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Country Specific Report

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Republic of Kosovo

Chapter 15 & 27



The views expressed in this publication do not necessarily reflect the views of the European Commission.



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1. Introduction.....	4
1.1. Environmental Status in Kosovo.....	4
1.2. Summary of the Report	5
2. Fundamentals.....	7
2.1. Environmental Rights	7
2.2. Environmental Accountability & Governance	7
2.3. Environmental Monitoring	7
2.4. Fight against Crime to Environment	7
3. Obligations of Membership.....	7
3.1. Energy (Under Chapter 15).....	7
3.1.1. Security of Supply	7
3.1.2. Energy Market	8
3.1.3. Hydropower	8
3.1.4. Renewable Energy	8
3.1.5. Energy Efficiency.....	8
3.2. Environment (Under Chapter 27).....	9
3.2.1. Horizontal Legislation	9
3.2.2. Air Quality	9
3.2.3. Waste Management.....	10
3.2.4. Water Quality.....	10
3.2.5. Nature protection.....	10
3.2.6. Industrial pollution and risk management.....	10
3.2.7. Chemicals	10
3.2.8. Noise	10
3.2.9. Civil Protection.....	11
3.2.10. Climate Change.....	11
4. Concluding notes.....	11
5. References / Bibliography	11

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1. Introduction

1.1. Environmental Status in Kosovo

Country status

Kosovo is the newest country in Western Balkans. Kosovo's declaration of independence from Serbia was declared on 17 February 2008 by a vote of members of the Assembly of Kosovo. Independence has been recognized by more than 100 states, but has not been recognized by neighboring country Serbia and some other EU countries. This has not prevented Kosovo from continuing its EU enacted Stabilization Tracking Mechanism (STM) programme, aiming to gradually integrate its national policies on legal, economic and social matters with EU, so that at some point in the future Kosovo could qualify for EU membership. Accession of Kosovo to the European Union (EU) is on the current agenda for future enlargement of the EU. Kosovo is recognized by the EU as a potential candidate for accession.

To ensure stability at the territory and neutral rule of law enforcement, the EU is operating in Kosovo under the umbrella of the United Nations Interim Administration Mission in Kosovo (UNMIK), deploying police and civilian resources under the European Union Rule of Law Mission (EULEX).

The Stabilization and Association Agreement (SAA) between the EU and Kosovo was signed on 26 February 2016 and went into force on 1 April 2016. However, Kosovo remains exempted from visa liberalization that influences the overall movement of goods and people.

On 6 February 2018, the European Commission published its expansion plan[6] to cover up to six Western Balkan countries: Albania, Bosnia & Herzegovina, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, and Serbia. The plan envisages that all six applicants could achieve accession as members of the European Union after 2025.

Environmental Status

As regards alignment with European standards, Kosovo is at an early stage. Legislative alignment has continued in some areas but implementation is weak. Some progress was made in the area of free movement of goods and services, public procurement and competition as well as in improving the business environment. In the area of taxation and customs, some progress was also made in collecting revenue and simplifying administrative procedures, but Kosovo should step up the fight against the informal economy and tax evasion. The energy sector continues to face serious challenges. No progress has been achieved to address environmental issues. Overall, Kosovo needs to improve its administrative capacity and coordination, across all sectors, to ensure effective implementation of the acquis.

Gross Domestic Product (GDP) in Kosovo expanded by 3.8% in 2012 from the previous year. However, Kosovo remains one of the poorest countries in Europe, with a per-capita gross domestic product (GDP) of about €2,700.

Under such circumstances, there continues to be strong demand for natural resources. Currently, in addition to industry and transportation, the energy sector has the greatest impact on the environment. Coal accounted for 64.8% of primary energy consumption in 2012, although coal use fell by about 6% compared to 2011. Lignite was the predominant product, accounting for 97.4% of the total coal used. Renewable energy sources represent only about 9% of primary energy consumption.

