

EN

ANNEX 4

to the Commission Implementing Decision on the financing of the annual action plan in favour of Kosovo* for 2021

Action Document for “EU for Environment”

1. SYNOPSIS

1.1. Action Summary Table

Title	Action 04. EU for Environment IPA III Annual Action Plan in favour of Kosovo * for 2021			
CRIS number	043-659/4			
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Initiative	Europe	Yes, the area of support three (3) will be implemented in cooperation with KfW (Kreditanstalt für Wiederaufbau), Germany		
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 3: Green agenda and sustainable connectivity Thematic Priority 01: Environment and climate change Thematic Priority 02: Transport, digital economy and society, and energy			
Sustainable Development Goals (SDGs)	Goals	Main SDG (1 only): SDG 3 Good Health and Wellbeing Other significant SDGs (up to 9) and where appropriate, targets: SDG 5 Gender Equality SDG 6 Clean Water and Sanitation SDG 7 Affordable and clean energy SDG 12 Responsible Consumption and Production SDG 13 Climate action		
DAC code(s)	410 – General Environment Protection – 100%			
Main Channel	Delivery	Main channel: 12000 – Recipient government		
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* 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

	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 checked="" 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
	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	Budget line: 15.020201.02 Total estimated cost: EUR 16 000 000 Total amount of EU budget contribution EUR 16 000 000			
MANAGEMENT AND IMPLEMENTATION				
Type of financing and method(s) of implementation	Direct management through: Procurement Indirect management with the entity(ies) selected in accordance with the criteria set out in section 4.2.1: - United Nations Office for Project Services (UNOPS) - Kreditanstalt für Wiederaufbau (KfW)			
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans [only for the Western Balkans]	Priorities: Energy, Green Agenda Flagships: Renewable Energy, Waste and Waste Water			
Final Date for conclusion of Financing Agreement	At the latest by 31 December N+1			
Final date for concluding contribution / delegation agreements,	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			

procurement and grant contracts	
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The aim of this action is to support Kosovo in addressing the environmental hazards emerging from air, water and waste pollution through climate action, depollution of water, and support to a sustainable waste management, in line with the Green agenda for the Western Balkans.

Under the first two areas of support, the power utility Kosovo Energy Corporation, which operates two old coal power stations will be supported in a) the construction of its wastewater treatment plant, which will treat the industrial and other water before discharge into nature and b) the preparation of a project to reduce SO₂ emissions from Kosovo B, thus complying with environmental directives of the Large Combustion Plant Directive and the Industrial Emission Directive.

The third area of support will support the financial and institutional management as well as operations and maintenance of the Kosovo Landfill Management Company. This should significantly contribute to an environmentally sound, health protecting and sustainable waste management and for the alignment with European-standards and to enhance the cooperation with stakeholders.

2. RATIONALE

2.1. Context Analysis

Area of support 1: Construction of waste water treatment plant facilities in Kosovo B

Wastewater management, monitoring and discharge represent a critical issue in the current operation of the Kosovo B thermal power plant. The wastewater discharges are far from the requirements of Large Combustion Plant Best References and Industrial Emission Directive. The impact of the plant's activity on surface and underground water is significant.

There are six main identified wastewater streams in Kosovo B thermal power plant:

- Sludge produced by softening (decarbonisation) treatment
- Overflow of decarbonised and demineralised water basins
- Bottom ash removal
- Fly ash removal and disposal
- Civil sewage system including drainage
- Oily and heavy fuel oil water

These streams are discharging in different points of the facility, but are collected in a single channel discharging water into the river Sitnica, positioned to the west of the power plant. Currently, Kosovo B does not operate any specific wastewater treatment facility, apart the sedimentation stage of the bottom ash removal wastewater. A feasibility study for environmental and other measures in Kosovo B (funded under IPA 2014) has proposed the development of a wastewater system, compliant with the European Union (EU) Directives and Kosovo regulations. The study recommends the building of an appropriate wastewater system that will minimise water discharge and will consist of a sustainable treatment of different streams, in order to ensure that the discharge into the river Sitnica is fully compliant with environmental standards.

Area of support 2: EU Support to Clean Air (Design of Sulphur Dioxide (SO₂),reduction)

The 2021 Commission Kosovo Report highlighted that Kosovo A and Kosovo B thermal power plants are highly polluting and add significantly to Kosovo's heavy air pollution and environmental and health problems. Furthermore,

The report calls for the continuation of the environmental upgrade of the Kosovo B thermal power plant so as to bring it in line with the respective EU directives.

Kosovo electricity generation is dominated by lignite capacity. The total installed generation capacity is cca 1 470 MW, and almost 88% of it are the two lignite-fired thermal plants. In terms of electricity generation, the two lignite units provide cca 95% of overall Kosovo generation. The balance is provided by small hydro, wind, and solar photovoltaic plants. With regards to Renewable Energy Sources, some 1 185 MW of solar photovoltaic and wind capacity currently are under various stages of development in Kosovo. Kosovo has no oil or gas extraction and no gas import infrastructure, although it is interested in connecting to the Trans-Adriatic Pipeline via Albania and to North Macedonia's gas network. Kosovo does not have many hydro power resources. In that respect the transition to green energy sources will require time and it is expected that in this transition period Kosovo B will remain in operation at least until 2035.

