation of the law in the area of preparation and adoption of strategic noise maps and noise action plans.*

The law on waste management comprehensively reflects the principles of transparency, vision through a separately arranged framework for thematic planning, connection between relevant stakeholders at the level of state bodies and institutions, but also vertically with local self-government, and thus responsiveness and accountability.

*The participation of the public is not elaborated in the Law, but it is referred to the implementation of the procedure for SEA from the mentioned plans, in accordance with the environmental regulations. It is advisable to elaborate public participation in the Law with at least a few basic provisions.*

The Water Law is an extensive law with 265 articles. Adequate attention in relation to the principles of good governance is devoted to public participation and access to information, with the exception of the procedure for awarding a water use concession where no steps have been established to ensure public participation, despite the fact that with one of the provisions are referred to the Law on Concessions and Public-Private Partnerships. Due attention has also been devoted to the development of provisions governing water monitoring, enabling the preparation of publicly available reports. The law also refers to the principle of vision through the defined structure of the system for thematic planning in the domain of water management, in a manner that is in line with the EU Water Framework Directive, with the exception of the so called „Water Management Basic Plan“ , the preparation and updating of which is not provided for by the indicated Directive.

*Similar to the Law on the Environment, it is advisable to set aside part of the legal matter, and it is most appropriate to do so with the matter that refers to the protection against the harmful effects of water, in a way that a special law would be prepared in which the EU Floods Directive will be fully transposed. At the same time, the provisions of this Law should be harmonized with the current and new solutions related to crisis management and protection and rescue systems, taking into account the initiatives for the consolidation of this sector.*



*Regarding the application of the principle of connection or interoperability, primarily between the MOEPP, the law has clear solutions, but at the same time it is recommended to specify the obligations of local authorities more generally at the beginning of the Law in a manner consistent with the Law on Local Self-Government and by citing genuine competencies of the local self-government and competencies that are shared between the central and local governments. The latter also has an impact on the water management financing system.*

*Given that the Law regulates complex processes and procedures, it is advisable to introduce provisions that would regulate opportunities for digitization and thus achieve a higher level of legality, impartiality, integrity and prevention of corruption, transparency and accountability as well as efficiency. and effectiveness, and through them, targeting the users in the management of processes and procedures.*

### Recommendations related to environmental policies

The long-term strategy for climate action with an Action Plan points to the need to establish a comprehensive process for planning, coordination and implementation of policies that have an impact on climate change. Strategy reflects the principles of good governance related to the vision, the planning system, the connection and coordination of all stakeholders, and innovation.

*It is recommended to speed up the process of enacting the Law on Climate Action, which should more precisely arrange the instruments for coordination as well as the mechanisms for monitoring the implementation of the foreseen policies and measures and consistently include all stakeholders in them. Also, these instruments and mechanisms should be put into operation as soon as possible to ensure the integration of climate aspects into all relevant national strategies, programs and plans. Adoption of the National Adaptation Plan is also necessary to complement the already formulated measures with this Strategy, to mitigate the effects of climate change. It is of particular importance to integrate the climate aspects in the procedures for SEA and EIA and the best way to do this is by separating this legal matter in a separate Law in which the relevant EU directives will be transposed. A challenge that should be paid attention to is the just energy transition, for which the Government should provide financial resources in a timely manner in the State Budget. In the Strategy there is a gap related to reflecting the principle of transparency, data management and access to information and consequently responsiveness, although it should be taken into account that the Climate Action Law has not yet been adopted, in which these aspects are expected to be more closely regulated.*

The National Strategy for Nature Protection 2017-2027 proposes appropriate measures and activities for the protection and sustainable management of nature. Among the specific measures to improve nature protection relevant to this research are measures to include nature protection in other sectors; to improve and supplement the institutional and legal frameworks; for education and improvement of education in order to preserve nature and measures for the inclusion of the local population in the process of protection and improvement of nature.

