Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)
### BASIC INFORMATION

#### A. Basic Project Data

- **Country**: Kosovo
- **Project ID**: P166093
- **Project Name**: Connecting Youth: Youth Inclusion and Entrepreneurship
- **Parent Project ID (if any)**: 
- **Region**: EUROPE AND CENTRAL ASIA
- **Estimated Appraisal Date**: 02-Apr-2020
- **Estimated Board Date**: 28-May-2020
- **Practice Area (Lead)**: Social
- **Financing Instrument**: Investment Project Financing
- **Borrower(s)**: Ministry of Finance
- **Implementing Agency**: Ministry of Local Government Administration

#### Proposed Development Objective(s)

The PDO is to increase livelihoods opportunities for marginalized young women and men and to enhance their voice in communities and local governance.

#### Components

- Connecting Youth to Livelihoods
- Connecting Youth to Communities and Municipalities
- Capacity building, project management and M&E

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
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#### DETAILS

**World Bank Group Financing**

<table>
<thead>
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B. Introduction and Context

Country Context

1. As one of the youngest and poorest countries in Europe, Kosovo faces many opportunities and challenges. Kosovo’s economy has performed relatively well in recent years (3.5 percent on average between 2014 and 2018), however 18 percent of the 1.8 million population still lived below the national poverty line, predominately in rural areas where the majority of people live. Kosovo anchors policies in its overarching political objective of joining the European Union (EU), taking steps to improve the economy by addressing the business climate, moving from 113th to 40th ranking in the Doing Business Report between 2010 and 2018. However, barriers to stronger economic growth remain, including a narrow production base, a persistent lack of improvement of private sector competitiveness and productivity, reliance on an economic growth model of domestic consumption fed by remittances and donor investments, and existing geography, ethnicity, and gender disparities. Addressing these barriers will require more steady and faster implementation of reforms.

2. Kosovo’s state institutions are young, and key governance indicators have not progressed in recent years. The Worldwide Governance Indicators highlight the lack of progress with respect to government effectiveness, with results improving (to a 43.6 percentile ranking) and declining again (to a 37.9 percentile ranking) over the last decade, due to constant changes in leadership, and widespread political interference and favoritism in public institutions. At the local level, municipalities are tasked with the provision of about 100 public services, including basic services. However, with weak capacity and variable budgets, access, quality and affordability of social and infrastructure services is limited, especially in rural areas – major inefficiencies affect health and education services. Low levels of citizen trust are caused by perceptions of deficient services and widespread corruption in state institutions, with little preventative action over the course of successive governments, and few meaningful fora for participation. Despite these constraints non-governmental organizations largely function freely, and there has been progress improving cooperation between civil society and the central government.

3. Although interethnic tensions in Kosovo have significantly decreased since 1999, they continue to pose challenges for the country. Divisive conflict narratives continue to dominate political and social discourse and are passed on to children and youth. Interpersonal interactions between ethnic communities take place in the domains of trade, economy and work, based on need, short-term interest and the desire to find practical solutions to everyday

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3 Doing Business Report, 201
8 Freedom House, op.cit.
problems. Social cohesion and stable intercommunity relations at a deeper level however are still missing. These divisions play out at several levels, including in local governance, where municipalities in Serb-majority areas continue to operate as “hybrid” municipal structures, implementing instructions, policies, and regulations both from the Republic of Serbia and the Republic of Kosovo.

4. **Demographic pressure on the economy is likely to peak in the coming years, and impacts will be exacerbated by stresses created by a changing climate.** The average age of Kosovo’s population is 26, with the highest concentration in the 15-19 and 20-24 age groups. Between 2017 and 2020, the largest demographic cohort (140,000 postwar baby boomers born from 1999 to 2002) will be entering the labor market. This transition, combined with the return of 90,000 migrants who left Kosovo in 2014-15, and 120,000 currently active students, will increase pressure on the economy and an already stagnant labor market. Climate pressures are expected to exacerbate the stress on the economy, as increasing temperatures, a decrease in annual precipitation, and increased weather events aggravate Kosovo’s already existing vulnerability to natural hazards, including landslides, earthquakes and wildfires. This will greatly impact specific factors of the economy, including agriculture, infrastructure, energy, and water resources.

