

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.:

I. BASIC INFORMATION**A. Basic Project Data**

Project Name	Kosovo Power Project
Region	EUROPE AND CENTRAL ASIA
Sector	Power (100%)
Project ID	P118287
Borrower(s)	Project company TBD via competitive tender
Implementing Agency	Ministry of Economic Development (MED) Pristina Kosovo Tel: (381-38) 2002-1301 Fax: (381-38) 2002-1302 Kosovo
Environment Category	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date ISDS Prepared	July 27, 2011
Estimated Date of Appraisal Authorization	September 1, 2012
Estimated Date of Board Approval	November 17, 2012

The Government of Kosovo has requested that the World Bank provide support in the form of a partial risk guarantee from IDA for a proposed independent power project that would use domestic lignite coal. To review compliance of the proposed project with the criteria for supporting coal-fired power generation projects in the World Bank's Strategic Framework for Development and Climate Change (SFDC), the Bank has appointed an External Expert Panel. The Bank's decision whether or not to proceed with any financial support to the Kosovo Power Project is dependent on the outcome of the SFDC External Expert Panel review.

B. Project Objectives

The objective of any prospective World Bank financial support to the proposed Kosovo Power Project would be to reduce the environmental impact of electricity generation and strengthen security of supply in Kosovo in an economically efficient, environmentally sustainable, and a carbon-neutral manner.

C. Project Description

The proposed Kosovo Power Project is envisaged to replace the Kosovo A Power Station with a rehabilitated existing power plant (Kosovo B) and a new power plant as well as the development

of a mine to meet the fuel needs. As noted above, the determination of any World Bank financial support for the proposed Kosovo Power Project is linked to the forthcoming SFDCC External Expert Panel review. It is envisaged that the new power plant be developed as an extension of the Kosovo B power plant site and have some common facilities. Subject to a clearer definition of scope, the associated infrastructure that might prospectively be needed would include an electrical interconnection upgrade, a water buffer reservoir, a suitable disposal site for ash, as well as other potentially associated infrastructure such as any necessary upgrades to the Iber-Lepenc water canal.

The World Bank supports Kosovo's energy sector through the Lignite Power Technical Assistance Project (LPTAP) (P097635), which is helping the Government strengthen policy, legal, and regulatory frameworks to attract private investment in the energy sector. LPTAP has supported several key activities related to the possible preparation of the proposed project:

- Preparation of a Strategic Environmental and Social Assessment of proposed mining and power generation activities in the Obiliq area
- Preparation of a Resettlement Action Plan for Hade Village
- Purchase of air monitoring equipment

Depending on the scope of any prospective engagement by the World Bank based on the outcome of the SFDCC External Expert Panel review, the World Bank might consider supporting the following additional items:

- soil and water sampling
- the preparation of the Environmental and Social Impact Assessment (ESIA)
- engagement of an independent panel of experts to advise on the Social and Environmental Impact Assessment
- preparation of a low-carbon growth strategy for Kosovo energy sector
- preparation of an energy efficiency database (in collaboration with the Rochester Institute of Technology and the American University of Kosovo)
- preparation of a wind power feasibility study (in cooperation with REPIC (Swiss) /AUK
- a carbon capture and storage (CCS) assessment and capacity building, funded by the CCS Trust Fund
- capacity building relating to environmental and social safeguards implementation

The main environmental issues of the proposed project would relate to:

- (i) direct and local impacts of construction, rehabilitation and operation of the thermal power plants and the lignite coalmine, including land conversion and habitat loss; hazardous and non-hazardous waste disposal; emissions to air, soil and water; and
- (ii) global climate change impacts from use of lignite coal as a source of energy for power generation.

A Resettlement Policy Framework that is consistent with World Bank resettlement policy guidelines has been prepared and approved by the Government. The Government is currently preparing a Resettlement Action Plan for the Shala neighborhood of Hade Village for which urgent access is needed to ensure that the Kosovo Energy Corporation (KEK) has continuity of

coal supply to the power plants. The Government has engaged the services of a specialized mining resettlement firm, which is providing technical assistance and capacity-building. In addition to the households from Hade, the Government has made provision to resettle households previously displaced by the United Nations Interim Administration Mission in Kosovo (UNMIK) for safety reasons from mine subsidence areas in 2005. Most of these people, some 102 households, have been living in temporary accommodations since then.

