

2012 Annual Programme

Processing Plant for the disposal of animal by-products: 11 – 2012/03

1 IDENTIFICATION

Project Title	Construction of a processing plant for the disposal of animal by-products
CRIS Decision number	2012/022-940
Project No.	11
MIPD Sector Code	6. Environment and Climate Change 8. Agriculture and rural development
ELARG Statistical code	02.12
DAC Sector code	31195; 41010
Total cost (VAT excluded)¹	€2 million
EU contribution	€2 million
Management mode	Centralised
EU Delegation in charge	European Union Office in Kosovo [*]
Implementation management	European Union Office in Kosovo
Implementing modality	Works
Project implementation type	C01
Zone benefiting from the action(s)	Kosovo

2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

¹ The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

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

Kosovo currently has no system in place for safe disposal or processing of Animal By-Products (ABPs). Fallen stock, organic waste such as catering waste and food waste from households are either disposed in municipal dumpsites or buried in the ground.

Due to concerns that animal by-products represent a risk to human and animal health, in particular in relation to TSEs (Transmissible Spongiform Encephalopathies), dioxin contamination, classical swine fever and foot and mouth disease, the EU introduced legislation (Regulation (EC) No. 1069/2009 laying down health rules as regards animal by-products and derived products not intended for human consumption and implementing Regulation (EU) No. 142/2011.

Primarily processing of ABPs, including fallen stock, the rendering plant will contribute to protect the health of human beings and animals as well as to safeguard the environment. It is therefore a compulsory component of the national animal disease control.

By constructing a rendering plant, the above-mentioned problems will be addressed. The project will enable the safe disposal of APB's and organic wastes and stimulate economic development through the use of final products gained from processing of those ABP's.

The operation of the rendering plant is directly linked to the functioning of the organic waste collection and transport system, to be established as integrated process of ABP disposal.

2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

The project is linked to the MIPD 2011-2013, Priorities of Kosovo Government Programme 2011-2014, Chapter on Environmental Protection, Programme for Economic Development and EU Annual Progress Report.

The MIPD 2011-2013 clearly states that in agriculture and food safety, the EU will continue to help Kosovo meet EU standards and therefore develop its export potential / import substitution potential whilst also helping Kosovo's rural economy. Measures that can be envisaged are continued support for strengthening the administrative capacity of the Ministry of Agriculture, Forestry and Rural Development, supporting agricultural establishments, planning and building Kosovo's first rendering plant (a measure that will help Kosovo meet EU standards in both food safety and environment).

The MIPD also acknowledges very low funding for the Environment sector and therefore commits to support projects that help improve Kosovo's environment (particularly water, waste and air quality).

The Kosovo Strategy for Environmental Protection, among other, in its strategic objectives, includes:

- Establishment of the infrastructure for waste management.
- Gradual reduction of waste hazard.
- Gradual increase of the percentage of the population served by the waste treatment system.

2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT

Project Proposal is linked with EPAP, more specifically with the sector of environment protection and protection of public health. The annual progress reports for Kosovo 2009, 2010 and 2011 emphasize the need for establishing a rendering plant in line with requirements of relevant EU directives. The Project will contribute to the fulfilment of National plans foreseen in program 2011 – 2014 and fulfil the criteria for EU accession with regard to the Sectors of Public Health and Environmental Protection namely EU Regulation (EC) No 1069/2009 and 142/2011 which sets out the rules on collection, storage, handling, processing and use and disposal of animal by-products.

2.4 PROBLEM ANALYSIS

In Kosovo, the estimated amount of animal by-products and other organic waste disposed each year reaches 14,471 Tons. These are mainly fallen stock, slaughtered animals and food seized at the border. During 2009, an assessment was made of the current state regarding the disposal of ABPs in Kosovo. Most of the ABPs are disposed together with the household waste in municipal dumps/landfills in Kosovo. This provides a continuous potential source of dispersion of pathogenic agents through ABPs. Another way of disposing ABPs in Kosovo is to bury them. Some slaughterhouses compost and bury their ABPs in the ground around the plant and release their waste water in the closest river. Several communities have established specific bunkers for the disposal of ABPs including fallen stock, and organised their transport with specific vehicles.

