Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 05/06/2020 | Report No: ESRSA00797
# BASIC INFORMATION

## A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kosovo</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P172992</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greening Land</td>
<td>Investment Project Financing</td>
<td>3/30/2020</td>
<td>12/3/2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KOSOVO MINISTRY OF FINANCE</td>
<td>Ministry of Environment and Spatial Planning</td>
</tr>
</tbody>
</table>

**Proposed Development Objective(s)**

The proposed development objective is to demonstrate the risk-based approach for contaminated land management at selected sites and improve the country’s policy and institutional capacity for managing land contamination.

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>21.00</td>
</tr>
</tbody>
</table>

## B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

## C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

Kosovo, as one of the youngest countries on the continent — both based on its new statehood and the young average age of its population (26 years) — has substantial development potential yet faces challenges. Kosovo is rich with many mineral resources including coal, lead, zinc, chromium, and silver; however, unsustainable past and current industrial activities exploiting these resources has generated environmental and health risks and impacts. The Government in Kosovo has been making efforts to address environmental issues, however further efforts are required. The government has recognized that redevelopment of contaminated land, especially brownfields will generate significant economic value and environmental and social benefits.
The World Bank’s recent report estimated that the number of contaminated sites in Kosovo requiring remediation is about 200, limiting land available for development. The issues in the environment sector translate into constraints in the management of contaminated land in Kosovo. Efforts towards implementing the NDS on rehabilitation of contaminated sites, have been mostly supported by the international partners. Given the above-mentioned constraints, which will further magnify the scale of land contamination, international good practices and phased actions to remediation and redevelopment of contaminated land are needed. The proposed project aims to support the country in developing and implementing a long-term action plan for contaminated land remediation and redevelopment in Kosovo.

The proposed project is consistent with The National Development Strategy (NDS) 2016-2021 and the World Bank’s Country Partnership Framework (CPF) 2017-2021 for Kosovo. The project is in line with the NDS calling for projects for reducing environmental and health risks from contaminated land and hazardous waste. Also, the project is in line with the third focus area in the CPF 2017-2021, namely “Promoting Reliable Energy and Stewardship of the Environment – improve management of natural resource, and address environment contamination and enhance energy efficiency and renewable energy”, and directly contributing to the Objective 9 and Indicator 19, by reclaiming industrial polluted land posing environmental and health risk. Accordingly, the project also contribute to the Sustainable Development Goals (SDGs) 6,7, 8, 9, 12 and 13. The proposed project supports the national aspiration on EU accession by addressing the existing gaps in pollution and waste management to meet EU acquis environment chapter, and close alignment with the zero-pollution ambition for a toxic free environment in the European Green Deal.

The project will provide support to the government in addressing the key constraints in managing contaminated land. It will do so through: a) investments in select sites to demonstrate international good practices for contaminated land remediation and redevelopment and b) enabling activities at both the national and local levels for developing the necessary policy / regulatory and institutional framework, building capacity, addressing data / information gaps, and developing a long-term action plan for contaminated land remediation and redevelopment in the country. SRBLM will be the principal approach to be promoted through the proposed project. The project will contribute to Kosovo’s commitment to the process of EU accession and alignment of environment and climate change regulation with the EU acquis. It is expected that the project will be the starting point of a longer-term program for addressing land contamination legacy in Kosovo. Subsequent phases for scaling-up are anticipated either as additional financing or as a new project to be funded by the Bank or/and other partners. The proposed project consists of three components: (i) Demonstration of Sustainable Risk-based Contaminated Land Remediation and Redevelopment, (ii) Developing Policy and Institutional Capacity for Contaminated Land Management, (iii) Project management, monitoring and evaluation.

Under Component 1, a first site has been confirmed, which is a brownfield site located in greater Pristina area. The total site is 104 ha of brownfield land, among which about 58 ha owned by Kosovo Energetic Corporation (KEK) and 46 ha by Kosovar Privatization Agency and multiple private owners. The site was moderately polluted due to mining activities in the past. The combined remediation and redevelopment actions to be implemented under the project are to repurpose the site as a future public park. As some land (about 46 ha in total) of the overburden area (southern part) is owned by the Kosovo Privatization Agency or privately owned, necessary arrangements with the land owners should take place prior to remediation of the overburden area. As such, the proposed remediation works will be carried out in two phases, with the first phase focused on the infilled mine galleries (24 ha) (which is wholly owned by KEK) and the second phase on the overburden area (80 ha). The first phase of the remediation can be considered as a
The World Bank
Greening Land (P172992)

pilot testing with the remediation pond installed and water management of the area, before moving to the larger park after the land ownership is addressed.

