REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO
KOMUNA E PODUJEVËS/OPŠTINA PODUJEVO/MUNICIPALITY OF PODUJEVA
DREJTORIA E ADMINISTRATËS - UPRAVA ADMINISTRACIJE
Dërguar më / Dostavljeno 20.01.2025
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02-660/04-0009177/25
PODUJEVË - PODUJEVO

EXECUTION DRAFT

(Operation Number 55122)

PROJECT AGREEMENT

PODUJEVA WASTEWATER TREATMENT PLANT PROJECT

between

REGIONAL WATER COMPANY "PRISHTINA" J.S.C.

and

MUNICIPALITY OF PODUJEVA

and

**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Dated 20 January 2025

TABLE OF CONTENTS

(c) The Project Entity and the Bank may from time to time agree to amend the Environmental and Social Action Plan in response to changes in the circumstances of the Project or the Project Entity, unforeseen events and the results of monitoring. Without limiting the generality of the foregoing,

(1) if there is any adverse environmental or social impact or issue that was not foreseen by or contemplated in the Environmental and Social Action Plan either entirely or as to its severity,

(2) if any impact mitigation measure set out in the Environmental and Social Action Plan is not sufficient to eliminate or reduce any environmental or social impact to the level contemplated by the relevant Designated Performance Requirements within the time frame set out in the Environmental and Social Action Plan, or

(3) if any material non-compliance with the Environmental and Social Action Plan or with any Environmental and Social Law has been identified by the Project Entity, the Bank or an inspection from any regulatory or enforcement authority or by any audit, and

the Project Entity shall, as soon as reasonably practicable and subject to the consent of the Bank, develop and incorporate into the Environmental and Social Action Plan such additional or revised mitigation measures as may be necessary to achieve compliance with the Designated Performance Requirements, the Environmental and Social Action Plan or Environmental and Social Laws, in each case in a manner satisfactory to the Bank.

Section 2.05. Consultants

(a) In order to assist in the implementation of the Project, the Project Entity shall, unless otherwise agreed with the Bank, employ or cause to be employed and use, as required, consultants whose qualifications, experience and terms of reference are satisfactory to the Bank, including consultants to assist the PIU in the implementation of the Project and provide supervision services.

(b) The Project Entity shall cooperate with all consultants to be employed under paragraph (a) above and provide, without charge, to any consultants engaged to assist in matters relating to the Project or the operations of the Project Entity, all facilities and support necessary for the carrying out of their functions, including office space as well as all documents, materials and other information that may be relevant to their work.

Section 2.06. Reporting Frequency and Submission Requirements

(a) Commencing from the Effective Date, until the full amount of the Loan has been repaid or cancelled, the Project Entity shall, with the support of the procurement and implementation support consultants during their engagement, submit to the Bank annual reports on Environmental and Social Matters arising in relation to the Project Entity or the Project, as referred to in Section 5.02(c)(iii) of the Standard Terms and Conditions,

PROJECT AGREEMENT

AGREEMENT dated 20 January 2025 between **REGIONAL WATER COMPANY "PRISHTINA" J.S.C.**, a joint stock company organised under the laws of the Republic of Kosovo with Unique Identification Number (UIN) 810547549 and headquartered in Pristina (the "Project Entity"), the **MUNICIPALITY OF PODUJEVA** (the "Municipality") and the **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT** (the "Bank") (this "Agreement").

PREAMBLE

WHEREAS, pursuant to a loan agreement dated 18 December 2024 between the Republic of Kosovo as the Borrower and the Bank (the "Loan Agreement" as defined in the Standard Terms and Conditions), the Bank has agreed to make a loan to the Borrower in the amount of twenty five million Euros (EUR 25,000,000), subject to the terms and conditions set forth or referred to in the Loan Agreement, but only on the condition that each of the Project Entity and the Municipality undertakes the obligations set forth in this Agreement;

WHEREAS, the Borrower will seek to obtain an investment grant (the "Investment Grant") from the Western Balkans Investment Framework (the "WBIF") for the Project, subject to the terms and conditions to be set forth in agreements between the Bank, the Borrower and, as the case may be, the Project Entity (the "Investment Grant Agreement");

WHEREAS, the Borrower will seek to obtain technical cooperation funds on a grants basis (the "TC Grants") from the Western Balkans Investment Framework (the "WBIF") to support procurement support and supervision subject to the terms and conditions to be set forth in agreements between the Bank and the Project Entity (the "TC Grant Agreement");

WHEREAS, the Borrower will agree to make available to the Project Entity the proceeds of the Loan and any Investment Grant for purposes of carrying out the Project; and

WHEREAS, each of the Project Entity and the Municipality, in consideration of the Bank entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 5 November 2021 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the modifications set out in the Loan Agreement.

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions and the Loan Agreement have the respective meanings given to them therein and the following terms have the following meanings:

"Authorisation"	means any consent, registration, filing, agreement, notarisation, certificate, license, approval, permit, authority or exemption from, by or with any Governmental Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents.
"Designated Performance Requirements"	means Performance Requirements 1 through 8 and 10 (or, as the context may require, any one of such Performance Requirements) of the Performance Requirements dated April 2019 and related to the Bank's Environmental and Social Policy dated April 2019.
"Environmental and Social Action Plan"	means the plan of environmental and social mitigation and improvement measures, a copy of which is attached hereto as Schedule 1, as such plan may be amended from time to time with the prior written consent of the Bank in accordance with Section 2.04(c) (Environmental and Social Compliance Covenants).
"Environmental and Social Law"	means any applicable law in any relevant jurisdiction, concerning the protection of the environment, workers, communities or project affected people.
"Environmental and Social Matter"	means any matter that is the subject of any Environmental and Social Law, any Designated Performance Requirement or the Environmental and Social Action Plan.

"Governmental Authority"	means the government of the Borrower, or of any political subdivision thereof, whether state, regional or local, and any agency, authority, branch, department, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government or any subdivision thereof (including any supra-national bodies), and all officials, agents and representatives of each of the foregoing.
"Green Project Monitoring Plan"	means the plan agreed with EBRD, specifying the key performance indicators relating to green economy transition, climate risk, and alignment with the goals of the Paris Agreement, set out in Schedule 1, as such plan may be amended from time to time with the prior written consent of EBRD.
"IFRS"	means the International Financial Reporting Standards issued or adopted by the International Accounting Standards Board and consistently applied.
"Paris Agreement"	means an international treaty adopted at the 21st session of the Conference of Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2015/10/Add.1).
"Project Implementation Unit" or "PIU"	means the project implementation unit referred to in Section 2.03 (*Project Implementation Unit*).
"Wastewater Services"	means the wastewater services provided by the Project Entity.

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article, Section or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Schedule to, this Agreement.