Having in mind the above, it can be concluded, that there are no adequate standards and methods for the disposal of ABPs in Kosovo at the moment, and that the current disposal practices represent a high animal health and public health risk, establishing permanent sources of infections and contamination of ground waters.

Due to concerns that animal by-products represent a risk to human and animal health, in particular in relation to TSEs (Transmissible Spongiform Encephalopathies), dioxin contamination, classical swine fever and foot and mouth disease, the EU introduced legislation (Regulation (EC) No. 1069/2009 and implementing Regulation (EU) No. 142/2011.

The project will build a processing plant in accordance with the design, environment assessment impact and legislation provided by previous project financed under IPA 2011 (first phase).

The Food and Veterinary Agency (FVA) is the main institution responsible for laying down the rules and harmonizing them with the abovementioned EU legislation, organizing official controls for the collection of ABPs, transport, processing, and use of the final products, and thus the main stakeholder in this project. The Ministry of Environment contributes with setting the parameters for environmental protection; Food Business Operators will implement the rules laid down by regulation. Municipalities contribute by facilitating property rights for the construction site, farmers and farmer associations will be instrumental in helping organize the reporting of the fallen stock and outbreaks in a timely manner.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

This project is strongly linked to the activities performed by the previous EU financed projects, in particular the twinning project for support to Kosovo Food and Veterinary Agency, and EU funded project on Classical Swine Fever Virus and Rabies Virus, as well as to the project financed by the World Bank on Avian influenza. The aforementioned twinning project prepared the feasibility study for establishing a rendering plant in Kosovo. The first phase of the project - design and supervision of construction is already approved and it is projected to start during the second half of 2012. Due to the large size of the project, the construction and operationalisation of the project has been divided in two phases to be financed under IPA 2012 and 2013.

2.6 LESSONS LEARNED

The feasibility study of the previous EU funded Twinning Project (KS 07 IB AG 01) has clearly presented the risks associated with the current system of disposal of ABPs, the need for establishing a rendering plant and the costs associated with the building of the rendering plant as well as the maintenance costs of such plants. Moreover the FVA was fully updated on the requirements for organic waste collection system which should be fully in place at the time when the rendering is put into operation.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

Overall objective of the project is to protect human health, veterinary public health and environment through the establishment of an EU compliant system for the disposal of organic waste, including all animal by-products.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

The specific objective of the project is the construction of a rendering plant for the safe treatment of animal by-products and other organic waste in accordance with the concepts and principles laid down by EU and Kosovo legislation.

3.3 RESULTS

The main result of this phase of the project is the construction of the infrastructure needed for the rendering plant e.g. access roads, power supply, wastewater treatment, sewage and other utilities as well construction of the premises where the equipment shall be installed during the last phase. The building will contain sufficient space for processing, storage of raw material and final products; scale; vehicle utility space, work and social space for employees; and other facilities according to specifications.

3.4 MAIN ACTIVITIES

1. Preparation of the work site and installation of temporary facilities for the building operations;
2. Design steel construction based on the foreseen layout of the technology in the rendering plant;
3. Lay foundations for mounting and fixing of the steel contraction;

4. Construct loading and unloading areas;
5. Connect to water, sewage, electricity and other municipal utilities as required;
6. Completion of fencing and gate;
7. Provide access road from the plant to the nearest public road;
8. Divide internally and build Administration room; Storage facilities; Parking space etc.
9. Electrical Installations, Cabling;

3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)

The building of this rendering plant will have a positive impact on the environment by removal of ABPs, prevention of outbreaks of diseases, elimination of hazardous materials. It will enable Kosovo to fulfil the preconditions for eventual export of products. The project has an impact on farmers because it rids them of the responsibility of dealing with fallen stock. The size of the rendering plant allows for the disposal of ABPs also from neighbouring countries, therefore commercial services of the rendering can be provided for interested parties outside Kosovo.