D. Environmental and Social Overview
D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
Kosovo is bordering with Albania, North Macedonia, Serbia, and Montenegro. The “Malet e Sharrit” and “Bjeshket e Nemura " Mountains, are the most biodiverse regions of Kosovo and is characterized by a wide array of ecosystems and habitats. The National Forest Inventory Report of the FAO mentions that the total forest area is 464,800 ha (40 percent of total land area). The country’s biodiversity is conserved in two national parks and hundreds of other protected areas of different categories. The remote and forested regions are primarily inhabited by important species like the brown bear, grey wolf, lynx and golden eagle. Kosovo is rich in mineral mainly coal, lead, zinc, chromium and silver.

Kosovo has four main water basins: the Drini i Bardhe, Ibri, Lepeneci, and Morava e Binçës. All rivers are classified as being polluted with unacceptable levels of biological oxygen demand and lack of dissolved oxygen due to the lack of operating wastewater treatment systems. Ambient air quality is particularly bad in Pristina, Obiliq, Drenas, and Mitrovica. The principal pollutants are particulate matter, sulfur dioxide (SO2), nitrogen oxides NO and NO2 (NOx), ozone (O3), lead (Pb), carbon dioxide (CO2), and dioxin. The main sources are energy and mining, including the two coal-fired power plants of the Kosovo Energy Corporation (KEK) and its coal-mining area, wood and lignite for household heating, industrial complexes, such as Mitrovica Industrial Park (Trepca), nickel mining and production in Drenas/Gllogovc (Ferronikeli), and the cement factory in Hani Elezi (Sharrcem), public district heating companies (in Pristina, Gjakova, and Mitrovica), transport, landfills of urban and industrial wastes (with varying local impacts).

The project will address the historical pollution related to the mineral resources extraction industry. Kosovo Environmental Protection Agency has identified about 110 sites as the most sensitive points, 26 of which have been identified as potential hotspots like in the Municipalities of Obiliq - KEK activities, Glogoc - Ferronikeli activities, and other hot-spots. At the moment the only foreseen project activities are related to KEK about 104 ha of brownfield land, among which about 58 ha owned by Kosovo Energetic Corporation (KEK) and 46 ha by Kosovar Privatization Agency and multiple private owners, with some unclear title. The area that is owned by the KPA should be transferred to KEK. This would be transfer from one government entity to other.

It should be mentioned the KEK site of the overall project investment includes overburden soil, an infilled mine gallery and two ponds. Historically (1960-1980), nine people were drowned in the infilled gallery. South of the overburden, a closed landfill site is present next to an open construction waste dump. Between the overburden and these sites, the top soil was burned at multiple places, most likely a result of illegal cable and tire burning. The baseline data collection found that at KEK site (i) the soil is heterogeneously contaminated with heavy metals and locally heavily contaminated with barium, nickel and/or chromium based on the Dutch standards. The soil is slightly till moderately contaminated with heavy metals based the Kosovo standards; (i)the cover layer at the mine galleries has a varying thickness with a minimum of 50±10 cm below ground level; (ii) the top soil (until 1 m b.g.l) at the mine galleries contain a similar contamination as the overburden ; (iii) groundwater is moderately until heavily contaminated with cresols or TPH at the border between the Ash Dump A and mine galleries which indicates that contaminated groundwater is flowing into the research area; (iv) at burned area of 1,270 m2, the top soil (0-0,2 m bgl) is heavily
contaminated with copper, zinc, arsenic, lead and cadmium, resulting in a volume of approximately 250 m³ contaminated soil/waste.