D. Project location (if known)

The new power plant is proposed to be developed on the site of the existing Kosovo B Power Station, about ten kilometers from Pristina and five kilometers from the new mining area (Sibovc South Lignite Mine). Coal would be transported by conveyor belts from the mine to the power plant and ash would continue to be transported as slurry to the Mirash mine for disposal. Any prospective new mine would be adjacent to and north of the existing Bardh and Mirash mining complex, ten kilometers from Pristina.

E. Borrower's Institutional Capacity for Safeguard Policies

The Ministry of Environmental and Spatial Development (MESP) was initially established as a department within the UN caretaker structure and subsequently became a ministry in 2002-2003. Environmental Impact Assessments are reviewed by the Environment Department at MESP, and MESP forms expert groups when needed for the review of EIA reports. In 2007, the Kosovo Environmental Protection Agency became operational under MESP and one of its tasks is issuing opinions on environmental impact assessment and on environmental consents for construction permits. The institutional structure for the review of EIAs and issuance of environmental permits exists. The Cleanup and Land Reclamation Project (P096181) included activities to support the Environmental Department of MESP to gain practical experience with environmental cleanup projects as well as the EIA review and environmental permitting process. Institutional capacity development would be part of any prospective engagement by the World Bank.

F. Environmental and Social Safeguards Specialists

- Mr Frank Van Woerden (ECSS3)
- Mr Frederick Edmund Brusberg (ECSS4)
- Ms Katelijn Van den Berg (ECSS3)
- Mr Bekim Imeri (ECSS4)
- Ms Natasa Vetma (ECSS3)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
Based on the preliminary scope of the proposed Kosovo Power Project, the Government would need to undertake a comprehensive (category A) Environmental and Social Impact Assessment (ESIA) based upon the specific site characteristics. The ESIA would also specify mitigations measures as applicable to power plants in line with EU Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants (LCP Directive), EU Directive 2008/1/EC concerning integrated pollution prevention and control (IPPC Directive),			

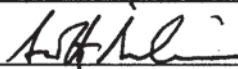


Safeguard Policies Triggered	Yes	No	TBD
and EU Directive 2010/75/EC on industrial emissions (IED Directive) which will come into force on January 1, 2016. The prospective ESIA would need to be based upon Terms of Reference (TORs) designed to meet Government, EU, and World Bank policies and standards. The ESIA would need to be prepared by independent international experts in these areas and whose TORs would be approved by the World Bank. The ESIA would be subject to at least two public consultations and disclosed in-country in the Albanian and Serbian languages and in the Infoshop in English.			
Natural Habitats (OP/BP 4.04)			X
To be determined by the ESIA.			
Forests (OP/BP 4.36)		X	
There are no identified forests impacted.			
Pest Management (OP 4.09)			X
Use of pesticides and/or herbicides would be assessed in the ESIA.			
Physical Cultural Resources (OP/BP 4.11)			X
Although cultural resources are currently not expected, the ESIA would examine the area for cultural resources. A chance find procedure would typically be envisaged.			
Indigenous Peoples (OP/BP 4.10)		X	
Not applicable as the proposed project is not located in an area known to have indigenous peoples.			
Involuntary Resettlement (OP/BP 4.12)	X		
The Government has prepared an OP 4.12-compliant Resettlement Policy Framework (RPF). The RPF was publically consulted in January 2011 and was recently adopted by the Government. The RPF is intended to guide current and any future resettlement that may be envisaged in the New Mining Field Zone. The Government is also in the process of preparing a RAP for the Shala neighborhood of Hade Village.			
Safety of Dams (OP/BP 4.37)		X	
Not applicable.			
Projects on International Waterways (OP/BP 7.50)	X		
The proposed project would use water from the Iber River basin. The Iber River drains into the Black Sea via Serbia, Bulgaria, and Romania. Kosovo would need to notify riparian states with project details as required by OP 7.50.			
Projects in Disputed Areas (OP/BP 7.60)		X	
Not applicable.			

Environmental Category: A - Full Assessment

III. SAFEGUARD PREPARATION PLAN

The substance and timeframe will be defined based, among other factors, on the forthcoming SFDC External Expert Panel review.

IV. APPROVALS

<i>Signed and submitted by:</i>			
Task Team Leader:	Scott Sinclair		August 2, 2011
<i>Approved by:</i>			
Regional Safeguards Coordinator:	Agi Kiss		August 2, 2011
Comments:			
Sector Manager:	Ranjit Lamech		August 2, 2011
Comments:			