Different reports and studies performed in the past for Kosovo B as one of the major emitters of pollutants in Kosovo and the Western Balkans that dust emissions from this power plant are about 15 times higher than allowed standards. In addition to dust, Kosovo B also emits excessive levels of NO_x and SO₂. The Continuous Emission Monitoring Systems installed at Kosovo B measured an average SO₂ value of 677.88 mg/Nm³ during 2012-2015. According to the Energy Community Treaty obligations, the SO₂ Emission Limit Value (monthly average) that has to be fulfilled by Kosovo B currently is equal to 400mg/Nm³ and from 2023 onwards will be 200mg/Nm³.

A feasibility study for environmental and other measures in Kosovo B (funded under IPA 2014) made an assessment of the environmental performance of Kosovo B (regarding flue gas emissions and air pollution, wastewater treatment and level of pollution of the surface water, ground water, soil, area etc.), as well as the efficiency, power output and the remaining lifetime of the existing power plant. The study recommended a major refurbishment of Kosovo B to bring it in line with legal requirements.

Having in mind the complexity of such refurbishments, the project has been divided in two phases. The first phase is currently being implemented under an EU project worth EUR 78 million under IPA 2018 and IPA 2019 and consists of an upgrade of the electrostatic filter, induced draft fans replacement and measures for NO_x reduction. The second phase will consist of measures for reducing SO₂ emissions. Altogether, these activities will lead to compliance with the Large Combustion Plant Directive (LCPD 2001/80/EC) and the Industrial Emission Directive (IED 2010/75/EU) for this plant.

In line with this approach, this component will entail the design of the second phase of the Kosovo B refurbishments in order to reduce SO₂ emissions.

Area of support 3: Support to the Kosovo Landfill Management Company

Waste management responsibilities in Kosovo are shared between the central and local level institutions. Solid waste collection services in Kosovo are provided by seven regional waste companies owned by local governments, and a number of licenced private operators. Most of the collected waste is disposed in landfills or in transfer stations. Some rural and urban areas are lacking proper collection services and the waste is dumped in illegal dumpsites. There are seven landfills in Kosovo, four of which (Prizren, Gjilan, Prishtina, and Podujeva) are managed by the Kosovo Landfill Management Company. This company also manages the transfer station located in Ferizaj. The company is a publicly owned enterprise, whose main responsibility is to ensure that landfills are operated safely and efficiently, in accordance with environmental protection standards. The company's responsibilities extend also to the closure and after-care of landfills at the end of their designed capacity and to the construction of new waste disposal facilities.

Previously, KfW has financed a feasibility study on Kosovo solid waste, which identified a number of shortcomings. The main findings are:

- Lack of financial capacity to cover investments costs
- The company employs too many office staff, essentially spending its money on the wrong resources.
- Lack of adequate training of staff in landfill management and operational practices, as well as in business planning, financial management, revision of tariffs, human resources planning and management, public awareness and public information.
- The gate fee to the landfills is too low and does not generate enough income for the company. If the gate fee was properly calculated and raised, this could allow financial and operational sustainability, more capital investment projects and ultimately treatment of waste according to the required standards.

Under IPA 2020, the EU and KfW are supporting Kosovo with strengthening the solid waste infrastructure (upgrading landfills). This action complements those interventions as sustainability of the investments and proper management of infrastructure can only be achieved through increased capacities of the landfill management company.

2.2. Problem analysis by areas of support

Environmental problems have been growing over decades of uncontrolled use of natural and mineral resources and outdated industrial production coupled with very high levels of pollution in Kosovo. The overall environmental situation has worsened over the past years, with increased pollution from construction activities, traffic, household heating and pollution from power plants. The energy supply is undiversified and unreliable with more than 90% of electricity being generated by two outdated lignite fired power plants, Kosovo A and Kosovo B. Between 3 and 5% of heating demand is covered by district heating with the rest being covered by biomass-firewood, electricity and oil/diesel. Energy production together with other industrial operators, transportation, urban waste landfills, and households are the main sources of air pollution in Kosovo.

Area of support 1: Construction of waste water treatment plant facilities in Kosovo B

The quality of water and land is also compromised due to untreated urban and industrial wastewater discharges, solid waste dumping, as well as industrial and agricultural activities. Access to waste water 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. Many large industries discharge contaminated water into the sewer system or in the river streams directly. The lack of wastewater treatment facilities and the improper management of wastewater has caused concerns, particularly for 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) and the Industrial Emissions Directive (2010/75/EU).

