

ANNEX 3

to the Commission Implementing Decision on the financing of the annual action plan in favour of Kosovo* for 2022

Action Document for EU for Environment and Green Energy

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	EU for Environment and Green Energy Annual Action Plan in favour of Kosovo* for 2022
OPSYS	ACT-61331
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Team Europe Initiative	No
Zone benefiting from the action	The action shall be carried out in Kosovo
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window III: Green agenda and sustainable connectivity <i>Thematic priority 1:</i> Environment and Climate Change 92%; <i>Thematic priority 2:</i> Transport, digital economy and society, and energy 8%.
Sustainable Development Goals (SDGs)	Main SDG: SDG 6- Clean Water and Sanitation – Target 6.2 by 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations and SDG 7- Affordable and Clean Energy- Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

	<p>Other significant SDGs: SDG 3- Good Health and Wellbeing SDG 5- Gender Equality and Women’s Empowerment SDG 11- Sustainable Cities and Communities SDG 12- Ensure sustainable consumption and production patterns SDG 16- Peace, Justice and Strong Institutions</p>			
DAC code(s)	23183 Energy conservation and demand-side efficiency (area of support 1) 5% 41010 - Environmental policy and administrative management (25%) 14050 Waste management/disposal (area of support 2) 25% 14022 Sanitation - large systems (area of support 3) 45%			
Main Delivery Channel@	12000 – Recipient Government 44000 – World Bank Group			
Markers (from DAC form)	General policy objective@	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				

Amounts concerned	<p>Budget line: 15.020201 JAD.1034885 Total estimated cost: EUR 68 850 000 Total amount of EU budget contribution EUR 41 950 000</p> <p>This action is co-financed in joint co-financing by: Kosovo government budget for an amount of EUR 2 100 000; BMZ/German Federal Ministry for Economic Cooperation and Development for a provisional amount of EUR 1 400 000; and KfW Development Bank for an amount of EUR 23 400 000.</p>
MANAGEMENT AND IMPLEMENTATION	
Implementation modalities (type of financing and management mode)	<p>Project Modality The entities for indirect management are selected in accordance with the criteria set out in section 4.3.1</p> <p>Indirect management with entrusted entity: World Bank for Area of support 1: Additional contribution to the Trust Fund (TF 073195 established by the World Bank for IPA 2017 grant to support the Kosovo Energy Efficiency Fund -KEEF).</p> <p>Indirect management with entrusted entities: GIZ (indicative) through Contribution Agreement for: Area of support 2: Advancing Circular Economy and Integrated Waste Management in Kosovo (ACCENT) or with other entities to be selected in accordance with the criteria set out in section 4.3.1</p> <p>Indirect management with entrusted entity: KfW for Area of support 3: Pristina’s Sewer and Rainwater Network</p>
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	<p>Flagship 6 Renovation wave Flagship 7 Waste and Wastewater management</p>
Final Date for conclusion of Financing Agreement	<p>At the latest by 31 December 2023</p>
Final date for concluding contribution / delegation agreements, procurement and grant contracts	<p>3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation</p>
Indicative operational implementation period	<p>72 months following the conclusion of the Financing Agreement</p>

Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement
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1.2. Summary of the Action

The overall objective of the Action is to contribute to the gradual transition of the energy sector towards decarbonisation and further energy efficiency, fostering an integrated waste management system and transition to a circular economy in Kosovo and improvement of wastewater collection and treatment services. The Action targets improvement of environmental protection, good governance, gender equality and women's and girl's empowerment.

This action contributes to implementation of commitments made under the Green Agenda for the Western Balkans¹ and follows up on the priorities set in the Economic Investment Plan² related to EU renovation wave expanding to Western Balkans for improving the energy efficiency in the buildings' stock as the biggest energy consumer-, circular economy and waste water. The action has the following specific objectives (outcomes):

1. To improve the energy efficiency of the public buildings which would lead to around 100GWh of energy saved.
2. To modernise the waste management and circular economy framework in Kosovo in line with National waste management strategy, the SAA and the EU *acquis*.
3. To improve the quality of wastewater infrastructure in Pristina.

The support to be provided under this action will directly contribute and create synergies with the priorities of the Economic and Investment Plan and the Green Agenda for the Western Balkans .

The Action contributes to Objective 4 of the IPA III Programming framework²: Foster socio-economic development and reinforce environmental protection, increase resilience to climate change, accelerate the shift towards a low-carbon economy and develop the digital economy and society.

The Action also contributes to SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all, Target 7.3: By 2030, double the global rate of improvement in energy efficiency and SDG 6 Clean Water and Sanitation, Target 6.2: by 2030, achieve access to adequate and equitable sanitation and hygiene for all.