*The challenge for efficient implementation of the foreseen measures and activities should be addressed, and especially the need to establish a system with sustainable economic and financial*



*instruments. In this context, it is necessary to move to the financing of so-called nature-based solutions, which imply the involvement of all stakeholders and support for micro-projects, especially in rural settlements. As in relation to climate change and nature protection, it should be approached through strong mechanisms for coordination and consistent incorporation of nature protection objectives into all relevant national and local development strategies, programs and plans. The Law on Nature Protection foresees the tool for making the Assessment of the impact on nature and it should be applied more efficiently.*

The National Biodiversity Strategy with an Action Plan for the period 2018 - 2023 aims to reduce direct and indirect pressures that result in the loss of biological diversity. It contains expedient measures and activities for the protection of biological diversity.

*One of the priority challenges to be addressed is the improvement of knowledge about biological diversity through an organized system of data collection, processing and storage in the National Biodiversity Information System. Only on that basis can a well-informed basis be created for making decisions and formulating expedient and justified measures and activities.*

The National Water Strategy 2012-2042 has integrated a Program of activities and measures that are closely related to the implementation of the provisions of the Water Law.

*It is recommended that the MOEPP should approach the updating of this planning document and at the same time fully reflect on the principles of good governance in this complex sector, by formulating appropriate measures.*

The National Strategy for Sustainable Development 2009 - 2030 consistently reflects the principles of good governance related to sustainability, inclusiveness, innovation and digitalization, the connection and coordination of all stakeholders, but a certain gap exists in terms of transparency, interoperability in terms of data and information management systems. The Strategy defines long-term, medium-term and short-term goals, which refer to the important issue of membership in the EU, as well as to the achievement of sustainable development in the Republic. They are followed by seven strategic determinations, based on the three guiding principles that prioritize the issues that the Republic should focus on by covering the three main areas: economic sustainability, social sustainability and environmental sustainability. In continuation of the Strategy, the main strategic actions needed to achieve each of the seven strategic determinations are elaborated.

*A key issue related to this Strategy is expediency, taking into account that the preparation of a comprehensive National Development Strategy for the period 2024-2044 is in its final phase, and it is expected that this Strategy will be adopted in the NRM Assembly together with a Law for its implementation. Practically, this new law will rearrange the system of national development planning.*

The Waste Management Plan 2021-2031, among other things, related to good governance includes incentive measures for the implementation of activities to avoid and reduce the amount of generated waste, as well as reuse, recycling and use of waste as a source of energy, the implementation of the waste management monitoring system, activities undertaken by local self-



government units in relation to waste management, as well as measures for education and raising public awareness of waste management.

*Knowledge from the research is that the key challenges are related to functional aspects of the system for regional waste management where a key role is foreseen for the municipalities. Deficits in professional staff come to the fore at the local level, and the unfavorable financial situation of the sector of municipal utility companies, which are additionally burdened by the current energy crisis, has a negative impact on this entire system. Price regulation of utility services is in its infancy and needs to be dynamized, and no less significant is the urgent need to consolidate municipal public utility companies in order to ensure profitability in operations and achieve economies of scale, and consequently to reduce unproductive operating costs.*

### Key policies in the area of good governance in the public sector

The Public Administration Reform Strategy 2023 - 2030 with Action Plan 2023 - 2026 is a key planning document that comprehensively reflects all principles related to good governance in the public sector. The strategic framework is defined by the general and specific objectives in each of four priority areas: Policy making and coordination; Public Service and Human Resource Management, Accountability, Transparency and Service Delivery and Digital Transformation.