ARTICLE II - EXECUTION OF THE PROJECT

Section 2.01. Project Obligations

(a) The Project Entity shall carry out the Project. For this purpose, the Project Entity shall, unless the Bank otherwise agrees:

within 90 days after the end of the year being reported on. Such reports shall include information on the following specific matters:

(1) information on compliance by the Project Entity and the Municipality with the Designated Performance Requirements as described in Section 2.04 (a) (*Environmental and Social Compliance Covenants*) and the implementation of the Environmental and Social Action Plan and the Land Acquisition and Livelihood Restoration Plan;

(2) information on how the Project Entity and the Municipality has monitored the compliance with the Designated Performance Requirements and the Environmental and Social Action Plan by any contractor engaged for the Project and a summary of any material non-compliance by such contractor with the Designated Performance Requirements and the Environmental and Social Action Plan and of any measures taken to remedy such non-compliance;

(3) information on implementation of the stakeholder engagement plan and grievance mechanism required by Designated Performance Requirement 10, including a summary of any grievances received and how such grievances were resolved;

(4) information on compliance by the Project Entity with Environmental and Social Laws in relation to the Project, including a description of any claim, proceeding, order or investigation commenced or threatened against the Project Entity, the status of any Authorisation required for the Project, the results of any inspection carried out by any regulatory authority, any violation of applicable laws, regulations or standards and any remedial action or fine relating to such violation, a summary of any material notice, report and other communication on Environmental and Social Matters relating to the Project submitted by the Project Entity to any regulatory authority and any other circumstances giving rise to liability of the Project Entity for any Environmental and Social Matter;

(5) information on occupational health and safety management and the occupational health and safety record of the Project, including the rates of accidents, lost time incidents and near-misses, any preventive or mitigative measures taken or planned by the Project Entity or, if applicable, the Municipality, any staff training on occupational health and safety and any other initiatives in relation to occupational health and safety management which have been implemented or planned by the Project Entity;

(6) a summary of any change in Environmental and Social Laws which may have a material effect on the Project;

(7) copies of any information on Environmental and Social Matters periodically submitted by the Project Entity or, in relation to the Project only, by the Municipality, to its shareholders or the general public (as applicable); and

(8) information on the key performance indicators as specified in the Green Project Monitoring Plan.

(1) carry out the Project in accordance with the Loan Agreement and cause the Loan proceeds and any Investment Grant available to it under any Subsidiary Agreement to be applied exclusively to the Project;

(2) use reasonable endeavours to agree with the WSRA for the water and wastewater tariff relating to the Project to be increased to the level necessary to ensure that the Project Entity is able to recover all operational and maintenance costs of the Project, including without limitation direct operational and exploitation expenses, maintenance and repair costs, amortisation and depreciation relating to Wastewater Services, mandatory investments required for the replacement, rehabilitation and refurbishment of existing wastewater related asset. Should collection improve from the base case at project approval stage, then the tariff increase should be adjusted accordingly to ensure cost recovery at all times;

(3) maintain its corporate existence in compliance with all applicable laws of the Republic of Kosovo;

(4) maintain as auditor of the Project Entity, an independent auditor or a firm of independent auditors acceptable to the Bank, and authorise them to communicate directly with the Bank;

(5) duly perform all of its obligations under any Subsidiary Agreement; and

(6) except as the Bank otherwise agrees, not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any Subsidiary Agreement or any provisions thereof.

(b) The Municipality shall assist with the implementation of the Project. For this purpose, unless the Bank otherwise agrees, the Municipality shall:

(1) facilitate the implementation of the Project by the Project Entity, including providing support with site planning and similar matters and providing all Authorisations required by the Project Entity for the financing and implementation of the Project, and for carrying on its business, including all approvals and licenses necessary to ensure that the Project Entity is granted rights of way and other land use rights necessary for carrying out the Project; and

(2) be responsible for the acquisition of the land on which the Project will be constructed and the payment of the purchase cost and for any costs associates with any socio-economic compensation owed to owners of the land, in accordance with the Land Acquisition and Livelihood Restoration Plan;

(c) The Project Entity and the Municipality shall in due time enter into a public services contract, in relation to the provision of wastewater services in the Municipality which shall comply with all applicable laws and regulations of the Republic of Kosovo, and shall be maintained by each of the Project Entity and the Municipality in full force and effect without modification and shall perform their respective obligations thereunder;

(d) For purposes of this Agreement:

(1) all references to "the Borrower" in Sections 4.02, 5.01(b) and 5.02(c)(iii) of the Standard Terms and Conditions shall refer to the Project Entity and the obligations set forth therein shall apply, *mutatis mutandis*, to the Project Entity and the Municipality; and

(2) all references to "the Loan Agreement" in Sections 4.02(a), 4.03, 4.04 and 5.02(c) of the Standard Terms and Conditions shall refer to this Agreement.

Section 2.02. Project Implementation Unit

In order to coordinate, manage, monitor and evaluate all aspects of the Project's implementation, including the procurement of goods, works and services as well as consultancy services for the Project, the Project Entity shall, unless otherwise agreed with the Bank, establish and at all times during execution of the Project operate a project implementation unit with adequate resources and suitably qualified personnel, under terms of reference acceptable to the Bank (the "PIU").

Section 2.03. Procurement

For purposes of Section 4.03 of the Standard Terms and Conditions, the following provisions shall, except as the Bank otherwise agrees, govern procurement of goods, works and services as well as consultancy services, required for the Project and to be financed out of the proceeds of the Loan:

(a) Goods, works and services as well as consultancy services shall be procured through open competitive procedures.

(b) For purposes of Section 2.03(a), open competitive procedures, are set out in Article III of the EBRD Procurement Rules.

(c) All contracts shall be subject to the review procedures set out in the EBRD Procurement Rules and shall be subject to prior review by the Bank.

Section 2.04. Environmental and Social Compliance Covenants

Without limiting the generality of Sections 4.02(a), 4.04(a)(ii), 4.04(a)(iii), 4.04(a)(iv), and 5.02(c)(iii) of the Standard Terms and Conditions, and unless the Bank otherwise agrees:

(a) Each of the Project Entity and the Municipality shall, and shall cause any contractor to, carry out the Project in accordance with the Designated Performance Requirements except as otherwise agreed in the Environmental and Social Action Plan.

(b) Without limiting the foregoing, each of the Project Entity and the Municipality shall diligently implement and adhere to the Environmental and Social Action Plan and monitor the implementation of such plan in accordance with the monitoring provisions contained in such plan and comply with all applicable laws with respect to the expropriation of all land related to the Project and otherwise act in accordance with the Land Acquisition and Livelihood Restoration Framework.

(b) Commencing from the Effective Date, the Project Entity shall submit the periodic Project reports referred to in Section 4.04(a)(v) of the Standard Terms and Conditions semi-annually within 90 days after the end of the period being reported on, until the Project has been completed. Such reports shall include the following specific features:

(1) The following general information:

(A) the physical progress accomplished in the implementation of the Project to the date of report and during the reporting period;

(B) actual or expected difficulties or delays in the implementation of the Project and their effect on the implementation schedule, and the actual steps taken or planned to overcome the difficulties and avoid delays;

(C) expected changes in the completion date of the Project;

(D) key personnel changes in the staff of the Project Entity, the PIU, the consultants or the contractors;

(E) matters that may affect the cost of the Project; and

(F) any development or activity likely to affect the economic viability of any Part of the Project.

(2) Financial statements showing details of the expenditures incurred under the Project and the Drawdowns, together with a statement showing:

(A) original cost estimates;

(B) revised cost estimates, if any, with reasons for changes;

(C) original estimated expenditures and actual expenditures to date;

(D) reasons for variations of actual expenditures to date from original estimated expenditures to date; and

(E) estimated expenditures for the remaining quarters of the year.

(3) A brief statement of the status of compliance with each of the covenants contained in this Agreement.

(4) A report provided by the management of the Project Entity on the Project Entity's financial results and on the changes in the level of tariffs for the provided Wastewater Services pursuant to Section 2.01(a)(2).

