Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 18-Dec-2019 | Report No: PIDC28306

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Kosovo	P172992		Healing Land For the Future (P172992)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EUROPE AND CENTRAL ASIA	Apr 15, 2020	Jun 25, 2020	Environment, Natural Resources & the Blue Economy
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	KOSOVO MINISTRY OF FINANCE	Ministry of Environment and Spatial Planning	

Proposed Development Objective(s)

The proposed development objective is to improve the country's capacity for managing land contamination and demonstrate a sustainable risk-based approach to remediation and redevelopment of selected contaminated sites.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	25.00
Total Financing	25.00
of which IBRD/IDA	25.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	25.00
IDA Credit	25.00

Environmental and Social Risk Classification	Concept Review Decision
Substantial	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Kosovo, as one of the youngest countries on the continent, has substantial development potential, yet also faces significant challenges.** Landlocked, with a population of around 1.8 million and an area of 10,877 km^2, Kosovo is one of Europe's poorest countries, with almost a third of its population living below the national poverty line. At the same time, with its new statehood and the young average age of its population (26 years), Kosovo has made considerable socioeconomic progress since it declared independence in 2008, benefiting from the support of the international community and its diaspora. With policies anchored in its overarching political objective of joining the European Union (EU), Kosovo has made progress in promoting growth, reducing poverty, and improving the business climate. Between 2008 and 2016 gross domestic product (GDP) per capita grew an average of 2.8 percent in real terms and reached $3,890. The country moved from 113th to the 40th in the Doing Business Report between 2010 and 2018, the third top-performer in the lower middle-income category. However, barriers to stronger economic growth remain. These include a narrow production base, persistently limited improvement of competitiveness and productivity of the private sector, reliance on an economic growth model of domestic consumption fed by remittances and donor investments, and existing disparities within population along geography, ethnicity, and gender. Addressing these barriers and moving towards the goal of full EU membership requires faster implementation of reforms in Kosovo[1].

2. **Kosovo is rich with many mineral resources including coal, lead, zinc, chromium, and silver; however, extracting these resources has generated environmental and health risks and impacts.** Large amounts (in millions of tonnes) of industrial wastes that were produced by industrial activities from 1930s were left as tailings dams and dumps, posing severe environmental and health risks and impacts. These harms include poor air quality, increased risk of disease, reduced food safety - contaminants entering the food chain through polluted water and soil, a lack of open spaces, and continuing environmental damage as some old production facilities are still active, emitting pollution through dust, waste dumping, and highly acidic and contaminated effluents discharged to surface and groundwater. People living on or nearby contaminated land can be exposed to soil contaminants through several potential routes. These pathways of exposures include i) intake of soil, food, and water, ii) inhalation of soil particles and vapors, and iii) dermal contact. Exposure of communities to contaminated land can result in many types of health damage ranging from skin eruption and nausea, to cancer or even death[2]. Furthermore, the exposure areas associated with contaminated land can be much wider due to involvement of several media, air, water, soil and food. In Kosovo, some contaminated sites are located close to water bodies, contaminating water resources in the country.

3. **The World Bank's recent report[3] found that the estimated number of contaminated sites in Kosovo requiring remediation is about 200[4], thus increasing pressure on land availability for development**. The report also estimated

[1] The World Bank's Country Partnership Framework (CPF) for Kosovo

[2] US EPA https://www.epa.gov/report-environment/contaminated-land

[3] Kosovo: Healing Land for the Future. The World Bank report Nov. 2019.

[4] The extrapolation of 200 sites possibly requiring remediation is based on the experience of Hungary, which has good available inventory data and a similar number of suspect sites pro rata for its land area. Many of these suspect sites are likely to be relatively small (e.g., gas stations, vehicle repair shops) and in the hands of small businesses that are poorly equipped to manage potential land contamination issues.

that there are about 4,000 suspected contaminated sites based on past and current use. This identification is in line with typical international practice for initial site identification as well as a previous draft European Commission (EC) Soils Directive. The report also indicates that Kosovo's land take[5] is high compared to other countries - currently more than six times that of Germany's in relation to the two countries land areas[6]. Agricultural land loss and an absence of legislation governing spatial planning in Kosovo have been flagged by the EC as obstacles to Kosovo's preparations for accession to EU. Besides Kosovo has significantly less habitable surface, which accounts for only about 4% of the total area, and hence the density of inhabitants per square meter is estimated to be among the highest in Europe, at about 170 people per square meter[7] (compared to the average of EU-28, 118 per square meter).