3.6 SUSTAINABILITY

The Government has made a commitment for allocating the budget for the maintenance of the plant after completion of this project. There is also a possibility for Public-Private Partnership as a solution to keep the plant running. An administrative instruction, related to the functioning and mode of operation of this service shall be adopted.

The financing of the collection of fallen stocks and animal by-products has to be ensured, otherwise the plant will have no raw material to process.

3.7 ASSUMPTIONS AND PRE-CONDITIONS²

- Designation of location for construction (building permit, working permit and other supporting documents from municipalities);
- Administrative Instruction on disposal of animal waste and system for collection of organic waste should be in place;
- Timely delivery of the design (lay out-blue print) and specifications from first phase.
- Good cooperation of all parties involved.
- An active role of the beneficiary is required at all stages of the project implementation, particularly through co-financing but also in finding a suitable location and support in obtaining the necessary permissions (building, operation etc) from various institutions

4 IMPLEMENTATION ISSUES

² Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

The construction and functioning of the rendering plant is divided into 3 phases. Phase 1 already included under IPA 2011, will establish the necessary pre-conditions for commencement of construction works. Namely, the first phase will provide the location, an environmental impact assessment, the detailed design of the rendering plant, etc.

The second phase is represented by this project proposal IPA 2012, which will mainly build the facilities and the infrastructure of the rendering plant (access roads, connection to utilities, necessary premises within the plant, etc.).

The project under IPA 2012 will be implemented through at least one works contracts (total of €2 million)

The third and final phase of the project, proposed to be financed under IPA 2013 will finance the purchase and installation of equipment needed for the rendering plant.

4.1 INDICATIVE BUDGET

Indicative Project budget (amounts in EUR)

PROJECT TITLE			TOTAL EXPENDITURE	SOURCES OF FUNDING								
				IPA CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	€ (a)=(b)+(c)+(d)	€ (b)	% (2)	Total € (c)=(x)+(y)+(z)	% (2)	Central € (x)	Regional/Local € (y)	IFIs € (z)	€ (d)	% (2)
Construction of processing plant												
Contract (works)	1.1	-	x	2.0	2.0	100						-
TOTAL IB												
TOTAL INV				2.0	2.0	100						
TOTAL PROJECT				2.0	2.0	100						

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

- (1) In the Activity row, use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contract 1.1 (works contract)	Q4 2013	Q1 2014	Q2-Q4 2015

Technical specifications, detailed design, bill of quantities etc for this project will be prepared by the upcoming IPA 2011 technical assistance project "Design and Supervision of Construction of the rendering plant". Forecast Notice for this project is published in February whereas procurement notice and full tender dossier is foreseen to be launched during the period August-September 2012.

The whole process of expertise and tendering is responsibility of European Union Office in Kosovo.

Sequencing of activities is as follows:

1. Design and supervision of construction - tendering projected in quarter 3 2012 and contracting in quarter 1 -2013 (implemented through the abovementioned IPA 2011 project);
2. Construction of rendering plant-current project - start of tendering quarter 4 2013, contracting quarter 1 2014.

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non discrimination*

The project, in any phase, does not exclude opportunities for evolvement of any gender, nor indicate any discriminatory concepts related to gender, race or ethnicity. Project indeed, does promote equal employment opportunities, which will have impact on economic development.

4.3.2 *Environment and climate change*

One of objectives of the project is protection of environment; therefore the entire project has to deal with programs for strengthening the environmental protection concepts. Disaster resilience and risk prevention and management should be integrated in the planning, preparation and implementation of projects.

4.3.3 *Minorities and vulnerable groups*

Government of Kosovo, within its legislative acts, has adopted all non-discriminatory concepts, to which any activity has to be taken in to account.

4.3.4 *Civil Society/Stakeholders involvement*

Since project has to deal with animal by products, collected from the different sources, involvement of relevant associations and their input is considered with high importance, during all phases of the project.