(c) Immediately upon the occurrence of any incident or accident relating to the Project Entity or the Project which has or is likely to have a significant adverse effect on the environment, workers, or on public or occupational health or safety, the Project Entity shall inform the Bank and promptly thereafter give the Bank notice thereof specifying the nature of such incident or accident and any steps the Project Entity is taking to remedy the same. Where an incident involves sensitive information in relation to a person or any risk of retaliation, the initial notice to the Bank shall not include any details of the identity of the persons involved. Without limiting the generality of the foregoing,

(1) an incident or accident relates to the Project if it occurs on any site used for the Project or, if it is caused by Project workers and/or facilities, equipment, vehicles or vessels used for or relating to the Project (whether or not being used on any site of the Project and whether or not being used by authorised or unauthorised persons);

(2) an incident or accident is considered to have a significant adverse effect on the environment or on public or occupational health or safety if:

(A) any applicable law requires notification of such incident or accident to any governmental authority,

(B) such incident or accident involves fatality of any person (whether or not such person is employed by the Project Entity),

(C) more than one person (whether or not such persons are employed by the Project Entity) has received serious injury requiring hospitalisation;

(D) such incident involves violence and harassment, bullying, intimidation, and/or exploitation, including any form of gender-based violence;

(E) such incident involves forced and child labour relating to the Project; or

(F) such incident or accident has become, or is likely to become, public knowledge whether through media coverage or otherwise.

(d) The Project Entity shall promptly notify the Bank of any significant protest or petition by workers or members of the public directed at or relating to the Project Entity or the Project which might have a material adverse effect on the Project Entity or the Project or which has become, or is likely to become, public knowledge through media coverage or otherwise. Within ten working days following any such notification, the Project Entity shall submit a report satisfactory to the Bank specifying the outcome of the Project Entity's investigation into such protest, and any steps taken, or proposed to be taken, by the Project Entity to resolve the issues raised in the protest or petition.

(e) The Project Entity shall promptly inform the Bank of any proposed change in the nature or scope of the Project or the business or operations of the Project Entity and of any event or condition which might materially affect the carrying out of the Project or the carrying on of the business or operations of the Project Entity.

(f) The Project Entity shall promptly notify the Bank of any proposal to amend, suspend or repeal any provision of the Statutes and advise the Bank of any material change to its corporate existence.

(g) Upon completion of the Project but no later than 120 days after such completion, the Project Entity shall provide the Bank with a completion report confirming completion of the Project.

(h) The Project Entity shall promptly provide the Bank with any information about the Project or its business and operations which the Bank may from time to time, reasonably request.

ARTICLE III - FINANCIAL AND OPERATIONAL COVENANTS

Section 3.01. Financial Records and Reports

(a) The Project Entity shall maintain procedures, records and accounts adequate to reflect, in accordance with internationally accepted accounting standards consistently applied, the operations and financial condition of the Project Entity and its Subsidiaries, if any, and adequate to monitor and record the progress of the Project (including its costs and the benefits to be derived from it).

(b) The Project Entity shall:

(1) have its records, accounts and financial statements (including its balance sheet, income statement and statement of changes in financial position, and notes thereon), and the records, accounts and financial statements of its Subsidiaries, for each Fiscal Year audited by independent auditors acceptable to the Bank in accordance with IFRS;

(2) furnish to the Bank as soon as available, but in any case not later than 180 days after the end of each Fiscal Year:

(A) certified copies of its financial statements for such Fiscal Year as so audited;

(B) the report of such audit by such auditors of such scope and in such detail as the Bank may reasonably request; and

(C) a statement of all financial transactions between the Project Entity and each of its Subsidiaries and Affiliates;

and

(3) furnish to the Bank such other information concerning such records, accounts and financial statements, and the audit thereof, as the Bank may from time to time reasonably request.

Section 3.02. Negative Financial Covenants

(a) The Project Entity shall not, except as the Bank otherwise agrees, take any of the following actions and shall provide to the Bank all such information thereon as the Bank may reasonably request:

(1) enter into any agreement or arrangement to guarantee or in any way or under any condition to become obligated for all or any part of any financial or other obligation of another person, including any Subsidiary or Affiliate;

(2) enter into any transaction with any person except in the ordinary course of business, on ordinary commercial terms and on the basis of arm's length arrangements, or establish any sole and exclusive purchasing or sales agency, or enter into any transaction whereby the Project Entity might pay more than the ordinary commercial price for any purchase or might receive less than the full ex-works commercial price (subject to normal trade discounts) for its products or services;

(3) enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby the Project Entity's income or profits are, or might be, shared with any other person;

(4) sell, transfer, lease or otherwise dispose of all or a substantial part of its assets (whether in a single transaction or in a series of transactions, related or otherwise); or

(5) undertake or permit any merger, consolidation or reorganisation.

(b) The Project Entity shall not take any of the following actions and shall provide to the Bank all such information thereon as the Bank may reasonably request:

(1) enter into any management contract or similar arrangement whereby its business or operations are managed by any other person, including any Subsidiary or Affiliate; or

(2) form any Subsidiary, or make or permit to exist loans or advances to, or deposits (except deposits in the ordinary course of business with reputable banks) with, other persons or investments in any person, including any Subsidiary or Affiliate; provided, however, that the Project Entity shall be at liberty to invest in short-term investment grade marketable securities solely to give temporary employment to the Project Entity's idle resources.

Section 3.03. Negative Pledge

(a) The Project Entity undertakes that, except as the Bank shall otherwise agree:

(1) if the Project Entity creates any Lien on any of its Assets as security for any debt, such Lien will equally and rateably secure the payment of the principal amount of, and interest and Charges on, the Loan, and in the creation of any such Lien express provision will be made to that effect, at no cost to the Bank; and

(2) if any statutory Lien is created on any assets of the Project Entity as security for any debt, the Project Entity shall grant at no cost to the Bank an equivalent Lien satisfactory to the Bank to secure the payment of the principal amount of, and interest and Charges on, the Loan.

(b) The foregoing undertakings shall not apply to:

(1) any Lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of that property or as security for the payment of debt incurred for the purpose of financing the purchase of such property; or

(2) any Lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 3.04. Conduct of Business and Operations

The Project Entity shall, except as the Bank otherwise agrees:

(a) conduct its business and operations with due diligence and efficiency and in accordance with internationally recognised sound administrative, financial, engineering, business and other relevant standards and practices and with due regard to all its principal operating policies and all applicable laws of the Republic of Kosovo;

(b) promptly take all action within its powers to maintain its legal existence, to carry on its operations and to acquire, maintain and renew all rights, properties, powers, privileges and franchises that are necessary for the conduct of its business, including the carrying out of the Project;

(c) not sell, lease or otherwise dispose of any of its assets that are required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Agreement;

(d) promptly notify the Bank of any proposal to amend, suspend or repeal any provision of the Statutes and afford the Bank an adequate opportunity to comment on such proposal prior to taking any action thereon;

(e) take out and maintain with responsible insurers, or make other provisions satisfactory to the Bank in respect of, insurance against such risks of loss, damage and liability and in such amounts as are consistent with appropriate practice; and

(f) at all times operate and maintain its plant, facilities, equipment and other property in good working order and, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound business and financial practice.

ARTICLE IV - MISCELLANEOUS

Section 4.01. Cancellation and Suspension

Notwithstanding any cancellation or suspension under Article VII of the Standard Terms and Conditions, all of the provisions of this Agreement shall continue in full force and effect.

Section 4.02. Notices

The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions, except that any notice shall be deemed to be delivered if by hand, mail, or in pdf or similar format by electronic mail:

For the Municipality:

MUNICIPALITY OF PODUJEVA
Str Nuhi Gashi
Podujevo, 11000
Kosovo

Attention: Mahmut Ajvazi, engineer of architecture

Email: mahmut.ajvazi@rks-gov.net

For the Project Entity:

REGIONAL WATER COMPANY "PRISHTINA" J.S.C
Str. Hazir Shala, nr. 4
Prishtina, 10000
Kosovo

Attention: CEO, Arsim Fetahu

Email: Arsim.fetahu@kru-prishtina.com

For EBRD:

European Bank for Reconstruction and Development
5 Bank Street
London E14 4BG
United Kingdom

Attention: Banking Services / Operation No. 55122

Telephone: +44 20 7338 6000
Email: bankingservices@ebrd.com

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered at Pristina, Kosovo as of the day and year first above written.