2. RATIONALE

2.1. Context

Areas of support 1: Additional support for the Kosovo Energy Efficiency Fund (KEEF)

In the field of energy efficiency, Kosovo must comply with Directive 2009/28/EC on the promotion of the use of energy from renewable sources, Directive 2012/27/EU and 2018/2002 on energy efficiency as adopted by the Ministerial Council of the Energy Community and Directive 2010/31/EU on the energy performance of buildings. To this end, Kosovo has fulfilled the national target as set in the national action plan for the increase of the share of renewable energy in the final energy consumption (target 25% by 2020) and has partially implemented the target for increasing the energy efficiency (saving of 91ktoe by 2019 and 113ktoes by end-2021). The Kosovo's climate change strategy 2019-2028 finds that energy sector accounts for 88% of total GHG emissions and it includes as a measure energy efficiency renovation of the building stock including public, residential and commercial which consume over 50% of the total energy consumption. At present the national plan for energy and climate (NECP) 2021-2030 is under preparation and it will set new targets for

¹ SWD(2020) 223 final, 6.10.2020

² C(2021) 8914, 10.12.2021

both Renewable Energy Sources and energy efficiency as well as for the reduction of greenhouse gas (GHG) emissions. Substantial investments are required in the diversification of the energy mix by a gradual shift towards decarbonisation and by increasing the energy efficiency in particular in the building sector, which is the biggest energy consuming sector.

Inclusion in the European Green Deal³ and contribution of the Western Balkans is considered as important in achieving the ecological transition foreseen in the strategy for Europe as a whole. The Green Agenda for the Western Balkans was adopted in 2020 and is the framework for the implementation of measures towards sustainable economy in compliance with the aim of the Green Deal.

Kosovo, as a member of the Energy Community Treaty (EnCT) and a signatory to the Stabilisation and Association Agreement (SAA), has to implement the EU *acquis* on Energy, Climate and Environment. The Action is in line with the key objectives of the IPA III Programming Framework window 3 on Green agenda and connectivity for the reinforcement of environmental protection, increasing resilience to climate change, accelerating the shift towards a low-carbon economy and developing the digital economy and society.

The Kosovo report 2021 of the European Commission⁴ acknowledges the need to update Kosovo's energy strategy in line with the principles and priorities of the Green Agenda for the Western Balkans with a main focus on renewables, energy efficiency and decarbonisation targets in line with EU goals. In line with the Guidelines for the implementation of the Green Agenda in the Western Balkans, the area of support 1 of this Action follows up on the Western Balkan commitment to pursue a clean energy transition and sustainable development including employment generation for both women and men. This transition should reduce energy imports, develop renewable energy sources, strengthen regional energy security, unlock greater economic growth, and address persistent air and health-related pollution challenges. The Action (area of support 1) links to the priority for Clean energy transition of the Green Agenda for Western Balkans regarding the initiative in developing private and public building renovation schemes, by extending the 'EU renovation wave' to the Western Balkans.

Area of support 1 is a follow-up to the ongoing support for the Kosovo Energy Efficiency Fund to increase energy efficiency in public buildings implemented jointly with the World Bank. It is also complementary to KfW and EBRD financing mechanisms for energy efficiency renovations in the private sector.

Area of support 2: Advancing Circular Economy and Integrated Waste Management in Kosovo (ACCENT)

In the field of waste management, Kosovo must comply with Directive 2008/98/EC Waste Framework Directive (WFD), which sets the basic requirements on waste management. Kosovo's Integrated Waste Management Strategy 2021 – 2030 and Action Plan fosters integrated waste management and paves the ground for mainstreaming a circular economy in Kosovo. The strategy explicitly foresees the separation of waste at source, as well as the development of municipal and inter-municipal infrastructure for waste collection, recycling, storage, treatment and depositing. In relation to the circular economy, the 2021-2023 Economic Reform Programme is aiming to enhance competitiveness of the economy, improve innovation and entrepreneurship, foster job creation, and labour market development, and enhance gender equality. A resource-based economy is a concept that still needs to be addressed by the relevant institutions and awareness of the public needs to be raised. This area of support is in line with the Green agenda priority 3. Circular economy: sustainable production and consumption.

Until now, EU assistance combined with German government assistance was mostly targeted at *acquis* alignment, together with the strengthening of the capacity at the local level to provide basic services related to waste collection and disposal and establishment of the related infrastructure and pilot implementation of elements of the integrated waste management. In line with the directive mentioned above, the current intervention will be focused on integrated inter-municipal waste management cooperation including planning and the principles of the circular economy. The intervention will include waste selection centres and a new

³ COM(2019) 640 final, 11.12.2019

⁴ SWD(2021) 292 final/2, 19.10.2021

modern landfill for the Peja/Pec area in order to develop effective and modern waste management system in Kosovo.

Area of support 3: Pristina's Sewage and Rainwater Network

Kosovo is water scarce and the quality of available resources is compromised due to untreated urban and industrial wastewater discharges, solid waste dumping, and agricultural activities. Access to wastewater services is still lacking. Only 50% of rural households are connected to the sewer system and currently only 1% of the entire population has access to wastewater treatment services. Gender disaggregated data on this is not yet available. However, evidence indicates that the lack of wastewater treatment facilities and the improper management of wastewater has caused concerns for women and children in particular. In terms of water quality, the Kosovo government is implementing the National Water Strategy 2017-2036, which has as a key objective to protect water resources through the construction of wastewater infrastructure. The aim is to enhance compliance with the Urban Wastewater Directive (91/271/EEC). This area of support is in line with the Green Agenda priority 4. Depollution: air, water and soil.

