

Luxembourg, 13th December 2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>KEK SOLAR PV - GLOBAL GATEWAY</i>
Project Number:	<i>2022-0274</i>
Country:	<i>Kosovo*</i>
Project Description:	<i>The project concerns the development of a 100MWac solar power plant (120 MWp), located between Obiliq and Fushe Kosova, in close proximity to Pristina, in Kosovo.</i>
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	yes
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

Environmental and Social Assessment

Environmental Assessment

The project concerns the development, construction and operation of a solar PV farm with a total nominal capacity of about 100 MWac (120 MWp) in Kosovo, and includes the underground connection to the existing substation at the Kosovo A thermal power plant (TPP). The project will be installed on the former ash dump of the Kosovo A power plant. The site is situated between Obiliq (at c. 4 km) and Fushe Kosova municipality (at c. 5 km), around 3 km from the periphery of the capital Pristina, and is surrounded by agricultural land and small settlements.

If located in the EU, the project would fall under Annex II of the EIA-Directive 2011/92/EU, (as amended by Directive 2014/52/EU), requiring the competent authorities to determine whether an EIA is required. Competent authorities, in Kosovo, screened the project in and required an EIA.

The main findings of the EIA report are summarized below. General quality of the EIA report, in terms of the impact assessment methodology, desk studies and field work conducted, is considered to be acceptable considering the potential impacts of the project. Given that the purpose of the project is to build a PV plant on the ash dump, the only alternative analysed was the one with no project (zero alternative). The competent authority did not require a detailed cumulative impact assessment with the neighbouring infrastructure, such as the existing mining and lignite power generation.

The ash dump site where the project will be implemented is located at a distance of c. 1km from the east of "Kosovo A", a thermal power station operated by the promoter - Korporata Energjetke e Kosovës (KEK). The total surface of the ash and waste dump covers a space of

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



Luxembourg, 13th December 2023

243 hectares. The ash has been deposited (i.e. folded) in this area since the beginning of the operations of TPP "Kosova" A dating as early as 1962. With the blowing of the wind, the ash dust particles were lifted and transported, impacting the surroundings and the city of Pristina. The World Bank financed a Clean-up and Land Reclamation Project to rehabilitate the area by covering it with soil to prevent further air pollution. Considering the site rehabilitation and reforestation efforts, the available area for PV development corresponds to 153 ha.

The natural habitats of the project area are altered into modified habitats as a result of this intense human activity. The location is characterized by ruderal vegetation and does not show any significant priority biodiversity features. The surrounding land around the project location that is not cultivated or used for animal grazing is overtaken by grasses, ruderal vegetation and shrubs. Wild teasel (*Dipsacus fullonum*, syn. *Sylvestris* – not listed in the IUCN Red List) is one of the most dominant plant species in the area, which has colonized most of the feral land.

The project location and the wider area surrounding the area are not located near major biodiversity spots and are not characterized by biotopes of high biodiversity value. The closest protected area to the project area is Gazimestani nature reserve around 5-6 km east of Obiliq. The nature reserve is known for the Scarlet paeony (*Paenonia decora* Anders – not listed in the IUCN Red List). The Strategy and Action for Biodiversity 2011-2020 proposes several sites for protection within the Obiliq (Kastriot) municipality, none of them being in the proximity of the project location.

The project can benefit from field surveys that were conducted near the site for fauna, flora and habitats (for the development of the "Kosova e Re" power plant project, in 2007 and updated in 2018, and for the lignite mine in Sibovc, in 2014). Those surveys concluded that the area mostly consists of an urban industrial habitat with poor fauna and flora. The species recorded in the area were the common moorhen (*Gallinula chloropus*), common stonechat (*Saxicola torquatus*), grass snake (*Natrix natrix*), edible frog (*Rana esculenta*) and marsh frog (*Rana ridibunda*) – all Least Concern as per the IUCN Red List, or not listed. The studies did not record any endangered species.

The project is expected to generate acceptable impacts during both construction and operation phases. During the construction phase, main impacts are associated with the presence of machinery, vehicles, construction workers, and the erection of the PV plant infrastructures. The impacts relate to increase of dust and noise due to construction related activities, as well as increased traffic in the surrounding areas, soil erosion due to the loss of vegetal cover, and loss of habitats. During the operation phase, given the presence of the PV plants, connection infrastructures and other similar facilities in the surrounding area, the main impacts are related to loss and fragmentation of habitats. Overall, the impact during construction and operation phases are considered to be acceptable. Specific mitigation measures are foreseen in the EIA report during construction and operation phases and have been included in the corresponding Environmental and Social Management Plan (ESMP). It includes prevention and mitigation measures during construction, in particular for dust and noise emissions, protection of soil and groundwater, waste management and revegetation.

In the municipality of Fushe Kosova, there were floods during 2014 from the rivers of Sitnica, Graçanka and Prishtevka. Those floods caused damage to infrastructure and agriculture and led to the contamination of wells. However, due to the elevation of the area where the project site is located, the probability of floods to cause damage is low.

The project is fully aligned to the goals and principles of the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Energy Lending Policy.

Luxembourg, 13th December 2023

EIB Carbon Footprint Exercise

The solar PV power plant will not generate any absolute CO₂ emissions. In accordance with the Bank's current Carbon Footprint methodology, it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Kosovo (combined margin for intermittent generation), the total relative effect of the project is a net annual reduction in CO₂ equivalent emissions by 174 kt CO₂-e per annum.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Social Assessment, where applicable

The landscape at the project location and the surrounding area is strongly shaped by anthropogenic influence. The landscape is predominantly characterized by the existing power plants Kosovo A and B (cooling tower, boiler buildings, chimney, coal handling) alongside the project location, and supporting activities and infrastructure (coal mines, coal conveyors, ash dump) in the wider area.