REGIONAL WATER COMPANY "PRISHTINA" J.S.C.

By: ______________________________
Name: Arsim Fetahu
Title: Executive Director

MUNICIPALITY OF PODUJEVA

By: ______________________________
Name: Shpejtim Bulliqi
Title: Mayor

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

By: ______________________________
Name: Sergiy Maslichenko
Title: Associate Director, Head of Kosovo

SCHEDULE 1 – ENVIRONMENTAL AND SOCIAL ACTION PLAN AND GREEN PROJECT MONITORING PLAN

1. ENVIRONMENTAL AND SOCIAL ACTION PLAN

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
EBRD PR 1: Assessment and Management of Environmental and Social Risks and Impacts							
1.1.	The Company is to establish a PIU responsible for overseeing E&S management during the Project implementation. PIU representatives should be competent to conduct comprehensive and clear reporting procedures between parties involved in this Project. The PIU should have a clear organigram, roles and responsibilities, E&S management positions, budget for adequate human and financial resources. The Company is to engage a PIU Support Consultant to facilitate capacity-building for the PIU and personnel involved in the Project (specifically regarding EBRD's ESP requirements). The Support Consultant is also to assist with monitoring and reporting on E&S aspects, including contractor management.	Improved E&S performance and compliance with EBRD requirements	EBRD PR 1	*Resources:* Included in the Project's budget *Investment Needs:* Payment of external consultancy for PIU support *Responsibility:* Company	During the Project preparation phase (to be completed prior to the first disbursement)	*Target:* Institutional capacity for E&S management in place; full compliance with EBRD ESP achieved *Evaluation Criteria:* • Decision on constitution of PIU, with roles and responsibilities clearly defined • PIU Support Consultant engaged • Capacity-building trainings/workshops documented; list of participants available • EBRD notified on PIU establishment	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
1.2.	The Company is to obtain the following permits: <u>For central WWTP:</u> • Decision on whether an Environmental Impacts Assessment (EIA) is needed; issued by the Ministry of Environment, Spatial Planning and Infrastructure (MESPI); • If an EIA is needed: Environmental Consent and Environmental Permit, issued by the MESPI; • If an EIA is not needed: Municipal Environmental Permit issued by the Municipality of Podujeva; • Water Permit for discharge of wastewater, issued by the MESPI; • Construction Permit and Occupancy Certificate (Use Permit), issued by the MESPI. <u>For sewerage network (main collector and village connections):</u> • Construction Permit and Occupancy Certificate/Use Permit/Utilization Permission, issued by the Municipality of Podujeva. As Kosovo's national legislation does not currently recognise NBS, the Company will need to consult with the MESPI and the Municipality of Podujeva to ascertain the permitting requirements <u>for the NBS WWTP</u>, specifically regarding the need for a Municipal Environmental Permit and a Water Permit. A permits register to be created by the Company and regularly updated.	Compliance with national requirements	Law on EIA Law on Environmental Protection Law on Water Law on Construction Law on Spatial Planning	*Resources:* Company's internal resources *Investment Needs:* Payment of fees required for obtaining permits/approvals *Responsibility:* Company	Consultations regarding permitting requirements for NBS WWTP as soon as possible Decision on EIA, Environmental Consent, Construction Permit, (Municipal) Environmental Permit and Water Permit prior to Project implementation Occupancy Certificate/Use Permit/Utilization Permission after completion of construction works Renewed Environmental and Water Permits – during operational phase, in accordance with legal requirements	*Target:* Full compliance with national requirements achieved *Evaluation Criteria:* • All Project permits obtained and EBRD notified • Permits register created and maintained	
1.3.	In collaboration with the PIU Support Consultant, PIU to develop and implement a Project-specific Environmental and Social Management System	Compliance with EBRD requirements	EBRD PR 1	*Resources:* Company's internal resources or included	During the Project preparation phase	*Target:* Full compliance with EBRD PR 1 achieved	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	(ESMS) with clearly defined roles and responsibilities regarding Project implementation. The ESMS needs to include: • EHSS Policy, • EHSS Objectives and targets, • Identification of legal and other requirements, • Clearly defined roles, responsibilities, and budget for implementation of the ESMS, • Register of E&S aspects and impacts, • EHSS procedures and operational controls to minimise impacts, • Internal and external EHSS monitoring, • Internal EHSS review and audits, • Management reviews • Project-specific contractor management system. The Project-specific contractor management system shall ensure that Contractor(s) working on Project sites meet all requirements. This entails: • Incorporating relevant ESMP conditions into tendering documents as appropriate, contractually requiring Contractor(s) to apply these standards and provide for mitigation of non-compliance, • Overseeing and auditing that Contractor(s) have the knowledge and skills to perform their Project tasks in accordance with contract conditions, • In case of further subcontracting, requiring that Contractor(s) have similar arrangements with their subcontractors.	Optimisation of E&S management through a formalised system Minimisation of EHSS related accidents	Good international practice	in the Project's budget (as to be agreed with EBRD) *Investment Needs:* Payment of external consultancy for PIU support *Responsibility:* PIU		*Evaluation criteria:* • Project-specific ESMS including contractor management system developed and operational • Project-specific EHSS Policy defined • External audit and monitoring reports prepared • EBRD notified through annual E&S reports	
1.4.	The PIU to ensure through tendering and contracts that the Contractor(s) develops and implements a Construction Environmental and Social Management Plan (CESMP), covering at a minimum the mitigation measures for the following aspects, as defined	Compliance with local legislation Improvement in Contractors' E&S performance	Local legislation EBRD PR1, PR2, PR3, PR4, PR 8, PR 10	*Resources:* Contractors' internal resources *Investment Needs:* Included in Contractors' budget	Preparation and approval of plans in the pre-construction phase	*Target:* High level of E&S management achieved; construction activities adequately organised to minimise E&S risks *Evaluation criteria:*	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	in more detail in the Project E&S Management Plan (ESMP): • spill response management, • spoil management, • hazardous substances management, • dust and exhaust gases emissions management, • emergency preparedness and response, including development of *Construction Emergency Preparedness and Response Plan* • noise management, • biological and ecological resources management, • landscape and visual aspect management, • construction materials and waste management by development of *Construction Waste Management Plan*, • occupational health and safety by development of *OHS Plan*, • chance find procedure, • community health and safety management by development of *Community Health and Safety Plan*, which will include a workers' Code of Conduct • traffic management by the development of *Traffic Management Plan*, • information disclosure and grievance management by the Contractor, • management of any necessary temporary occupation of land needed for construction works and procedures in case of any damages (including the methodology for damage compensation) • Workers' Accommodation Management Plan (if needed)	Minimising negative E&S impacts	Good international practice	*Responsibility:* Contractor(s) to develop and implement; PIU to approve; Supervision Engineer/PIU to supervise	Implementation of plans during construction phase	• ESMP and requirements for CESMP development incorporated into the tendering documentation • CESMP with all sub-plans developed according to the set requirements and approved by the Supervision Engineer and PIU • Management of Change Procedure developed and approved by PIU and Supervision Engineer • EBRD notified and a "no objection" granted by EBRD • All plans implemented and updated when necessary	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	When developing the CESMP, Contractors to follow EBRD Guidance Notes[1] BN01, BN02, BN04, BN05[2]. CESMP also to include relevant E&S requirements from obtained environmental- and construction-related permits. The Contractors/Project designers will also establish a Management of Change Procedure for both the Project components and the associated facilities, related to design finalisation, any design changes required during construction or other changes during construction, including any additional land which is required to be expropriated. Where relevant, this will include the methodology for the assessment and identification of any additional mitigation measures that are required to manage the E&S impacts and ensure continued compliance with the Project's requirements. PIU to ensure that the Project ESMP is updated as necessary.						
1.5.	The PIU to require through tendering and contracts that the Supervision Engineer employs an E&S specialist(s) who will monitor the Contractors' E&S performance. PIU Support Consultant and the PIU to ensure adequate implementation of the Contractors' plans through regular meetings with the Supervision Engineer and review of the Supervision Engineer's reports on implementation of E&S measures.	Compliance with EBRD requirements	EBRD PR 1, PR 2, PR 3, PR 4, PR 8, PR 10	*Resources:* Supervision Engineer's internal resources *Investment Needs:* Included in Supervision Engineer's budget *Responsibility:* Supervision Engineer to monitor the	Engagement of E&S Supervision prior to start of construction Meetings and review of reports regularly during construction phase	*Target:* High level of E&S management and full compliance with EBRD requirements achieved *Evaluation Criteria:* • Supervision Engineer's organisational chart along with tasks and responsibilities, prepared and submitted to the PIU during tendering	