Area of support 2: EU Support to Clean Air (Design of SO₂ reduction)

Reports from the Kosovo Environmental Protection Agency show that particulate matter (PM 2.5 and PM 10) emissions exceed the maximum allowed values and number of days during the year. The situation is particularly bad during winter due to unfavourable climate conditions and due to burning of biomass and fossil fuels for heating. It is estimated that the total cost of air pollution ranges from 2.5% to 4.7% of GDP¹.

The high levels of environmental pollution pose a serious threat to public health. There is a clear relationship between exposure to air pollution and development of serious lung diseases such as chronic obstructive lung disease and cancer. It is estimated that around 760 inhabitants die prematurely each year due to exposure to high air pollution levels. In addition, it is also estimated that around 13 children die every year due to water borne diseases and poor hygiene.

The 2021 Commission Kosovo report mentions that permanent measures to reduce air pollution quality still need to be undertaken. Research indicates that due to several cultural, social, and biological factors women can be more vulnerable to the negative effects of environmental pollution. Air quality, particularly in urban areas, continues to pose a major threat to public health. The total estimated economic costs due to health effects of air pollution in Kosovo range from EUR 37 million to EUR 158 million a year, (0.89 to 3.76% of GDP). The table below presents the exposed population for three defined scenarios.

Category\estimate	Low	Mid	High
Mortality: adults	29,973,823	84,442,006	142,453,784
Mortality: children	232,258	267,514	304,572
Chronic bronchitis	821,763	1,276,667	1,760,920
Hospital admissions	233,932	362,999	500,131
Emergency room visits	455,463	707,595	975,993
Restricted activity days	2,552,296	3,966,004	5,468,837
Lower respiratory illness in children	931,027	1,439,229	1,992,154
Respiratory symptoms	2,031,439	3,156,141	4,353,499
Total cost (EUR)	37,232,002	95,618,156	157,809,890

¹ <http://documents1.worldbank.org/curated/en/214511576520047805/pdf/Air-Pollution-Management-in-Kosovo.pdf>

Total cost (% of GDP)	0.89	2.28	3.76
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Regarding components 1 and 2, key beneficiaries include the Ministry of Environment, Spatial Planning and Infrastructure, Ministry of Economy, the Kosovo Energy Corporation, which operates Kosovo A and B and the Municipality of Obiliq/Obilić where the power plants are located. Other stakeholders include environmental civil society organisations and of course the general public.

Area of support 3: Support to the Kosovo Landfill Management Company

The current management of landfills is very poor. This situation is leading to a quick decline in environmental conditions and depreciation of equipment and landfill infrastructure. Most of the landfills are at the end of their disposal capacities, and are facing serious pollution and contamination issues. The problems persist mainly due to a lack of technical and managerial capacities, and due to unsustainable tariffs imposed by the government institutions, instead of real costs calculated based on the landfill operations expenditures. Women are underrepresented in waste management companies.

Key beneficiaries of this component include the Ministry of Environment, Spatial Planning and Infrastructure, the Kosovo Landfill Management Company, the regional waste collection companies, and the municipalities. Other stakeholders include the Association of Kosovo Municipalities, civil society organisation and the general public.

2.3. Relevance and complementarity with strategies supported by key stakeholders

The action is in line with key strategies like the National Development Strategy (2016-2021)², the National Energy Strategy (2017-2026)³, the National Water Strategy (2017-2036)⁴, **the Kosovo Environmental Strategy (2013-2022)⁵, the National Emission Reduction Plan (NERP)⁶ and the Kosovo Waste Management Strategy**. All of these documents combined foresee measures and investments so as to reduce the environmental damage resulting from energy production and other economic activities. In addition, all activities foreseen within this action are part of Kosovo's **Single Project Pipeline** and as such are considered priority infrastructure projects.

The National Development Strategy sets out key interventions which will be undertaken to ensure sustainable development. These interventions are set out in four main pillars with measures for ensuring environmental protection foreseen under pillar 4 "Infrastructure". **The National Water Strategy (2017-2036)** also aims at protecting water through treating wastewater and regulating discharges from industrial installations. According to this strategy, the industrial installations are required to include the best available technology throughout their operations including water consumption and wastewater generation and treatment.

The National Energy Strategy (2017-2026) foresees the implementation of concrete measures so as to lower the environmental impact emerging from all forms of energy production. These measures are set out under the fifth objective "fulfilment of targets and obligations in energy efficiency, renewable energy sources and environmental protection".

2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

In 2019, the Commission adopted the **European Green Deal**⁷ as a new growth strategy in response to climate and environmental challenges. The Green Deal aims to transform "the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use". At the same time, the Green Deal aims to "protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts." Inclusion and contribution of the Western Balkan is considered important to achieve the ecological transition foreseen in this strategy.