*It is an essential recommendation that the MOEPP and the municipalities take an active part in the implementation of the measures and activities foreseen by this Strategy and thus most directly promote good governance in their own scope of competences. There is a need for a consistent implementation of the Regulatory Impact Assessment (RIA) process, and there is an upcoming improvement of the methodology, rules and standards for making these assessments, as well as an expansion of the scope of this mechanism with the evaluation of by-laws. It is of particular importance for the MOEPP to take a proactive part in the formulation and implementation of measures for the development of a policy for the retention of professional and competent staff, taking into account the existing deficit of such staff in the field of technical sciences, IT staff and in general the process of the outflow of experienced and professional staff from the ministry.*

*In view of the strategic determination for optimization and increasing efficiency, the MOEPP should make the necessary comparative analyzes and make a final decision on the eventual transformation of organizational parts of the Environment Administration into a Water Agency and a separate Nature Agency. A challenge that needs to be addressed urgently is strengthening the capacities for conducting administrative procedures and establishing a mechanism for monitoring the efficiency of administrative procedures. It is also necessary to continuously improve the tools for the availability of public information, increase the transparency of inspection services in the environment and establish an organizational mechanism for the identification of open data, enabling their increased use.*

In the National Strategy for the Prevention of Corruption and Conflict of Interest 2021-2025, the priority problems that generate a high risk of corruption have been diagnosed and selected, and measures to overcome them have been identified.

*The problems and measures that this strategy provides for addressing them are systematized by areas and sectors, including the environment, where the inconsistent implementation of the Waste Management Law, in the part of integrated and regional management, is indicated as an acute problem facing this sector. Therefore, it is necessary to establish functional regional waste management centers as soon as possible. The MOEPP has adopted all the necessary internal acts and should proceed to their effective implementation.*

The Strategy for Gender Equality 2022-2027 establishes a comprehensive framework for further activities in the direction of promoting gender equality and empowering women. The strategy is based on the principles of legality, publicity, transparency, responsibility, accountability and inter-sectoral cooperation. The Strategy also covers the area of environmental protection and dealing with climate change.

*It is recommended that the MOEPP focuses on the efficient implementation of activities in the field of environmental protection and climate change management. The role of the Equal Opportunities Coordinator is key, but so is the need for expedient and continuous internal coordination.*

In the National Strategy for Equality and Non-Discrimination 2022-2026, in addition to the public sector, there is a review of the main social partners, including the broader civil sector and civil society organizations, whose participation is valued as extremely significant for democratic values and the promotion of civic awareness. Among the basic principles and determinations, the Strategy states: Participatory democracy - consultations; Partnership and cooperation and Responsibility.

*It is recommended that the MOEPP and the municipalities not only in policies but also in daily operations take into account the goals, measures and activities of this Strategy in order to address specific challenges of the most vulnerable groups of the population and marginalized groups, who most often live in conditions of impaired quality of residences and the immediate environment.*

The expected result of the implementation of the Program for Sustainable Local Development and Decentralization 2021-2026 with the Action Plan 2021-2023 is to achieve essential positive changes in the functioning of local self-government, to free municipalities from accumulated debts and to deliver quality services in a sustainable manner. to equally care for all citizens and especially for the most vulnerable, transparently and accountable to implement the competences and consistently involve the citizens in making important decisions. The Program has established two priorities in the domain of communal services and environmental protection and climate change as areas of interest for this research, followed by a series of measures and activities from the Action Plan.

*A recommendation to the MOEPP and the municipalities is to pay special attention to the successful implementation of the investment programs related to the construction of the waste water treatment plant in Skopje and the projects that will result from the loan from the European Investment Bank to improve the infrastructure for water services of the municipalities. This is followed by investment plans for the establishment of regional waste management for all planning regions, with the exception of the Southeast and Skopje planning regions, through cooperation with the EBRD. In the next three-year period, the measure for systematic and gradual management of the consolidation process of water service providers and waste managers through regionalization and establishment of*