As all the works will take place in plots currently used by the promoter (ash dump), the implementation of the project is not planned to lead to any involuntary physical or economic resettlement. Although most of the project area is owned by KEK, a few land plots need to be permanently acquired from privately landowners (although they have been used by the promoter for more than 60 years). The promoter will undertake to ensure that the land acquisition required for the project (including its associated facilities), is carried out in accordance with the requirements of the lenders' E&S Standards (incl. EIB E&S Standards), and document and report on the land acquisition process accordingly.

The legal framework in Kosovo broadly guarantees the protection of human and fundamental rights in line with European standards². Nevertheless, the promoter will be required to include labour and working conditions requirements in the ESMP, consistent with lenders E&S requirements, including adherence to the relevant conventions of the International Labour Organisation (considering that Kosovo is not a signatory of ILO³).

Recent reports are pointing out the possibility of use of forced labour in the supply chain of PV modules. The project shall also comply with the EIB Environmental and Social Standards, which foresee a zero tolerance for the use of forced labour. The promoter will be required to make reasonable effort to assess and address the risk of forced labour in the supply chain of the solar PV modules that will be procured for the project in a manner appropriate to the risk. The outcome will be reported to and reviewed by the Bank.

Public Consultation and Stakeholder Engagement

The EIA report was published in August 2023 and public hearings were held in September 2023. No major concerns have been raised during the public consultation process. The project is pending to receive its environmental consent from the competent authority.

² COMMISSION STAFF WORKING DOCUMENT Kosovo 2022 Report Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2022 Communication on EU Enlargement policy <https://eur-lex.europa.eu/legal-content/NL/TXT/?uri=CELEX:52022SC0334>

³ The ILO work in Kosovo has been guided by the UN Security Council Resolution No. 1244/1999 and by the Memorandum of Understanding concluded on 21 January 2005. ILO has been active in Kosovo since August 1999 with a focus on developing a system for vocational training; reforming the network of employment offices; promoting youth employment; combating child labour; and enhancing social dialogue frameworks and practice through capacity development of social partners. For more on the work of ILO in Kosovo see: https://www.ilo.org/budapest/countries-covered/kosovo/WCMS_649969/lang--en/index.htm



Luxembourg, 13th December 2023

The promoter will further develop, adopt and implement a Stakeholder Engagement Plan (SEP) for the project. The promoter will also establish, publicize, maintain, and operate an accessible grievance redress mechanism (GRM), to receive and facilitate resolution of concerns and grievances in relation to the project, in a manner consistent with the Lenders' E&S requirements. The promoter will also establish, maintain, and operate a grievance mechanism for the project workers, including third party employees consistent with Lenders E&S requirements, and proportionate to the project risks.

Other Environmental and Social Aspects

The project is proposed for co-financing under the Mutual Reliance Initiative (MRI) agreed between the EIB, AFD and KfW for operations outside the EU⁴. For this project, the co-financing will only involve KfW and EIB. KfW, as Lead Financier, will be responsible for the ongoing environmental and social due diligence of the project. Accordingly, the Bank will delegate the overall program management and monitoring to KfW in compliance with the requirements and standards agreed for projects under the MRI.

The promoter will put in place a Project Implementation Unit (PIU) supported by an experienced project implementation consultant. The capacity and management structures to be put in place to address environmental and social impacts and requirements is expected to be sufficient.

Conclusions and Recommendations

An environmental and social management plan (ESMP) will be required to be in place prior to the start of construction that ensures that the project is implemented in line with the lenders environmental and social standards and practices. The implementation of the ESMP is the responsibility of the promoter, who will be required to report regularly to the lead financier on compliance and major incidents relevant to the ESMP during implementation. The promoter will establish a specific monitoring and evaluation mechanism to be applied during the construction, operation and maintenance of the project.

With the appropriate mitigation measures in place, the project is considered to be acceptable for Bank financing from an environmental and social perspective, including the following conditions:

- Conclusion of the EIA process to the satisfaction of the Bank, and submission of the corresponding environmental consent
- After finalization of the technical design, the promoter will carry out a critical review and gap analysis of the final project versus the existing environmental and social documents (with the support of the project implementation consultant), taking into account the lenders E&S Standards (incl. EIB E&S Standards). Update the ESMP accordingly where necessary.
- The submission of a Stakeholder Engagement Plan (SEP), including a project-wide grievance mechanism.
- The promoter undertakes to make reasonable efforts to assess and address the risk of forced labour in the supply chain of the solar PV modules that will be procured for the project. The outcome will be reported to and reviewed by the Bank.
- The promoter will undertake to provide satisfactory evidence of the implementation of the ESMP and the SEP incl. grievance mechanism.
- The promoter will undertake to ensure that the land acquisition required for the project (including its associated facilities), is carried out in accordance with the requirements

⁴ In the case of Mutual Reliance Initiative when EIB co-finances with other development institutions in EU partner countries, it allows the promoters to benefit from a larger finance capacity, strengthened impacts and effectiveness of the project through a structured allocation of tasks and enhanced collaboration: Mutual Reliance Initiative (MRI) (eib.org) <https://www.eib.org/en/products/mandates-partnerships/mri/index.htm>



Luxembourg, 13th December 2023
of the lenders' E&S Standards (incl. EIB E&S Standards), and document and report on
the land acquisition process accordingly to the lenders.