4. **The government has recognized that redevelopment of contaminated land, especially brownfields[8] will generate significant economic value and environmental and social benefits**. Among those are protecting the health of communities, removing development pressures off undeveloped open land, optimizing the use/reuse of existing infrastructure, facilitating job growth, increasing local tax base, transforming contaminated areas into healthy and safe places, fostering the development of renewable energy, and promoting greening industries.

Sectoral and Institutional Context

5. **The Government in Kosovo has been making efforts to address environment and climate change issues, however further efforts are required**. According to the EU (2019)[9], some progress has been achieved, but the growing environmental and climate change challenges call for considerably stronger action. Some of the priorities and needs for action are: developing an environment strategy; increasing funding, institutional capacity and technical skills; need for improvement in the implementation of the environmental impact assessment and strategic impact assessments directives; greater involvement of the public and civil society; further alignment with the acquis on industrial pollution and risk management; and better enforcement of legislation and polluter accountability to prevent industrial and chemical accidents. There is little evidence of climate change being mainstreamed either in government projects on account of similar reasons, including the lack of alignment with the climate acquis.

6. **The challenges in the environment sector translate into constraints in the management of contaminated land in Kosovo.** The key constraints identified through the World Bank study and related engagement are summarized below:

a) *Policy and regulatory constraints.* There is a lack of vision or a long-term plan for addressing contaminated land. The Government issued an administrative instruction (AI) on Limited Values of Emissions of Polluted Materials into Soil (No. 11/2018) in 2018, which sets out the first legal and regulatory regime for contaminated land. However, the technical basis of setting the threshold limits for determining land use is unclear and this instruction is not complete in its coverage for systematic management of contaminated land; thus it has also not yet been fully implemented.

b) *Information and data constraints.* In 2008 the Kosovo Environmental Protection Agency (KEPA) published a state of the environment report for 2006–2007 that included an initial review of the status of soils in Kosovo. This was followed in 2011 by a joint Ministry of Environment and Spatial Planning (MESP) and KEPA publication which for

[5] Land take is the loss of agricultural, forest and other semi-natural and natural land to urban and other artificial land development (European Environment Agency 2006)

[6] Germany's policy is to reduce its land take by 40 percent over the coming years, as it sees its existing current rate of land take as deeply unsustainable.

[7] State of Environment in Kosovo 2015, Ministry of Environment and Spatial Planning

[8] USEPA definition: A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

[9] Commission Staff Working Document, SWD (2019) 216 final

the first time identified 28 hotspot sites considered to be "areas of high pollution in Kosovo." The recent World Bank study supported a further analysis that led to identification of about 200 contaminated sites. However, there is lack of a comprehensive inventory to better understand the land contamination situation in Kosovo; and this remains a binding constraint to developing a long-term plan to undertake a large-scale land remediation program.

c) *Institutional and capacity constraints.* The institutional responsibilities for contaminated land management are split between Ministry of Environment and Spatial Planning (MESP), Kosovo Environment Protection Agency (KEPA), Ministry of Economic Development (MED), Geological Service, and local government at the municipal level. However, these agencies lack the knowledge, capacity, and experience of undertaking the management of contaminated land in a coordinated matter and following international good practices. They require deeper technical knowledge on contaminated land remediation, including remediation technologies, and knowledge of the sustainable[10] and risk-based land management (SRBLM) [11] approach that includes risk assessment[12] and risk management of contaminated sites.

d) *Financing constraints.* According to the recent World Bank report, the estimated total cost of site-based actions for managing the entire Kosovo contaminated land legacy is about €345 million over 20 years. Remediation of contaminated sites for redevelopment is expensive, and even in cases where land values after remediation easily outweigh the remediation costs, the high upfront costs of remediation is a constraint. No clearly defined rules and funding channels exist between the key stakeholders (namely the governments, previous or current land owners, and developers). There is a need to explore sustainable green financing options to address the contaminated land legacy in the country, transforming contaminated land into economic values and environmental, social and climate co-benefits.