Remediation will start in the area owned by KEK and this will be done on the first phase. For the rest of the land area, the title/ownership needs to be clarified. As per the cadastral records it is private property. This situation is for last 30 years. There is a probability that this land has been expropriated in the past, and not reflected into the new cadaster. This needs to be clarified and is likely to take time. Once this is done, and if there is private ownership, then a RAP will be prepared and implemented. Due to the time needed to determine clear title, the remediation of the area with unclear ownership will be done in the second phase of the project. During the first phase, the land acquisition, restriction on land use and involuntary resettlement would not be relevant to KEK as it will focus only at area that that is formally publicly owned. At this stage it cannot be determined whether there will be additional land acquisition impacts from the other sites of the investment component. It is expected that the project will not finance remediation sites for which large scale resettlement will be needed, and it is likely that any resettlement for a site, will maximum impact five to ten persons. Potential sites out the list of 110 sites are not known during the appraisal. Potential social impacts arising from the Greening Land project might be on workers’ and community health and safety during the construction stage of sub-project activities. Community health and safety risks and workers risk would be relevant for all potential sites. Other relevant risks could be permanent land acquisition that could lead to minor resettlement. The resettlement laws of Kosovo mostly differ from the requirements of the ESS5 in relation to treatment and involvement of the illegal constructions and squatters but the practice to comply with the WB safeguards standards have been positive. The expertise for the remediation could be difficult to be found in Kosovo, but the labor and other non-skilled works will most probably be sub-contracted locally. Thus, labor influx is not expected. Labor related laws in Kosovo mostly comply with the requirements of ESS2 but there will be a need for workers related GRM and for close oversight of the adherence to ESS2 standards by contractors. Issues to be dealt with during the works will be delineation of the work activities so they do not interfere with the nearby communities, given the works will be to clean the hazardous materials disposed over the decades. Attention will be given to the involvement of the Stakeholders as this aspect is important in the cleanup and restoration projects and especially in the phase of planning for the redevelopment of sites, after the remediation activities. In Kosovo level the vulnerable groups are RAE (Roma, Ashkali and Egyptians) communities, other ethnic minority groups, poorest quintile, women and youth classified as NEET. For the site already selected for remediation and redevelopment, the data based on OSCE community profiles for Fushe Kosove and Obiliq reveal that there are about 13% members of RAE community in Fushe Kosove and about 7-8% in Obiliq whereby less than 1% of Serbian community in Fushe Kosove and in Obiliq. The data about NEET youth are not available in local government level. The vulnerability profile for any other site will be same. The vulnerable communities in the local governments to be selected for the remediation of respective hot spots will be members of the RAE communities, ethnic Serbian community as well as Youth being NEET and women. Separate mechanisms will be employed for engagement of vulnerable groups in the sub-project level.

Site selection for other sites will be undertaken during implementation in consultation with the government and will follow a set of criteria, including: i) relatively less extent of remediation complexity, in order to demonstrate success within the project period; ii) potential of strong government support and community engagement, and high potential of integrating remediation with economic and social benefits, such as public amenities and regeneration of degraded areas, materials recovery, greener industry promotion, and capacity building; iii) contributing to climate adaptation and mitigation, such as protecting and developing water resources, development of green areas, and renewable energy development, and iii) the possibility of financial contribution from (national or local) government or private sector associated with the site.
The Ministry of Infrastructure and Environment (MoIE) which is formerly known as Ministry of Environment and Spatial Planning (MESP) has some experience through the Kosovo Cleanup Project on engaging stakeholders. The project will outsource services for the engagement given that engagement will be important component in defining of redevelopment activities once the sites have been remediated.

D. 2. Borrower’s Institutional Capacity

The Ministry of Infrastructure and Environment (MoIE) will be responsible for the implementation of the project. MoIE is also the implementing agency for the preparation of Fostering and Leveraging Opportunities for Water Security (FLOW) project funded by the Bank. MoIE is responsible for environmental protection and management and setting the country’s environmental policy. MoIE consists of an environment department for nature protection, waste management, air protection, industrial issues and a water department. The environmental inspectorate is under the MoIE and is responsible for inspection activities. Kosovo Environmental Protection Agency (KEPA) under MoIE is responsible for professional, supportive, scientific, and research tasks including environmental monitoring, environmental information management, and research. KEPA has administrative responsibilities for issuing opinions on environmental impact assessments (EIAs) and on environmental consents for construction permits, issuing opinions on nature protection areas, and organizing the Environmental Protection Information System. KEPA has three environmental directorates: for monitoring, information systems, and programs and reports.

Although, a number of Legal and Policy Framework are in place and GoK is strict about ESIA clearance procedure, the area of ESIA implementation compliance monitoring and evaluation still requires strengthening. The MoIE has experience in environmental risk management including stakeholder engagement of infrastructure development projects, through Clean-up and Reclamation Project. However, MoIE’s introduction to the new ESF is through its staff participation in one day awareness training after ESF rollout in October 2018 and two more trainings during the project preparation mission. The later two training sessions were attended by both the MoIE and KEK officials.