The air-quality monitoring data shows that the highest limit-value exceedances were recorded for PM10 and PM2.5, especially during the winter season.

According to the results, total greenhouse gas (GHG) emissions in Kosovo in 2009 were 10.5 Mt CO₂ equivalents. Carbon dioxide represents around 80% of all emissions, while methane and nitrous oxide together represent around 10%. The most important GHG inventory sector is "fuel combustion activity",

which accounts for roughly 80% of all emissions. Kosovo has not yet determined the reference year for its GHG inventory.

1.2. Summary of the Report

This report provides the overview of the legislation progress and challenges in Kosovo regarding environment in general and harmonization of national environment legislation with environment acquis. Data for preparing this overview was taken from a variety of sources, including government institutions, official state websites, national and international reports.

In Kosovo, environment remains not to be at the top agenda of the Government activities. However, there have been some minor achievements as per the latest EU country report related to Chapter 15 and Chapter 27.

Key findings from the legislation monitoring

One of the forms of direct impact on the environment is the exploitation on natural resources. The strategy on environment still needs to be updated and implemented. Implementation of priority measures is undermined by insufficient funding, a lack of administrative capacity and technical skills. The use of environmental and strategic impact assessments needs to be improved considerably, especially in industrial sectors with significant effects on the environment such as energy and transport. Meaningful involvement of the public and civil society is necessary.

Air quality, particularly in urban areas, continues to pose a major threat to public health. In order to improve air quality and its protection against pollution, and in order to improve monitoring and reporting on air quality it is recommended that: There should be a Implementation of the Strategy and Action Plan on Air Quality; To design specific projects in order to improve the quality of air; To complete inventory of emissions and sources of pollutants in the air; Fully functionalize the national air quality monitoring system in order to improve the collection, processing and reporting of data on air quality; Implement the online (real-time) live data reporting system for air quality; Strengthen the technical and institutional capacities for maintenance of the air quality monitoring network, servicing and calibration of equipment as well as the accreditation of the laboratory for air quality; Improve cooperation between monitoring institutions and operators, especially in the process of information flow, processing, reporting and more efficient public information on air quality.

The current solid **waste management** system in Kosovo is environmentally unsustainable. The legal framework is partially aligned but waste remains one of the most significant problems in Kosovo. Most waste streams end up in legal and illegal landfills. Collection coverage needs to further increase. In order to improve the waste management system it is recommended that in addition to the implementation of the Waste Management Strategies and Plans further work be done on the strengthening of central, local and waste management companies, in the design and implementation of projects, plans and Programs for recycling, treatment and reuse of waste and raising awareness. In Kosovo there are a total of 72 companies dealing with waste treatment. Municipalities with the least waste treatment companies are Deçani, Ferizaj, Skenderaj Klina and Gračanica with one company, while the municipalities with most companies are Vitia, Podujeva and Pristina with six companies.

In the area of **water quality**, the level of alignment is limited. Lack of ground water monitoring is a problem that requires solutions. Also special attention should be paid to the development of water infrastructure, establishment of wastewater treatment plants and adaptation to climate change in the water sector. Among key sector priorities are completion of legislation in the water sector and its transpositions with the EU directives and the adaptation of the National Water Strategy.

Regarding **nature protection**, main findings and recommendations are: Research and inventory of species and habitats; To design the Red List of fauna of Kosovo; Continuous monitoring of the condition of rare and endangered plant and animal species; Protection of rare and endangered species habitats and preparation of professional justifications for the designation of protected areas of birds and habitats according to the Natura 2000 network; Establishment of management bodies for protected areas; Approval of the Spatial Plan for the National Park "Bjeshkët e Nemuna"; Drafting of the Management Plan for the National Park "Bjeshkët e Nemuna"; Capacity building of employees in protected areas; Increase of staff in National Institute for the Protection of Nature.