7. **Given these constraints, a phased approach to remediation and redevelopment is needed.** The scale of the land remediation challenge gets further magnified by the above-mentioned constraints. The National Development Strategy (NDS) 2016-2021[13] (under its Pillar 4 Infrastructure) has called for implementation of projects for reducing environmental and health risks from waste (treating hazardous waste, rehabilitation of contaminated sites, eliminate illegal dumpsites, etc.). Kosovo can follow well-established international approaches to contaminated land management and prioritize its actions by phases. The first or the establishment phase, of a phased program for addressing contaminated land legacy in Kosovo is envisaged in the World Bank report to encompass a series of actions over a period of five years, including (a) developing the benchmarks and systems necessary to implement Kosovo contaminated site inventory and site prioritization for remediation and redevelopment; (b) establishing the right legal and institutional platform (including capacity building, coordination, and knowledge sharing) for contaminated land management; and (c) contaminated site remediation and redevelopment demonstrations to deliver high value and practical outcomes on the ground. These actions can be undertaken simultaneously and in an integrated manner to establish an in-depth SRBLM approach in order to provide a robust and durable foundation for contaminated land management in the country over the long-term.

[10] The remediation and redevelopment process itself is not free of impacts and risks, therefore, risk management should also meet sustainable development principles - Sustainability Principles in USEPA's Cleanup Programs: Minimize diesel emissions, promote use of renewable energy, recycle materials onsite, minimize waste generation, promote water efficiency, minimize habitat disturbance, preserve greenspace through reuse, engage communities in cleanup and reuse decisions, provide technical assistance to communities, facilitate land reuse and redevelopment, provide employment opportunities, clean up to reasonably anticipated land use, etc.

[11] SRBLM is internationally recognized as an optimal approach for contaminated land decision-making, combining a risk-based framework and sustainability in a balanced decision on how such unacceptable risks are to be managed, which optimizes overall benefits.

[12] The goal of risk assessment is the development of risk information to determine whether a removal, remedial and/or containment action is necessary and how clean is clean, or conversely, whether the site may be closed with no further action.

[13] http://www.kryeministri-ks.net/repository/docs/National_Development_Strategy_2016-2021_ENG.pdf

8. **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 project will also contribute to implementation of the existing laws and regulations for environment protection and climate. In particular, the proposed project will aim at addressing the constraints identified above and contribute to the improvement of contaminated land management to reduce associated health risks and realize economic, environmental and social values from land redevelopment, such as the creation of urban green spaces, commercial development, and renewable energy production. In doing so, the project will also contribute to Kosovo's commitment to the process of EU accession.

Relationship to CPF

9. **The proposed project aligns well with the World Bank's Country Partnership Framework (CPF) for Kosovo**. The project is in line with the third focal area and two of its three objectives of 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", therefore, also contributing to the Sustainable Development Goals (SDGs) 6,7, 8, 9, 12 and 13[14]. It is acknowledged in the CPF that further actions are needed for environmental sustainability, which include addressing a large amount of contaminated sites that place a high environmental and health burden on the population and causes large areas of degraded land to be out of productive use. The proposed project is also closely aligned with the national aspiration on EU accession[15] and is designed to help Kosovo develop its contaminated land management regime to the state of the art in policies and practices. Experience from the previous CPF (2012-16) shows that the World Bank Group program was effective in delivering improved environmental management.

C. Proposed Development Objective(s)

The proposed development objective is to improve the country's capacity for managing land contamination and demonstrate a sustainable risk-based approach to remediation and redevelopment of selected contaminated sites.

Key Results (From PCN)

10. The proposed project indicators that reflect and measure success in achieving the PDO are:

a) Key regulatory and technical guidelines for sustainable risk-based contaminated land management prepared or issued *(leading to establishing a complete sustainable risk-based contaminated land management system under the next phase)*, and
b) National action plan for contaminated land remediation and redevelopment prepared and/or adopted *(leading to scale up under subsequent phases)*
c) Area (ha) of contaminated land remediated and redeveloped *(building technical capacity)*
d) Number of people benefiting from reduced exposure to contaminated land remediation and redevelopment (by gender)

11. Some key intermediate results indicators are:

[14] SDGs 6,7,8,9,12 and 13: Ensure access to water and sanitation for all; Ensure access to affordable, reliable, sustainable and modern energy for all; Promote inclusive and sustainable economic growth, employment and decent work for all; Build resilient infrastructure, Promote sustainable industrialization and foster innovation; Ensure sustainable consumption and production patterns; and Take urgent action to combat climate change and its impacts.

[15] Relating to environmental compliances for the water and waste framework Directives, concerns over agricultural land loss and insufficient spatial planning legislation in Kosovo.

a) Municipalities (or sub-national governments) with risk-based contaminated sites inventory produced *(leading to development of a national inventory under the next phase of the project)*
b) Number of government officials, practitioners and laboratory staff trained in management of contaminated land

D. Concept Description

12. It is envisaged that the proposed project will provide support to the government in addressing the key constraints it has faced over the years in managing contaminated land. It will do so through: a) 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, and b) investments in select sites to demonstrate international good practices for contaminated land remediation and redevelopment. SRBLM will be the principal approach to be promoted through the proposed project.