This action aims at upgrading and constructing sewer and storm water infrastructure including interceptor sewers and collectors that will bring the water to the wastewater treatment plant that is going to be built in Prishtina through a loan from the Ministry of Finance of France. The action will provide a significant positive public health impact through improved collection and treatment of wastewater in Prishtinë/Prishtina and surrounding municipalities of Fushë-Kosovë/Kosovo-Polje, Obiliq/Obilic, Gracanice/Gracanica. It is fully in line with the Economic and Investment Plan's flagship 7 on waste and waste water management. As regards climate change mitigation impacts, the action will aim to incorporate the principles of energy efficiency to sewage system interventions, for example with the possible provision of energy-efficient pumps.

The Action is also in line with several Specific Objectives of the EU Gender Action Plan (GAP) III 2021-2025 under the Area "Climate change and environment", including SO1. Increased participation of women and girls in all their diversity in decision-making processes on environment and climate change issues; SO 3: "Strategies and agreements on climate mitigation, adaptation, disaster risk reduction and sustainable management of natural resources and biodiversity are more gender-responsive, at local, national, regional and international level" and SO4. "Women and men in all their diversity, increasingly participate in and have improved access to jobs, entrepreneurship opportunities and alternative livelihoods in the green economy and the circular economy".

2.2. Problem Analysis

Area of support 1: Additional financing to the Kosovo energy efficiency fund (KEEF)

Short problem analysis

The buildings sector is the main consumer of energy and has a high energy saving potential. Kosovo has more than 2,300 public buildings of which 380 buildings owned by the central government and over 1,600 under municipal/local government ownership. The target is to renovate at least 1% annually of total floor area of the central government buildings (around 8,820m²/year). In addition, there is a high demand for renovation of municipal public buildings. Over 150 projects for energy efficiency renovation of public buildings were submitted to the Kosovo Energy Efficiency fund in 2020. In 2021, the fund has prepared the implementation of 75 projects, but additional capital is needed for more energy efficiency projects at both central and local levels. The impact of energy efficiency renovation of the public buildings will be a saving of around 3300tons/year.

Identification of main stakeholders and corresponding institutional and/or organisational issues

The Ministry of Economy is responsible for developing and implementing policies on energy efficiency and renewables. Within the Ministry, the Kosovo Energy Efficiency Agency is responsible for the preparation of the National Energy Efficiency Action Plan and monitoring the achieved savings. The Kosovo Energy Efficiency Fund was established by the Law on energy efficiency as an independent public institution governed by a board of directors including representatives of the government and two members of the donor community (the EU and the World Bank). The fund selects projects submitted by the municipalities through an open call.

The fund is responsible for procurement of services and works for the energy efficiency retrofitting in public buildings. The Energy Regulatory Office (see above) is another key stakeholder.

Area of support 2: Advancing Circular Economy and Integrated Waste Management in Kosovo (ACCENT)

Short problem analysis

The waste sector in Kosovo is facing a growing challenge related to the lack of proper integrated waste management planning, insufficient and inadequate infrastructure and inadequate services. While the Law on Waste sets out the principles of the hierarchy and producer responsibility, it is not properly implemented, and the producer responsibility mechanisms are almost completely absent. The transition towards a circular economy as foreseen in the Green Agenda for the Western Balkans is at a very early stage, although there has been a growing attention in this regard, particularly with the adoption of the Kosovo Integrated Waste Management Strategy in May 2021. Separate collection and treatment of valuable recyclables (paper, glass, metals, plastics, etc.) exists only in a slowly growing number of municipalities. Integrated inter-municipal waste management cooperation and planning is to be established in order to develop effective and modern waste management system in Kosovo. The Peja/Pec landfill (municipal operated) has exceeded its original storage capacity. The municipal authorities of the Peja/Pec region (municipalities of Peja/Pec, Klina, Istog/Istok, Decan and Junik) lack the needed financing to improve the situation. The landfill needs to be reconstructed, re-cultivated and extended since the current cell is overloaded. The Istog dumpsite, inadequately managed should be closed.

Identification of main stakeholders and corresponding institutional and/or organisational issues

The Ministry of Environment, Spatial planning and Infrastructure is responsible for environmental policies and laws, including those regulating the waste management, while municipalities are responsible for organising, financing, and monitoring waste management activities within their respective territories. The Kosovo Environmental Protection Agency is responsible for data collection and monitoring in waste management, while inspections are carried out by the environmental inspectorate of the Ministry and the municipalities' own municipal inspectors, requiring improved coordination between the two layers. The Ministry of Local Government Administration also has a key role in supporting the measures towards inter-municipal cooperation. On the local level, municipalities are the main stakeholders along with regional waste companies.

Area of support 3: Pristina's Sewer and Rainwater Network

Short problem analysis

Water pollution is a big problem in Kosovo coming from untreated urban and industrial water discharges, solid waste, fertilizers and pesticides. Wastewater collection and treatment falls under the responsibility of seven Regional Water Companies (RWC). Even though Prishtina is the capital of Kosovo and is home to 330,000 citizens, RWC Prishtina provides no wastewater treatment services. As a consequence, all raw untreated wastewater eventually drains into the Sitnica River, which joins the Iber at Mitrovica and thus flows north to the Morava and eventually the Danube in Serbia. There are many discharge points for sewage directly into the streams and rivers. Sewage is added to the rivers via unauthorized connections installed by private households or developers.