[1] Guidance notes can be downloaded from https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/implementation.html
[2] BN01 – Underground and overhead services; BN02 – Safe excavations; BN04 – Safe working with mobile plant; BN05 – Setting up a safe site

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
				Contractor's E&S performance; PIU to supervise		• Supervision Engineer's reports on E&S issues regularly prepared and shared with the PIU	
1.6.	The Company to develop and implement an Operational E&S Management Plan (OESMP) covering at a minimum the mitigation measures for the following aspects during operation and maintenance activities, as defined in more detail in the Project E&S Management Plan (ESMP): • spill response management, • spoil management, • hazardous substances management, • odour management, • climate-related hazards management, • emergency preparedness and response, including development of the *Emergency Preparedness and Response Plan*, • noise management, • biological and ecological resources management, • landscape and visual aspect management, • materials and waste management, including the development of *Operational Waste Management Plan*, • occupational health and safety, • community health and safety, • traffic management, • information disclosure and grievance management by the RWCP. Plan also to include relevant E&S requirements from permits to be obtained. The PIU to ensure that the Project OESMP is updated as necessary.	Compliance with national, EBRD and EU requirements Minimising negative E&S impacts	EBRD PR 1, PR 3, PR 4, PR 10	*Resources:* External consultancy for the OESMP development (to be included in the Project's budget) *Investment Needs:* Payment of external consultancy for support in the OESMP preparation *Responsibility:* Company	Prior to start of Project operation	*Target:* High level of E&S management achieved; operation and maintenance adequately organised to minimise E&S risks *Evaluation Criteria:* • OESMP with all sub-plans/procedures, implemented and updated when necessary	
1.7.	The PIU to submit 6-monthly Environmental and Social Reports to EBRD during construction and annual Environmental and	Compliance with EBRD reporting requirements	EBRD PR 1	*Resources:* PIU's internal resources or included	As per the loan agreement	*Target:* Regular and on-time reporting to the Bank	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	Social Reports during operation which will provide a summary of E&S performance, including information on ESAP implementation progress. Monitoring and reporting will address: • Progress on actions specified in the Project ESMP and ESAP • Stakeholder engagement activities undertaken, including the resolving of grievances and how they were resolved (as defined in more detail in the Project's Stakeholder Engagement Plan – SEP) • Regulatory and reporting requirements • Any accidents and incidents, including H&S. The PIU to notify EBRD immediately of any significant Project related changes or any incident or accident.		Respective E&S covenants in the legal agreement with EBRD	in the Project's budget (as to be agreed with EBRD) *Investment Needs:* Payment of external consultancy for PIU support *Responsibility:* PIU		*Evaluation Criteria:* • Reports in the EBRD-approved format including ESAP implementation progress submitted to the EBRD • EBRD notified of any significant changes or accidents	
EBRD PR 2: Labour and Working Conditions							
2.1.	For the construction phase, the PIU to ensure that tender specifications and contractual/ licensing documentation include the requirement for Contractors to: • submit a statement that they comply with all Kosovo labour legislation and will comply with these regulations during construction, including timely and fair payment practices, strict anti-discrimination and anti-harassment policies, providing access for all workers to all HR policies and procedures in relevant languages, including Serbian • establish a worker grievance mechanism in line with PR 2 The Contractor to ensure that sub-contractors/suppliers apply the same standards.	Compliance with local legislation requirements and PR 2	Kosovo Labour Law EBRD PR 2	*Resources:* Contractor's and Supervision Engineer's internal resources *Investment Needs:* Included in Contractors' and Supervision Engineer's budgets *Responsibility:* Contractor to implement, Supervision Engineer/ PIU to supervise	During tendering procedure and construction phase	*Target:* Full compliance with local legislation and EBRD requirements achieved *Evaluation Criteria:* • Provisions on applying the relevant requirements of Kosovo legislation and PR2 incorporated into the Tender Documents and contracts with Contractor, including the establishment of a grievance mechanism for all workers • Statement provided by Contractors that they fully observe all local labour regulations and	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	PIU to ensure monitoring of Contractors' performance through the Supervision Engineer.					will comply with these during construction • Compliance with labour standards verified through monthly progress reports signed off by the PIU • Periodic checks including site visits and reports on contractors • Information included in reports submitted to EBRD	
2.2.	For the construction phase, PIU to require from the Contractors to submit prior to public procurement of the solar panels: (i) self-declaration from solar panel manufacturer that their products do not contain any components made with child or forced labour, and (ii) supporting evidence of the panel manufacturer's policy document or code of conduct covering both the panel manufacturers' own operations and that of their suppliers of solar components (e.g. solar cells, wafers, polysilicon), which clearly states that child or forced labour is prohibited and that suppliers of solar components must apply the same prohibitions to their suppliers of solar components.	Avoid suppliers linked to credible allegations of child or forced labour in their own operations or in their sub-suppliers' operations	EBRD PR 2 Best practices	*Resources:* Contractor(s) for solar component purchase considerations *Investment Needs:* Included in Contractor's budget *Responsibility:* Contractor to comply with additional requirements prior to purchase of PV panels from suppliers; PIU to supervise	Additional information to be provided prior to the purchase of solar panels	*Target:* Child and labour related risks in the supply chain for solar components eliminated *Evaluation criteria:* • Tender documents, including contract conditions, include the requirement for the solar panels' supplier to provide additional information, as requested in the action	
2.3.	For the construction phase, if worker accommodation is needed, PIU to ensure that the Contractors develop and implement a Workers' Accommodation Management Plan (within the CESMP) in compliance with IFC/EBRD Guidance on Workers' accommodation: processes and standards (2009) and national requirements/ permits.	Appropriate workers' accommodation	EBRD PR 2	*Resources:* Contractor's internal resources *Investment Needs:* Contractual obligation of the Contractor	Prior to start of construction	*Target:* Adequate living and working conditions for workers provided *Evaluation Criteria:* • Workers' Accommodation Management Plan developed	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	The Checklist on Workers' Accommodation (Annex I of the IFC/EBRD Guidance) to be filled in and sent to EBRD.			*Responsibility:* Contractor for development and implementation; PIU for supervision		• Checklist on Workers' Accommodation sent to the Lenders	
2.4.	RWCP to enable access to its HR policies in both Albanian and Serbian language. RWCP to develop, adopt, and communicate to all employees an internal grievance procedure in accordance with PR 2 requirements.	Compliance with Kosovo legislation and PR 2	Kosovo Law on Use of Languages EBRD PR 2 (Grievance mechanism) EBRD Guidance Note on Grievance Management	*Resources:* Company's internal resources *Investment Needs:* None *Responsibility:* Company to develop worker grievance mechanism and translate all HR policies	Prior to start of operation	*Target:* Compliance with PR 2 and Kosovo Law on Use of Languages achieved *Evaluation Criteria:* • All RWCP's HR policies available in both Albanian and Serbian • Developed, adopted, and communicated internal grievance procedure by the Company • Information included in reports submitted to EBRD	
2.5.	At the corporate level, RWCP needs to develop and implement measures to: • encourage and support women in applying for (top) management positions to ensure diversity in management and the benefits this entails for the company and its employees, • introduce flexible working hours and/or part-time employment; this could be piloted within a limited number of working areas and later extended to other working areas, depending on the results of the pilot, • actively encourage women to apply for vacant positions, explaining why the working conditions at RWCP are favourable for women, and • prepare and implement a policy on GBVH, inform employees and non-employee workers about the policy and encourage them to report	Achieving equal opportunities	EBRD PR 2 Kosovo Law on Gender Equality	*Resources:* Company's internal resources or external consultant *Investment Needs:* N/A *Responsibility:* Company to develop measures	Within 6-12 months of commencement of Project activities	*Target:* More opportunities for women *Evaluation Criteria:* • Measures documented and implemented • Increase in proportion of women in management positions • Policy on GBVH prepared and disseminated, aiming at prevention of GBVH. • The grievance mechanism prepared to receive and address cases of GBVH	