13. The project consists of three components described below. It is expected that the project will be the starting point of a longer-term program for addressing land contamination legacy in Kosovo. It will improve the country's legal and institutional framework and national planning and provide evidence of sustainable benefits of contaminated land management. Subsequent phases for scaling-up are anticipated either as additional financing or as a new project (funded by the Bank or/and another partner).

a) **Component 1: Policy, Institution and Capacity Development for Contaminated Land Management (about US$ 5 million).** This component aims to develop policy, institution framework and capacity of the Government of Kosovo for SRBLM through a series of enabling activities including: i) development of instructional framework, key policies, technical guidelines (focusing on low hanging fruit that can be put into place early), ii) inventory of contaminated sites in select municipalities[16]; iii) managerial and technical training for government officials, contaminated land cleanup practitioners and laboratory staff, iv) conducting technical studies to understand the status of contamination and explore possible remediation options for complex contaminated sites[17], v) exploration of sustainable green financing options for SRBLM in Kosovo, vi) development of a National Action Plan for contaminated land remediation and redevelopment; and vii) promotion of green industries and circular economy[18] principles in selected industry sectors to prevent land, air and water pollution, which also fully aligns with the NDS 2016-2022 Pillar 3 on Competitive Industries, aiming to increase state support for the re-industrialization process in Kosovo. In addition, as many dumpsites and old landfill sites in Kosovo are considered as "suspected" contaminated sites due to mixing of industrial and municipal waste, this component may also support the country to review investment options for integrated solid waste management (ISWM) based on the national strategies that have been developed in the country. It is expected that this Component will pave the way for establishing a complete legal and institutional framework for SRBLM and a national inventory of contaminated sites in Kosovo. This Component is also expected to inform the design of subsequent-phase projects.

[16] Municipality scale demonstration of inventory development including practical delivery of site investigation, assessment and remediation of high priority sites. This will be carried out at one or two municipalities (to be determined) as a national case study and test-bed at a manageable scale before replication at the national level at the next phase.

[17] Some of the potential sites are complex in terms of pollution, size and future land use, therefore, site investigation, risk assessment and remediation plan development integrating land reuse/redevelopment of these sites will be carried out under the proposed project, but actual site remediation and redevelopment will take place at the next phase of the proposed project. The finalization of other sites will be subject to further technical scrutiny as well as stakeholder consultations during project implementation.

[18] Circular economy was discussed at the Kosovo Sustainable Development Week during Sept. 16 to 19, 2019.

b) **Component 2: Demonstration of Sustainable Risk-based Contaminated Land Remediation and Redevelopment (about US$ 19 million).** This component aims to showcase how contaminated land should be managed following international good practices on SRBLM at 1 to 3 selected sites. To maximize sustainability, remediation and redevelopment options should be considered in an integrated manner early in the planning process, enabling best management practices of SRBLM to be implemented in the entire process. Early consideration of green and sustainable remediation opportunities and transparent mechanisms offers the greatest flexibility and likelihood for related practices to be incorporated throughout site investigation, remediation, and redevelopment. The regulatory initiatives on contaminated site management through Component 1 are envisaged to actively support site remediation and redevelopment that results in beneficial reuse such as commercial operations, industrial facilities, housing, greenspace, and renewable energy development.

Site selection will be undertaken 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; ii) potential of strong community engagement, and high potential of integrating remediation with economic and social benefits, such as public amenity and regeneration, water resource protection, renewable energy development, materials recovery, greener industry promotion, and capacity building and demonstrating results within the project period; and iii) the possibility of financial contribution from (national or local) government or private sector associated with the site. Site selection decision will be made jointly with the project counterparts (MESP, MED), and local governments, with inputs from community engagement and consultations. An indicative shortlist of potential participating sites has been identified with one site confirmed (the KEK site) and the others to be confirmed during project implementation[19]. The indicative shortlist[20] of demonstration sub-projects grouped by potential future land use or redevelopment options is as follows:

i. Development of parks and public spaces:
   - A KEK (Kosovo Energetic Corporation) site: 100 ha of brownfield land (former mine workings and overburden) adjacent to a proposed solar farm on the KEK site. The site could be redeveloped as a public open space linking the municipalities of Obiliq, Furse Kosova and Pristina ober. KEK has confirmed its participation in the project and is willing to partially finance site investigation, risk assessment and development of the remediation plan and the ESIA.
   - An asbestos impacted area in Hani I Elezit (to create a linear park, for example), linking to an existing development blueprint already prepared by the municipality.
   - The Mitrovice-Trepca Industrial Park site: to establish a “Peace Park”, integrating site investigation, risk assessment and remediation options with brownfields regeneration concept across the different communities of Mitrovice, and mobilizing joint financing for redevelopment.