² https://kryeministri-ks.net/repository/docs/National_Development_Strategy_2016-2021_ENG.pdf

³ https://mzhe-ks.net/repository/docs/Energy_Strategy_of_the_Republic_of_Kosovo_2017_-_2026.pdf

⁴ http://knmu.kryeministri-ks.net/repository/docs/Water_Strategy_final.pdf

⁵ https://mmpk.rksgov.net/assets/cms/uploads/files/Publikimet/Strategy_for_Environment_Protection_2013-2022_English_language_62392.pdf

⁶ <https://www.energy-community.org/documents/reports.html>

⁷ COM(2019) 640 final

The Green Agenda for the Western Balkans was presented by the Commission and endorsed by the Western Balkans leaders in 2020. This document is the framework for the implementation of measures towards a sustainable economy, reflecting Green Deal's priorities. The action is fully in line with the agenda priorities on climate action, including decarbonisation, energy and mobility, circular economy addressing in particular waste, recycling, sustainable production and efficient use of resources, and depollution of air, water and soil.

Prior to the adoption of the Green Deal, Kosovo became part of the **Energy Community Treaty** and signed the **Stabilisation and Association Agreement**. Both of these have steered the cooperation between Kosovo and the EU on energy, environment and climate. As part of the Energy Community Treaty, Kosovo must comply with EU environmental directives including the Large Combustion Plant Directive (LCPD 2001/80/EC) and the Industrial Emission Directive (IED 2010/75/EU). In addition, Kosovo must also abide with the limits of emissions from power plants. **The Western Balkans Strategy**⁸ foresees increased funding for investments in the area of environmental protection, which is in line with this action.

The 2021 Commission Kosovo report points out the lack of enforcement of Kosovo's Air quality Strategy. It also states that: "**Air quality** continues to pose a major threat to health. Air pollution, notably from outdated thermal power plants, household heating, traffic, industrial emissions and the incineration of waste and other toxic materials, calls for urgent action" and that: "Environmental protection is hampered by the lack of alignment with the Environmental Liability Directive". In addition, the first two component of this activity are in relation with the **Economic Reform Programme** and **European Reform Agenda** that identifies the pollution created from energy production as a key challenge.

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; 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".

At a global level, the action is fully in **line with the Agenda for Sustainable Development**. The Sustainable Development Goals are interconnected to one another stressing the importance of reducing poverty, enhancing gender equality, and growing economically while at the same time safeguarding the environment and combating climate change.

2.5. Lessons learned and links with previous financial assistance

Kosovo have benefited from significant financial support in both energy and environmental sectors. Support to the energy sector has mainly been provided by the EU, but also by USAID, GIZ, KfW, and the World Bank.

Significant assistance was provided to the Kosovo B power plant under the Community Assistance for Reconstruction, Development and Stabilisation and later under IPA. The EU support has aimed at improving the environment through reduction of air pollution in accordance with the standards regulating this area. In addition, a previous EU funded support has contributed to the institutional development and to the promotion of the reforms in the energy sector, including energy market regulatory framework development, alignment of the legal framework with the *acquis*, strategic planning in energy efficiency and renewable energy sources.

Considerable technical assistance projects strengthening the waste management sector have been implemented in Kosovo in the last years by international donors. This support covered institutional strengthening and capacity building (mainly to the Ministry) and specific infrastructure projects regarding the realisation of urban waste landfills.

Under IPA 2013, IPA 2018 and IPA 2020, the EU is supporting the solid waste management sector in collaboration with other donors, in particular GIZ and KfW. KfW has supported the development of the Kosovo Solid Waste Feasibility Study Programme II, which included an environmental and social impact assessment for the existing four landfills and for one transfer station operated by the Kosovo Landfill Management Company.

GIZ supported the former Ministry of Environment and Spatial Planning to develop a new integrated waste management strategy and action plan, which is still not approved by the government. The strategy is supposed to provide the framework for waste management actions over the next 10 years.

⁸ COM(2018) 65 final

Considering women's overall underrepresentation in the energy and environment field, it has been challenging to include women as direct beneficiaries on previous financial assistance.

Through these many intervention, some key weaknesses of the relevant sectors have been identified: i) a lack of competent staff, ii) a silo mentality ignoring cross-cutting issues, iii) a lack of flexibility sometimes leading to duplication of efforts and iv) a lack of coordination between stakeholders.

3. DESCRIPTION OF THE ACTION

3.1. Planned results and intervention logic

Overall Impact: To protect the environment in compliance with the relevant EU *acquis* and best practices.

Outcome of the area of support 1: Surface and underground water protected through developing wastewater treatment infrastructure at Kosovo B Thermal Power Plant.

Output 1: Wastewater Treatment Plant Facilities constructed and operational

The area of support anticipates that by constructing and operationalising the Wastewater Treatment Facilities, then surface and groundwater will be better protected.

Outcome of the area of support 2: First step towards Kosovo's alignment with EU directives Large Combustion Plant Directive (2001/80/EC) and the Industrial Emission Directive (2010/75/EU)

Output 1: The design of the infrastructure project for reduction of SO₂ emissions prepared and approved.

The area of support anticipates that by completing the design of the infrastructure project for reduction of SO₂ emissions, the foundation for eventual alignment with EU directives 2001/80/EC and 2010/75/EU has been laid.