### Sectoral and Institutional Context

5. **Addressing the needs of youth is essential for Kosovo’s economic development.** Kosovo’s 55.4 percent youth unemployment rate is the highest in Europe and Central Asia. Young Kosovar women are particularly disadvantaged, with an unemployment rate of 64.7 percent. Employment migration to other European countries is prevalent, particularly by young men. Moreover, 28.5 percent of young Kosovars aged 15-24 were not in employment, education or training (NEET). For the age bracket 25-29, close to 50 percent of men and only 14 percent of women are working. Youth unemployment rates are, on average, 5 percentage points higher in rural than in urban areas, as youth face additional constraints in accessing vocational training, social networking opportunities, lack information about job vacancies and public transportation; financial dependency on family is high. Furthermore, informality is common among youth, males, and less-educated, rural residents. Almost half (48.2 percent) of employed youth ages 15–24 work in the informal sector. Being a woman, married, residing in a rural area, having no education, and being below 23 are characteristics associated with youth inactivity.

6. **Both short- and long-term strategies are required to address structural barriers to youth employment creation.** On the supply side, improving the quality and relevance of the education system for the labor market will take several years. Similarly, improving the private sector’s ability to create sufficient quality jobs requires a long-term boost in the economy’s competitiveness through increased international trade and investment, improvement of business regulatory environment (including difficult access to financing), and removal of infrastructure bottlenecks (such as connectivity and energy). The low rate of job creation means that young people have limited choices. They can continue their education, remain unemployed, migrate, or start a small business. Moreover, women face particular barriers in the labor market in Kosovo; access to knowledge and skills, as well access to productive inputs are two key barriers to
women in the labor market\textsuperscript{18} and there is severe gender discrimination in the recruitment and promotion of women in the workplace.\textsuperscript{19}

7. \textbf{In an economy with low rates of job creation, and too few private sector and wage-employment opportunities, there is significant space for microentrepreneurship activities, but there are constraints to start-up efforts.} The desire of young people to start small enterprises is constrained by a lack of access to affordable seed and expansion capital, a lack of access to land/assets and inputs, and a lack of entrepreneurial or technical skills and/or successful role models. Microentrepreneurship support in the form of capital, skills/training and coaching/mentoring can provide short-term income-generating opportunities for young Kosovars, and especially for low-income and marginalized youth. Incentivizing and enabling self-employment among marginalized youth can bring them closer to the labor market.\textsuperscript{20} Microentrepreneurship is particularly appropriate for enhancing economic inclusion of marginalized youth, including rural young women, that would otherwise not be able to access wage employment due to distance to jobs, lack of social networks, conservative social norms, lower levels of education and lack of work experience. Fostering entrepreneurship can also contribute to diversifying the economy, building capacities, and helping to reduce informal economic activity.\textsuperscript{21}

8. \textbf{Although there is a long history of youth programming in Kosovo, there is a clear gap in entrepreneurship support that addresses the specific needs of marginalized youth.} With significant support from donors, the Government of Kosovo is investing in a wide range of active labor market programs (ALMPs), including apprenticeships, wage subsidies, and job matching services. Meanwhile, Kosovo’s entrepreneurship ecosystem is gaining sophistication, but most of the financial solutions and incubation support provided tend to focus on SMEs and growth-entrepreneurs. Until 2019, microentrepreneurship programs in Kosovo that supported income-generation among marginalized youth represented only a small portion of ALMPs and benefited very few small youth-owned businesses. Most entrepreneurship programs focus on existing SMEs scaling-up their activity with sizeable grants. These large programs,\textsuperscript{22} seek indirect job creation for youth by supporting the competitiveness and growth of the private sector. There has also been an expansion and modernization of ICT learning, innovation and entrepreneurship support services in recent years, catered to young people in Kosovo, including youth innovation labs and makerspaces (e.g. Bonovet) teaching youth 21\textsuperscript{st} century science, technology, engineering, and mathematics skills and entrepreneurial mindsets. However, such services remain inaccessible to most disadvantaged and low-income youth due to their geographic concentration, small-scale and prohibitive cost. Moreover, most existing programs are national and urban, which limits the access of marginalized young men and women from rural areas or smaller towns.