The MoIE has experience with OP 4.12, under Clean-up and Reclamation Project and Sibovc Field resettlement project. The department for resettlement directly reporting to Minister dealt with the Hade village resettlement to the new Shkabaj residence. In addition, the Ministry also managed small land acquisition impacts that were addressed in compliance with social safeguards by KEK, through (Clean-up and Reclamation Project). While the Ministry has previous experience in the World Bank Safeguards Policy OP 4.12, it has no capacity to handle the issues relating to the labor and working conditions. Under the recently implemented highway projects, this capacity has been built in the private sector (construction companies). Kosovo’s local companies learnt and benefited from the good industrial international practices introduced by international companies working in the country. Thus, local capacity is created for relatively complex civil engineering works, which could be sub-contracted by specialized firms to deal with, and clean historically polluted sites. In addition, capacity has also been built in private sector/industries to manage project related traffic in proximity to inhabited areas. The environment and social impact assessment (ESIA) looks at relevant social regulatory environment and gaps in current practice on related social issues. At present the MoIE’s strongest experience is in resettlement practices only. While labor laws generally comply with ILO, the Ministry has limited capacity to do proper oversight. Thus during the employment of the social specialist attention will be given that the selected staff has stronger knowledge in labor related issues and community health and safety. Also, as the mandate for approval and oversight of ESIA’s lies with a different entity, the Ministry has limited experience with managing multiple stakeholders.
MoIE will cooperate with various municipalities during the implementation of the project. Most of the municipalities have environmental and community officials who are well aware of the existing environmental pollution and social issues of the respective municipality. For the identified ash dump and overburden site in Obiliq, MoIE will work with the KEK authority. KEK has experience in working with World Bank funded Cleanup and Land Reclamation Project. However, ESF is completely new to KEK. The World Bank will continue to provide training to the KEK and MoIE officials during the project implementation on ESF application.

The MoIE will establish a Project Management Unit (PMU) to be chaired by the Director General of the Environmental Protection Department in MoIE. The PMU Director will assign a dedicated Project Coordinator, who will be supported by a project M&E specialist, is in charge of the project day-to-day implementation. The PMU will hire specialists for procurement, FM, environmental and social as well as communication functions, and these functions will serve as common services to the FLOWS project too. KEK will assign Environmental and Social focal persons to oversee the environmental and social related standards of the KEK site. The PMU will hire a junior environmental consultant. The senior environmental and the social specialist of PMU will be responsible for overall environmental and social compliance with standards and reporting to PMU Director, responsible of the safeguard compliance and capacity building of MoIE and KEK. The junior environmental consultant will be responsible for ensuring field implementation of environmental safeguard and assisting the senior environmental specialist in reporting. All environment and social specialist hiring should be completed within first month of the project effectiveness. Once the capacity of MoIE will be enhanced by firsthand experience through this project, MoIE will move forward with higher risk sites investment and the responsibility of safeguard compliance will be shifted to the MoIE officials.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)  Substantial

Environmental Risk Rating  Substantial

The project is expected to bring a positive paradigm shift in the country’s environmental management by enhancing the capacity of managing land contamination and demonstrating sustainable risk-based cleanup and redevelopment at selected contaminated sites. Although there is a scope for large engagement in remediation activities, the project will not support any investments and Technical Assistance of high safeguard risks. The naturally sensitive ecological areas will be avoided. The site investigation report of the KEK Overburden and infilled mining area shows no unacceptable human risk in the existing condition. However, construction related activities may increase the noise and dust pollution, vibration impact from traffic movement and construction wastes and also position of infilled mining areas. The decision on the placement of the redevelopment activities has to consider the existing condition of polluted air emission from the power plant, wind direction, infilled mining areas to avoid any health and accident risk during the construction and operation phase. Therefore, the potential environmental impacts could be moderate to substantial scale but are predictable and reversible and can be avoided if appropriate precautionary measures are adopted. Additionally, the project will support feasibility study for other two or three contaminated sites which are yet to be confirmed. Since those sites have the scenario of historical contamination, primary field data collection may pose health risks to the workers and community from the exposure to heavy metals, hazardous waste handling and management, if adequate safety measures and Personal Protection Equipment are not adopted. According to the Kosovo Country Environmental Analysis (2013), the role of the judiciary in environmental management is still weak.
The environmental monitoring status both at MoIE and KEK also needs to be strengthened. Considering the existing capacity of environmental management both at the MoIE and KEK and future possible exposure to the still unconfirmed contaminated sites under Sub-Component 1.2, the environmental risk of the project remain “Substantial” at the appraisal stage as proposed during the concept stage.

Social Risk Rating

The proposed social risk rating for the project, at the appraisal stage is still Moderate as proposed in during the concept stage. The activities that can be foreseen are those related to phase 2 activities of the KEK site. The section of the KEK site for phase 1 is owned by Government entities. Another section of the KEK site has unclear title, which may include private ownership. There is a possibility that land has been expropriated more than 30 years ago and the data has not been transferred into the new cadaster. For other potential sites, there is a possibility that the project will finance activities through the investment component, that would lead to land acquisition. However, this is expected to be very limited with a maximum of five to ten households. Moreover, it is highly unlikely that there will be much relocation needed. The resettlement department of the MoIE, who will be in charge with the land acquisition process is familiar with the Bank standards on land acquisition. The MoIE as implementing agency is not familiar with the Labor and Working condition standards but on the other side the construction industry in last 10 years grew capacity in applying good international practices in occupational health and safety standards, given that they worked as subcontractors of large experienced international companies. However the labor and working condition related risks are relevant due to the remediation activities. The smaller challenge to address will be protecting communities from the project related traffic and the complex one will be protecting communities from the historical land contamination.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