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	concerns and incidents of GBVH through the staff to ensure that incidents and concerns about GBVH are taken seriously and addressed grievance mechanism. It should be ensured that grievances can be submitted confidentially, if this is preferred and that the relevant staff is trained on how to address GBVH grievances.						
EBRD PR 3: Resource Efficiency and Pollution Prevention and Control							
3.1.	The PIU to ensure that the tendering documentation for the Main Design of the central WWTP includes the following provisions for resource efficiency and pollution prevention, as outlined in the developed Feasibility Study: • Installation of a surface water drainage system. • Design of the aeration system to accommodate higher process temperatures (an additional 2°C). • Establishment of a green buffer zone, consisting of a mixture of tall trees and shrubs, particularly conifers, with a target density of 50% to 65%. • Installation of an automatic dosing system for polyelectrolyte use. • Installation of a dissolved oxygen control system. • Installation of a SCADA system. • Installation of a biogas CHP plant for electricity and heat production. • Installation of solar panels for electricity production.	Compliance with EBRD requirements Improvement of resource efficiency of the central WWTP Pollution prevention Minimising negative environmental risks	EBRD PR 3 Good international practice EBRD Paris Agreement Alignment EBRD Green Economy Transition (GET) requirements	*Resources:* Project Designer's internal resources *Investment Needs:* Included in Project Designer's budget *Responsibility:* Project Designer to implement; PIU to review and supervise	During the Main Design's development	*Target:* Full compliance with national and EBRD requirements achieved; resource efficiency improved and environmental risks minimised *Evaluation Criteria:* • Main Design for central WWTP incorporates specific resource efficiency and pollution prevention measures specified in the FS	
3.2.	The Company to define key performance indicators (KPIs) in relation to the central WWTP operation (such as: water consumption, energy consumption, renewable energy production, chemical usage, sludge generation, spills or leak of chemicals, removal efficiency, failures, service quality etc.)	Compliance with national and EBRD requirements Pollution prevention	Law on Environmental Protection Law on Water EBRD PR 3	*Resources:* Company's internal resources *Investment Needs:* None	During the Project's operation phase	*Target:* Full compliance with national and EBRD requirements achieved; need for implementation of corrective actions timely recognised	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	and regularly monitor performance in respect with targets. This will enable timely implementation of corrective actions but also quantification of the Project's benefits and fulfilment of EBRD GET reporting requirements, specifically in terms of indicators related to energy consumption, renewable energy production and wastewater effluent quantity and quality. Effluent monitoring to be performed in line with the obtained Environmental and Water Permits.		EBRD GET requirements Good international practice	*Responsibility:* Company to implement; PIU to supervise and report		*Evaluation criteria:* • KPIs defined and regularly monitored • Effluent monitoring reports available • EBRD notified on KPIs (and GET indicators) values through annual E&S reports	
3.3.	The PIU to ensure that the tendering documentation for the Main Design of the NBS WWTP includes provisions to minimise odour impacts: • When selecting the exact location of the plant site within the village, prioritise distance from residential areas. • Establish a green buffer zone (a mix of tall trees and shrubs) or plant aromatic vegetation, such as lavender or rosemary, around the facility to effectively mask and mitigate odours. The PIU to request from Designers to prepare *Operation and Maintenance Guidelines for the NBS WWTP* in close collaboration with the Company, in order to ensure proper functioning of the plant.	Compliance with EBRD requirements Minimising negative environmental impacts	EBRD PR 3	*Resources:* Project Designer's internal resources *Investment Needs:* Included in Project Designer's budget *Responsibility:* Project Designer to implement; PIU to review and supervise	During the Main Design's development	*Target:* Full compliance with EBRD requirements achieved; odour impacts minimised *Evaluation Criteria:* • Main Design for NBS WWTP incorporates specific odour mitigation measures • *Operation and Maintenance Guidelines for the NBS WWTP* developed and available	
3.4.	The Company to ensure the implementation of the developed *Operation and Maintenance Guidelines for the NBS WWTP*. Vegetation health to be monitored as an indicator of soil conditions, and the growth of deep-rooted plants to be encouraged to naturally aerate and enhance soil structure.	Compliance with EBRD requirements Minimising negative environmental impacts	EBRD PR 3	*Resources:* Company's internal resources *Investment Needs:* None *Responsibility:*	During the Project's operation phase	*Target:* Full compliance with EBRD requirements achieved; potential for negative environmental impacts minimised *Evaluation Criteria:* • *Operation and Maintenance Guidelines*	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
				Company to implement; PIU to supervise		*for the NBS WWTP* regularly implemented	
3.5.	For the central WWTP, the Company to develop and implement a *Procedure for WWTP Use, Monitoring and Maintenance*, to prevent the discharge of untreated wastewater and environmental pollution due to damage or malfunction of the central WWTP. To improve resource efficiency, the Company to explore possibilities for future effluent re-use (e.g., agriculture, irrigation of public spaces, watering in the vicinity of the WWTP site), as stipulated by the Feasibility Study.	Compliance with EBRD requirements Pollution prevention Improvement of resource efficiency of the central WWTP	EBRD PR 3	*Resources:* External consultancy for the Procedure's development (to be included in the Project's budget) *Investment Needs:* Payment of external consultancy for support in Procedure's preparation *Responsibility:* Company to implement; PIU to supervise	Procedure's development prior to Project operation Exploration of possibilities for effluent re-use during Project's operation phase	*Target:* Full compliance with national and EBRD requirements achieved; resource efficiency improved and environmental risks minimised *Evaluation Criteria:* • *Procedure for WWTP Use, Monitoring and Maintenance* developed, implemented and updated when necessary • Data on effluent re-use available (if possible)	
EBRD PR 4: Health, Safety and Security							
4.1.	The PIU to ensure that the tendering documentation for the Main Design of the central WWTP includes the following climate resilience measures, as specified in the developed Feasibility Study: • Staff facilities must have access to potable water, with a refrigeration unit installed at the WWTP. Administrative areas and the chemical laboratory to be equipped with air-conditioning systems designed to accommodate a projected temperature increase of 2°C. • A flood protection bund to be constructed at the WWTP site to mitigate potential flood risks. The Company is also to include measures for the minimisation of climate-related risks in the OESMP and develop an *Emergency*	Compliance with EBRD requirements Minimisation H&S risks	EBRD PR 4 EBRD Paris Agreement Alignment	*Resources:* Project Designer's internal resources Company's internal resources and/or external consultancy for the EPRP development (potentially included in the Project's budget; to be agreed with EBRD) *Investment Needs:* Included in Project Designer's budget Payment of external consultancy for	During the Main Design's development EPRP's development prior to Project operation	*Target:* Full compliance with EBRD requirements achieved; negative climate-related risks minimised *Evaluation Criteria:* • Main Design for central WWTP incorporates climate resilience measures defined in the FS • EPRP developed, implemented and updated when necessary	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	Preparedness and Response Plan (EPRP) which will address potential climate hazards and outline clear actions, roles, and responsibilities in the event of climate-related emergencies.			support in EPRP preparation *Responsibility:* Project Designer and Company to implement; PIU to review and supervise			
4.2.	For occupational health and safety risks during construction, PIU to require from the Contractors (*as detailed in the ESMP*) to: • apply the Kosovo Law on Safety and Health at Work • engage qualified and experienced workers and ensure the use of personal protective equipment (PPE) • provide training on safe procedures and use of PPE • develop and implement an OHS Plan (as part of CESMP), and regularly review and update the OHS Plan • maintain OHS records • in the process of developing OHS Plan, use EBRD Briefing Notes[3] • locate all underground utilities before digging • use methods of securing excavations and preventing collapse during any ground disturbance in accordance with EU Directive 92/57/EEC37 • implement specific measures to avoid long exposure to noise PIU to ensure monitoring of Contractors' OHS performance through the Supervision Engineer in its monthly progress reports for the PIU.	Compliance with Kosovo legislation Compliance with EBRD PR 4 Construction site safety	Kosovo Law on OHS EBRD PR 4 Best practices	*Resources:* Contractor's internal resources *Investment Needs:* Included in Contractors' budgets *Responsibility:* Contractor to implement; PIU to monitor	Prior to construction commencement and during the construction phase	*Target:* Full compliance with Kosovo, EBRD and EU requirements for workers' health and safety *Evaluation Criteria:* • OHS Plan developed • OHS training reports • Compliance with OHS standards verified through monthly progress reports signed off by the PIU • Information included in reports submitted to EBRD	