9. \textbf{While marginalized youth are unable to access economic opportunities, they are also socially disenfranchised.} Currently, youth perceive themselves to be excluded from democratic processes and the shaping of the future; widespread mistrust greatly contributes to Kosovo’s fragility. The lack of government responsiveness to youth’s socio-economic needs, has led to high levels of apathy and disenfranchisement among the country’s youth population.\textsuperscript{23} In 2018, 58 percent of participating youth said they would consider migrating within the next three years to secure a more comfortable life for themselves and their families, to progress professionally, and to live in conditions of security and prosperity.\textsuperscript{24} Women outside of the cities marry early, face disincentives to work, and are limited to

\begin{thebibliography}{9}
\bibitem{}Kosovo Women’s Network, 2019. Gender-based Discrimination and Labour in the Western Balkans.
\end{thebibliography}
insular domestic lives, in the face of a society driven by patriarchal gender norms. This situation is exacerbated for Kosovo’s ethnic minorities. Kosovo Serb youth have limited access to participation in national level governance because of language, physical security barriers, and limited access to local institutions. Roma, Ashkali, and Egyptian (RAE) youth face great obstacles to participation throughout Kosovo. Although they have reserved seats in parliament and proportional representation in local government, this representation has not led to significant change for these communities. The number of inactive young Roma is alarming – women are far more at risk of becoming NEETs than young men (88 percent young Roma women are NEETs compared with 70 percent Roma men and 53 percent non-Roma women). In Kosovo, gender norms make gender-based violence (GBV) common – in 201768 percent of women reported they experienced GBV. Youth with disabilities face significant social stigmas affecting access to services and education, with girls facing more challenges than boys, and social norms contribute to an intolerance to LGBTQI people, particularly among men.

10. Kosovo’s 2008 Law on Local Self-Government establishes a structure for local governance; implementation of the community participation framework is minimal, and citizens are not empowered. The 38 municipalities formed as part of the decentralization process are enshrined in Kosovo’s independence along with local government strengthening, through the devolution of central non-reserved responsibilities, and giving Kosovo Serbs more autonomy over their own affairs by redrawing municipal borders. Citizen participation is clearly articulated in the legal framework for local government (the Law allows for public participation in Municipal Assemblies, a Community Committee structure and requires municipalities to hold public meetings semi-annually) but implementation is inconsequential, trust is low. The Strategy for Local Self Government, 2016-2026, encourages supporting young people and women in business and obliges municipalities to draft policies for promoting participation of women and vulnerable social categories. Citizens are largely disconnected from their municipalities, and there is little active empowered citizenry: community and civil society participation in local development planning is nascent, mechanisms to hold municipalities to account for local services are not yet developed, and the responsibilities of Local Councils towards communities are unclear. Minimum standards for public consultation do not establish an obligation to ensure that diverse women and men are consulted. For the engagement of youth, Central and Local Youth Action Councils (LYACs) have been established to serve as representative bodies interacting with central and local government institutions, but they are rarely involved in mainstream municipal decision-making, lack capacity, and are regarded as highly politicized. At the same time, while municipalities are responsible for the majority of public services, discretionary budgets and technical capacities is limited, resulting in extremely inadequate youth programming and budgeting.

11. To improve the performance of municipalities, the MLGA introduced a Performance Management System (PMS) and a municipal performance-based grant (MPG). The PMS was established in [year] to incentivize municipal
governance, service delivery and management performance. It indexes comparative progress in municipal service delivery (rather than the absolute quantity or quality of services) according to 14 fields. Municipalities are rewarded for good performance through an index-linked grant financed by the MLGA and donors. In 2019, the MPG system channeled (EUR 5.0 million (TBC) (50 percent supported by SDC, Sida and Norad) to eligible municipalities to make decisions on local investment priorities in addition to fiscal transfers made through the central grant system. 23 municipalities met the minimum conditions which included reporting on all PMS indicators, a clean audit, and at least 75 percent budget execution. In 2019, MLGA rationalized the system and broadened the indicators, including, for the first time, indicators which include youth (availability of municipal plan, realization of planned activities and participation) and indicate the government’s intention to achieve more inclusive local governance and decision-making. Nevertheless, despite a high level of decentralization in Kosovo, municipalities remain at the margins of investment decision making on youth program, failing to leverage their proximity to communities to invest in youth.