Outcome of the area of support 3: To strengthen the capacities of the Kosovo Landfill Management Company and to contribute to an environmentally sound, health protecting and sustainable waste management in Kosovo, aligned with the EU legislation and the best EU Member states practice.

Output 1: Properly functioning financial and institutional management and operations and maintenance of the Kosovo Landfill Management Company

The area of support anticipates that by ensuring the proper functioning and institutional management and operations and maintenance of the Kosovo Landfill Management Company, then the company can contribute better to an environmentally sound, health protecting and sustainable waste management in Kosovo.

Assumptions : see point 3.3

3.2. Indicative type of activities

Area of support 1:

- Consulting services for the preparation of the works tender dossier and supervision of the works
- Procurement of works
- Trainings/capacity-building for women and men staff

Area of support 2

- Trainings/capacity-building for women and men staff
- New measurements and updated data, including gender disaggregated data where relevant
- Development of Concept for the future investment, including all system requirements for operations organization, implementing and financial steps
- Development of preliminary and Environmental Social Impact Assessment
- Development of complete Tender dossier for the works needed for reduction of SO₂ emissions

Area of support 3:

- Technical assistance to the Kosovo Landfill Management Company for capacity building (including organisational, financial, planning and reporting, cooperation with stakeholders, etc. measures), transparent mechanism for the approval and review of gate fees.

3.3. Risks and assumptions

Risks	Risk level (H/M/L)	Mitigating measures
Lack of timely coordination between the relevant institutions and stakeholders in the implementation of the assistance	M	The government, all relevant institutions and the stakeholders should start as earlier as possible to coordinate their activities relevant for proper and reliable implementation of the measures in question.
Lack of sufficient professional capacities in Kosovo for implementation of the measures for the reduction of SO2 emission levels and operation of wastewater treatment plant	H	Selection of an experienced contractor/s in similar activities.
Lack of effective internal institutional cooperation between governmental institutions and other stakeholders.	M	Establish a steering committee involving all stakeholders (at central and local level institutions, donors etc.) that will meet on regular basis.
Unmotivated staff participates in the project activities.	M	Motivation through challenge and problem solving; Early stage involvement and active participation; Joint events as promotion and activity motivation
Due to women's underrepresentation in the field, few women participate in project activities	H	Continuous dialogue and capacity building on gender sensitive recruitment and equal opportunities in line with relevant legislation towards increasing women's representation; cooperation with gender equality mechanisms, women's Civil Society Organisations, and other programs to identify and engage women.
Delays in the issuing of the construction permits	M	Stakeholder consultations explaining the need for investments in the Kosovo power plants in order to improve the state of environment and avoid health risks.
No agreement on a mechanism for the revision and approval of adequate disposal tariffs	H	Support of the Kosovo Landfill Management Company by experts/consultants; Donor and International Financial Institutions involvement at an early stage to overcome potential problems.
Citizens are not willing to accept tariffs increases	H	Stakeholder consultations explaining the need for investments in the waste sector in order to improve the state of environment and avoid health risks
No willingness by the local authorities to provide lands for new Prishtina landfill	H	Continuous consultations and ongoing efforts by the Kosovo Landfill Management Company to raise the consciousness of the municipal authorities
Assumptions (to be reflected in the Logical Framework Matrix above) – grouped by outputs and outcomes		
<u>Output 1 related to Outcome 1 Wastewater Treatment Plant Facilities constructed and operational</u>		
<ul style="list-style-type: none"> - The Kosovo Energy Corporation provides access to required information. - Effective cooperation ensured. - The associated works for the Waste Water Treatment Plant are successfully implemented. - Proper maintenance and operation of the new infrastructure 		
<u>Output 2 (related to Outcome 2) The design of the infrastructure project for reduction of SO2 emissions prepared and approved</u>		
<ul style="list-style-type: none"> - Continuous support and active involvement of the main beneficiary KEK/Kosovo B TPP to provide access to required relevant information (data, designs, report and documents) and to allocate necessary resources for successful project implementation and proper operation and maintenance of the DeSO2 plant at project completion. 		

- Continuous support from other stakeholders as well such as Ministry of Finance, Ministry of Environment, Spatial Planning and Infrastructure, Ministry of Economy, Development Cooperation Office under the Office of the Prime Minister and the related municipalities.
- Comments by the beneficiary (KEK) on the design documents are given on time.

Output 3 (related to Outcome 3) Properly functioning financial and institutional management and operations and maintenance of the Kosovo Landfill Management Company.

- Political support for the project on local and central level.
- A site for the new landfill of Pristina region has been identified.
- All concerned municipalities agree to the identified site and are willing to cover the costs.
- The population is willing to pay adequate tariffs.
- Proper maintenance of the new infrastructure.
- Collaboration with gender equality mechanisms and women’s Civil Society Organisations coupled with capacity building ensures women’s participation.