This standard is relevant to the project. The proposed activities will include physical interventions such as establishment of park sites, usage of solar power to showcase initiatives of a transformation from coal to renewable energy, rehabilitation of an infilled mine gallery which caused accident historically, phyto-remediation pond creation along the foot step of ash dump and technical assistance such as feasibility studies for the improvement of hazardous waste management, linear park development, containment of pollutants etc. which may have potential impacts from the mismanagement of hazardous materials handling and disposal and construction related activities during the rehabilitation work and feasibility study. Air, water and noise pollution needs to be mitigated during pre-construction and construction phase. Chances of accident may increase due to uncontrolled increased traffic movement etc.

KEK site has been confirmed for investment under the project. The other site selection and possible interventions will be confirmed during project implementation. An Environmental and Social Impact Assessment (ESIA) has been conducted for the engagement at the KEK site and has been disclosed by March 29, 2020. Due to the emergency situation of COVID-19, the virtual meaningful consultation is underway through emails, phone calls and websites. KEK Site Remediation/Redevelopment Plan, including site investigation and risk assessment; and the technical specifications for procurement has been developed. The KEK related activities will not cause land acquisition and thus no site-specific RAP will be needed for this site. The project developed Labor Management Plan (LMP) as well as
mitigation measures for the community level exposures from the KEK activities as part of the ESIA. KEK site specific environmental and social management plans (ESMPs) has also been prepared as part of the ESIA. Overall the risk assessment of the remediation site did not find unacceptable human health risks (calculated exposure is below acceptable risk limits) to be expected for the future land use scenarios park/nature recreation area. The traffic management plan and cautionary signage will be prepared and used during implementation and operation to avoid any accident as happened before in the infilled mine gallery.

Since the types of remediation techniques and engagement approach including TA have not been planned and confirmed yet, an Environmental and Social Management Framework (ESMF) has been prepared for the overall project, including due diligence preparation for other sites as well as the activities financed as TA. The ESMF has included the guidelines for screening, defining the type of instruments to be developed for the other sites’ remediation and rehabilitation and described the procedures and implementation and institutional responsibilities for the preparation of ESIA and ESMPs in line with the ESF. Pollutant, activity and scope of TA specific ESIA Terms of Reference (ToR) has been included in the ESMF.

Any associated facilities will meet the requirement of the ESSs to the extent MoIE has control over such facilities. The requirement of ESF for the associated facility has been included in the ESIA and ESMF. The eligibility of becoming associated facilities relevant to the project, the possible impact of the associated facilities in different phases, the mitigation measures has been included in the ESIA and ESMF. The consultation plan with the relevant associated facility stakeholders has been included in the SEP.

Based on the data of the Household Budget Survey (HBS) 2017, it is estimated that 18.0 percent of Kosovo’s population lives below the poverty line, with 5.1 percent of the population below the extreme poverty line. Those living below the extreme poverty line would be one category of vulnerable in the project level. The other category are the NEET (Youth neither in education nor in training) about 25% and the women, whereby there is very low market labor participation. the Stakeholder Engagement Framework and the respective Engagement Plan focus on separate mechanism to outreach and target vulnerable groups and secure their views especially for the redevelopment of sites that have been ecologically remediated.