12. **In this context, the Connecting Youth project will continue its support to youth development and address the multi-faceted exclusion and disenfranchisement that marginalized men and women face.** Given the lack of job creation and the lack of opportunity, especially in rural areas, the project aims to enhance economic inclusion by empowering targeted youth with the technical expertise and financial resources to incubate startups, and enhance social inclusion by developing their voice and agency in communities and municipalities. This support will build on a sequence of investment in economic and civic opportunities for youth in Kosovo, linked to local government. The Bank supported the piloting of entrepreneurship development services, tailored to disadvantaged young people through Youth Development Projects (2005-11 and 2011-16) and was instrumental in the development of the iAct youth center networks across the country. More recently, the Bank has completed analytical work on radicalization of youth and an assessment of youth in RAE communities, and analytical work conducted in 2019 on the North Kosovo has provided the foundation for the focus on local-level action and capacity.

13. **To expedite efforts to develop municipal capacity, youth participation and the municipal-youth interface, the World Bank is supporting MLGA on a pilot project which will be coordinated with CYP.** With support from a Japan Social Development Fund (JSDF) grant, MLGA will start implementation of a pilot project, Municipalities for Youth (M4Y), during 2020, aimed at empowering younger youth (starting at age 15, and mostly under 20) to build skills through social entrepreneurship and civic engagement activity. This pilot builds on the successful UNICEF UPSHIFT approach, but also incorporates a strong focus on local government (municipal) involvement. In ten municipalities, the Connecting Youth project will thus build on foundations created by the M4Y project. Starting a year before the CYP, M4Y-supported municipalities will thus pilot a two-stage model. Younger youth will develop soft skills and confidence, and obtain initial experience of small entrepreneurial activity, which CYP can potentially build into formalized microenterprise development with its larger microgrants and specialized business support. Similarly, M4Y will provide the opportunity for an initial interface with municipalities, that establishes the groundwork for more formal engagement as young citizens graduate to the formal CYP engagement in municipal development planning and social accountability roles. Based on the same principles of inclusion, accessibility, civic awareness and participation, the detailed procedures for the M4Y and CYP will thus be coordinated and synchronized. The monitoring system for the projects will be also be coordinated, and the pathways of support assessed for differentiated impact.

**C. Proposed Development Objective(s)**

**Development Objective(s) (From PAD)**

The PDO is to develop livelihoods opportunities for marginalized young women and men and to promote their

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39 There are 5 minimum conditions 1 Reporting on all PMS indicators, 2 Administrative review of municipal acts, 3 Audit opinion (at least unmodified with emphasis on matter), 4 Budget execution (at least 75%), 5 Participation agreement.
40 The 10 municipalities are selected based on their 2019 MPS scores and will include top performers; 8 Albanian-led and 2 Serb-led local governments.
voice in communities and local government.

Key Results

The project is designed to benefit marginalized young women and men by addressing multi-dimensional constraints to socio-economic inclusion. It will include activities that specifically bring marginalized youth onto inclusion pathways, involve underserved communities, and link youth to local government. A combination of individual, community and local governance activities are planned. The project will directly benefit at least 7,500 young Kosovars between the ages of 19-29 with entrepreneurship support. Another 30,000 young women and men would have access to project-supported community and municipal livelihoods facilities and participation in decision-making processes.\(^{41}\)

All project beneficiaries will be marginalized youth – 50 percent of whom will be young women, and 30 percent of whom will be disadvantaged. The characteristics that make young people vulnerable within the context of Kosovo have been considered in the following project definitions.

- **Marginalized.** Youth, ages 19-24, will be eligible for project support if they have at least one of the following characteristics: (i) are resident in a rural area or underserviced urban neighborhood; (ii) belong to a marginalized minority group;\(^{42}\) or (iii) are NEET, in occasional employment or a low productivity job. The age range for marginalized women will be extended to 29 years.

- **Disadvantaged.** Of these marginalized youth, those groups of youth considered disadvantaged will be specifically targeted. They will have at least one of the following characteristics: (i) not having completed upper secondary school; (ii) identifying as a RAE; (iii) a returnee or internally-displaced person; (iv) having a disability; (v) a victim of domestic violence or a female head of household; or (vi) in conflict or in contact with the law (offender or witness).