Insufficient enforcement of legislation and polluter accountability is hampering progress in setting up a system for preventing industrial and **chemical** accidents. Mechanisms should be established to ensure sustainability of the operational costs of collection and transport of waste. An operator still needs to be nominated for the future hazardous waste storage facility.

Kosovo is not party to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous **Chemicals** and Pesticides in International Trade and the regulatory framework on export and import of hazardous chemicals still needs to be implemented.

The new law on **noise** still needs to be adopted. Strategic noise maps and action plans still need to be developed, as well as effective action to implement the law.

Kosovo is not part of EU **Civil Protection Mechanism** but is a beneficiary of the IPA Civil Protection Cooperation programme since 2010. Significant progress is still necessary in important areas such as flood protection.

Regarding the strategic framework, the Strategy and Action Plan on **Climate Change** has still not been adopted. The level of alignment remains limited.

Kosovo needs to approve the action plan for the **Energy Strategy** 2017-2026 to make operational the policy orientations developed in the already adopted energy strategy. Even if this should address some of the energy and environment problems in the medium term, Kosovo currently continues to rely nearly exclusively on lignite as a source of energy and on two obsolete and polluting coal power plants. As a result, Kosovo is continuing to face heavy air pollution problems and electricity supply shortages.

Some of the basic challenges facing the energy sector in Kosovo include: delays in the construction of new coal-based electricity generation capacities and rehabilitation of existing plants; insufficient generation capacities to cover the peak demand in the winter season; lack of secondary and tertiary power reserves in the system due to lack of flexible generators, since 97% of domestic generation is based on lignite; limited capacities of thermal energy power systems; lack of natural gas infrastructure; significant technical and commercial losses in the electricity distribution network; inability to correctly manage cross-border flows by the transmission system operator (TSO) as a result of obstruction by the Serbian TSO; underuse of energy saving potentials; underuse of potential renewable energy resources; lack of an effective competitive market in the electricity sector. The Program of the Government of the Republic of Kosovo 2015-2018 puts a high priority on the energy sector, particularly electricity, and provides for concrete measures related to the construction of new electricity generation capacities from fossil and non-fossil fuels, measures for efficient energy use, measures for the use of renewable energy sources (RES) and cogeneration, and measures for developing conditions to bring natural gas in to Kosovo. Special attention in the program is paid to environmental protection.

2. Fundamentals

- 2.1. Environmental Rights**
- 2.2. Environmental Accountability & Governance**
- 2.3. Environmental Monitoring**
- 2.4. Fight against Crime to Environment**

3. Obligations of Membership

3.1. Energy (*Under Chapter 15*)

3.1.1. Security of Supply

Renewable Energy Sources (RES) comprise a significant component of the energy sector in Kosovo, as is outlined in the Energy Strategy of the Republic of Kosovo 2017-2026. The Energy Strategy of Kosovo 2017-2026 establishes the basic objectives of the Government of Kosovo in energy sector development promoting the sustainable economic development, the environmental protection, the sustainable and reliable energy supply to final customers, the efficient use of energy, the development of new conventional and renewable generation capacities, the creation of a competitive market, the development of the gas system and the creation of new jobs in the energy sector. The Energy Strategy 2017-2026 facilitates the promotion of RES, strengthening further fiscal and financial measures for RES and the legal and regulatory framework.

The energy sector holds an important place in the Stabilization and Association Agreement (SAA), which entered into force on April 1, 2016. Under this Agreement (Article 114), Kosovo is obliged to fulfil obligations related to the integration of the regional common market, which includes the Energy Community Contracting Parties. Implementation of the energy acquis related to competition in the energy market, protection of the environment, Energy Efficiency (EE), and renewable energy sources is an important set of obligations that Kosovo must fulfil in the energy sector in the near future. The Energy Strategy 2017-2026 is addressing these challenges.