The urban areas in Prishtina have expanded quickly in the last two decades. This has created a pressure as many smaller unplanned sewer networks have been added to the system. One issue that Prishtina faces is the cross connection of the rainwater system into the sewer system. Due to the many new buildings and lack of enforcement of building regulation large volumes of rain water enter the sewer system during storms, causing floods. Also, the lack of wastewater treatment facilities and the improper management of wastewater has caused concerns, particularly for women and children who have to walk through sewage on the way to school. This is in contradiction with the basic principles of the EU Urban Water Directive (91/271/EEC).

Identification of main stakeholders and corresponding institutional and/or organisational issues

The Regional Water Company Prishtina is a publicly owned company that is licensed from the Water Service Regulatory Authority to provide water and wastewater services to eight municipalities in the Prishtina region. The previous projects implemented in the service area of Regional Water Company Prishtina were assessed

as quite successful and customers reported increased wellbeing to a great extent. Such projects constitute the construction of the Water Treatment Plant Shkabaj, rehabilitation of the Water Treatment Plant in Badovc, replacement of water networks, etc.

The Municipality of Prishtina is also responsible to provide public services including wastewater to its citizens. These entities are the main stakeholders of the Action.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The impact of this action is to contribute to the gradual transition of the energy sector towards decarbonisation and further energy efficiency, fostering an integrated waste management system and transition to circular economy in Kosovo and improvement of wastewater collection and treatment services.

The outcomes of this action are to:

1. To improve energy efficiency in public buildings in different municipalities of Kosovo in line with EU *acquis*.
2. To modernise the waste management and circular economy framework in Kosovo in line with National waste management strategy, the SAA and the EU *acquis*
3. To develop operational inter-municipal integrated waste management system in Dukagjini (municipalities of Peja/Pec, Klina, Istog/Istok, Decan and Junik) region
4. To improve the quality of wastewater infrastructure in Pristina.

The Outputs to be delivered by this action contributing to the corresponding outcomes are:

- 1.1. contributing to Outcome 1 Implementation of EE measures (project design and construction work) in public buildings
- 2.1. contributing to Outcome 2 Enhanced Capacity for the implementation and enforcement of integrated waste management and circular economy in Kosovo
- 3.1. contributing to Outcome 2 Established integrated waste management system including waste selection centres and new landfill in Dukagjini region
- 4.1. contributing to Outcome 4 Construction and upgrading of sewer and storm water networks in Pristina.

3.2. Indicative Activities

Activities related to Output 1.1: Provide financing capital to the Kosovo energy efficiency fund (KEEF) for implementation of energy efficiency projects in public buildings, including preparation of tender dossier for works, procurement of works and supervision of implementation of the energy efficiency renovation works.

Activities related to Outputs 2.1 and 3.1: drafting new legislation, revision of primary and secondary legal framework, assistance for its adoption and implementation, preparation of guidelines and support in implementing concepts in 3 pilot projects for circular economy, advocacy, awareness raising, institutional capacity building plan for the implementation and enforcement of integrated waste management in Kosovo, capacity development for private sector, professional exchange and expertise on circular economy, EPR implementation support, development of gender-sensitive training plans and delivery of trainings for implementation and enforcement of the waste management legislation, support to mid-term review and drafting the upgraded action plan of the Kosovo Integrated Waste Management Strategy, public-private dialogue, analysis of the waste management situation, development of Inter-municipal integrated waste management plan for Dukagjini region, SEA, development and assistance for approval of an Inter-municipal cooperation agreement, training measures to raise the capacity of the municipal officials, provision of equipment such as collection vehicles, containers and other required items, procurement and implementation of priority infrastructure projects, construction of a modern landfill for the Peja/Pec area with the required supervision, pre-feasibility studies, Environmental and Social Impact Assessment, cost-benefit analysis and preliminary designs for future interventions in the Dukagjini region. In line with modern practices the selection

centres for differentiation and recovery of waste will be put in place and the residual waste will be disposed in the newly constructed landfill.

Activities related to Output 4.1: Preparation and implementation of the project including support during defects notification period; procurement of works, goods and associated services for wastewater networks according to Financial Cooperation Guidelines and Implementation of the investment components for wastewater networks.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Environment represents the main target of the proposed intervention. All environmental laws, regulations and directives abided by in Kosovo that are directly linked to this action are taken into account in designing the action proposal, i.e. the Law on Environmental Protection, the Law on Air Protection, the Law on Environmental Impact Assessment, the Law on Waste, the Law on Water etc.

Concerning the waste management, the result of the Action will improve the legislative framework and will considerably improve the environmental situation in Kosovo. The ACCENT (Advancing Circular Economy and Integrated Waste Management) project will include waste management infrastructure, the construction of a modern landfill, the provisionally amenity centres, for which EIAs will be done. For the construction of the landfill the Environment Impact Assessment has been approved. In addition, a Strategic Environmental Assessment will be developed for the Inter-municipal integrated waste management plan.