### D. Project Description

**Component 1: Connecting Youth to Entrepreneurship Opportunities**

Component 1 will aim to address the technical and financial constraints that hinder unemployed and marginalized young men and women to develop a pathway to self-employment. The Connecting Youth Project will establish a system of support for young men and women to develop small ‘learning-by-doing’ enterprises through a micro-entrepreneurship program that includes: (A) the coaching and mentoring needed to support their transition onto a pathway for developing micro-businesses; and (B) microgrants which facilitate the incubation of microenterprises.

**Subcomponent 1A: Microentrepreneurship support services for marginalized youth.** This subcomponent will finance the support system for engaging marginalized youth in microenterprises. The support system for young microentrepreneurs is specifically designed to support marginalized youth to develop sustainable microenterprises. The support system involves a comprehensive system of coaching, mentoring, and training organized around five primary stages: (i) outreach and orientation, (ii) idea formation, (iii) business organization and team formation, (iv) product development, and (v) marketing, sales and troubleshooting. Each stage will encompass three streams of learning: (i) business learning, (ii) ICT learning, and (iii) personal initiative and soft skills.

**Sub-component 1B: Microentrepreneurship microgrants for marginalized youth.** The project will support 2500

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\(^{41}\) This figure is based on the 7,500 trainees/subgrant recipients plus the number of youth participating in or using community or municipal facilities (if an additional 100 youth benefit from the community facilities built, and 500 utilize the municipal facilities over the course of the project – this would represent another beneficiary group of 30,000). Although the Law on Empowerment and Participation of Youth (2009) defines youth in Kosovo as 15-24 years, the project will focus on those over 19 to legally open and run microenterprises and extend this to 29 to enhance the focus on marginalized women.

\(^{42}\) Serbian minorities will be represented proportionately to reflect the specific ethnic and linguistic diversity of the municipality.
microenterprises. To accommodate the differing needs, skill-base and interests of marginalized youth, the microgrants will be structured and made available through two windows: (i) microgrants for ICT micro-entrepreneurship and the digitalization/modernization of production sectors; (ii) microgrants for high potential sectors identified in local market assessments; and (iii) social and environmental microentrepreneurship. The proportion allocated to each of these windows will be determined according to the needs of the marginalized beneficiary groups in largely peri-urban and rural areas, where a significant portion of marginalized and disadvantaged youth live. The microgrants funded under Component 1B will be in the range of US$3,000-10,000.

**Component 2: Connecting Youth to Communities and Municipalities**
Component 2 will finance those community-based livelihoods facilities and services needed to support vulnerable and marginalized young men and women to join the pathway to socio-economic inclusion. This component will then finance livelihoods facilities needed to support marginalized young men and women to optimize project opportunities for economic inclusion. The youth targeted in the project will lead the selection of investments, and have roles in their implementation and operation.

**Subcomponent 2A: Support for youth participation in communities and municipalities.** This subcomponent will finance a process of youth-led decision-making in selected communities, linked to municipal investment planning and budgeting, and youth-led social accountability. Specifically, it will support three cycles of activities: (i) information and awareness building about project activities and processes; (ii) formation of inclusive youth groups; (iii) participatory needs assessments, planning and prioritization of small community and larger municipal subprojects through facilitated focus group and community-level discussions; (iv) dialogues with municipalities on youth-determined priorities to obtain municipal commitment to procurement, implementation and operations and maintenance (O&M) of facilities to ensure sustainability and project management; and (v) establishing, where relevant, youth engagement in managing community-level and municipal-level facilities (e.g. microenterprises could be developed around creches or digital cafes).

**Sub-component 2B: Subgrants for livelihoods facilities.** This sub-component will provide subgrants for livelihoods facilities selected by Component 1 young entrepreneurs through the processes described in sub-component 2A. These livelihoods subprojects (LSPs) will enable the targeted youth in Component 1 to sustain microenterprises by addressing obstacles they face in microenterprise development – they will enable youth to work, or have more time to work toward, a sustainable livelihood. Beneficiaries will choose from a relatively open menu of digital/traditional options). While they are demand-driven and it is therefore not possible to define precisely what youth will prioritize, preliminary consultations suggest that LSPs will include both the place to make the products/services to earn a living, and facilities that enable them to do so (such as child care facilities). They are thus likely to range from small-scale local neighborhood or community-level investments (such as digital cafes, workshops, kitchens, child care facilities, elderly centers, after school centers) to investments in municipal facilities (such as multi-functional maker-spaces, incubation centers, IT centers to access digital opportunities and support services, rehabilitation of agricultural or ecotourism facilities and infrastructure, or recycling facilities).