3.4. Mainstreaming

How does this Action contribute to Gender Equality and Women’s and Girls’ Empowerment (in line with the EU gender equality strategy 2020-2025)?

Women continue to be underrepresented in the environment, climate change, as well as waste-management sector. Kosovo lacks gender disaggregated data related to environment, climate change, and pollution. However, international research indicates that due to several cultural, social, and biological factors women are more vulnerable to the negative effects of environmental pollution. 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 Action will ensure that the following regulations and legislation will be applied: the UN Convention on the Elimination of All Forms of Discrimination Against Women (Art. 22), the Law on Gender Equality (2015), the Recast EU Directive (2006/54/EC) on Equal Opportunities and Equal Treatment of women and men in employment and occupation, the Directive on Equal Treatment of Men and Women in the Access to and the Supply of Goods and Services (2004/113). In line with the EU Gender Action Plan (GAP) III 2021-2025 under the Area “Climate change and environment”, the action will contribute to SO1. Increased participation of women and girls in all their diversity in decision-making processes on environment and climate change issues; 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”. Additionally, In line with the Law on Procurement, the intervention will include measures to promote gender equality and diversity in all procurement actions within the intervention.

How does this Action address Environment and Climate change?

With regards to environment, this is the main target sector of the action. 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”, “Law on Air Protection”, “Law on Environmental Impact Assessment”, “Law on Waste”, etc. After the implementation of this action, Kosovo B will be compliant with the environmental standards for the industrial wastewater discharge and the tender dossier for the second phase of the refurbishment of Kosovo B will be prepared with the eventual aim of complying with the relevant environmental standards regarding the emission levels. Strengthening the Kosovo Landfill Management Company capacities will ensure the proper operations and efficient management of facilities/landfills in line with EU standards on environmental protection. Efficient landfill management will contribute to reduce health and environmental problems and improve the quality of services.

How does this Action address the Rights Based Approach?

Kosovo is fully committed to a policy of equal opportunities. The design and the implementation of the actions will be transparent. All necessary steps will be considered to ensure the equal participation of men and women by using affirmative measures when necessary, in line with requirements under the Law on Gender Equality and GAP III. It is important to mention that the Kosovo institutions and the Kosovo Energy Corporation as beneficiaries - are also particularly sensitive to equal opportunities and gender related issues in regards to supported investment, mainstreaming, and gender impact-assessment approaches in the supported actions.

How does this Action promote the systematic engagement with Civil Society?

The systematic engagement of civil society will be an integral component of all the activities to be undertaken in the projects. The actions are addressing very sensitive environmental issues that are promoted by different non-governmental organisation and local action groups. Where appropriate and necessary, stakeholders will be given the opportunity to express their viewpoint on the proposed activities. The action will consult with various actors, including women's rights organisations.

Others (such as Resilience and Conflict Sensitivity, Roma, people with disabilities and other vulnerable groups)

The interventions will in no way harm the rights of any individuals, including minorities and vulnerable groups; on the contrary, it will support vulnerable community, it will strongly support and facilitate minorities and vulnerable groups including both women/men within these groups. Protecting water, air quality and providing better waste services will contribute to wellbeing of vulnerable groups such as: roma community living in nearby area where the Kosovo power plant is located, women in nearby area that use the water for washing/cleaning etc.

3.5. Conditions for implementation

Full engagement of the Ministry of Environment, Spatial Planning and Infrastructure and Ministry of Economy in providing sufficiently human and financial resources necessary to carry out the planned interventions;

Full engagement of the Kosovo Energy Corporation and Kosovo Landfill Management Company in providing sufficiently human and financial resources necessary to carry out the planned interventions.

The Kosovo Energy Corporation to implement the ash water circulation system in parallel to the construction of WWTP. Failure to address this requirement will lead to cancelation of the project (area of support 1).

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

3.6. Logical Framework

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	To protect the environment in compliance with the relevant EU <i>acquis</i> and best practices.	Degree of compliance with the <i>acquis</i> in relation to environment protection	TBC(2020)	TBC(2024)	Environmental Situation Report in the Kosovo Energy Corporation.	<i>Not applicable</i>
Specific Outcome 1	Surface and underground water protected through developing wastewater treatment infrastructure at Kosovo B Thermal Power Plant inclusive of women and men's participation.	<p>Volume of untreated industrial discharged water in the environment, including water from reactor to demineralised water, from chemical department and from facility clean-up.</p> <p>Volume of untreated discharged water in environment, including various draining points in Unit B1 and B2 facilities, bottom ash extinction and from the boiler – slag removal.</p> <p>Number of people participating in public planning and consultation meetings on local and central levels, disaggregated at least by sex, and when possible by age.</p>	<p>Volume of untreated industrial discharged water in the environment is 200m³/h. (2020)</p> <p>Volume of untreated discharged water in the environment is 152m³/h (2020)</p>	<p>Volume of untreated industrial discharged water in the environment is 0m³/h (2024)</p> <p>Volume of discharged untreated water in the environment is 0m³/h (2024)</p>	<p>Feasibility Study for Environment and other measures on Kosovo B (June 2017)</p> <p>Environmental Situation Report in the Kosovo Energy Corporation for 2019 and future reports.</p>	<p>Kosovo Energy Corporation provides access to required information.</p> <p>Effective cooperation ensured.</p> <p>The associated works for the Waste Water Treatment Plant are successfully implemented.</p> <p>Comments by the beneficiary (KEK) on the design documents are given on time.</p>

