

Communal waste management in Kosovo: An opportunity or a threat for economic development?

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December 2016

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Introduction

Improper waste collection and disposal creates annual costs between 19 and 31 million Euro for Kosovo.² This fact clearly indicates the necessity to take measures for the establishment of an efficient waste management system, both to improve the overall state of the environment and to increase the possibility of using waste for the purposes of economic development.

Communal waste management is a complex process that includes activities of collection, transport, recycling, reuse, treatment and disposal of communal waste. What we certainly cannot ignore is the fact that every waste is a potential resource, not only an environmental problem. Environmental protection and economic growth can go hand in hand, and public policy in this area plays a crucial role in creating jobs and encouraging investment. "Greening of the economy"³ reduces environmental costs through a more efficient use of resources, while the use of cleaner technologies contributes to the creation of new jobs, boosts economy and competitiveness.

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² Country Environmental Analysis Kosovo (2013), World Bank, available at <http://bit.ly/2jxiD03>

³ Green economy is the term related to a broad use of renewable resources as energy sources, increase of energy efficiency, as well as development and application of sustainable organic agriculture.

This brief analysis provides an overview of the current situation in the field of communal waste management in Kosovo, with special emphasis on the situation in the four municipalities with Serbian majority in North Kosovo (Leposavic, Mitrovica North, Zubin Potok and Zvecan). Also, the paper analyzes the legal framework in the field of communal waste and the link to local economic development.

Legislative and institutional framework

A number of laws and regulations and policy documents regulating the legal framework for waste management in Kosovo have been adopted in the past few years. The Law on Waste no. 04 / Z-060⁴ is the basic act and it determines general principles relating to waste management, as well as responsibilities and competences of relevant institutions. Other regulations closely linked to waste issues are also the Law on Environmental Protection,⁵ Law on Strategic Environmental Assessment,⁶ Law on the Environmental Impact Assessment,⁷ Law on Integrated Pollution Prevention and Control,⁸ Law on Inspectorate of Environment, Water, Nature,

⁴ Law on Waste no. 04/Z-060, available at <http://bit.ly/2iJ8wkh>

⁵ Law on Environmental Protection no. 03/L-025, available at <http://bit.ly/2k0hcnt>

⁶ Law on Strategic Environmental Assessment no. 03/L-230, available at <http://bit.ly/2j9a9sr>

⁷ Law on the Environmental Impact Assessment no. 03/L-024, available at <http://bit.ly/2jKZtRE>

⁸ Law on Integrated Pollution Prevention and Control no. 03/L-043, available at <http://bit.ly/2iBz50y>

Spatial Planning and Construction,⁹ Law on Chemicals,¹⁰ Law on spatial planning,¹¹ and others.

According to the Law on Waste, waste management involves several priorities: prevention of waste generation and waste reduction, waste treatment, waste recycling, the use and storage of waste. Articles 8, 9 and 10 of the Law on Waste impose the development of Waste Management Strategy, National Waste Management Plan, Municipal Plan for Waste Management, Waste Management Plan of Waste Producers and Waste Management Plan by Licensed Persons.

Waste Management Strategy was developed for the period 2013-2022 and it is the basic document which defines the objectives and measures to improve the situation and waste management. National Waste Management Plan was developed for the period 2013-2017 and it focuses on reducing the quantity and danger of waste, re-use, treatment and reduction of pollution, in accordance with the requirements of national and EU legislation, and other international standards. Municipal Waste Management Plan is a part of the Local Ecological Action Plan - LEAP). With the help of the Regional Environmental Center (REC), LEAP was developed in all four observed municipalities in 2016 (Leposavic, Mitrovica North, Zubin Potok and Zvecan).