The National Renewable Energy Action Plan (NREAP) for the period 2011-2020 was submitted in 2013, establishing specific subtargets under the main target of 25% and proposing measures for their achievement until 2020. Kosovo decided within the framework of this first version of the NREAP to adopt a second, more ambitious target than the national mandatory overall target for the penetration of RES in the gross final energy consumption for 2020. This was determined in the Ministerial Council of the Energy Community Decision D/2012/04/MC-EnC on implementation of the Directive 2009/28/EC and amending Article 20 of the Energy Community Treaty. The NREAP mentioned that Kosovo intends to fulfil and surpass its national mandatory target through the implementation of national measures for the promotion of RES, without aiming at the exploitation of the various flexible mechanisms for cooperation, such as joint projects and schemes. This second target was set at 29.47% of the expected gross final energy consumption in 2020.

On security of supply, investment and maintenance continue to improve the reliability of the power transmission system. However, the new transmission line to Albania remains non-functional because of lack of implementation of the connection agreement between the European Network of Transmission System Operators for Electricity and the Kosovo Transmissions System Operator. (cfr. section Trans-European networks). While distribution losses are slowly dropping, the speed of investment in the distribution network is not satisfactory. Combined commercial (not paid bills) and technical losses in 2016 were high at 30%. There was no progress in aligning legislation in the area of compulsory oil

stocks and obligatory petroleum 72 reserves with the acquis. Current oil stocks are estimated to last only four days. Tariffs on petroleum products (lubricants and petrol coke) have been abolished.

3.1.2. Energy Market

As regards the internal energy market, there has been some progress in implementing legislation transposing the Third Energy Package. The regulatory authority began moves towards market opening by adopting the switching rules and by issuing licenses to two new suppliers to operate on the Kosovo market. An EU-based trader was admitted without requiring an additional license. As regards new power generation capacity, the commercial agreement for the new power plant with the bidder has been signed in December 2017, but its potential impact on public finances, tariffs and environment still needs to be assessed. Environmental measures are urgently required at the Kosovo B power plant to reduce the level of ash dump in the air and to comply with the emissions reduction plan. According to the Energy Community Secretariat, the postponement of the emissions reduction plan to January 2022 is in breach of Energy Community Treaty provisions. Kosovo has made some progress in partially deregulating the generation price and phasing out cross-subsidies between different categories of customers. But electricity consumption (non paid bills) in the north of Kosovo continues to be treated as a commercial loss, which is recovered under the retail tariffs. The Board of the Energy Regulatory Office is now functional, but the capacity and independence of the Office have been undermined by political interference, low administrative capacity and lack of human resources.

3.1.3. Hydropower

3.1.4. Renewable Energy

There was very little progress in the renewable energy sources sector. While the legislation is partially aligned with the acquis, a new electricity market design should be put in place to facilitate integration of renewable energy generation. The auction market for producers remains non-existent. Legislation still needs to be developed in line with connectivity measures. Kosovo should revise its action plan to get on track to reach the renewable energy target of 25 % in 2020. The level of investment remains minimal despite the existing legal framework for support schemes for energy produced from renewable sources. Kosovo needs to introduce a market-based approach for cost-effective promotion of renewable energy and integration of renewable energy into the market. Connection and access to the transmission and distribution grids remain the main barriers for renewable energy producers due to the inability of the grid operators to deal with intermittent electricity production. There is no regulation for minimum requirements for renewable energy in buildings. There was no progress in meeting the requirements for the use of biofuels in transport.

3.1.5. Energy Efficiency

There was some progress on alignment with the energy efficiency acquis, with the adoption in 2017 of a law on energy performance of buildings. However, the new law – linked with the draft Law on the Energy Efficiency Fund – on energy efficiency still need to be adopted. The 2010- 2018 energy efficiency action plan envisages an energy savings target of 9 %, which seems unlikely. Kosovo has approved its third energy efficiency action plan. The establishment of the Energy Efficiency Fund remains crucial to ensure more investment in energy efficiency measures in public and residential sectors. The Kosovo Agency for Energy Efficiency is understaffed and has low capacity to monitor, evaluate and verify progress towards targets. Kosovo is at an early stage of preparing the legal and regulatory framework on nuclear safety and radiation protection. The Law on Radiation Protection and Nuclear Safety was adopted. The capacity of the Nuclear Safety and Radiation Protection Agency for licensing and inspections remains weak and its funding is insufficient to implement its mandate. There is

no radiation monitoring (for example of depleted uranium), no control of radioactive waste and no radiological emergency plan. A solution for permanent storage of radioactive waste still needs to be found. Kosovo is not party to the Convention on Nuclear Safety or the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