[3] BN01 - Underground and overhead services, BN02 - Safe excavations, BN04 - safe working with mobile plants, BN05 - Setting up a safe site, EBRD Guidance Note on Safe Working in Confined spaces

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
4.3.	For community health and safety risks during construction, PIU to require from the Contractors (*as detailed in the ESMP*) to include in the CESMP measures related to community health and safety, including: • mitigating the risk of unauthorised access to the construction sites by implementing effective measures such as installing proper fencing • providing free access to all facilities at all times • placing information boards at construction sites displaying contact information for third-party concerns • implementing SEP provisions on handling grievances, providing timely information to citizens, etc. • conducting training for workers that must include worker's code of conduct, as well as GBVH awareness and prevention Contractor to also develop a Traffic Management Plan before commencement of any transportation activities (*as detailed in the ESMP*).	Compliance with Kosovo legislation Compliance with EBRD PR 4 Protecting community wellbeing	EBRD PR 4 Best practices	*Resources:* Contractor's internal resources *Investment Needs:* Included in Contractors' budgets *Responsibility:* Contractor to implement; PIU to monitor	Prior to construction commencement and during the construction phase	*Target:* Full compliance with EBRD requirements for community health and safety *Evaluation Criteria:* • CESMP developed and includes community health and safety measures • Traffic Management Plan developed • Construction sites properly fenced, and information boards installed at all sites • Community grievance logs • SEP monitoring reports • Information included in reports submitted to EBRD	
4.4.	For occupational health and safety risks during operation, RCWP to (*as detailed in the ESMP*): • update its existing internal policies and procedures to include newly introduced risks related to WWTP operations • provide training for all WWTP workers • provide adequate PPE for WWTP workers • ensure regular monitoring of effectiveness of measures • maintain records of occupational accidents and diseases, as well as dangerous occurrences and accidents	Compliance with Kosovo legislation Compliance with EBRD PR 4 Safe work environment	Kosovo Law on OHS EBRD PR 4 Best practices	*Resources:* Company's internal resources *Investment Needs:* Included in Company's budget *Responsibility:* Company	Prior to operation start-up and during operation	*Target:* Full compliance with Kosovo, EBRD and EU requirements for safe work environment *Evaluation Criteria:* • RCWP internal policies and procedures updated; risk assessment performed and documented • OHS monitoring reports • Information included in reports submitted to EBRD	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
4.5.	RWCP, in cooperation with the Municipality of Podujeva and centres for social assistance, to closely monitor the affordability for low-income households after potential tariff increases due to the Project.	Minimising potential tariffs increase impacts	Best practices	*Resources:* RWCP to coordinate and monitor *Investment Needs:* N/A *Responsibility:* RWCP in coordination with the Municipality and the centres for social assistance	After (and if) tariffs are increased by the Water Services Regulatory Authority	*Target:* Minimise negative impacts of tariff increase on vulnerable households in Podujeva *Evaluation Criteria:* • Number of households (users of RWCP services) benefiting from social assistance schemes	
EBRD PR 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement							
5.1.	PIU to develop and implement a Land Acquisition and Livelihood Restoration Plan (LALRP) as described in the Project's Land Acquisition and Livelihood Restoration Framework. PIU to ensure the LALRP is approved by EBRD. For main collector extension, the PIU to verify that all necessary agreements with landowners are in place before the tendering procedure for contractor selection begins, and report on the status of this process to the EBRD[4].	Minimising resettlement impacts	EBRD PR 5 Kosovo Law on Expropriation	*Resources:* Engagement of external specialists to develop the LALRP (to be included in the Project's budget) *Investment Needs:* Payment of external consultancy for PIU support *Responsibility:* PIU (EBRD for approval)	LALRP implemented prior to any construction activities	*Target:* Resettlement-related impacts minimised *Evaluation Criteria:* • LALRP developed and approved by EBRD • LALRP fully implemented prior to any construction activities	
5.2.	Upon completion of land acquisition activities, PIU to submit a Land Acquisition and Resettlement Execution Report to EBRD for approval. PIU to also ensure an external completion audit of land acquisition and resettlement activities is	Proper monitoring of displacement impacts	EBRD PR 5	*Resources:* PIU's resources *Investment Needs:* Engagement of external qualified resettlement specialists	After completion of all resettlement activities	*Target:* Completion of land acquisition activities and their compliance with EBRD's requirements verified *Evaluation Criteria:*	

[4] The Municipality has confirmed that the primary portion of the main collector will be installed on public land, predominantly along the course of the river, encompassing roughly 60% of the construction area. The remaining segment of the collector will be situated on private properties adjacent to the river. During the initial design phase of the main collector, the Municipality obtained written consent from these private land owners. Since then, since some time has elapsed, the Municipality has assembled a team of municipal officials to engage in discussions with the community regarding this matter.