As regards the wastewater, the proper collection and transport of sewage to the wastewater treatment plant will create better hygienic conditions thus improving public health and will protect the surface and underground water resources. Climate Risk Assessment will be conducted to estimate the vulnerability of the sewage system and WWTP to climate variability and climate change, e.g. intense floods and heavy rains.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is a significant objective of the action. A challenging issue remains participation of women in key institutions throughout Kosovo. While representation of women in the environment sector in Kosovo is moderate with 34% women in decision making positions at the Ministry of Environment, female employees at KEK make up only 5.61% of its workforce, predominantly in administrative positions. Given this very low share of female employees at KEK, alignment of the action with GAP III Agenda for Gender Equality⁵ and Women's Empowerment in EU External Action⁶ is really challenging. However, opportunities for increased participation of women throughout the implementation of the action, including engagement of consultants and contractors will be explored.

The target of the waste management area of support is the entire population of Kosovo. However, particular focus will be given to women and non-majority communities to ensure the project benefits them equally to men and the majority community. The capacity building measures will be identified and designed based on an institutional gap analysis and training needs assessments. These will be based on gender-sensitive and inclusive approaches to promote equal opportunities. Internal exchange and learning for companies in the recycling sector will strengthen their responsiveness towards the new concepts.

⁵ SWD(2020) 284 final

⁶ JOIN(2020) 17 final

Other considerations

The Action, in particular the waste management component, also pursues as a secondary objective poverty reduction. This will be achieved through the integration of informal actors in the collection and processing of recyclables and the observation of gender equality standards in the legal, policy and implementation processes supported by the action. Specific consideration is given to the integration of non-majority communities and potential conflict areas between different communities.

3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1-external environment	The government of Kosovo decides to use lignite for new generation capacities	M	H	A continuous dialogue with the government at all levels to try to persuade them to meet their own obligations and those related to the European perspective.
3-to people and the organisation	Strong public opposition against proposed or selected sites for the facilities not allowing completion of project tasks;	M	M	Public awareness; Ensuring prior consultations with the relevant stakeholders
1-external environment	Delay in the expropriation of land, issuing of construction permits	M	M	Ensuring prior consultations with the relevant stakeholders Political commitment to adopt the absent regulatory framework Demonstration of interest in implementing the existing regulations.
3-to people and the organisation	Due to women's underrepresentation in the field, few women participate in project activities	M	M	Continuous dialogue and capacity building on gender sensitive recruitment and equal opportunities in line with relevant legislation towards increasing women's representation.

Lessons Learned:

Skilled and motivated staff is essential for the success of the Action; recruitment and remuneration, training, establishment of clear procedures being among the features that need important consideration. Sustainability is still a challenge especially in operation and maintenance of new technologies applied in public buildings for heating and cooling and renewable energy applications such as solar applications. It is important to set conditionality for the central institutions and municipalities prior to starting the implementation process (such as outsourcing the maintenance to specialised operators and training of energy managers). The cooperation between central and local level institutions should be a core component of the support to achieve the full understanding of international obligations such as the requirements of the Energy Community Treaty by political and technical levels.

A good previous practice was to sign a Memorandum of Understanding between the municipalities in the region supported. The focus was on developing, operating and sustaining a jointly agreed approach for improved waste planning and implementation of minimisation, collection, transport and disposal, including utilisation, operation and maintenance of landfills.

Previous EU supported works in the field of wastewater have been audited by external (international) auditors and have been evaluated as successful and meeting the expected results. This means previous approaches will be kept.

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
Impact	The overall objective is to contribute to the gradual transition of the energy sector towards decarbonisation and further energy efficiency, fostering an integrated waste management system and transition to a circular economy in Kosovo and improvement of wastewater collection and treatment services.	Reduction of CO2 emissions as a result of investments in energy efficiency of the public buildings Level of implementation of the National waste management strategy GHG emissions reduction as a result of energy saving in buildings Number of citizens benefitting from first-time or improved connection to wastewater or storm water network in Pristina region	0 measures implemented (2020) To be defined following the adoption of the upcoming National Energy Strategy 0 (2020)	3300tons CO2 saved per year 75% of the measures of the National waste management strategy are in implementation (2029) Reduction of 11,000tons of CO2 as a result of EE measures in 70 public buildings Approximately 248,000.00 citizens (to be defined better after completion of feasibility study) (2025)	Integrated national energy and climate plan Implementation reports of the Energy Community Secretariat IEA reports National Energy Strategy Annual implementation report of the National waste management strategy NIPAC reports European Commission reports Annual KEPA report. Data calculated in reference to the latest ASK census. Reports by Regional Water Company Pristina, annual reports by WSRA as well as Implementation Consultant	<i>Not applicable</i>
Outcome 1	1. To improve energy efficiency in public buildings in different municipalities of Kosovo in line with EU <i>acquis</i> .	Increase of energy savings in public buildings <i>Number of women, men, girls and boys equally provided with access to sustainable energy services, disaggregated at least by sex (GAP III, Obj.3 on climate change)</i>	Energy saving in public buildings in 2022 50GWh Not known	Additional energy savings of 10GWh by 2026 Equal access to sustainable energy services, disaggregated data prepared	Implementation report of the national energy efficiency plan Energy balance KEEF's annual reports.	The Government provides the necessary cofinancing to enable implementation of the KEEFs portfolio.
Outcome 2	2. Modernised waste management and circular economy policy, legal and institutional framework,	2.1 Status of the upgraded in compliance with EU waste management legislation and Circular economy Action	2.1 Current Action Plan of the KIWMS not in compliance with EU	2.1 Adopted Updated Action Plan of the KIWMS in compliance with EU waste	Annual implementation report for implementation the	Full engagement of the MEE, the relevant Dukagjini region