<p>Specific Outcome 2</p>	<p>To support Kosovo's alignment with EU directives Large Combustion Plant (2001/80/EC) and the Industrial Emission (2010/75/EU)</p>	<p>Tender dossier documents for SO₂ reduction in Kosovo B completed (%) Number of people participating in public planning and consultation meetings on local and central levels, disaggregated at least by sex and when possible by age.</p>	<p>0% (2020)</p>	<p>100% (2025)</p>	<p>Direct report from the parties engaged for preparation. Environmental Situation Report in Kosovo Energy Corporation, including gender analysis Preliminary Design Report. Tender Dossier.</p>	
<p>Specific Outcome 3</p>	<p>To strengthen the capacities of the Kosovo Landfill Management Company and to contribute to an environmentally sound, health protecting and sustainable waste management in Kosovo, aligned with the EU legislation and best practice.</p>	<p>Plan for capacity building the Kosovo Landfill Management Company (including organisational, financial, planning and reporting, cooperation with stakeholders, etc. measures, with gender considerations) is developed, approved and in implementation. New clear and transparent principles and mechanism for the approval and review of gate fees, together with the new revised gate fee is developed and approved. Number of women, men, girls and boys, in all their diversity, participating equally in public</p>	<p>Baseline value: No (2021) Baseline value: No (2021)</p>	<p>Target value: Yes (2025) Target value: Yes (2025)</p>	<p>Reports from Kosovo Landfill Management Company/ Consultant</p>	<p>Political support for the project on local and central level. A site for the new landfill of Pristina region has been identified. All concerned municipalities agree to the identified site and are willing to cover the costs. The population is willing to pay adequate tariffs. Proper maintenance of the new infrastructure.</p>

		planning and consultation meetings on local and central levels, disaggregated at least by sex.				
Output 1 related to Outcome 1	Wastewater Treatment Plant Facilities constructed and operational	% of works completed	0% (2020)	100% of works completed.	Environmental Situation Report in Kosovo Energy Corporation for 2019 and future reports Final project report	Continuous support and active involvement of the main beneficiary Kosovo Energy Corporation /Kosovo B and of the Ministry and related municipalities.
Output 2 (related to Outcome 2)	The design of the infrastructure project for reduction of <u>SO₂</u> emissions prepared and approved.	Tender Dossier documentation including preliminary design, the technical, functional and performance specifications for the works needed for reduction of <u>SO₂</u> emissions and Environmental Social Impact Assessment is completed and approved. Number of women, men, girls and boys, in all their diversity, participating equally in public planning and consultation meetings on local and central levels, disaggregated at least by sex.	No preliminary design prepared (2021) No draft tender dossier prepared (2021) No final tender dossier prepared (2021) No ESIA (2021)	Preliminary design completed (2024) Draft Tender dossier Completed (2025) Final Tender Dossier completed and approved (2025) ESIA developed (2024)	Draft and Final Tender Dossier Report.	
Output 3 (related to Outcome 3)	Properly functioning financial and institutional management and operations and maintenance of the Kosovo Landfill Management Company.	Adjusted organizational structure in place in Kosovo Landfill Management Company; Available business plan, and monitoring reports	Not adequate and financially not sustainable (2021)	Adequate and financially sustainable (2025)	Reports from Kosovo Landfill Management Company /Consultant Audit reports	Political support for the project on local and central level. A site for the new landfill of Pristina region has been identified.

		<p>New clear and transparent principles and mechanism for the approval and review of gate fees together with the new revised gate fee is developed and approved;</p> <p>Standardised operation and maintenance procedures, in line with EU standards, are in place</p> <p>Guideless for public relations and cooperation with stakeholders are implemented</p>				<p>All concerned municipalities agree to the identified site and are willing to cover the costs.</p> <p>The population is willing to pay adequate tariffs.</p> <p>Proper maintenance of the new infrastructure.</p>
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

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

4.2. Implementation modalities

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 measures¹⁰.

5 4.2.1. Direct Management (Procurement)

Area of Support 2 - EU Support to Clean Air (Design for SO₂ reduction) will be implemented via procurement.

	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Outcome 2 - EU Support to Clean Air (Design for <u>SO₂</u> reduction)	Services, works and supplies	Q2 , Q3 and Q4 of 2022 and 2023

4.2.2 Indirect management with an entrusted entity

A part of this action, Area of Support 1 Wastewater Treatment Plant Facilities in Kosovo B and Area of Support 3 Kosovo Landfill Management Company, may be implemented in indirect management as follows:

Area of Support 1- Wastewater Treatment Plant Facilities in Kosovo B may be implemented in indirect management with UNOPS. The implementation entails entrusting the tasks of preparation of works contract, their procurement and supervision ensuring this way that the wastewater treatment plant is build and fully operational in line with environment regulations.