Subgrants to each of the participating municipalities will will vary from US$ 30,000 for small municipalities with less than 5,000 youth, to USS$300,000 for the larger urban municipalities over the project implementation period. Procedures for fund distribution and procurement will follow Municipal Performance Grant procedures established by the MLGA.

**Component 3: Capacity Building and Project management**

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43 A negative list will be detailed in the POM. New irrigation canals will not be financed; however, rehabilitation of canals will be eligible to enable repairs that reduce losses, rectify other faults.
Subcomponent 3A: Capacity building of MLGA and municipalities. This subcomponet will finance the development of knowledge and skills aimed at building the capacity of elected and appoint MLGA officials, municipalities and other agreed stakeholders so that they can support the development of the socio-economic inclusion of youth. It will finance an initial capacity assessment, trainings/workshops/conferences to build skills and understanding of the principles, design, implementation of the project and peer-to-peer learning (i.e. showcasing good practices from municipalities around youth programming, cross-learning events, etc.).

Subcomponent 3B: Project management, coordination, and monitoring and evaluation. This subcomponent will also finance the incremental costs of the MLGA for overall project coordination, management, and supervision of implementation as well as procurement and financial management, including project audits. This subcomponent will fund a dedicated Project Management Unit (PMU), comprising experts in project management, youth, gender, microentrepreneurship, local governance and community development, IT, safeguards, procurement, FM and M&E. This subcomponent will also finance all M&E activities and establishment of a management information system (MIS).

E. Implementation

Institutional and Implementation Arrangements

The Kosovo Ministry of Local Government and Administration (MLGA) will be the responsible implementing agency for the project. The MLGA will establish a PMU responsible for the overall implementation of the project. The PMU’s main responsibilities will include: project coordination, procurement, FM, safeguards, communication and knowledge management, M&E, and grievance redressal. The PMU will be responsible for: (i) managing the budget (a funds distribution formula will be defined in the POM); (ii) assessment of the municipalities’ management capacity for project implementation; (iii) procuring and contracting implementing partners to support Component 1 and Subcomponent 2A activities; (iv) financial management and disbursement of project funds, including the management of subgrants; (v) supervising municipal compliance with project criteria; (vi) providing no-objections for subprojects to ensure compliance with project, fiduciary, and safeguards requirements; and (vii) M&E and knowledge dissemination. Upon the Project effectiveness (in 6 months the latest), MLGA will hire a safeguards consultant who will perform initial screenings of subprojects under subcomponent 2B.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Project activities will take place in both rural and rural locations across the Republic of Kosovo. Due to the project's focus on marginalized and disadvantaged youth, a significant portion of activities will take place in peri-urban and rural areas where the majority of targeted youth live. The project will be implemented in 38 municipalities across Kosovo's 7 regions. Small-scale civil works are envisioned under subcomponent 2B selected through youth and community engagement. Under Component 1, approximately 7,500 youth will receive business development training and coaching and 2,500 microenterprises will be supported with seed or expansion grants. The project will provide microgrants for ICT microenterprises and for the digitalization/modernization of production sectors. The types of business activities for which grant financing is eligible will be open with some restrictions in terms of social and environmental impacts, which will be provided in the project ESMF. It is expected that such microbusinesses will include small logistical services, IT services, web-based tourism services, public service applications, and other small entrepreneurship activities that will not require significant capital investments.
G. Environmental and Social Safeguards Specialists on the Team

Shpresa Kastrati, Environmental Specialist
Ifeta Smajic, Social Specialist

<table>
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<th>SAFEGUARD POLICIES THAT MIGHT APPLY</th>
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<td>------------------------</td>
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<td>Environmental Assessment OP/BP 4.01</td>
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The project has identified particularly disadvantaged youth groups in the Kosovo context (e.g. RAE, returnee or internally displaced, disabled) and will provide tailored services to ensure that they can access project benefits. Outreach to these groups will be facilitated by local NGOs and relevant state agencies (e.g. Centers for Social Welfare). Based on individual assessments of their constraints to start a
micro-enterprise, transport, childcare, access to social workers and psychosocial support will be provided as needed.