**ESS10 Stakeholder Engagement and Information Disclosure**

An active stakeholder engagement is important to inform local communities of potential risks not only during but also after the project. This is because not all health risks can be fully remediated under the project, and local population will need to cope with residual risks. The project should not only establish a mechanism to inform local population of risks directly related to the project but also use the mechanism to help local communities and municipalities develop a medium/long term strategy to cope with lasting risks. Stakeholder engagement is also important to ensure a meaningful participation of local population in the design of land use post remediation works so that the project can generate broad benefits to local communities. In addition, the project should engage with national stakeholders including relevant government agencies, national Civil Society Organizations (CSOs) and Non-Governmental Organizations (NGOs), and so on. The project should identify all relevant stakeholders and start engaging with them immediately, so that their inputs can be incorporated in the project design. Stakeholder Engagement Framework (SEF) has been prepared during preparation to identify directly affected and other interested groups and respectively
propose strategies for their involvement. In addition, the vulnerable and the disadvantaged groups during the implementation will be identified with the screening criteria provided in the ESMF, and separate means of communication and engagement will be applied appropriate for different stakeholder groups including but not limited to vulnerable and the disadvantaged groups. I.e. these would be members of the ethnic minority community RAE (Roma Ashkali and Egyptians) and the families with no income stream, the families that survive from the remittances and provision of labor in market. The SEF for the entire project and the SEP for KEK mining sub-project are developed before Appraisal to guide stakeholder engagement during implementation.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.
ESS2 Labor and Working Conditions
The standard is relevant. Project workers for the project include direct workers and contracted workers. The Kosovo Labor Laws specify the need for the contracts, working hours, principles of nondiscrimination and rights to associate into unions. As per Rlinvest (prominent Kosovo based think tank) about 19% of workers do not have a contract with 82% of them being in private sector. About 81% of all employees fall under one or more of the following categories i) they work without a contract or ii) they are paid more than the contract wage as employers under-report the wage in the contract to reduce their contribution to pension insurance; or iii) the wage paid is without pension and social insurance. These risks will be managed through Procedures. Other related risks are related to Occupational Health and Safety (OHS) of workers hired by the Contactor ("Contracted Worker"). Given the scale of the investment, no influx of external labor is expected. OHS issues are also relevant to the potential investment in Hani i Elezit municipality where a Contractor would be hired to remediate the area affected by dumping of asbestos. The draft Labor Management Procedures (LMP) is prepared before and will be part of consultation package before the Appraisal and address the envisaged risks, sets out Grievance Mechanisms for Contracted Workers, and define other principles on the employment of Contracted Workers, so that all requirements of the ESS2 are adequately reflected in tender documents. The MoIE as implementing agency is not familiar with the Labor and Working condition standards but on the other side the construction industry in last 10 years grew capacity in applying good international practices in occupational health and safety standards, given that they worked as subcontractors of large experienced international companies. However the labor and working condition related risks are relevant due to the remediation activities. A lesser challenge to address will be protecting communities from the project related traffic and the complex one will be protecting communities from the historical land contamination.

ESS3 Resource Efficiency and Pollution Prevention and Management
The standard is relevant to the project. The risks and impacts of the project during preparation and implementation will be managed by adopting a systematic ESIA and ESMF approach. The developed ESIA and ESMF will be a crucial input to the decision-making processes in the Project to avoid and minimize project’s environmental risks and impacts and maximize efficient resource management. The project activities will prioritize resource efficient technologies and pollution management where feasible. Some of the examples of project activities are presented below:
With respect to Resource Efficiency: The developed remediation plan and rehabilitation activities introduced resource efficient technology. For example, the revegetation on the over-burden will ensure usage of the barren soil. Until now the overburden is lying idly. The project will invest not only the remediation but also for development of parking lot, bike path, small scale social business and green areas. The community surrounding the areas will get better environment to look at. The infilled mine gallery will be surrounded to bar public entry. The Mitigation measures in the ESMP provided guidelines for the optimal usage of fuel, energy and water during the project implementation stage. The needed amount of water for maintaining the vegetation will be calculated and the source will be identified during the operation phase to minimize the wastage.

With respect to Pollution Management: The project is a remediation project which will include risk assessment, investments, technical assistance for future engagement and policy level intervention and capacity building for pollution management. For example: the revegetation on over-burden will reduce the dust pollution and develop a park site and make efficient usage of the land. The phyto remediation plan along most of the foot slope of the ash dump and eastern border of the infilled mining area will act as a pollutant absorption buffer for the surface and groundwater coming out of the ash dump. Currently, there is no systematic procedure of hazardous waste management or any designated site for disposal of such wastes. The indicative shortlist under component 2 shows the possibility of construction of a storage facility meeting European Union standards at a selected contaminated site to manage certain hazardous wastes such as removed asbestos (from old buildings; and excavated contaminated soil if needed). The project will also look into the possibility of hazardous waste management and will link it with the ongoing World Bank Energy Efficiency project or other activities where asbestos waste is present. Overall the project will go for holistic planning for future large engagement for better pollution management. Until the proper system is in place, the project will ensure disposal of hazardous wastes (excavated soil from the ponds) in a secured landfill and will set place appropriate monitoring system around the site for soil, groundwater and near by surface water monitoring. To ensure that contaminated groundwater does not continue to spread and that the phytoremediation pond is effective, a groundwater monitoring system will be installed Groundwater will be monitored for Ba, Cd, Cr, Cu, Ni, Zn, Pb, creosol, phenol, naphthalene, phenanthrene, fluoranthene and TPH.

With respect to Carbon Emissions: During the operational phase of the public park will be required electricity for lighting of the pathways, roads, parking places, sport terrains and business places (possible use of electricity for different needs). The solar light option will be used for lighting the area which is aligned with the climate change strategy of Kosovo.