In addition to legislation, since 2000 an administrative structure has also been established for the improvement of environmental quality in Kosovo. The Ministry of Environmental Protection and Spatial Planning (MEPSP) is the competent institution of the central government in the field of environmental protection. Kosovo Agency for Environmental Protection was established within the MEPSP in 2006 and it is responsible for the establishment of an information system for waste management and collection of reports on the state of the environment. At the local level, municipalities are in charge of environmental protection and waste management. In the municipalities in North Kosovo, there are no separate departments that deal with environmental issues, but these tasks are a part of the responsibilities of the environmental officer who works in other departments (most often in urban planning departments, public utilities, etc.) in the

⁹ Law on Inspectorate of Environment, Water, Nature, Spatial Planning and Construction no. 04/L-175, available at <http://bit.ly/2k0arBV>

¹⁰ Law on Chemicals no. 04/L-197, available at <http://bit.ly/2iRgrzb>

¹¹ Law on spatial planning no. 04/L-174, available at <http://bit.ly/2jzlwgu>

system of the Republic of Serbia. Other supporting structures for environmental protection have also been established in Kosovo, such as agencies, councils, committees, which operate independently or within different ministries.

Communal waste management in Kosovo

Communal waste management in Kosovo represents a major challenge. The low level of law enforcement and a lack of administrative capacity at the local level in this area, as well as the lack of infrastructure and financial resources are the main problems faced by local authorities, as well as business entities related to this industry. European Commission's Progress Report 2016 for Kosovo points out that the possibility of involving the private sector are limited, because the basic concepts of waste management and terms such as recycling and reuse of different waste streams are not sufficiently supported by the existing legislation.¹² Currently, EU environmental legislation includes 802 regulations¹³ and 60% of the EU *acquis* in this area is already included in the Kosovo legislation.¹⁴ Regarding horizontal legislation, 85/337/EEC Directive for environmental impact assessment and 2001/42/EC Directive on strategic environmental assessment are fully harmonized with the local legal framework, while in the case of 2003/35/EC Directive for public participation, it has only been partly done.¹⁵ Considering the legislation on waste, the Law on Waste is nearly fully compliant with 2008/98/EC Directive on waste and 1999/31/EC Directive on landfills. However, harmonization with certain directives in this field is still in progress,¹⁶ and priorities for the following year are related to the development of new and amendment of existing legislation, in order to bring the existing legislation closer to the EU *Acquis Communautaire*.

Although reduction of communal waste is one of the strategic objectives of the Government of Kosovo, in reality there is a constant increase in quantity. Compared to 2007, when the average daily

¹² European Commission, Kosovo* 2016 Report, available at <http://bit.ly/2jzj89G>

¹³ ETNAR: Pravni instrumenti za zaštitu životne sredine, available at <http://bit.ly/2jo41hb>

¹⁴ European Environment Agency, the State of Environment Report on Kosovo*, available at <http://bit.ly/2j9nMlr>

¹⁵ National Programme for Implementation of the Stabilisation and Association Agreement, Pristina, March 2016.

¹⁶ Environmental Liability Directive 2004/35/EC, Directive 2008/99/EC on the protection of the environment through criminal law, Directive 2006/21/EC on the management of waste from extractive industries, Directive 2003/4/EC on public access to environmental information, etc.

collected communal waste per capita was 0.5 kg, in 2013 this amount was almost twice as high (0.9 kg per capita).¹⁷ There are no reliable data on the quantities of communal waste in the municipalities in North Kosovo, but it can be assumed that there is a similar trend as in the other parts of Kosovo.

In the municipalities in North Kosovo, communal waste management is organized through public utility companies established by local governments before 1999. Their legal form is retained within the legal system of the Republic of Serbia that is still present in these municipalities. In other municipalities in Kosovo, public utility companies ceased to exist after 1999, and with the help of the international community, a system was established where waste management is organized through public-private partnerships.