Under Component 1, about 7,500 youth will receive business development training, and 2,500 microenterprise ideas will be selected for microgrants. There is a risk that those who have received training and are not selected for grants may feel unfairly treated. This risk will be mitigated by inviting them to develop their ideas further and, potentially, join other teams. Selection of microgrant beneficiaries will be conducted on a transparent and merit basis, strictly following objective selection criteria with a communication campaign to inform the selection criteria and procedures to eligible beneficiaries. A grievance redress mechanism will also be established to receive and respond to youth complaints.

Only B and C category activities will be financed under the Project. Considering that definite scope and location of subprojects under subcomponent 2b is unknown, the Client will prepare an Environmental and Social Management Framework (ESMF) to provide policies and procedures for the environmental assessment and risk management of subprojects. Limited scope (rehabilitation and installation of light equipment, e.g. IT, office equipment, etc, small scale infrastructure improvements, establishment of IT centers, makerspaces, workspaces), locations (urbanized areas), and high predictability of environmental aspects and impacts, indicate expected sub-projects will be mostly B-category (requiring ESMP Checklist). ESMF screening mechanisms will screen out all A category and high risk sub-projects as well as sub-projects triggering other WB Safeguards Policies. The ESMF also includes eligibility criteria and procedures to select community and municipal-level subprojects. The ESMF will be publicly consulted in Albanian, Serbian and English before the Appraisal. Project PMU will include WB trained and experienced safeguards consultant (full or part-time).
| Performance Standards for Private Sector Activities OP/BP 4.03 | No | N/A  
|---------------------------------------------------------------|----|----  
| Natural Habitats OP/BP 4.04                                  | No | Project activities will take place only in built areas and predominantly in existing buildings.  
| Forests OP/BP 4.36                                          | No | No forest or nature related activities are planned.  
| Pest Management OP 4.09                                     | No | Rehabilitation of existing buildings and minor civil works will be carried out in the course of the project. No agricultural activities or any other type that includes pest agents or control are to be funded.  
| Physical Cultural Resources OP/BP 4.11                      | No | Activities will not include monuments or cultural heritage. Buildings to be rehabilitated exclude cultural heritage protected buildings. Although unlikely, chance finding clause will be included to the ESMP Checklist.  
| Indigenous Peoples OP/BP 4.10                               | No | N/A  
| Involuntary Resettlement OP/BP 4.12                         | No | Subcomponent 2B will finance small community- and municipal-level livelihoods facilities and infrastructure investments on public land that is verified as free of any private use. Investments will range from US$13,000 to US$200,000. Majority of civil works is anticipated to take place within existing public buildings and right of way of public infrastructure through rehabilitation and modernization. In case of new construction (e.g. small community workshops, kitchens), vacant public land will be used. The location of livelihoods facilities is flexible, and it is certain that involuntary land take can be avoided. OP 4.12 is not triggered as permanent impacts on private land or public land used by private persons is not expected. Short-term temporary access to privately-owned land or property for the duration of civil works will only be permitted through voluntary lease contracts. Activities that may lead to involuntary land take will be excluded by means of a screening process (elimination list) that has been defined in the Environmental and Social Management Framework (ESMF). Risks related to selection of grant beneficiaries are addressed under OP 4.01.  
| Safety of Dams OP/BP 4.37                                   | No | N/A. Envisaged activities do not include any type of intervention on dams.  
|
Projects on International Waterways OP/BP 7.50  No  No activities impacting international waters will be supported. While there will be small scale civil works, they do not foresee interventions that can cause impacts on quantity and quality of surface or ground waters.

Projects in Disputed Areas OP/BP 7.60  No  N/A

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   The project targets both marginalized and disadvantaged youth (defined above) and the project design is based on the specific needs of these groups. The environmental impacts assessed for this nation wide project are minor and site-specific, unlikely to be reversible, and easily mitigated. The Project is classified as category B due to the small-scale civil works envisioned under subcomponents 2B. This subcomponent will finance community and livelihoods facilities, such as daycare, work spaces, IT centers and rehabilitation of agricultural infrastructure. Majority of facilities will be hosted in existing municipal buildings and will only require small-scale civil works (e.g. modernization of daycares, youth spaces). Construction of small livelihoods facilities or selected productive/economic infrastructure on public land is also feasible under subcomponent 2B. Other subcomponents and project activities (consisting mostly of capacity building, technical support and similar) have negligible environmental impacts.