ESS4 Community Health and Safety

The standard is relevant. Potential risks and impacts on local communities will include traffic accidents and physical injuries near construction sites, and the potential mismanagement of hazardous materials during remediation works and feasibility study. Not only do measures need to be developed to protect local communities during the project, but local communities should also be sensitized about the potential health risks of surrounding pollutants which may not be immediately removed or remediated within the scope of the Project. Specific measures for ensuring community health and safety in the vicinity of the KEK will be part of the KEK site specific ESIA whereby the ESMF provides guideline for addressing potential environmental and social impacts on community health and safety for other sites. The project related traffic as a specific risk under the Community Health and Safety will be relevant for
every potential site. The risks of this nature would be higher in sites closer to inhabited areas and for those that are not the project related traffic risks would be lower. Adequate cautionary signage will be used to avoid any accidents from the potential activity and locations. As per the Stakeholder Engagement Framework communities will be involved during the planning and preparation for the redevelopment phase of the selected sites but also during the construction and operation and maintenance. During the construction, the communities will have active role in the mitigation of the community health and safety issues. These issues will be discussed during the planning process.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
The standard is relevant. The potential investment in KEK mine in the first phase will focus in area that is publicly owned and thus for this phase is not expected to result in loss of private lands or non-land assets, nor is there past land acquisition or resettlement conducted in the past that are considered “associated” with the project. During the second phase there might be some land acquisition, as that section of the site does not have clear ownership. This area has been used by KEK for more than 30 years, and it is likely that they had acquired the land and the paperwork needs to be updated. However, considering the time needed to clarify title, this will be moved to phase 2. Once title is clarified, and in the event that there is private ownership of land, a RAP will be prepared and approved. Other investments will be defined during the implementation and for those screening procedure will be developed to assess the impact. For other potential sites investments may lead to loss of lands or non-land assets to minor number of households, also it is not likely any impact on livelihoods. Per requirement of the ESS5, a Resettlement Policy Framework (RPF) is prepared to guide such potential impact. It is also unlikely that there will be any relocation. Later, during the implementation on need basis site specific Resettlement Action Plans will be prepared.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
The Standard is relevant to the project. The project investments include remediation and rehabilitation of contaminated land. The project is expected to bring positive impact in ecological management. Activities at KEK site and other sites include development of parks and public spaces, phytoremediatio pond etc. A phyto-containment based remediation strategy will be adopted that includes certain types of vegetation in the redevelopment plan which can stabilize the cadmium and nickel. The plantation and revegetation activities will bring positive impacts. Since the project is not located in an environmentally sensitive area, nor does it impact any natural habitats, adverse impacts on biodiversity will only be very localized and restricted to construction phase of the project and largely in an already modified habitat. In addition, potential direct or indirect impacts on flora and fauna species will also be assessed in the ESIA study and other site-specific ES instruments as they are prepared. The project will follow phyto-containment which forms a dense vegetation with limited barren land in between. This dense vegetation will also help to limit access to areas of the site where elevated contaminants concentrations would pose human health risks in case of prolonged intensive use. The project will prefer native species to non-native species. General points of attention are;
- Making sure to have a gradient in green structures. From grass to shrubs to trees
- Mixing the flower species. The different root systems will result in a stronger system. On top of that will it attract different pollinators
- Seeds will result in a more patchy vegetation than transplants. But planting plants is more labor intensive and thus more expensive
- Initial irrigation and fertilization is usually required to aid plant establishment
• Grasses provide a quick ground cover and temporarily limit dispersion of contaminated ground. Shrubs and trees provide a better cover and develop a deeper root system that prevents erosion on the long run. Shrubs and trees can also reduce moisture stress and improve soil physical characteristics.
• The use of compost, biochar or zeolite can be considered an additional action in case future additional measurements with XRF find higher than expected metal concentrations in the topsoil.

The guidance for plantation is a part of the remediation plan and ESMP. The requirement will be attached to the bidding document.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
Not relevant for the project.

ESS8 Cultural Heritage
Initial screening of potential E&S impacts during the project identification, and discussions with the relevant Government staff do not indicate presence of any tangible cultural heritage in the KEK site. However, potential risks and impacts on tangible cultural heritage can be present at other sites that will be selected. Since the exact locations of the project intervention is yet to be confirmed, the client will identify relevant stakeholders as per ESS 10 for meaningful consultation to assess the potential risks and impacts and explore avoidance and mitigation options. Detailed procedures have been provided in the ESIA and ESMF.

ESS9 Financial Intermediaries
The ESS9 cannot be confirmed at this stage. However, the project may explore sustainable green financing options for SRBLM in Kosovo, and promote green industries and circular economy principles in selected industry sectors. The relevance of the ESS9 to the project will be explored during project implementation.