3.2. Environment (Under Chapter 27)

3.2.1. Horizontal Legislation

Regarding horizontal legislation, further progress is needed for full alignment and implementation of the remaining cross-cutting environmental directives. The lack of enforcement of Environmental Liability Directive undermines the effectiveness of environmental protection. Environmental inspectorates lack staff and capacity and are unable to ensure effective enforcement although some efforts have been made for alignment with the Environmental Crime Directive. The strategy on environment still needs to be updated and implemented. Implementation of priority measures is undermined by insufficient funding, a lack of administrative capacity and technical skills. The use of environmental and strategic impact assessments needs to be improved considerably, especially in industrial sectors with significant effects on the environment such as energy and transport. Meaningful involvement of the public and civil society is necessary.

3.2.2. Air Quality

Measures to improve air quality still need to be adopted. Air quality, particularly in urban areas, continues to pose a major threat to public health. Kosovo's strategy for air quality and the law on ambient air quality continue not to be enforced. Uncontrolled pollution from the energy sector – particularly from the Kosovo B power plant and household heating – but also from industrial complexes, road traffic, incineration of waste and other toxic materials remains a serious problem. Air quality plans for zones where the levels of pollutants visibly exceed limit values by a wide margin, especially in winter, have still not been prepared and adopted. The air quality monitoring system still needs to provide real-time data to the public. There is a lack of sufficient financial resources and capacity to maintain and calibrate the monitoring equipment. Urgent measures are needed to reduce household reliance on lignite heating.

Ministry of Environment and Spatial Planning as a responsible authority for the air quality management has completed the legislation in this sector, based on the EU legislation and adapted to the country's socio-economic situation, which includes:

- The Law on the Protection of Air from Pollution, Law no. 03/L-160,
- Administrative Instruction (AI) on Emission Norms in the air by static sources,
- AI on controlling the emission of volatile organic compounds during disposal, dumping, filling and transportation of fuel,
- AI on the criteria for setting up monitoring points, number and frequency of measurements, classification of pollutants which are monitored, methodology of work and data reporting time,
- AI on the air quality norms,
- AI on the permitted norms of emissions in the air by movable pollution sources.

The Strategy on the Air Quality Strategy for the year 2013-2022 is part of the overall program for the protection of environment, which was approved by the Kosovo Assembly on 19.12.2013 no. 04/V-741.

This year, the Action Plan for Air Quality (APAQ) has been prepared.

Kosovo is a member of the Energy Community Treaty-ECT, thus has the obligation to prepare the National Plan for the Reduction of Emissions (NPRE), which has been forwarded to the ECT for approval.

3.2.3. Waste Management

The current solid waste management system in Kosovo is environmentally unsustainable. The legal framework is partially aligned but waste remains one of the most significant problems in Kosovo. Most waste streams end up in legal and illegal landfills. Collection coverage needs to further increase. The strategy and master plan for waste management 2013-2022 are only partly reflected in municipal plans for solid waste. The responsible authorities should take steps towards a circular economy approach, by introducing separation of waste at the source, recycling and recovery of waste streams. The high number of dumpsites needs to be urgently and sustainably addressed. Most existing landfills are at the end of their storage capacity and pose considerable long-term environmental risk, especially groundwater contamination. This is particularly the case at the Mirash landfill in Obiliq/Obilić.