   The project triggers OP/BP 4.01 Environmental Assessment as typical environmental and safety risks may occur during implementation for the small-scale civil works (such as noise and dust emissions, workers and community safety risks, construction waste generation, small quantities of hazardous waste, traffic safety issues, etc). No other WB safeguards policy was triggered. Potential impacts and risks will not be significant or lasting and are expected to remain local. Locations of rehabilitation activities are not defined yet, however, characteristics of the project as well as the financial support indicates they will be in built areas, so no works will take place in nature protected regions. Physical cultural resources will not be a Project subject while management of chance findings will rely on the national systems which are found adequate. As physical investments are limited to rehabilitation of public facilities/infrastructure and small scale construction on vacant public land, there will be no need for land take. Sub-projects that may trigger the World Bank Policy OP 4.12 will be excluded by means of a screening process defined in the ESMF.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

   Long term as well as any later or additional impacts occurring in the operational phase are not expected as a result of the project implementation.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

   Small-scale civil works and rehabilitation of youth infrastructure are anticipated to cause environmental impacts that are small, localized and short-term. No works in protected areas will be permitted. New construction will be limited in size and nature, and managed by appropriate site-specific environmental risk management instrument (ESMP).
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Numerous measures have been included to ensure that disadvantaged youth can participate in project activities. These include geographically targeted support, local and specialized outreach, coaching, mentoring, and training in minority language, and individualized support based on constraints assessments.

Since it is not possible to identify the livelihoods subprojects before implementation and their specific environmental social impacts in advance of the communities’ planning and prioritization process, the Project implementing agency, MLGA has prepared a site-specific Environmental and Social Management Framework (ESMF) to streamline environmental due diligence of subprojects supported under the grant scheme. A satisfactory ESMF prepared by the Client will be publicly disclosed in Albanian, Serbian and English language and consulted before appraisal.

The ESMF will, through defined screening and environmental review procedures, guide environmentally sound selection, preparation and implementation of subprojects. Only B and C category activities will be supported, and screening procedures will reject financing high-risk and A category subprojects and other non-eligible activities.

ESMP Checklists and site specific ESMPs (if any) prepared in the course of this project will be shared with WB for approval and disclosed, in Albanian, Serbian and English, on MLGA website and websites of municipalities allocating the grant (hardcopies available at premises) for at least 14 days with calls for comments. The final version of environmental documents would address all relevant comments and have integrated minutes of the public consultations.

MLGA is responsible for overall environmental and social safeguards compliance of the project. Preliminary assessments indicated it lacks capacity to implement World Bank Safeguards Policies as there is no previous experience in implementation of a World Bank financed operation. Engagement of a part-time safeguards consultant as part of the PMU is expected to satisfactorily overcome this capacity gap. The safeguards consultant will train the Municipality staff designated for grant processing if needed. MLGA will carry out regular supervision of such subprojects’ contracted works which may include site visits, review of designs, reports, assessment and provision of corrective measures if needed.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

A satisfactory ESMF has been prepared by the Client, and publicly disclosed in Albanian, Serbian and English language and will be consulted before appraisal. Due to ongoing COVID-19 safety concerns, consultation modalities have been adapted as noted below. On March 31, 2020, the ESMF has been disclosed on the MLGA and WB websites. The ESMF, a power point and a video presentation were made available on a tailored virtual consultation platform, which was disseminated via social media. The ESMF and an invitation to provide comments was sent directly to relevant stakeholders by email (e.g. municipalities, Ministry of Environment, Ministry of Culture, Youth and Sports, Environmental Protection Agency, youth NGOs). Deadline for receipt of formal comments has been set to 7 days. In addition to the online platform, there is a dedicated email, physical address and phone line for collecting responses.

Given that the beneficiaries of the project are youth, social media will be used as a mode of communication for the project, including communication on safeguard issues. ESMP Checklists and site specific ESMPs (if any) prepared in the course of this project will be disclosed, in Albanian, Serbian and English, on MLGA website and websites of municipalities allocating the grant (hardcopies available at premises) for at least 15 days with calls for comments.
The final version of environmental documents will address all relevant comments and have integrated minutes of the public consultations.

**B. Disclosure Requirements**

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13-Mar-2020</td>
<td>31-Mar-2020</td>
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"In country" Disclosure

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?  
Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?  
Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?  
Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?  
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?  
Yes
All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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