B.3 Other Relevant Project Risks
There are pervasive institutional capacity gaps at some of the departments, agencies and at municipality level to implement and monitor development projects. ESF implementation in the remediation project will be for the first time in the country.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
No
No link has been found with international waterways to alert legal on triggering OP7.5. If any indication is identified to have impact on international/national waterways during implementation, the legal team will be immediately informed.

OP 7.60 Projects in Disputed Areas
No
### III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED</th>
<th>TIMELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</strong></td>
<td></td>
</tr>
<tr>
<td>Prepare and disclose the Environmental Assessment for KEK site</td>
<td>03/2020</td>
</tr>
<tr>
<td>Verification of land ownership and agreement with the municipality</td>
<td>06/2020</td>
</tr>
<tr>
<td>The site redevelopment design to explore mitigation options for environmental concern highlight by the communities and integration in ESMP</td>
<td>06/2020</td>
</tr>
<tr>
<td>Prepare and disclose the Environmental and Social Management Framework for other site sites</td>
<td>03/2020</td>
</tr>
<tr>
<td>- Site selection for feasibility studies</td>
<td></td>
</tr>
<tr>
<td>- Clearance of the ESIA ToR from the Bank</td>
<td></td>
</tr>
<tr>
<td>- Prepare, update and disclose the Environmental Assessment and ESMP for other site</td>
<td>12/2020</td>
</tr>
</tbody>
</table>

**ESS 10 Stakeholder Engagement and Information Disclosure**

| Stakeholder Engagement Framework | 03/2020 |

**ESS 2 Labor and Working Conditions**

| LMP - Labor management procedures | 03/2020 |

**ESS 3 Resource Efficiency and Pollution Prevention and Management**

| - Contractor ESMP to include Spoil Earth Disposal Site Management and Restoration Plan including allocated budget to implement the plan. MoIE will assist in getting necessary clearance, if any required, for location identified in forest area. | 06/2020 |
| - Contractor ESMP to include hazardous and non-hazardous waste management plan. Contractor’s ESMP to present resource efficient technology for minimizing pollution | 12/2020 |
| • Site specific remediation and redevelopment report for KEK | |
| • Redevelopment and Rehabilitation plan to include maximum use of remediated land with historical pollution | 06/2020 |

**ESS 4 Community Health and Safety**

| Traffic and Road Safety. As part of its bid the successful Contractor is required to submit a preliminary TMP, which will ultimately form part of the ESMP/ESIA. Before work commencement updated TMP will be submitted to PMT | 12/2020 |

**ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**
| ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources |
| If sub projects will take place in protected area, advice will be sought from MoIE whether the sub project will impact critical habitats. All respective ESMP/ESIA will include discussion on natural and critical habitats risk and impacts and propose |

| ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities |
| CHANCE FINDS: Chance find procedures will be part of all contracts involving any works under the project. All sub-project specific ESIAs, ESMPs and ESMP-Check lists will include chance find procedures. |

| ESS 8 Cultural Heritage |
| Contractors will be required to follow the recommendations for biodiversity conservation in the immediate vicinity of the project site and avoid occupying larger areas for carrying out construction activities as required by the ESMPs or ESMP |

**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?** No

**Areas where “Use of Borrower Framework” is being considered:**
The borrower/government has not proposed for adoption of borrower’s E&S Framework to address environmental risks and impacts of the project. The project will comply with the Bank’s new Environmental and Social Framework and its Environmental and Social Standards.

The Project, however, is subject to the national and municipality permits and clearances as per the existing legal-institutional framework. These permits and clearances will be obtained prior to approval, and the exact requirements to obtain such permits and clearances will be recorded in the ESCP.

**IV. CONTACT POINTS**

**World Bank**

<table>
<thead>
<tr>
<th>Contact:</th>
<th>Title:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sameer Akbar</td>
<td>Senior Environmental Specialist</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Telephone No:</th>
<th>Email:</th>
</tr>
</thead>
<tbody>
<tr>
<td>5258+70792 / 43-1-2170792</td>
<td><a href="mailto:sakbar@worldbank.org">sakbar@worldbank.org</a></td>
</tr>
</tbody>
</table>
Contact: Qing Wang  Title: Senior Environmental Specialist
Telephone No: +1-202-458-5023  Email: qwang1@worldbank.org

Borrower/Client/Recipient
Borrower: KOSOVO MINISTRY OF FINANCE

Implementing Agency(ies)
Implementing Agency: Ministry of Environment and Spatial Planning

V. FOR MORE INFORMATION CONTACT
The World Bank
1818 H Street, NW
Washington, D.C. 20433
 Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

VI. APPROVAL
Task Team Leader(s): Sameer Akbar, Qing Wang
Practice Manager (ENR/Social) Satoshi Ishihara Cleared on 05-May-2020 at 16:44:31 EDT