In Kosovo, there is no developed infrastructure for the disposal and treatment of communal waste, which results in a large number of illegal landfills. In addition, there is the problem of dumps, especially in villages and rural areas where there is no organized waste collection system by the competent authorities or the concessionaire. In the municipalities in North Kosovo, Zvecan, Leposavic and Mitrovica North, situation with disposal of communal waste has been drastically deteriorating since 2012, after the closure of the Balaban landfill. Zubin Potok is the only municipality that currently has an operating landfill, where waste from Mitrovica North is also disposed. Other municipalities dispose waste in temporary illegal dumps.

In order to solve the problem of waste disposal, within the framework of special funds for municipalities in North Kosovo of 38.5 million Euro, the European Union allocated 5.4 million Euro to build a new regional landfill "Savina stena", which is located in the municipality of Zvecan. The contract on the use of regional landfill has been signed by all four municipalities in North Kosovo, although the municipality of Zubin Potok will not dispose waste at the landfill due to high transportation costs.¹⁸ Construction of the regional landfill has not started yet, but the preparatory work is currently ongoing, on the development of technical documentation and land expropriation. In particular, a problem appeared related to expropriation of 24 plots of land in private ownership on the site where an

access road should be built for the regional landfill. Local administration of the municipality of Zvecan is working on solution of these problems.

Regional landfill will operate within the Kosovo legislation. It is planned that in the first two years operation of the landfill is run by a team appointed by the European Commission, and then it would be taken over by the municipality of Zvecan. The plan is also to have around 80 new jobs at the landfill, especially in sorting waste, collection of natural gas liberated in the process of waste disposal, and wastewater treatment operations.¹⁹

Along with solving the problem of waste collection, it is necessary to create sustainable financial instruments. Establishment of Eco-Fund, provided by the Law on Environmental Protection no. 03/L-025, Article 77, has not even started.²⁰ Moreover, there are no conditions for the implementation of financial instruments other than the budget of the Government of Kosovo and the contributions of international donors, mainly oriented towards the rehabilitation and closure of landfills. From the central budget, only about 2% of the funds are allocated to the MEPSP, and only 0.7% is directly used for environmental protection. For the Department of Environmental Protection within the MEPSP, €1,290,154 was allocated from the central budget for 2016,²¹ which is only slightly more compared to the budget from 2015 (€1,270,967).²² At the local level, public utility companies in North Kosovo collect fees for public utility services in the amount of 3 Euro per household, and a collection rate is satisfactory (an average of 70% of the population pays this kind of fees).

In recent years, Kosovo has implemented several projects to provide technical assistance to strengthen the waste management sector, financed by international donors such as the EU, Sida, GIZ, ADC and others. The projects were focused on institutional strengthening and capacity building (primarily of MEPSP), the implementation of specific projects in the waste sector and infrastructure projects that are related to resolving the issue of communal waste landfills.

¹⁹ Interview with prof. dr Jelena Djokic, UNDP Advisor to the Mayor of Zvecan

²⁰ Law no.03/L-025 on Environmental Protection, available at <http://bit.ly/2jKUvnO>

²¹ Law on Budget 2016 no. 05/L-071, available at <http://bit.ly/2j9kAMO>

²² Law on Budget 2015 no. 05/L-001, available at <http://bit.ly/2k0bbqO>

¹⁷ Kosovo Agency of Statistics – Research on communal waste 2007-2013

¹⁸ Interview with Dejan Radojkovic, the Director of Public Utility Company

Problems in communal waste management and the influence on economic development

Although the legislation in the field of environmental protection is to a certain extent harmonized with EU directives and regulations, the key problem is weak law enforcement, both at central and local levels. Duties and responsibilities of MEPSP, municipalities, waste producers and transporters are clearly defined in the Law on Waste, but their enforcement is poor. The consequences of this issue are jeopardizing the basic principles of environmental protection, damage to human health and the negative impact on sustainable socio-economic development. On the other hand, the correct enforcement of the law could contribute to financial benefits and private sector development.