ANNEXES

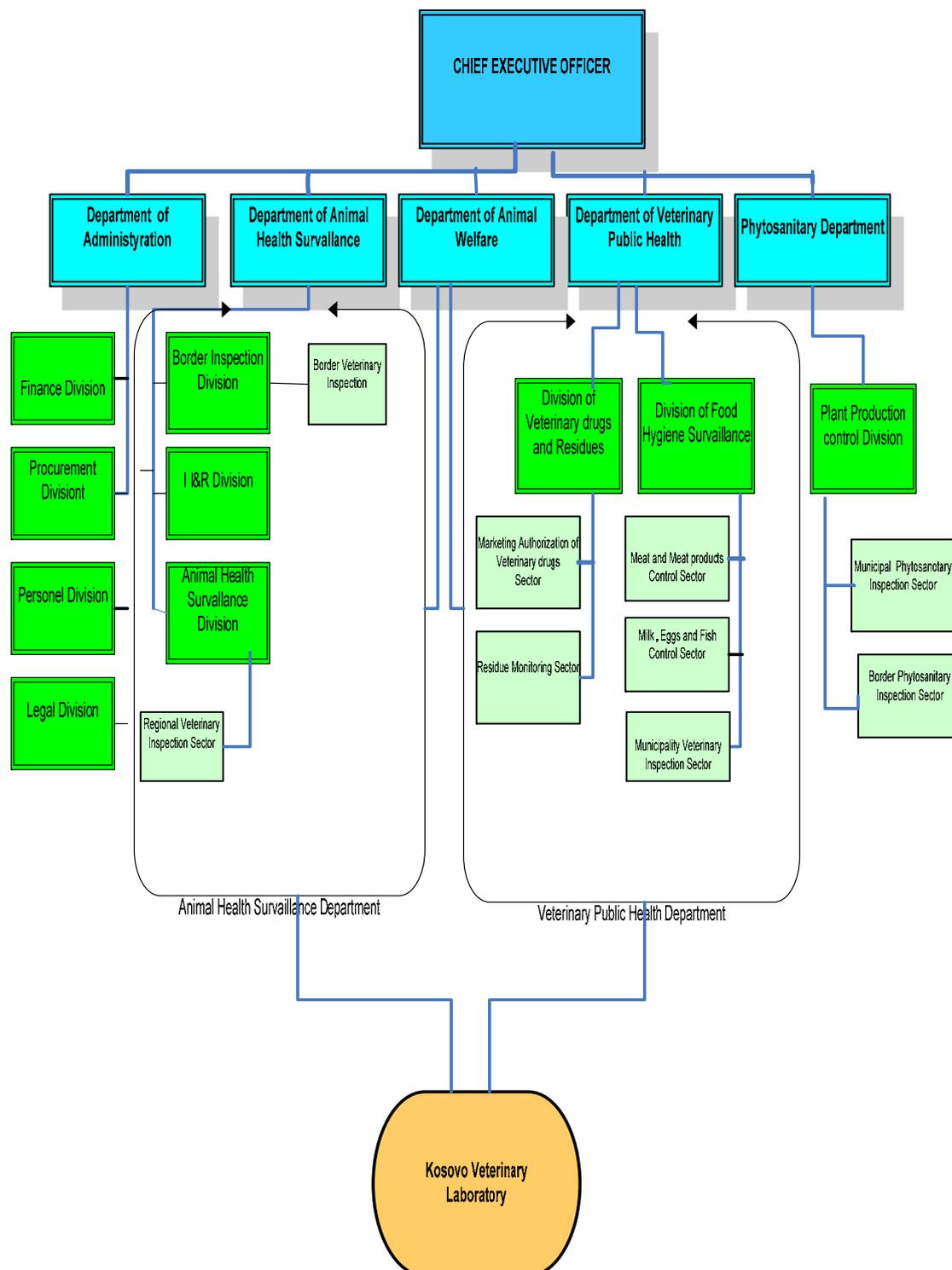
- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Reference list of relevant laws and regulations only where relevant**
- 4. Details per EU funded contract(*) where applicable:**
- 5. Project visibility activities**