The envisaged entity has been selected using the following criteria: operational capacity and access to expertise, as well as significant previous experience in the implementation of similar assistance.

Area of Support 3 – Support to Kosovo Landfill Management Company maybe be implemented in indirect management with KfW. This implementation entails entrusting the tasks which will contribute to strengthen the capacities of the Kosovo Landfill Management Company and to contribute to an environmentally sound, health protecting and sustainable waste management in Kosovo, aligned with the EU legislation and best practice.

The envisaged entity has been selected using the following criteria: operational capacity and access to expertise, as well as significant previous experience in the implementation of similar assistance.

In case the envisaged entities mentioned above would need to be replaced, the Commission's services may select a replacement entity using the same criteria given above.

4.2.3. Changes from indirect to direct management mode (and viceversa) due to exceptional circumstances (one alternative second option)

In exceptional circumstances and upon authorisation 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. In addition, in some unpredicted and emergency situations, with prior approval of the European Commission, support to unforeseen and ad hoc actions may also be possible.

¹⁰ 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.

4.3 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.

4.4. Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Output 2: The design of the infrastructure project for reduction of SO2 emissions prepared and approved; composed of	2 000 000	
<i>Direct management (Procurement) – cf. section 4.2.1</i>	N.A.	
Output 1: Waste Water Treatment Plant Facilities in Kosovo B constructed and operational; composed of	12 000 000	
<i>Indirect management with UNOPS – cf. section 4.2.2</i>	N.A.	
Output 3: Properly functioning financial and institutional management and operations and maintenance of the Kosovo Landfill Management Company; composed of	2 000 000	
<i>Indirect management with KfW – cf. section 4.2.2</i>	N.A.	
Procurement – total envelope under section 4.2.1	2 000 000	N.A.
Indirect management with entrusted entities under section 4.2.2	14 000 000	N.A.
Evaluation (cf. section 5.3)	will be covered by another decision	N.A.
Audit/Expenditure verification (cf. section 6)	will be covered by another decision	N.A.
Communication and visibility (cf. section 7)	N.A.	N.A.
Contingencies	N.A.	N.A.
Total	16 000 000	N.A.

4.5. Organisational set-up and responsibilities

- Area of support 2 will be implemented under direct management mode where the EU Office in Kosovo will be the Managing Authority.
- Area of support 1 and Area of support 3 will be implemented under indirect management mode by UNOPS, KfW and the EU Office in Kosovo will be the Managing Authority.
- The Ministry of Environment, Spatial Planning and Infrastructure and Ministry of Economy will be responsible for the management of coordination and cooperation with related institutions in the sector.
- The Kosovo Energy Corporation and Kosovo Landfill Management Company will be direct beneficiaries of the actions.

5. PERFORMANCE/RESULTS MONITORING AND REPORTING

5.1. Internal monitoring

Area of support 2 will be monitored by the EU Office. ROM monitoring will be carried out by the European Commission.

Area of support 1 and Area of support 3 will be monitored along UNOPS, KfW's monitoring standards, including regular missions with on-site inspections.

The Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its sub-components via independent consultants, through a joint mission or via an implementing partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures set out in the Financing Agreement.

5.2. Roles & responsibilities for data collection, analysis & reporting

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).

5.3. Evaluation

Having regard to the nature of the action or any of the Area of Support, a mid-term or final evaluations will be carried out for this action 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 the intervention.

The Commission shall inform the implementing partner at least 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 beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services shall be covered by another support measure constituting a financing Decision.

6. AUDIT

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

The financing of the audit shall be covered by another measure constituting a financing Decision.

7. 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 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.

Visibility and communication measures shall be implemented in accordance with the EU communication and visibility requirements in force and the specific rules of each Union programme. The relevant programme managing entity shall be responsible for monitoring the visibility and communication activities. 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. Considering women's underrepresentation in the sector, and the project focus on awareness raising, the action will involve efforts to reach diverse women and men with information, considering gender differences.

8. SUSTAINABILITY

The action activities will ensure continuation of impacts beyond the end of the implementing period and without the financial contribution from the EU.

The Kosovo Energy Corporation will provide the necessary financial and human resources to ensure the proper operation and management of the wastewater treatment plant (area of support 1) and prepare for investments on SO₂ reduction (area of support 2). The government is committed to ensure the further process in the implementation of the infrastructure project by finding financing most probably through co-financing by the EU and IFIs and further implementation of the infrastructure project. The skills of the technical staff will be further upgraded through training to be implemented in the course of the project.

Kosovo Landfill Management Company (area of support 3) will provide the necessary resources and support to ensure that the financial, institutional and operational management of the company will be enhanced.