*inter-municipal public enterprises should be implemented. It is desirable to encourage the Regulatory Commission for Energy and Water, to establish the system with national benchmarks for the operation of municipal PUCs, and to effectively introduce price regulation of services in the field of waste management. Bottlenecks also need to be broken so that the system established by collective operators (extended producer responsibility), together with public utilities and licensed private operators, can fully function. It is necessary to start implementing programs for educating and informing the local population and business entities about the measures to prevent the generation of waste and to support local initiatives for the transition to a circular economy in an organized manner, including the establishment of concrete cooperation between the private sector and municipalities. PUCs and local communities, in order to encourage sharing of products and equipment, their reuse, conversion, etc. In the laws in the area of the environment and climate change, the competences of the municipalities should be adjusted in the direction of greater autonomy in their execution and strengthening of the mechanisms established by law for financing the transferred competences of the municipalities, as well as the establishment of new financial instruments. It is necessary to urgently overcome the gap due to expired National Plan and National Program for ensuring ambient air quality. The Law on Control of Industrial Emissions should be passed without further delay. The same applies to the amendments and additions to the Law on Nature, which will create a legal basis for the adoption of the Regulation on payment of ecosystem services. An explicit ban on the construction of new small hydropower plants in protected areas and national parks should be introduced. The Law on Climate Action should also be passed urgently. In the field of energy efficiency, the relevant by-laws should be adopted, which will enable the full implementation of the Law on Energy Efficiency. In order for the Energy Efficiency Fund to fully function, it is necessary to adopt a Strategy with an operational plan for energy efficient renovation of buildings. Municipalities should have valid energy efficiency programs and encourage the establishment of joint administrative bodies for energy management/efficiency.*

*The MOEPP should dynamize the activities for the development of the administrative capacity of municipalities and municipal PUCs for the implementation of legislation, procedures and standards related to the protection of the environment and nature and, together with the MLSG, find ways to establish a joint administration for the protection of environment and the nature of municipalities that do not have enough human resources. The priority for training should be the implementation of procedures for assessing the impact on the environment from plans, programs and projects, as well as for conducting procedures related to the issuance of B ecologically integrated permits. In particular, larger urban municipalities should encourage the introduction of low-emission zones, local parking policies in polluted zones, more intensive greening of populated areas and the establishment of green zones, corridors and barriers around industrial facilities and busy thoroughfares. All river basin management plans should be finalized as soon as possible. With appropriate budget funds, legacy industrial pollution should continue to be addressed and degraded spaces in the municipalities should be revitalized. And regarding the improvement of the management of the protected areas, the legal possibilities for establishing forms of inter-municipal cooperation should be used. It is no less important to find ways to support municipalities in establishing effective mechanisms for public participation, access to information, access to justice for environmental matters and reporting on the environment, as well as for conducting campaigns to strengthen public awareness in cooperation with associations of citizens. Effective climate action should gradually be enabled by localizing the response to climate change with a focus on the most vulnerable categories of the population who are also most exposed to the harmful effects of climate change.*



### State of good governance in the municipalities

A total of 31 municipalities responded to the survey questionnaire, and the following aspects related to good governance where improvements are needed were identified:

- 15 municipalities have adopted an integrity policy and implement measures to prevent corruption and conflict of interests. One municipality has partially done that.
- From the answers, it is possible to determine a range from no citizen's initiative implemented to two initiatives in the largest number of municipalities and in one municipality more than 20, as well as a range from no citizens' meeting held in four municipalities, 1 - 4 meetings held in nine municipalities, 5 - 10 citizen meetings held in eight municipalities and over 10 meetings in four municipalities.

*An obstacle to a stronger use of these instruments is the high census of 10% support from the voters, for civil initiatives and gatherings of citizens, while the recommendation is to halve it.*

- A referendum was not held in any of the municipalities.

*The census is extremely high and is an obstacle to their revival. At the same time, the solution is to comply with the Law on Referendum, where in order to call a referendum at the state level, 150,000 signatures from the voters are needed, i.e. close to 10% of the registered voters on the territory of the state (the voter list should be updated in the context of the results of the conducted Population and Household Census in 2021), while for a referendum at the level of municipalities, signatures of 20% of registered voters are prescribed as a condition.*

- Only 10 municipalities have implemented the obligation to establish a Consumer Protection Council.

*The reason for this negative finding can also be found in the inadequacy of the title "Consumer Protection Council" with the function of this participative body, which is related to the consideration of issues and determination of proposals related to the quality of services of the public services of the municipality. From there, it is recommended to change the title of this mandatory participative body to "Council of Users of Municipal Services".*

- Only 13 municipalities prepare a report on the state of the environment in their area.