3.2.4. Water Quality

In the area of water quality, the level of alignment is limited. A strategy and action plan on water protection have still not been adopted and urgent efforts are required to ensure the functioning of the river basin authority, established in July 2017, including preparation of its management plan. Untreated sewage and discharge remain the main source of pollution. The groundwater monitoring network is at an early stage. The system for monitoring surface water is not yet operational. A report on drinking water quality has been published. The identification of agglomerations and the definition of sensitive areas is required, in line with the Urban Waste Water Treatment Directive. Budget funding needs to be secured for priority projects in this area. Tariff-rate collection needs to be improved and technical water losses reduced.

3.2.5. Nature protection

On nature protection, there has been no progress on the alignment with the acquis. Effective protection for designated protected areas is not in place. Illegal construction in protected areas needs to be combatted effectively. Infrastructure plans need to ensure that nature protection obligations are respected, particularly in areas that could potentially become protected Natura 2000 sites. The process of Natura 2000 designation is still at the very beginning due to a lack of technical and staff capacities in relevant institutions. However steps have been taken to start the inventory and mapping of natural habitats types and of biodiversity.

3.2.6. Industrial pollution and risk management

On industrial pollution and risk management, alignment remains at an early stage. Insufficient enforcement of legislation and polluter accountability is hampering progress in setting up a system for preventing industrial and chemical accidents. Hazardous mine waste, and industrial dumpsites continue to pose a serious risk to soil and water. Mechanisms should be established to ensure sustainability of the operational costs of collection and transport of waste. An operator still needs to be nominated for the future hazardous waste storage facility.

3.2.7. Chemicals

On chemicals, alignment with the acquis remains at an early stage. Kosovo is not party to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the regulatory framework on export and import of hazardous chemicals still needs to be implemented.

3.2.8. Noise

The new law on noise still needs to be adopted. Strategic noise maps and action plans still need to be developed, as well as effective action to implement the law.

3.2.9. Civil Protection

Kosovo is not part of EU Civil Protection Mechanism but is a beneficiary of the IPA Civil Protection Cooperation programme since 2010. Significant progress is still necessary in important areas such as flood protection.

3.2.10. Climate Change

The level of alignment remains limited. Regarding the strategic framework, the Strategy and Action Plan on Climate Change has still not been adopted. The Strategy also contains component on adaption to climate change. The National Council for Environment and Climate Change failed to take concrete measures to mainstream climate action and to raise awareness in the public. There is still no evidence of mainstreaming climate change in any of the government projects. This is particularly lacking in energy and transport sectors. 70 Although Kosovo is not a signatory to the UN Framework Convention on Climate Change and therefore has not prepared an Intended Nationally Determined Contribution to the 2015 Paris Agreement, full implementation of its climate change strategy should help Kosovo reach the low emissions and climate-resilient objectives of the agreement. Regarding the transparency of climate action, responsibility for compiling greenhouse gas (GHG) inventory reports lies with the Kosovo Environment Protection Agency. The 2014 inventory was submitted and the 2015 is currently being prepared. Kosovo still has to align with the EU Emissions Trading System. Further efforts should be made in the field of emission standards for new cars and vans, consumer information, fuel quality as well as effort sharing, geological storage of CO₂, land use, land-use change and forestry, ozone depleting substances and fluorinated gases. Administrative capacity and particularly awareness-raising activities need to be considerably strengthened.

4. Concluding notes

As regards alignment with European standards, Kosovo is at an early stage. Legislative alignment has continued in some areas but implementation is weak. Some progress was made in the area of free movement of goods and services, public procurement and competition as well as in improving the business environment. In the area of taxation and customs, some progress was also made in collecting revenue and simplifying administrative procedures, but Kosovo should step up the fight against the informal economy and tax evasion. The energy sector continues to face serious challenges. No progress has been achieved to address environmental issues. Overall, Kosovo needs to improve its administrative capacity and coordination, across all sectors, to ensure effective implementation of the acquis.

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