	in line with National waste management strategy, SAA and EU <i>acquis</i> in Kosovo	Plan of the National waste management strategy 2.2 Number of realised measures of Capacity building plan for implementation and enforcement of the waste management legislation 2.3 Percentage of households that have access to separate waste collection schemes.	waste management legislation and Circular economy (2021) 2.2 No Capacity building plan for implementation and enforcement of the waste management legislation (2021) 2.3 9.64% of nationwide households (2020).	management legislation and Circular economy (2027). 2.2 70% of measures for capacity building as per Capacity building plan realised (2027) 2.3 30% of nationwide households (2027).	National waste management strategy NIPAC report European Commission reports Annual KEPA report. Data calculated in reference to the latest ASK census. Project documentation	municipalities and RWC Ambienti and other relevant stakeholders in providing sufficient human and financial resources necessary to carry out the planned interventions. Sufficient ownership, motivation and support from the MEE and the municipalities to address the organisation of waste management at the local/regional level in line with EU requirements. Full commitment and support of the decision-making institutions of the sector to continue political reform and perform their obligations in line with the European perspective.
Outcome 3	3. Operational Inter-municipal integrated waste management system in Dukagjini region.	3.1 Status of Inter-municipal integrated Waste Management Plan in Dukagjini region 3.2 Status of realisation of capacity development measures from the Integrated Waste Management Plan in Dukagjini region 3.3 Number of waste infrastructure facilities installed under the integrated waste management system of the Dukagjini region. 3.4 Increased capacity of 5 Municipalities in the region to provide integrated waste management services to households	3.1 No inter-municipal integrated waste management plan (2021). 3.2 0 (2021). 3.3 0 facilities installed (2021). 3.4 0 (2021).	3.1 Approved Inter-municipal integrated Waste Management Plan in Dukagjini region (2025) 3.2 70% realisation of the measures for capacity development from the Integrated Waste Management Plan in Dukagjini region (2027) 3.3 Equipment and works in operation for 7 facilities.(2028) 3.4 70% of total service demand in Dukagjini Region (2027)	KIWMS annual monitoring Own disaggregated data, Annual KEPA report, Municipal Solid Waste Management Plans and relevant documents of different municipalities.	
Outcome 4	Improved collection of sewage and storm water through construction of the necessary sewer and storm water network infrastructure in Pristina.	Number of women and men with sewer collection system and wastewater treatment services	0 (2020)	Approximately 248,000.00 (to be defined better after completion of feasibility study) (2025)	Reports by Regional Water Company Pristina; Annual reports by WRSA; Implementation reports by Consultant;	Project ownership of responsible partners, political support from national and local authorities.
Output 1.1 related to outcome 1	1. Implementation of EE and RES measures (project design and construction work) in public buildings	1.1 Number of projects implemented in public buildings	55 projects under implementation in 2021 and another 40 projects in 2022	Additional 70 projects by 2026	KEEFs progress report and annual report KEEF Investment plan	The Government provides the necessary co-financing to enable implementation of the KEEFs portfolio. KEEF has the necessary staffing to implement the

						project as per agreed timeframe.
Output 2.1 related to Outcome 2	2. Capacity for the implementation and enforcement of integrated waste management and circular economy in Kosovo is enhanced	<p>2.1 Percent of legislative acts, foreseen in the NPISAA regarding the transposition of the EU <i>acquis</i> on waste management and circular economy</p> <p>2.2 Status of Capacity building plan for implementation and enforcement of the waste management legislation</p> <p>2.3 Status of the Action Plan of KIWMS</p> <p>2.4 Number of circular economy concepts piloted</p> <p>2.5 Number of participants from the public (central and local level) and private sectors as well as from civil society organisations, there of 30 % women, have successfully participated in trainings on waste management</p>	<p>2.1 No implementing legislation for circular economy (2021).</p> <p>2.2 No Capacity building plan for implementation and enforcement of the waste management legislation (2021)</p> <p>2.3 Current Action Plan of the KIWMS not in compliance with EU waste management legislation and Circular economy (2021).</p> <p>2.4 0 circular economy concepts (2021)</p> <p>2.5.0 participants (2020)</p>	<p>2.1 50% of relevant legislative measures in the NPISAA prepared (2026).</p> <p>2.2. Capacity building plan for implementation and enforcement of the waste management legislation in implementation (2025)</p> <p>2.3 Drafted and consulted with stakeholders Updated Action Plan of the KIWMS in compliance with EU waste management legislation and Circular economy (2026).</p> <p>2.4 3 new circular economy concepts applied on a pilot basis (2027).</p> <p>2.5 100 participants (2026)</p>	<p>KIWMS annual monitoring</p> <p>Own disaggregated data, Annual KEPA report, Municipal Solid Waste Management Plans and relevant documents of different municipalities.</p> <p>Documentation of trainings measures, successfully participated means participants comply with the specific evaluation requirements of each training</p>	
Output 3.1 related to Outcome 3	3. Established integrated waste management system in Dukagjini region	<p>3.1 Status of Inter-municipal integrated Waste Management Plan in Dukagjini region</p> <p>3.2 Status of Capacity development plan for Waste Management Plan in Dukagjini region</p> <p>3.3 Status of Inter-municipal cooperation agreement</p> <p>3.4 Increased capacity of 5 Municipalities to provide integrated waste management services to households</p> <p>3.5 Number of installed waste infrastructure facilities for integrated waste management system in Dukagjini region.</p> <p>3.6 Number of matured for further implementation and linked to finance investment waste management projects in Dukagjini region</p>	<p>3.1 No inter-municipal integrated waste management plan (2021).</p> <p>3.2 No Capacity development plan 0 (2021).</p> <p>3.3 No Inter-municipal cooperation agreement (2021).</p> <p>3.4 0 (2021).</p> <p>3.5 0 facilities installed (2021).</p> <p>3.6 0 projects prepared (2021).</p>	<p>3.1 Drafted Inter-municipal integrated Waste Management Plan and consulted with all the stakeholders (2024)</p> <p>3.2 Capacity development plan in implementation (2027)</p> <p>3.3 Inter-municipal cooperation agreement developed (2025)</p> <p>3.4.70% of total service demand in Dukagjini Region (2027).</p> <p>3.5 7 facilities in operation (2027)</p> <p>3.6 3 matured investment waste management projects (2026)</p>		