*The finding points to the need for targeted cooperation of the MOEPP with the municipalities and the delivery of training for the preparation of these reports. The bottleneck is the lack of professional staff in the municipalities and the inability to hire external expertise due to the budget limitations of the municipalities, especially related to their own sources of income. At the same time, it is recommended that the data that is available and mostly generated by the municipal public utility companies be organized and made available through an electronic platform - dashboard, in a way that has been done in about 30 municipalities in terms of presenting financial data for the realization of municipal budgets.*

- 17 municipalities have adopted a Local Environmental Action Plan - LEAP.

*The consequence of not having a LEAP in over 40% of the surveyed municipalities is the absence of a local policy with appropriate measures and activities for the protection of the environment and nature, and a reduction in the possibilities for quality preparation of expedient projects. This deficit can be addressed through targeted cooperation of the MOEPP with the municipalities and delivery of trainings for the preparation of LEAPs.*

- Only 6 municipalities have adopted Local Agenda 21

*The solution in the Law on the Environment should be reconsidered, in a way to unify the content of Local Agenda 21 in the methodology for the preparation of the LEAP. In terms of local sustainable development, the Methodology developed by the Ministry of Local Self-Government should also be taken into account in relation to the preparation of Integrated Local Development Plans, which make a closer connection with the budget process in the municipalities. It refers to the integration of the municipal development program for the protection of the environment and nature in a single development planning document of the municipality. In that way, fragmentation of the development planning documents prepared by the municipalities can be avoided.*

- 19 municipalities have prepared a Report on strategic environmental impact assessment from a municipal planning or program document.
- Only 6 municipalities issue B – integrated environmental permits electronically.

*The most common challenge is the lack of professional staff in the municipalities and the need for more regular training for the existing staff. One of the municipalities has stated that it has overcome this challenge by establishing a form of inter-municipal cooperation (IMC), where employees from a larger neighboring municipality implement this procedure for the smaller municipality. Practices for the establishment of IMC should be encouraged and technical and financial assistance should be provided for their establishment as needed.*

### Challenges of the MOEPP related to the implementation of laws and policies for the protection of the environment and climate change

Regarding the functioning of the Macedonian Information Center for the Environment.

*The challenge with the lack of staff, especially IT staff in the part of administering the system can be effectively overcome either through a specific policy for hiring and retaining that staff or through planning funds in the budget of the Ministry of Education and Culture for the outsourcing of those services. The participation of various organizational units, including the Environmental Administration, in the performance of the monitoring function should be regulated by an internal act of the MOEPP. Sufficient financial resources should be allocated in the budget of the MOEPP for the smooth functioning of the Macedonian Information Center for the Environment. The national list of parameters for calculating indicators in the environment carried by the Government should be updated. At the same time, to anticipate the needs of investing financial resources for the hiring of external*



*expertise, especially for the preparation of the 4-year Report on the environmental conditions or to make an amendment to the Law on the Environment and to mirror the last merger of the two-year indicator report with the 4 - the annual Report on the conditions in the environment, that is to prepare an annual and two-year report..*

Regarding the implementation of the SEA and EIA procedures.

*The lack of staff with qualifications from technical sciences can only be overcome with an appropriate policy to attract and retain this staff by balancing salaries with those in the private sector. The internal procedures in the Administration for Environment and in the MOEPP regarding the drafting of decisions related to the SEA and EIA should be harmonized in order to conduct these procedures in an efficient manner. In the Law on Urban Planning, the obligation to make the SEA of urban plans and related documentation should be restored, and thus to avoid challenges during the operationalization of these plans through the procedure for issuing building permits for buildings and installations that have a negative impact on the environment and nature, and in relation to climate change. An effort must be made to create conditions for the preparation of better quality reports by organizing more comprehensive trainings for report makers. Procedures should be digitized.*

In terms of nature protection.