The dominant economic factor in waste management is the economy of scale. To make business in this sector profitable, it is necessary to collect a certain amount of waste which is further treated and sold for recycling purposes. Considering the situation in North Kosovo from that aspect, a problem is observed related to sustainability and functioning of the Regional landfill "Savina stena". The amount of waste collected in the three northern municipalities (Leposavic, Zvecan and Mitrovica North) is not enough to make this landfill economically sustainable. In order to achieve this, it is necessary that the regional landfill serves at least 200,000 inhabitants. However, the population in the three municipalities does not exceed 50,000. Although the environmental and social components of the project were fulfilled in the construction of the regional landfill, the question is how the economic component will be fulfilled when the EU financing stops. In addition, the project documentation was not available to the public at the time of this research, and it is not known how further funding and operation of the landfill is planned. There are only hints that financial support in the form of subsidies from local and / or central authorities in Kosovo could be provided, which is not a long-term solution in terms of sustainability.

Another problem is reflected in the functioning of public utility companies in North Kosovo, in particular their status after the construction of the Regional Landfill. Kosovo system does not recognise the public utility companies registered in the system of the Republic of Serbia, and it is necessary to decide about the operation of these

companies, which are now the key players in North Kosovo in the field of waste management. Hence, the key question is how to harmonise the two systems. It is important to emphasize that these companies do not only collect communal waste, but also cover water supply,²³ public hygiene and public greenery.

However, their role in the performance of utility services is also changing in Serbia. In late 2015, amendments were adopted to the Law on Budget System²⁴ of the Republic of Serbia, which entered into force on 1 December 2016. With these amendments, public companies, funds and directorates established by local governments in Serbia cease to be indirect budget users and their financing and finding organizational solutions is the responsibility of the founders, i.e. municipalities. The situation in the municipalities with Serbian majority in Kosovo is further complicated by the duality in law enforcement, and it is not completely clear how the solution will be found for the existing public utility companies and their employees.²⁵ However, this is also the opportunity to permanently solve this problem in a sustainable manner in the context of the formation of a regional company.

Adequate waste management can certainly be a good start in improving environmental conditions and a potential driver of economic development in the region. However, there are a small number of entrepreneurial steps in the communal waste management in North Kosovo, and previous initiatives have not achieved success.

The first obstacle faced by entrepreneurs who want to start a business in the waste sector is the procedure for issuing of the necessary documents. In order to start a business in the waste sector, a license issued by the MEPSP is required. MEPSP's Administrative Instruction no. 09/2014²⁶ defined the licenses and certificates to be collected in order to start a business in this sector.²⁷ In addition,

23 In the north of Kosovo the Regional Water Supply System is currently under construction, which will also operate within the Kosovo system.

24 RS Official Gazette, No. 54/2009, 73/2010, 101/2010, 101/2011, 93/2012, 62/2013, 63/2013 - correction, 108/2013, 142/2014, 68/2015 – other law and 103/2015

25 Each public utility company in the north of Kosovo employs around 100 people

26 Administrative instructions of MEPSP no. 09/2014 Waste management license, <http://bit.ly/2iJ6d0C>

27 Municipal environmental fee for waste management, certificate of business activity registration, certificate of

for the export of waste, business entity must have a special permit, also issued by MEPSP. Obtaining these documents requires a long period of time, which often discourages entrepreneurs who would engage in this type of activity.

Despite the increase in the amounts of waste generated each year, the lack of adequate infrastructure leads to the impossibility of sorting the waste at the landfill or transport stations. The existence of a large number of illegal landfills limits the scope of business operation. If the waste was disposed at legal landfills and an effective system of waste collection and selection was established, opportunities for more efficient operations would be increased.