Output 4.1 related to the Outcome 4	4. Construction and upgrading of sewer and storm water networks in Pristina	4.1. Length of upgraded and new sewer and storm water networks in Pristina put in operation	4.1 0 (2021).	4.1 Upgraded and new sewer and storm water networks in Pristina put in operation (2027)	Reports by Regional Water Company Pristina; Annual reports by WRSA; Implementation reports by Consultant;	Adequate staff and resources to operate and maintain the infrastructure. Coordination between donors and involved institutions.
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with Kosovo.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁷.

4.3.1. Indirect Management

The areas of support of this action will be implemented in indirect management with KfW, World Bank and GIZ. The envisaged entities have been selected using the following criteria: reliability, operational capacity and access to expertise, as well as significant previous experience in the implementation of similar assistance.

The entity for area of support 1, the World Bank has a large global experience in the energy sector, working on energy efficiency, renewables, energy storage etc. In Kosovo, they are involved in preparing the least cost scenarios for the future of the energy sector and in converting to the auction system for renewables. They have also provided a big loan for energy efficiency measures in centrally owned public buildings.

The entity for area of support 2, outcomes 2 and 3, except for the construction of Peja landfill, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has a long global experience in the waste management sector, working on recycling, circular economy, integrated waste management, wastewater and solid waste management etc. In Kosovo, the EU is working with GIZ in improving sustainable municipal services in this sector, including a specific project in the north of Kosovo. There is no other cooperation partner working in the area of harmonisation with EU legislation in waste management sector

A part of this action, specifically related to area of support 2, outcome 3 may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: reliability, operational capacity, value added, and previous experience in the implementation of similar assistance. The implementation by this entity entails the construction of the Peja/Pec landfill and the waste water treatment plant for the leachate as per the outcome 3: operational inter-municipal integrated waste management system in Dukagjini region of this action. Cooperation with other donors in the waste management infrastructure such as KfW is ongoing. They are implementing similar infrastructure projects through IPA 2020 in the country.

The entity for area of support 3, the KfW has a large experience in the energy sector in Kosovo. KfW has implemented several projects in the district heating sector. This includes the cogeneration project at Kosovo B power plant, projects for strengthening the electricity transmission grid, and energy efficiency projects in

⁷ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

public buildings. KfW also has a large experience in the wastewater sector by implementing similar projects in Kosovo and the wider region. Together with KfW the EU has cooperated in the past by implementing projects for drinking water and they proved to be very successful.

In case the envisaged entities would need to be replaced, the Commission’s services may select replacement entities using the same selection criteria given above. If the entity is replaced the decision to replace it needs to be justified.

4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances (one alternative second option)

In exceptional circumstances and upon authorization of the European Commission, changes from indirect to direct management mode (and vice versa) are possible, as well as other changes in the management and procurement modes. . The selection criteria, for all three outputs, used in case of direct management, will include operational capacity and access to expertise as well as significant previous experience in the implementation of similar assistance in the similar sector.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative budget components	EU contribution (amount in EUR)	Indicative third party contribution in EUR
Outcome 1: to improve energy efficiency in public buildings in different municipalities of Kosovo in line with EU <i>acquis</i> , composed of	3 000 000	1 000 000
<i>Indirect Management with World Bank – cf section 4.3.1</i>	<i>3 000 000</i>	<i>1 000 000</i> ⁸
Outcome 2: modernised waste management and circular economy policy, legal and institutional framework, in line with National waste management strategy, SAA and EU <i>acquis</i> in Kosovo, composed of	9 950 000	2 500 000
<i>Indirect Management with GIZ – cf section 4.3.1</i>	<i>9 950 000</i>	<i>2 500 000</i> ⁹

⁸ Kosovo government budget for EEF

⁹ Provisional EUR 1.4 million Grant from BMZ / German Federal Ministry for Economic Cooperation and Development for ACCENT and EUR 1.1 million from Kosovo budget for the closure of existing dumpsite, Istog