*State financing of the management of protected areas should be improved. It is recommended to establish a Nature Institute or Agency, keeping in mind the successful examples from the neighborhood. A prerequisite for municipalities to acquire the status of managers of protected areas should be the adoption of a decision on the appropriate allocation of their own funds or in combination with funds provided by donors. A special challenge is the cross activities of nature protection with the construction of infrastructure of roads, railways, and to some extent in hunting and fishing, and especially in forestry where commercial forest management needs to be transformed into sustainable management for the protection of forest eco-systems and biodiversity. An effort must be made for better coordination and cooperation with the institutions that are responsible for those activities. There are also administrative procedures through which the sector gives opinions, but these opinions are not always respected. It is also desirable to strengthen the Inspectorate for Environmental Protection in the field of nature protection.*

Regarding the cooperation of the MOEPP with the local self-government.

*The MOEPP, through special Commission, makes and implements an annual plan for the supervision of the municipalities in the area of the implementation of the transferred competences, and especially of the procedures led by the municipalities. The practice of the MOEPP informing the government about the findings of the reports on supervision carried out in the municipalities should be renewed, with minutes, with proposed conclusions that also applied to the municipalities, but they were hardly acted upon. From these reports with minutes, the lack of staff in the municipalities can be seen as the biggest challenge. The MOEPP recommends municipalities to establish at least one department for environmental protection, while smaller municipalities are indicated that they can also use the provisions of the Law on Intermunicipal Cooperation (IMC). The conditions require a solution by establishing mandatory forms of IMC in the relevant environmental laws. It is necessary to approach*



*the enhanced digitization of administrative procedures and procedures as well as the aspects related to public participation. A specific challenge is the situation with municipal public enterprises, especially in relation to the non-payment of fees by some of the enterprises that deliver water services. The MOEPP facilitates a settlement process with these enterprises for the payment of the outstanding debt for a period of five years and more. Currently, there is a process within the MOEPP to amend the Law on the Environment, and it is possible to consider the incorporation of a stronger provision that will create an opportunity for municipalities to form a participatory body for issues related to the protection of the environment and nature, and the climate action, that is, to reformulate the provision for the establishment of a body to monitor LEAP.*

In terms of waste management.

*The lack of professional capacity in the municipalities and the employees who are in charge of this problem should be addressed, and their frequent change with appropriate policies in the field of human resources management. Regarding the formal - legal establishment of waste management systems, the establishment of organizational units such as regional departments for waste management, with 1 - 2 employees within the Centers for the Development of Planning Regions, is still a challenge. A possible alternative for these organizational units is to establish them as joint administrative departments of the municipalities of the region, based on the provisions of the Law on Intermunicipal Cooperation. In addition to these units, regional enterprises should be established, especially for the management of regional landfills, contracts should be signed and everyone should pay for the service, that is, they should fulfill their obligations. The best solution is to establish five inter-municipal regional enterprises for waste management that would cover all the technical-technological phases and processes of delivery of these services, but for now there is no political will among the municipalities. In connection with the system made up of non-profit collective operators - operators (organizations for the extended responsibility of producers) large producers should be encouraged to regularly pay for these services, they try to reduce the fee and in relation to the municipalities, they should be encouraged to conclude contracts with the collective actors. For their part, collective actors should also work with smaller municipalities.*

In terms of water management

*It is necessary to strengthen the capacity of the Water Sector at the Environmental Administration of the MOEPP, but also to create administrative capacities in the municipalities. Another and key challenge is the need to urgently establish a suitable financial instrument for water management within the budget of the MOEPP. The National Water Strategy should be updated and supplemented, and the Water Management Base should be translated into the National Water Strategy and part of the Water Management Plans at the level of river basins.*

In terms of sustainable development and investments

*The Sustainable Development Strategy should be revised or replaced with the content of the new National Development Strategy. A NEAP should be prepared as soon as possible. The strategic planning of investments in the field of environment and climate change necessitates the need to attract*



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*specialized professional staff, and for the same, it is necessary to advance policies for managing human resources and balancing salaries with the private sector.*