ii. Provision of clean water supply and resources:
   - The Artana mine tailings site: potentially linking to the World Bank’s FLOWS project under preparation (as the adjacent water body may be hydrologically connected to the catchment for the future Kramenata dam reservoir that is to be supported by the FLOWS project and is used for local livestock).
   - Other Trepca sites: piloting integrated greener industry as a basis for replication in the next phase project across various Trepça sites and facilities.

iii. Renewable Energy Development:
   - Other KEK sites: integrated with design of renewable energy options in Obiliq municipality

[19] Confirmation of the participating sites is less about locations, but more about SRBLM technical approaches for each subproject which can only be determined after a thorough site investigation and risk assessment is completed.
[20] Participating sites may or may not be in the shortlist, taking into account sites may drop from the project due to unexpected reasons.

iv. Integrated municipal solid waste management
   - The Mirash municipal waste landfill in Obiliq

v. Improvement of hazardous waste management
   - Construction of a storage facility meeting European standards at a selected contaminated site to manage removed asbestos (from old buildings; and excavated contaminated soil if needed) – linking with the ongoing World Bank Energy Efficiency project.

c) **Component 3: Project Management, Monitoring and Evaluation (about US$ 1 million).** This component will support operating costs associated with project management, including day-to-day project implementation, procurement and financial management, and environmental and social management functions carried out by an established Project Management Unit (PMU) in MESP, including coordination and collaboration among national and local government agencies, non-government organizations and the private sector (site owner, polluter or site redeveloper). This component will also support hiring of international and national technical experts with both contaminated land management knowledge and remediation engineering experience to provide technical support to the PMU on project implementation, monitoring & evaluation of the project outcome indicators and results by collecting evidence-based information and data, and organizing the project launch and completion workshops.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

From the scoping mission only the KEK (Kosovo Energetic Corporation) site has been identified for rehabilitation. The contaminated site investigation, risk assessment and remediation plan development integrating land reuse/redevelopment of these sites will be carried out under the proposed project. Actual site remediation and redevelopment will take place at the next phase of the proposed project. The finalization of sites selected for investment or technical assistance will be subject to further technical scrutiny as well as stakeholder consultations during project preparation and implementation. The extent of engagement, investment or technical assistance, in other sites will be determined after risk assessment.
100 ha of brownfield land (former mine workings and overburden) adjacent to a proposed solar farm on the Kosovo Energetic Corporation (KEK) site. The site proposed to be redeveloped as a public open space linking the municipalities of Obiliq, Furse Kosova and Pristina ober. The overburden area is partially revegetated and consists of surface deposits removed for open cast access to lignite. It adjoins a covered ash dump designated for photovoltaic energy generation. Contiguous with the overburden area is 20 ha of relatively flat land that is currently covered by grass and trees, which KEK state to be infilled former mine galleries. The possible contamination sources of concern already suspected are as follows: (i) Potentially buried wastes; (ii) Surface layer contamination from ash dust (potentially both fly ash and bottom ash) signifying potential elevation of trace elements and also contamination by products of incomplete combustion (in particular dioxins and furans); (iii) Contamination with lignite derived materials, for example polynuclear aromatic hydrocarbons, (iv) Impacts on local air quality form the remaining operating facilities. The project engagement will reduce the dust impacts by vegetation initiatives but the labors will be exposed to pollution in areas which is already polluted from coal burning and may be in contact with contaminants. The engagement in photovoltaic energy generation will showcase a shift from coal to renewable energy. The project will not support any activity with high negative

environmental impact which cannot be mitigated or will have residual impact. Since it is a remediation and rehabilitation project, it is expected the project will bring positive impact in addressing the existing environmental issues. The remediation activities in KEK site will not cause land acquisition impacts. The project will have to monitor and make sure that contractors adhere to the labor and working conditions standards. The risks to the community for the particular project are low.

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APPROVAL

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