Outcome 3: operational inter-municipal integrated waste management system in Dukagjini region, composed of	9 000 000	N.A.
<i>Indirect Management with an EU agency or international organisation– cf section 4.3.1</i>	9 000 000	N.A.
Outcome 4: improved collection of sewage and storm water through construction of the necessary sewer and storm water network infrastructure in Pristina, composed of	20 000 000	23 400 000
<i>Indirect Management with KfW – cf section 4.3.1</i>	20 000 000	23 400 000 ¹⁰
Evaluation – cf. section 5.4 Audit – cf. section 5.5	will be covered by another Decision	
Communication and visibility – cf. section 6	will be covered by another Decision	
Contingencies	N.A.	N.A.
Totals	41 950 000	26 900 000

4.6. Organisational Set-up and Responsibilities

For Area of support 1 the Kosovo energy efficiency fund reports to its board at regular board meetings. The World Bank and the EU Office are members of the Board with no voting rights as stipulated in the Law on energy efficiency which established the fund. The Board reviews the progress of implementation, the performance indicators, approves the internal regulations and the business plan of the fund.

Area of support 2 will be implemented under indirect management mode by GIZ and the European Union Office in Kosovo will be the Managing Authority. The entity to manage Paja/Pec landfill construction will be selected using the criteria in 4.3.1.

Area of support 3 will be implemented under indirect management with KfW. The project execution agencies (KEK and Regional Water Company Prishtina) will prepare regular progress reports to inform the steering committee on the progress of implementation. The steering committee will include the relevant institutions including the EU Office, KfW, the Ministry of Economy and Ministry of Environment, Spatial Planning and Infrastructure, KEK/RWCP etc.

The Ministry of Environment, Spatial Planning and Infrastructure will be responsible for coordination and cooperation with related institutions in the sector.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.7. Pre-conditions

- Adoption of National Energy and Climate Plans 2021-2030;
- Full engagement of the Ministry of Environment, Spatial Planning and Infrastructure and other relevant institutions in providing sufficiently human and financial resources necessary to carry out the planned interventions;

¹⁰ KfW for the sewerage system

- Full engagement of the Municipality of Peja/Pec and other relevant local level institutions in providing sufficiently human and financial resources, the possible collateral infrastructure (e.g. sewerage) necessary to carry out the planned interventions and to cover the operational and maintenance costs for the Peja/Pec newly constructed landfill;
- ESIA's for the priority infrastructure waste management projects are approved by the Ministry of Environment, Spatial planning and Infrastructure after public hearings before the EC Financing decision is taken;
- The Regional Water Company Pristina provides necessary resources to carry out the planned interventions.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Area of support 1 will be monitored by the World Bank regular missions and on-site inspections.

Area of support 2 will be monitored by GIZ according to its monitoring standards, including regular missions with on-site inspections. In addition ROM monitoring will be carried out by the European Commission. Regular 6 monthly progress reports are submitted to the EU Office.

Area of support 3 will be monitored by KfW according to its monitoring standards, including regular missions with on-site inspections.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows:

During the inception phase, the implementing organisations involved in this action will establish, in cooperation with the beneficiaries and agreement of the Contracting Authority, the responsibility sharing and means used in collecting, processing and reporting of the relevant data. Ideally, the data collection system(s) established should comprehensively ensure at all stages timely availability of the information necessary for determining if the commitments made have been fulfilled (for example, with regards to gender equality, environment protection, job creation and climate change mitigation).

5.2. Evaluation

Having regard to the complex nature of the action, a mid-term and / or final evaluations will be carried out for this action or any of the areas of support funded under it via independent consultants contracted by the Commission or via an implementing partner. The evaluations will be carried out for learning purposes, in particular with respect to the nature of facilities and interventions.

The Commission shall inform the implementing partner at least 1 (one) month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the

evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination¹¹. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Evaluation services may be contracted under a framework contract.

The Actions in this document have been envisaged with objective verifiable indicators for a systematic system of indicators data collection, and with an interim or ex-post stages review assessment.

Area of support 2: Project will be evaluated along GIZ's standards (contribution agreement), including GIZ presence in Kosovo. Area of support 3: The Projects will be evaluated along KfW's standards, including if need be on-site inspections.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

¹¹ See best [practice of evaluation dissemination](#)

7. SUSTAINABILITY

The Energy Efficiency fund is designed to be sustainable, should the required legislative changes be enacted. The fund will be a legal entity that will attract funds not only from the Kosovo budget but also from donors. If the fund is established as a revolving fund it will add to sustainability – i.e. the investment by IPA will be ‘recycled’ as soon as the budget, or the savings, compensate the fund for its investments (on annually staggered basis).

Advancing Circular Economy component will establish a technically and financially viable model of integrated waste management through inter-municipal cooperation in one selected region, including the preparation of identified infrastructure investments, and related legal, institutional and training measures for public and private sector, civil society and academia; thus paving the way for replication by other Kosovo regions in the near future, as well as for the prepared infrastructure investments to be linked to finance and implemented. Municipal authorities have already committed in a Memorandum of understanding to ensure the operation and maintenance of the waste management facilities. The skills of the staff on national and local level will be further upgraded through the institutional building.

The Regional Water Company Prishtina will provide the necessary financial and human resources to ensure the proper operation and management of the wastewater networks.