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number	Construction of processing plant for the disposal of Animal by-products
		Contracting period expires 3 years after signing the financing agreement	Execution period expires 2 years following the final date for contracting
		Total budget	€2.0 million
		IPA budget:	€2.0 million
Overall objective	Objectively verifiable indicators (OVI)	Sources of Verification	
Overall objective of the project is to protect human health, veterinary public health and environment through the establishment of an EU compliant system for the disposal of organic waste, including all animal by-products.	The building construction with all necessary facilities is completed, the building is equipped and working according to planning. 14,461 tons of ABPs are being processed at the plant annually.	Physical presence and visual inspection. Detailed design; Construction books; Drawings of the roads and other infrastructure; Approval of completed works by the supervisor	
Specific objective	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
The specific objective of the project is the construction of a rendering plant for safe treatment of ABPs and other organic waste in accordance with concepts and principles laid down by EU and Kosovo legislation	Approval certificates (provisional and final); Preliminary and detailed drawings of the building and Infrastructure Building with all necessary facilities is finished and ready for the installation of equipment.	Supervision reports; Detailed design and supervision reports; Visual inspection.	First phase of the project is successfully completed whereby the following preconditions are in place: - Suitable location for building of rendering plant is designed; - Detailed design is completed and available; - Necessary building permissions and connections to public utilities is enabled; - Environmental Impact assessment is completed;
Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
The main result of this phase of the project is the construction the infrastructure needed for the rendering plant e.g. access roads, power supply,	Approval certificates (provisional and final); Preliminary and detailed drawings of the building and Infrastructure	Interim reports presented by the supervising company; Final inspection from competent	Beneficiary secured the location and is assisting the project in obtaining necessary permissions from local and central governments.

<p>waster water treatment, sewage and other utilities as well as building the premises where the equipment shall be installed during the last phase. The building will contain sufficient space for processing, storage of raw material and final products; scale; vehicle utility space, work and social space for employees; and other facilities according to specifications.</p>	<p>Building with all necessary facilities is finished and ready for the installation of equipment.</p> <p>Completion certificate by the works supervisor. (repeated in sources of verification)</p>	<p>authority.</p> <p>On spot controls;</p> <p>Relevant building and connection approvals from the municipalities.</p> <p>Provisional acceptance certificate by the contracting authority.</p> <p>Completion certificate by the works supervisor.</p>	
Activities to achieve results	Means / contracts	Costs	Assumptions
<p>Preparation of the work site and installation of temporary facilities for the building operations;</p> <p>Design steel construction based on the foreseen layout of the technology in the rendering plant;</p> <p>Lay foundations for mounting and fixing of the steel contraction;</p> <p>Construct loading and unloading areas;</p> <p>Connect to water, sewage, electricity and other municipal utilities as required;</p> <p>Completion of fencing and gate;</p> <p>Provide access road from the plant to the nearest public road;</p> <p>Divide internally and build Administration room; Storage facilities; Parking space etc.</p> <p>Electrical Installations, Cabling;</p>	<p>Works contract;</p> <p>TA supervision</p>	<p>€2.0 million</p>	<p>Availability of Co financing budget;</p> <p>Location provided by the beneficiary;</p> <p>Assistance in obtaining the necessary permission is provided by the KVFA.</p>

ANNEX 2. Description of Institutional Framework
(Management of the ABPs with rendering plant in place)



ANNEX 3. Reference list of relevant laws and regulations only where relevant

At present no specific binding provisions for controlling ABPs are in force in Kosovo. Administrative instruction based on the EU Regulation (EC) No 1069/2009 and SANCO/7066/2010 shall be drafted and approved.

The general part of public health, veterinary public health, animal health and waste management are covered by the following laws and administrative instructions:

- Kosovo Veterinary Law No. 21/04;
- Food Law No. 03/L-016;
- The Environmental Protection Law No. 2002/8;
- Waste Law No. 02/L-30

ANNEX 4. Details per EU Funded Contract:

The project will be implemented through at least one works contract for the Construction of Rendering Plant. The total value of the EU contribution is € 2.0 Million.

ANNEX 5. Project visibility activities

The European Union Office in Kosovo has developed clear visibility guidelines and ensures that all projects which are implemented in Kosovo are fully in line with these guidelines. Project visibility is also clearly stipulated in all contractual documents whereby the contractors/implementers are obliged to adhere to all EU visibility requirements.