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	carried out to determine that requirements in PR 5 and provisions in the LALRP have been met.			*Responsibility:* PIU		• Land Acquisition and Resettlement Execution Report sent to EBRD and approved • External completion audit report sent to EBRD and approved	
EBRD PR 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources							
6.1.	The RWCP is to engage a qualified botanist with at least 5 years of experience in surveying flora of Kosovo or Western Balkans region, and experience in habitat restoration to perform **additional pre-construction surveys targeting E3.4 habitat type (PBF)**. The engaged qualified botanist is to prepare a Habitat Compensation Plan taking into consideration recommendations given in the ESMP. The Habitat Compensation Plan is to determine land to be used for compensation and outline all actions to be undertaken to ensure increasing qualify of E3.4 habitat.	Avoided impact on biodiversity Ensuring compensation success	EBRD PR 6 EU Habitats Directive Bern Convention	*Resources:* External consultancy (to be included in the Project's budget) *Investment Needs:* Payment of external consultancy *Responsibility:* PIU	Pre-construction phase	*Target:* Success of no net loss strategy *Evaluation Criteria:* • Qualified botanist engaged • Additional field surveys performed in spring season • Habitat Compensation Plan developed by the qualified botanist, approved by the RWCP, PIU and EBRD	
6.2.	The PIU to ensure that the tendering documentation for the Main Design of the NBS WWTP includes provisions for minimisation of impacts on biodiversity: • Design the wetland with adequate capacity to prevent spillage of wastewater and contamination of soil and water bodies (if detected in the vicinity of the Project site) which can negatively affect local biodiversity. • Conduct a biodiversity assessment to identify local flora, fauna and habitats. Understand the current ecological conditions to design a wetland that complements the local biodiversity.	Formalised mitigation strategy Avoided impact on biodiversity Mitigation by design	EBRD PR 6 EU Habitats Directive EU Birds Directive Bern Convention	*Resources:* Project Designer's internal resources *Investment Needs:* Included in Project Designer's budget *Responsibility:* Project Designer to implement; PIU to review and supervise	During Main Design development	*Target:* NBS WWTP designed in line with local biodiversity conditions *Evaluation Criteria:* • Main Design developed in line with "mitigation by design" measures • Biodiversity assessment for the NBS WWTP location performed	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	• Select and plant native wetland vegetation suited to the local climate and soil conditions.						
6.3.	For biodiversity conservation <u>during construction</u>, PIU to require from Contractors to (*as detailed in the ESMP*): • Include in the CESMP and implement measures related to biodiversity impact mitigation. • Manage the construction site in a way that shall minimise fauna mortality and disturbance. • Plan for revegetation of temporarily disturbed sites by native species. • Prevent waste disposal within E3.4 habitat type.	Avoiding, minimising and compensating for potential negative impacts of the Project on habitats, flora and fauna	EBRD PR 6 EU Habitats Directive EU Birds Directive Law on Nature Protection Bern Convention	*Resources:* Company's internal resources or external consultancy, PIU and PIU Support Consultant *Investment Needs:* Included in Contractor's budget *Responsibility:* Contractor to engage an ecologist to implement, PIU to supervise	Construction phase, prior to commencement of construction works	*Target:* Project planning and construction process in line with the mitigation hierarchy and ESMP *Evaluation Criteria:* • ESMP included in the Contract with the Contractor • CESMP prepared in line with the ESMP requirements • No adjacent areas disturbed, low number of roadkills • Revitalization of temporarily disturbed habitats implemented using native species • Supervision of success of mitigation through reports submitted to EBRD	
6.4.	The Company to develop OESMP <u>during operation and maintenance phase</u> so to include requirements for compensation as given in the Habitat Compensation Plan which is anticipated to include the following measures: • Ensure like-for-like compensation for permanently lost habitat through on-site habitat management of E3.4 habitat type (Priority Biodiversity Feature) **based on Habitat Compensation Plan** developed during pre-construction phase. The proposed strategy of compensation is	Formalised compensation strategy Ensuring no net loss of priority biodiversity feature habitat	EBRD PR 6 EU Habitats Directive Bern Convention	*Resources:* External consultancy for the OESMP development (to be included in the Project's budget) *Investment Needs:* Payment of external consultancy	Offset measures to be planned as soon as possible, i.e. within the first two years upon signing of the loan agreement Implementation of offset measures throughout the	*Target:* Implementation of all mitigation measures stipulated by the ESMP, improve habitat quality; ensure no net loss *Evaluation Criteria:* • OESMP developed and inclusive of measures given in the Habitat Restoration Plan	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
	through **organized low-intensity grazing by domestic animals** and maintaining the existing hydrological regime. The compensation for the habitat loss is to be done through improvement of habitat quality in Project-adjacent areas covering at least 0.48 ha. • The Company is to establish cooperation with a local farmer to enable on-site habitat improvement. Low-intensity grazing involves a maximum of 0.6 livestock units per ha. Since 0.48 ha is required for E3.4 habitat compensation, the goal of the partnership is to ensure the farmer takes one livestock unit to graze in the area designated for habitat conservation efforts. • Engage an external botany expert to perform monitoring and prepare reports on management success • Perform monthly monitoring in the first year post-construction. Implement adaptable management and alter habitat management strategy if increase in indicator species is not observed in the first year.			*Responsibility:* PIU to engage external botany expert to supervise/ PIU to supervise	project, long-term commitment	• No net loss/preferable net gain of E3.4 habitat type (PBF) achieved through increasing habitat quality • Supervision of success of mitigation through reports prepared by external botany expert	
EBRD PR 8: Cultural Heritage							
8.1.	PIU to require from Contractors to develop a Chance Finds Procedure before start of construction and implement it, which includes training of its workers on the Procedure as part of their induction training.	Minimising risks of chance finds	EBRD PR 8	*Resources*: Contractor's internal resources *Investment Needs:* Included in Contractors' budgets *Responsibility:* Contractors to implement, Supervision Engineer/ PIU to supervise	Prior to construction	*Target:* Unknown cultural heritage protected *Evaluation Criteria:* • Chance Find Procedure developed and implemented as necessary • Training logs • Information included in reports submitted to EBRD	

No.	Action	E&S Risk (Liability, Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation	Status of Implementation
EBRD PR 10: Information Disclosure and Stakeholder Engagement							
10.1.	The PIU to ensure the Stakeholder Engagement Plan (SEP) for the Project is publicised in the manner defined in the SEP and fully implemented. As specified in the SEP, the PIU to: • Disclose SEP, Public Grievance Form, LALRF and NTS in both Albanian and Serbian language • Ensure that SEP is periodically updated to reflect key changes in Project activities or any new developments in the Project scope • Appoint a PIU member who will specifically be responsible for SEP implementation • Engage with stakeholders and disclose information in the manner defined in the SEP • Implement the Project grievance mechanism to ensure stakeholders are able to raise their concerns about the Project and that these concerns are addressed promptly; and ensure that the Contractors implement the grievance management.	Compliance with PR 10 Management of risks and impacts on communities affected by the Project	EBRD PR 10	*Resource:* PIU's internal resources *Investment Needs:* None *Responsibility:* PIU	Continuously (as defined in SEP)	*Target:* Full compliance with PR 10 achieved *Evaluation Criteria:* • Stakeholder engagement monitoring reports developed, sent to EBRD and publicised as defined in the SEP	

2. GREEN PROJECT MONITORING PLAN

Key Performance Indicators	Reporting frequency	Target Completion year
Volume of wastewater treated [m^3/year]	Annually	2032
Renewable energy produced (electricity) [MWh/year]	Annually	2032