Since public utility companies are responsible for waste collection in these municipalities, the introduction of the private sector in the field of primary collection has not been possible so far. However, local government has not yet solved the problem of municipal waste collection in rural areas, and there are opportunities for private sector involvement in this segment. As for secondary collection and separation, very few entrepreneurs have been operating in this domain. By constructing a landfill where these operations would be performed, opportunities for involvement of entrepreneurs are significantly reduced. In the municipality of Zvečan, there have been attempts for collection of recyclables, but due to many, especially legal obstacles, the company "Zeleni region" stopped working. The introduction of export duties for pressed plastic and paper for further processing for companies in Serbia in 2012 was one of the main reasons for stopped operations. For transport of waste in the Republic of Serbia, the permit on imports was requested. In addition, the amount of waste collected was insufficient for frequent deliveries, and on a monthly basis only one truck of plastic and paper was exported to Serbia. High transportation costs, poor labour force, insufficient support of relevant authorities and citizens, have contributed to the failure of this enterprise. Cooperation with companies in other parts of Kosovo has not been achieved, given that the recycling is still in its initial stage of development.

Also, sustainable investment in infrastructure is one of the important problems in the sector of communal

paid taxes, waste management plan, certificate of fiscal number, etc.

waste. Establishment of an Eco Fund would have a positive impact on the solution for this problem. Although a draft law relating to the establishment of the fund was developed a few years ago, there is still no significant progress. The reason is in the fact that the Ministry of Finance has a legal obstacle when it comes to the financing of the new body for environmental protection from the central budget, and the negotiations with MEPSP are still ongoing about a possible solution for this problem. There is still no sustainable solution for the financing of green projects and programs. In the central budget, there are only funds allocated for improvement of the environment. This budget, for example, includes collected environmental fees²⁸ for the registration and insurance of foreign vehicles²⁹ but the problem is that these funds are rarely used for support to environmental projects and programs.

Conclusion and recommendations

Environmental pollution due to improper management of communal waste is one of the crucial problems in the field of environmental protection in Kosovo. Although a number of laws and bylaws were passed in the area of waste, and strategies and plans developed at the central level, there are still significant challenges that the relevant authorities have to face.

The lack of an efficient waste management system affects the increasing degradation of the environment, but also the quality of life of citizens. The current situation also has a significant impact on sustainable socio-economic development. With weak law enforcement above all, the lack of infrastructure for waste disposal and treatment, lack of capacity of the competent authorities to address the issues in the waste sector, as well as weak financial support, all contributed to the deterioration of already bad situation. Opportunities for involvement of the private sector are now limited because the necessary conditions have not yet been created, as well as a positive business atmosphere for doing business in the waste sector. Attracting entrepreneurs to start a business in this area in the future will require a great effort by both central and local authorities.

28 For vehicles with up to 3.5t environmental fee is 10€, and for vehicles with more than 3.5t it is 30€ - Annex C to the Law on Road and Environmental Taxes for Vehicles, no. 04/L-117, available at <http://bit.ly/2iBHf8m>

29 Law on Road and Environmental Taxes for Vehicles, no. 04/L-117, Article 1.

Improving the environment with the development of the private sector in the field of municipal waste can certainly contribute to better living conditions in the local community and poverty reduction. Infrastructure development in itself could be a source of revenue and provide new jobs. Therefore, investing in "green" projects and programs is necessary to contribute to sustainable development in North Kosovo.

Based on all this, the following recommendations are underlined which require the necessary work in the coming period:

- To provide assistance to local self-governments in North Kosovo in capacity building for communal waste management;

- To start the process of restructuring local public utility companies dealing with communal waste collection and disposal and the process of establishing a regional company to manage the landfill. These two tasks should be performed simultaneously, and not separately.

- To increase investments of local self-governments, central government and donors in the field of solutions for communal waste and illegal landfills, especially in rural communities;

- To present good practice examples of public-private partnerships in waste management to the municipalities in North Kosovo, as examples of successful companies working in waste sector.

InTER – Institute for Territorial Economic Development – is an independent non-governmental think tank with the mission to promote and improve sustainable socio-economic development in the Western Balkans.

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Project financed by EU and managed by
the European Office in Kosovo

Implemented
by:

