



FOSTERING EMPLOYMENT AND GROWTH OPPORTUNITIES

Environmental Assessment and Strategy



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This document was commissioned by the Fego Project and prepared by Environment and Business Solution (Consultant).

1. Introduction

Environmental assessment and the strategy for the Fostering Employment and Growth Opportunities (FEGO) are prepared in line with SIDA's environment guidelines, integrating sustainable development topics around FEGO and legal requirements for EIA in Kosovo.

The purpose of the environmental assessment and strategy is to identify and evaluate the potential environmental risks and impacts (and to a lesser extent the social and economic impacts also) so that information can be provided to the FEGO project in designing interventions that minimize, mitigate, or eliminate altogether any adverse potential impacts that might arise.

The Fostering Employment and Growth Opportunities (FEGO) project in Kosovo is financed by Swedish International Development Cooperation Agency (SIDA) and implemented by Swisscontact in Kosovo.

The project aims to generate employment and income for women, men, and youth, presently living in poverty and socio-economic marginalization. This is intended to be achieved through sustainable and scalable growth of micro/small (family) businesses and start-ups, in the apparel, furniture, and rural tourism sectors.

FEGO applies a Market Systems Development (MSD) approach, specifically focusing on market facilitation through new, innovative business models to ensure large-scale sustainable changes in respective sectors.

The project will reach its goal through two main objectives:

- Fostering the growth and development of micro/small (family) businesses in the *apparel* and *furniture* sectors and facilitating their entrepreneurship growth and
- supporting local communities operating with rural tourism activities, and their micro and small enterprises towards the development of *rural tourism*.

Both outcomes will contribute to more sustainable and inclusive market systems, improving income, and productivity and enhancing job creation in the private sector, therefore contributing to addressing high unemployment and poverty rates in the country, especially amongst youth and women.

Swisscontact, through the FEGO project, **promotes inclusive social, economic, and ecological development** to make an effective contribution toward sustainable and widespread prosperity,

offering the chance to economically and socially disadvantaged people to improve their lives on their initiative.

2. Objectives and scope of the assessment

The objectives and scope of the Environmental assessment and the strategy for FEGO are related to the apparel, furniture, and rural tourism sectors. The focus of this assignment is to provide a thorough analysis of the potential impact that FEGO interventions and activities could produce on the environment as well as specific recommendations for mainstreaming initiatives that contribute to improving the environment.

The environmental assessment will provide the necessary information on the environmental risks and respective mitigation measures as well as propose practical solutions for designing interventions and activities on environmental sustainability for the furniture, apparel, and rural tourism sectors. The assessment will also serve as a guiding plan of action to ensure that the project considers the environmental issues when designing, implementing, and monitoring its interventions.

The environmental assessment of FEGO sectors will be used to ensure that any substantial negative environmental adverse impacts are avoided, minimized, mitigated, and managed. The environment assessment strategy further ensures that the environmental benefits are pointed and enhanced.

The key objectives of the assessment are:

- To identify important environmental, natural resource-related, and climate change-related risks bearing on the performance of the sectors (furniture, apparel, and rural tourism in Kosovo) and to include any activities that might pose such environmental risks (risks from environmental degradation, climate change and loss of biodiversity affecting the sustainability of the project activities).
- To identify opportunities for the furniture, apparel, and rural tourism sectors including opportunities for longer-term benefits for socio-economic development and transformation to a green economy and resilient society.
- Suggest measures and propose activities to utilize opportunities for a positive impact that that respective value chain actors can implement contributing towards environmental sustainability;
- To develop mitigation measures on avoiding environmental risks that can harm the environment in the above-mentioned sectors;
- The environmental assessment should reflect the project's expected outcomes, objectives, and results, as well as include targets and indicators that can help monitor the management of these risks.

3. FEGO sector description with emphasis on the environmental aspect

The project concentrates on three sectors: the apparel, furniture, and rural tourism sectors.

Furniture - The furniture sector value chain consists of three levels. At the upstream of the value chain are suppliers, including logs, composite wood products, chemicals, accessories and hardware, foam, and textile, among others. In the middle of the value chain are producers, including manufacturers of cabinetry (kitchen, bedrooms, office furniture, drawers, etc.), tablets and chairs, upholstered furniture (couches, sofas, seats, etc.), and outdoor furniture (garden products, trash bins, seats, playgrounds, etc.).



Shehu furniture, work premises in the Business Park in Drenas



Working premises of Agoni furniture maker in Greme village of Ferizaj



Working premises of the Wear & Go textile factory in Gjakova

Apparel - The apparel sector has a short value chain, consisting dominantly of apparel producers, many of which do not have retail operations while their supplies rely mainly on imports. Value addition in the apparel sector is enabled by supporting services such as branding, designing, and marketing. Labor-intensive functions provide opportunities for companies from developing countries like Kosovo to compete in international markets¹.

¹ USAID, 2015. 'The Kosovo Apparel Export Sector: Product Capacities & Market Potential' by Alexandriysky, Robert and Cardno Emerging Markets USA, Ltd.

Rural tourism - The third sector, rural tourism, has a good potential to contribute to the diversification of agricultural activities by providing rural families living in rural areas with diversified flows of income, new jobs, and sustainable economic growth. Rural tourism also entails the offering of local agricultural products, hospitality, and cultural traditions.

The project's overall objective is *job creation and income generation in the furniture, apparel, and rural tourism sectors, to contribute to addressing high unemployment and poverty rates in the country, especially amongst youth and women. The project aims to contribute specifically to decent work opportunities for the target group.*

The outcomes and outputs of the project are:

Outcome 1: Business and entrepreneurship growth in the furniture and apparel sectors

- **Output 1.1:** *Micro and small manufacturing businesses in the apparel and furniture sector have improved access to **services and equipment**.*
- **Output 1.2:** *Micro and small manufacturing businesses in the apparel and furniture sector and young start-up businesses (who replicated their business model or provide them with the essential support services) have improved **market linkages**, and access to **B2B networks and services**.*
- **Output 1.3:** *Micro and small manufacturing businesses in the apparel and furniture sector and young start-up businesses (who replicated their business model or provide them with the essential support services) have gained **business knowledge**.*

Outcome 2: Entrepreneurship development in the rural tourism sector

- **Output 2.1:** *Micro/small rural tourism businesses and complementary businesses in the same communities have improved the **quality and branding** of their services*
- **Output 2.2:** *Micro/small rural tourism businesses and complementary businesses in the same communities have improved access to **sales channels**.*

4. Legal Framework

The Ministry of Environment and Spatial Planning and Infrastructure (MESPI) is the lead environmental institution responsible for the preparation and implementation of environmental laws including *Law on Environmental Impact Assessment 2010/03-L-214: Administrative Instructions MESP No. 01/2017 for the release of Municipal Environmental Permit, Law on Noise Protection 2007/02-L102, Law on Environmental Protection 2009/03-L-025, Law No.2003/3 on the Forests of Kosovo, Law on Nature Protection 2010/03-L-233, Law on water 2004/24 and Law on Air Protection 2004/30.*

In the case related to the **new activities of sector furniture and apparel**, the following provisions of the Law on Environmental Impact Assessment 2010/03-L-214 must be applied:

- **Annex 1 point 10**, activities related to Paper, Wood, Textile, and Leather Industries, Installations for the production of paper and board exceeding one hundred thousand (100,000) m²;
- **Annex 2 point 8**, activities related to Textile, leather, wood, and paper industry:
 - 8.1. Factories for the production of paper and board (projects not included in Annex 1);
 - 8.2. Plants for pre-treatment (washing, bleaching, mercerization) or dyeing of fibers or textiles (projects not included in Annex 1);
 - 8.3. Plants for the tanning of hides and skins.
 - 8.4. Cellulose-processing and production installations.

While related to the **new activities of sector rural tourism sector** the following provisions of the Law on Environmental Impact Assessment 2010/03-L-214 should be applied:

- **Annex 1, point 7, Food Industry:** Manufacture and processing of food products from raw materials of animal origin (excluding milk) where the production capacity of the final product, exceeds thirty (30) tonnes/day; raw materials of plant origin where the production capacity of the final product, exceeds two hundred fifty (250) tones/day (average based on the quarterly value) and milk products, where the amount of treated milk exceeds one hundred (100) tones/day (average based on annual amount);
- **Annex 2, point 7, Food Industry:** Manufacture of vegetable and animal oils and fats (projects not included in Annex1); Packing and canning of animal and vegetable products; Manufacture of dairy products (projects not included in Annex 1); Brewing of beer (projects not included in Annex 1); Confectionery and syrup manufacture (projects not included in

Annex 1); Installations for the slaughter of animals; Industrial installations for the production of farina and Sugar factories (projects not included in Annex 1).

- **Annex 2, point 11, Tourism and leisure:** Ski-runs, ski-lifts, and cable cars and associated activities; Holiday villages and hotel complexes outside urban areas and associated developments; Permanent camp and caravan sites; Theme parks and Infrastructure installations in protected zones, not included in spatial plans.

While in support of **existing projects by the sector furniture, apparel and rural tourism sector** the legal provisions of the Law on Environmental Impact Assessment 2010/03-L-214 should be implemented by:

- **Annex 1, point 12** (other projects): 46: Any change or extension to projects listed in this Annex where such a change or extension in itself meets the thresholds, if any, set out in this Annex 1.
- **Annex 2, point 12** (other projects): 12.11. Any change or extension of projects given in Annex I or Annex II already authorized, executed, or in the process of being executed, which may have significant adverse effects on the environment (change or extension not included in Annex I) and 12.12. Projects in Annex I, are undertaken exclusively or mainly for the development and testing of new methods or products and not used for more than two (2) years.

In some cases, if the project proposal is not clear enough as per ESIA law 03/L-214, the screening questionnaire should be prepared and submitted to the MESPI for decision-making purposes.

- If the size of the project, sensitivity of location, and selection criteria are not meant for all the mentioned projects, then the **Administrative Instructions MESP No. 01/2017 for the release of Municipal Environmental Permit** should be applied.
- Article 9; project subjugate to the MEP (Municipal Environmental Permit);
- Annex; list of the activities that liablesubjugates to the Municipal Environmental Permit;

5. SIDA Guidelines for a Simplified Environmental Assessment

This is a guide to support the dialogue during partner organizations' integration of environment and climate change in contributions. It guides the environmental assessment of the program/project. It should state the main environmental opportunities, risks, and climate vulnerabilities, and how the organization intends to address them. A simplified environmental assessment can be made by analyzing, answering, and motivating the answers to the following questions:

- *Could the program/project offer opportunities for positive contributions to environmentally sustainable development? Which are these opportunities? Which of them are most relevant to address? Has the program/ project been adjusted to enhance these opportunities?*
- *Could the program/project have any negative impacts on the environment, including the climate, or increase vulnerability to disasters? Which are the potential negative impacts? Which of these are most relevant to address? Has the program/project been designed to avoid, or reduce and manage, these impacts?*
- *What are the current and projected impacts of climate change and other environmental degradation in the area where the program is operating? Are they likely to impact the sustainability of the contribution? How can such risks be avoided, or reduced and managed?*
- *Are environmental concerns and opportunities addressed in management plans for the program's/ project's implementation, monitoring, and evaluation?*
- *Does the partner organization have the capacity for environmental management, in terms of staff capacity, policies, guidelines, and environmental management system? Are there opportunities to improve the capacity?*

The environmental assessment shall summarize the main opportunities for positive impacts, risks of negative impacts, climate, and environmental vulnerabilities, and how the plans to manage these to ensure that the initiative contributes to environmental sustainability and is resilient to climate or other environmental change.

6. Methodology

Methodology of the work regarding Environmental assessment and the strategy for the FEGO includes:

- Detailed analyses of the project, “Fostering Employment and Growth Opportunities” to identify environmental impacts from project activities with a focus on apparel, furniture, and rural tourism sectors.
- Analyzing the existing information and findings of internal market assessment provided by the FEGO team on three given sectors;
- Field visits and interviews with potential project beneficiaries to detail potential environmental impacts from activities expected to be implemented;
- Interviews and meetings with key market actors and stakeholders that are relevant to the project;
- Analysis and description of the environmental legal basis related to the environmental impact of the project activities with a focus on apparel, furniture, and rural tourism sectors.
- Analysis of SIDA’s requirements on environment guidelines and integrating sustainable development topics around FEGO-related sectors.
- Data collection related to the implementation of environmental impact requirements from similar projects implemented at the national level;
- Presentation of the findings in a detailed report which will describe all possible impacts from detailed activities and projects;
- Proposing a list of recommendations and measures to be taken into account during the implementation of projects and activities;
- Preparation of an environmental review checklist for identifying potential environmental impacts of project activities and processes during the implementation;
- Proposing a template for the mitigation plan for the implementation of measures to be considered during the implementation process of the activities of the project.
- Proposing a template for an environmental monitoring plan for the monitoring of the implementation of the environmental indicators during the process of implementation of activities.

7. Findings in furniture, apparel, and rural tourism sectors

7.1. Negative impacts on the environment and climate change

Table 1 presents the identified negative impacts on the environment and climate change bearing on the performance of the sectors: furniture, apparel, and rural tourism in Kosovo.

Table 1: Negative impacts on the environment and climate change from furniture, apparel, and rural tourism sector

Sector	Negative impacts on the environment and climate change
Furniture sector	<ol style="list-style-type: none"> 1. Furniture services are manifested with wood waste and other secondary materials used during the wood processing process such as shavings and sawdust. 2. During the furniture design process different colors and other chemical substances are used, some of which end up as hazardous waste. From the visit that was realized in the company Shehu, it was ascertained the use of acrylic paints and acetone as paint solvents. This hazardous waste is released into the environment without prior treatment and is also disposed of in ordinary waste containers. Acrylic-based paints which are not treated and end up in ordinary landfills, degrade very slowly or do not degrade at all and if mixed with groundwater create massive pollution. Also if exposed to air they pose a risk to air quality. They are also considered carcinogenic substances. Filters that are used to bind paint vapors and other binders are also not treated and are a very serious problem for the living environment. This waste must be managed or treated according to the requirements of national legislation on hazardous waste management. 3. Dust is released during the wood processing process. The release of dust from this process in the interior of activities related to wood processing is harmful and dangerous to the health of employees. 4. Noise is another issue that accompanies the activities of the sector; Noise during the process of processing materials can be harmful to the health of employees but

	<p>at the same time can be disturbing to the surrounding residents if it exceeds the allowed standards.</p> <ol style="list-style-type: none"> 5. The furniture services market is associated with the transportation of products to different areas and during this process can have an impact on air emissions, dust, and noise. 6. Activities involving awareness and capacity building in this sector are not expected to have significant negative impacts on the environment, however, the types of promotional materials used during campaigns should be considered. 7. Some of the activities of this sector that have an impact on the environment should be monitored through monthly, periodic, or annual indicators.
<p>Apparel sector</p>	<ol style="list-style-type: none"> 1. In the framework of the textile production process, different types of materials are used, some of which have an impact on the environment, but there are also materials of animal origin. 2. During the processing and design process, various residues of textile materials are created. The example of the Wear & Go company shows that the annual amount of material for the production of jeans (jeans) is around 12 tons, and the annual amount of cotton-based materials is also around 12 tons. It is estimated that the total amount of waste from the work process is about 10-12% of the base material or about 1500 kg of waste for each material used (2x1500 = 3000 kg/year). 3. During the process of processing textile materials such as dyeing and drying, the use of other secondary materials such as dyes is required, some of which are categorized as hazardous waste. While during the process of drying and finalization of textile products, emissions are released in air and water. From the visit to the company Wear & Go, it was concluded that the processes that take place in this workshop are mainly physical, except for the process of gender whitening. The annual amount of bleach used is 50 liters of bleach. 4. During the work process, old equipment is still in use and is not environmentally friendly due to the high consumption of sources (water and energy). For example, for the stone-washed jeans, the equipment consumes about 2000 lit/80 pairs of jeans. Also, the process of drying clothes consumed enormous amounts of electricity. The equipment that was in operation was very outdated and consumed about 48 kW/ h and had an impact on production costs. Implementation of energy efficiency in the production; 5. Due to the use of electrical appliances and flammable liquid products, there is always a risk of fires; 6. The textile services market is associated with the transportation of products to

	<p>different areas and during this process can have an impact on air emissions, dust, and noise (7);</p> <p>7. Some of the activities of this sector that have an impact on the environment should be monitored through monthly, periodic, or annual indicators;</p>
Rural tourism sector	<ol style="list-style-type: none"> 1. Micro and small rural tourism businesses are usually associated with waste generation; 2. In the framework of providing their services, these businesses use different materials and products, some of which may have an impact on the environment; 3. An important part of these rural businesses is also the provision of culinary services and food processing, activities that may have environmental impacts. 4. Most small rural tourism businesses are dependent on the process of energy consumption, water use, and transportation services. 5. The activity of this sector includes activities that focus on various tourist destinations, including those in natural, cultural, and archaeological heritage monuments. 6. In cases where the activities of the sector are supported, which include the construction of facilities, it is expected to have an impact on the surrounding environment, including land, water, and air. 7. Activities involving awareness and capacity building in this sector are not expected to have a significant negative impact on the environment, however, the types of promotional materials used during campaigns should be considered. 8. Some of the activities of this sector that have an impact on the environment should be monitored through monthly, periodic, or annual indicators;

7.2. Environmental opportunities for positive contribution to the environment

Table 2 presents the identified opportunities for positive a contribution to environmentally sustainable development from the furniture, apparel, and rural tourism sectors including opportunities for longer-term benefits for socio-economic development and transformation to a green economy and resilient society.

Table 2: Opportunities for positive contributions to environmentally sustainable development from furniture, apparel, and rural tourism sector

Sectors	Opportunities for positive contributions to an environmentally sustainable development
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<p>Furniture sector</p>	<ol style="list-style-type: none"> 1. Waste management that expands during the production process can be done in an integrated manner and accordance with the legislation of Kosovo and should be one of the environmental priorities of this sector. Also for efficient waste management can be applied the principles of circular economy and the creation of green jobs, preventing the creation of waste, or using them for the production of secondary products such as toys, or other processes such as biomass heating, in this branch is huge demand; 2. Hazardous waste can be managed or treated according to the requirements of national legislation on hazardous waste management. There is also the possibility of implementing agreements with supply companies for the return of hazardous waste; 3. The problem of dust released during the production process can be solved by using devices that reduce dust emissions and protect the health of employees. 4. Noise management in indoor and outdoor environments of this sector should be treated according to national standards and legal requirements and through the use of equipment and materials that reduce noise and protect the health of workers; 5. To avoid the risk to the health of employees from the use of equipment in the production process, standards and procedures should be applied that regulate the occupational safety and health of the employees. 6. It is required to avoid the purchase or provision of raw materials for production from the illegal market, as this may promote illegal logging and damage to forest ecosystems and biodiversity. 7. In cases where the activities of the sector are supported, which include the construction of facilities, to minimize the impacts on the surrounding environment, the legal provisions of the Law on Environmental Impact Assessment and environmental legislation on air, water, and soil discharges should be applied. Opportunities for the use of renewable energy sources and other activities that promote the sustainable use of natural resources should also be considered. The example of the company Agoni, which has invested in the photovoltaic system (43000 euros) is a good practice that can be applied to other companies in the future; 8. During activities that include awareness and capacity building of this can be used recyclable materials and promote activities that have little impact on the environment such as sustainable transport, removal from the use of bottles and plastic bags, or even the development of activities in local areas and promotion of
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	<p>local products.</p> <p>9. Identification of indicators for monitoring the activities of this sector that have an impact on the environment;</p>
<p>Apparel sector</p>	<ol style="list-style-type: none"> 1. It should be ensured that activities provide materials from the legal leather market to avoid illegal hunting of animal species and the impact on biodiversity. It is suggested that other materials used be environmentally friendly and recyclable; 2. To avoid the environmental impact of the waste generated by the production process, their management should be done according to the legal requirements of the national legislation. ; 3. Hazardous waste can be managed or treated according to the requirements of national legislation on hazardous waste management. There is also the possibility of implementing agreements with supply companies for the return of hazardous waste; 4. To reduce energy and water consumption during the work process can be used devices with higher energy and water consumption efficiency. Modern devices, for example, consume about 50% less power than in the case of wear & Go's devices. Another option is to use renewable energy sources. In these cases, bank loans and subsidies from the central institutions of the Government of Kosovo can be used. These interventions would reduce production costs and reduce environmental impact; 5. The risk of fires due to the use of electrical equipment and flammable liquid products can be managed by applying the standards and legal requirements for fire and emergency management; 6. In cases where the activities of the sector are supported, which include the construction of facilities, to minimize the impacts on the surrounding environment, the legal provisions provided by the Law on Environmental Impact Assessment and environmental legislation on air, water, and soil discharges should be applied. Opportunities for the use of renewable energy sources and other activities that promote the sustainable use of natural resources should also be considered; 7. During the process of transporting products in different areas, to reduce air emissions, dust, and noise, low emission vehicles can be used and those that are based on fossil fuels can be removed from use. 8. Identification of indicators for monitoring the activities of this sector that have an impact on the environment;

<p>Rural tourism sector</p>	<ol style="list-style-type: none"> 1. Integrated waste management according to the requirements of national legislation and principles of circular economy to micro and small businesses of rural tourism; 2. The use of environmentally friendly materials and products and the promotion of the use of local products that would affect the improvement of the social, cultural, and economic well-being of the community. 3. Implement environmental impact assessment or identify negative impacts through the checklist to identify potential environmental impacts on new and existing culinary and food processing businesses; 4. Use of equipment and processes that provide higher efficiency of energy use, higher efficiency of water consumption, and use of sustainable forms of transport. Another option is to promote the local market to increase welfare and reduce environmental emissions. 5. Implementation of the requirements of the EIA law, administrative instruction, natural law, laws, and regulations for protected areas, the law on cultural heritage to sector actors that includes activities that focus on various tourist destinations, including those in monuments of natural, cultural and archaeological heritage. 6. The use of refrigerators with high energy efficiency and the use of refrigerants that do not affect the ozone depletion of rural tourism businesses that are focused on the storage of products and products that encourage the use of refrigerators for the storage of these products and products; 7. During activities that include awareness and capacity building of this can be used recyclable materials and promote activities that have little impact on the environment such as sustainable transport, removal from the use of bottles and plastic bags, or even the development of activities in local areas and promotion of local products. 8. Identification of indicators for monitoring the activities of this sector that have an impact on the environment.
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9. Recommendations & Mitigation measures

Table three presents the suggestions and recommendations and mitigation measures to reduce negative impacts on the environment and climate change in the environment in the sectors: of furniture, apparel, and rural tourism in Kosovo.

Table 3: Mitigation measures to reduce negative impacts on the environment and climate change from furniture, apparel, and rural tourism sector

Sectors	Mitigation measures to reduce negative impacts on the environment and climate
Furniture sector	<ol style="list-style-type: none"> 1. For more efficient management of wood waste such as ash and sawdust, it is recommended that it be used for the production of secondary products such as toys or make agreements (contracts) for its use for the plant for the production of heating energy from the heating plant in Gjakova, from a small biomass heating plant, or a plant for the production of pellets. 2. The use of recyclable paints is recommended, respectively soluble paints, while for the management of paint waste it is recommended that they be used for dyeing by-products or make an agreement (contract) with the supplier for their return. In case of non-implementation of any of these proposals, the requirement of the Administrative Instruction for hazardous waste management must be applied. Paint waste should not be mixed with municipal waste and should not be sent to sanitary landfills; 3. To minimize the impact of dust on the indoor environment, it is proposed to use a fan to absorb dust, while to minimize its impact on the outdoor environment, filters should be installed. It is proposed that workers working in the processing process use masks that prevent dust from penetrating the respiratory organs; 4. To minimize the impact of noise indoors and outdoors it is proposed to use cars that produce less noise; 5. To avoid the risks that may arise from the use of equipment and machines for cutting, laminating, and drilling wood, it is proposed to use equipment that provides safety, implement manuals for the use of the equipment and apply the standards that regulate safety in work and employee health. 6. The supply of timber raw materials should be done from the legal market and the purchase or provision of raw materials for production from the illegal market should be avoided because this can promote illegal logging and damage to forest ecosystems and biodiversity. 7. To manage the fire risk, operators should be equipped with fire protection equipment, should train employees in the use of equipment, regularly test fire equipment, and prepare fire risk management plans according to standards and legal requirements for fire and emergency management; 8. During the activities that include awareness and capacity building of this sector, it is proposed the use of recyclable materials (recyclable paper, glass bottles, recyclable bags), sustainable transport, sharing of transport services, or even the use of local products.

	<p>9. Design a program to monitor mitigation measures to reduce negative impacts on the environment;</p>
<p>Apparel sector</p>	<ol style="list-style-type: none"> 1. It should be ensured that activities provide materials from the legal leather market to avoid illegal hunting of animal species and impact on biodiversity. This should be argued through the presentation of regular invoices for the purchase of products. It is recommended that the materials used be environmentally friendly and recyclable; 2. To minimize waste and its impact on the environment during the production process or management, it is recommended to use products that are recyclable or use them for the production of secondary products such as bags or toys. Another option is to enter into agreements (contracts) with the supplier for the return of waste; 3. Colors should be soluble and recyclable and should have little impact on the environment. It is proposed that the paint residue be used for the dyeing of by-products or to enter into an agreement (contract) with the supplier for the return of the paint residue. In case of non-implementation of any of these proposals, the requirement of the Administrative Instruction for hazardous waste management must be applied; 4. To save energy and water, it is highly recommended to use equipment with higher energy and water consumption efficiency. It is also recommended to install power supply systems from renewable energy sources; 5. To manage the fire risk, the operators must be equipped with fire protection equipment, must train the employees for the use of the equipment, make the regular testing of the equipment, and prepare fire risk management plans according to the standards and legal requirements for fire and emergency management. 6. In cases of construction of new facilities and the start of activity as a new project, to minimize when supporting the activities of the sector that include environmental impacts, the legal provisions provided by the law on Environmental Impact Assessment and environmental legislation must be applied. for air, water, and soil discharges. During the drafting of the EIA report for these activities, measures should also be proposed to implement the principles for the use of renewable energy sources and other activities that promote the sustainable use of natural resources; 7. To minimize the impact on the environment that may come from the development of the textile services market, especially activities for the

	<p>transportation of products in different areas, it is proposed to use cars that have low emissions in the environment or to promote the local market.</p> <p>8. Develop a program to monitor mitigation measures to reduce negative impacts on the environment;</p>
<p>Rural tourism sector</p>	<ol style="list-style-type: none"> 1. To manage the generation of municipal waste from the activities of micro and small businesses of rural tourism, it is recommended to apply the principles of prevention, separation, or recycling of waste. It is recommended that in cases of waste separation, contracts or agreements be concluded with companies that deal with the recycling of various streams of waste such as glass, plastic, metal or paper. In the case of organic waste generation, it is recommended to compost them or to make agreements (contracts) with companies that deal with waste composting; 2. It is proposed that in the framework of activities of activities by micro and small businesses of rural tourism, related to the production process to use local products. In other cases it is proposed to use products that are recyclable or have less impact on the environment; 3. In cases of purchase of equipment and machinery, it is proposed to purchase those that have higher energy efficiency and those that have lower emissions to the environment. It is recommended to increase the efficiency of their use in current devices; 4. New businesses in this sector should be subject to the procedures of implementation of environmental impact assessment according to the EIA Law, while in cases of support for expansion, process improvement, or the purchase of equipment, the negative impacts on the environment should be identified through the list that control to identify potential impacts; 5. It is recommended to use equipment and processes that provide higher efficiency of energy use, higher efficiency of water consumption and use of sustainable forms of transport. Another possibility is the promotion of the local market and the use of local products, organic products, the promotion of traditional foods in order to increase welfare and reduce emissions into the environment. The use of environmentally friendly methods and without the use of chemicals is also recommended during the food processing process; 6. In the activities that focus on different tourist destinations, it is recommended to implement the requirements of the EIA law, the Law of nature as well as the laws and regulations for protected areas, the law on cultural heritage. Also the implementation of requirements, principles and standards for the preservation

	<p>of protected areas of natural, cultural and archaeological heritage;</p> <p>7. During the activities that include awareness and capacity building of this sector, it is recommended to use recyclable materials (recyclable paper, glass bottles, recyclable bags), sustainable transport or even the use of local products;</p> <p>8. Development of a program for monitoring mitigation measures to reduce negative impacts on the environment;</p>
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In the table 4 are presented the suggest measures and activities to utilize opportunities for a positive impact that respective value chain actors can implement contributing towards environmental sustainability for the sectors: furniture, apparel, and rural tourism in Kosovo.

Table 4: Suggest measures and activities to utilize opportunities for positive contributions to an environmentally sustainable development change from furniture, apparel and rural tourism sector

Sectors	Suggest measures and activities to utilize opportunities for positive contributions to an environmentally sustainable development
Furniture sector	<ol style="list-style-type: none"> 1. Implementation of programs and standards for integrated waste management in companies that will be supported by the sector. Application of the principles of circular economy in the production cycle in the companies that will be supported within the sector; 2. Implementation of regulations and standards for hazardous waste management; 3. Use of equipment and apparatus for reducing dust emissions during the production process. Use of equipment (masks) to protect the health of workers from the release of dust emissions; 4. Use of materials and equipment for noise reduction. Monitoring of noise parameters in indoor and outdoor environments. Use of equipment to protect the health of employees from noise; 5. Making contracts for supply from the legal market of wood and wood products. 6. Drafting a plan for emergency and fire management. Training of staff on the use of firefighting equipment. Drafting rules and instructions for fire protection; 7. Implement the legal provisions provided by the law on Environmental Impact Assessment and environmental legislation on air, water and soil discharges. Use of renewable energy sources. Promoting the sustainable use of natural resources. Implement a checklist to identify negative impacts on the environment; 8. Use (purchase) of means of transport with low emissions. Removal from the use of old means of transport and those based on fossil fuels. Promoting the

	<p>principles of sustainable transport;</p> <p>9. Use of recyclable material in activities and self-awareness campaigns. Promoting activities that have little impact on the environment. Avoid using plastic bottles and bags. Development of activities in local areas and promotion of local products;</p> <p>10. Develop a program to monitor the measures and activities suggested for the implementation of opportunities for positive impacts on the environment;</p>
Apparel sector	<p>1. The use of environmentally friendly materials that have the possibility of recycling and the conclusion of regular contracts for supply from the legal market;</p> <p>2. Implementation of programs for integrated waste management. Implement local regulations and legal acts for waste management. Implementation of the principles of circular economy and opening of green jobs;</p> <p>3. Implementation of national regulations and legal acts for hazardous waste management. Entering into contracts for the return of waste hazardous substances to supply companies;</p> <p>4. Use of equipment with higher energy and water consumption efficiency. Use of renewable energy sources. Application for grants for subsidies from the central institutions of the Government of Kosovo and for obtaining loans from banks and for investments for renewable energy;</p> <p>5. Drafting a plan for emergency and fire management. Training of staff on the use of firefighting equipment. Drafting rules and instructions for fire protection;</p> <p>6. Implement the legal provisions provided by the law on Environmental Impact Assessment and environmental legislation on air, water and soil discharges. Use of renewable energy sources. Promoting the sustainable use of natural resources. Implement a checklist to identify negative impacts on the environment;</p> <p>7. Design a program to monitor the measures and activities suggested for the implementation of opportunities for positive impacts on the environment;</p>
Rural tourism sector	<p>1. Integrated waste management according to the requirements of national legislation and principles of circular economy to micro and small businesses of rural tourism;</p> <p>2. The use of environmentally friendly materials and products and the promotion of the use of local products that would affect the improvement of social, cultural and economic well-being of the community;</p> <p>3. Use of equipment and machinery that have low emissions in the environment</p>

	<p>and that meet environmental standards;</p> <ol style="list-style-type: none">4. Implement environmental impact assessment or identify negative impacts through the checklist to identify potential environmental impacts on new and existing culinary and food processing businesses;5. Use of equipment and processes that provide higher efficiency of energy use, higher efficiency of water consumption and use of sustainable forms of transport;6. Implementation of the legal provisions provided by the law on Environmental Impact Assessment, the law of nature as well as laws and regulations for protected areas, the law on cultural heritage, to activities that focus on different tourist destinations;7. Implement the legal provisions provided by the law on Environmental Impact Assessment and environmental legislation on air, water and soil discharges. Use of renewable energy sources. Promoting the sustainable use of natural resources. Implement a checklist to identify negative impacts on the environment;8. Use of recyclable material in activities and self-awareness campaigns. Promoting activities that have little impact on the environment. Avoid using plastic bottles and bags. Development of activities in local areas and promotion of local products;9. Develop a program to monitor the measures and activities suggested for the implementation of opportunities for positive impacts on the environment;
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8. References

- MESPI, 2010. Law on Environmental Impact Assessment 2010/03-L-214;
- MTI, 2020. Manufacturing Industry Report 2019.
- SIDA, 2017. Guidelines for a Simplified Environmental Assessment
- Swisscontact, 2015. Internal Market Assessment
- Swisscontact, 2019. Code of Conduct
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- USAID, 2015. The Kosovo Apparel Export Sector: Product Capacities & Market Potential, by Alexandriysky, Robert and Cardno Emerging Markets USA, Ltd.

9. Annexes

Annex 1: Environmental review checklist for identifying potential environmental impacts of project activities and processes

The Environmental Review Checklist for Identifying Potential Environmental Impacts of Project Activities and Processes is intended for use mainly by implementing partners to: assess activity-specific baseline conditions, including applicable environmental requirements; identify potential adverse environmental effects associated with planned activity(s) and processes; and develop Environmental Mitigation and Monitoring Plans that can effectively avoid or adequately minimize the identified effects. *(When preparing the checklist, please indicate “not applicable” for items that have no bearing on the activity.)*

A. Activity and Site Information

Project Name:	
Country/Municipality:	
Activity/Site Name:	
Type of Activity:	
Name of Reviewer and Summary of Professional Qualifications:	
Date of Review:	

B. Activity Description

1. Activity purpose and need
2. Location of activity
3. Beneficiaries, e.g., size of community, number of schoolchildren, etc.
4. Number of employees and annual revenue, if this is a business.
5. Implementation timeframe and schedule
6. Detailed description of activity and site, e.g., size of the facility or hectares of land; steps that will be taken to accomplish the activity
7. Existing or planned certifications, e.g., ISO 14001 EMS, ISO 9000, HCCP, SA 8000, Global Gap, Environmental Product Declarations, Eco Flower, EcoLogo, Cradle to Cradle, UL Environment, GREENGUARD, Fair Trade, Green Seal, LEED

8. Site map, e.g., provide an image from Google Earth of the location
9. Photos of site

C. Activity-Specific Baseline Environmental Conditions

1. Population characteristics of location
2. Geography of the locations
3. Natural resources, e.g., nearby forest/protected areas, ground and surface water resources
4. Current land use
5. Proximity to public facilities, e.g. schools, hospitals, etc.
6. Other relevant description of current environmental conditions in proximity to the activity

D. Legal, Regulatory, and Permitting Requirements

1. National environmental impact assessment requirements for this activity-
2. Applicable National or local permits for this activity, responsible party, and schedule for obtaining them:

Permit Type	Responsible party	Schedule
Zoning		
Building/Construction		
Source Material Extraction		
Waste Disposal		
Wastewater		
Storm Water Management		
Air Quality		
Water Use		
Historical or Cultural Preservation		
Wetlands or Water bodies		
Threatened or Endangered Species		

<i>Other</i>		
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3. Additional National, European Union, or other international environmental laws, conventions, standards with which the activity might be required to comply
 - a. Air emission standards
 - b. Water discharge standards
 - c. Solid waste disposal or storage regulations
 - d. Hazardous waste storage and disposal
 - e. Historical or cultural preservation
 - f. *Other*

E. Engineering Safety and Integrity (for Sections E. and F., provide a discussion for any of the listed issues that are likely to have bearing on this activity)

1. Will the activity be required to adhere to formal engineering designs/plans? Have these been or will a qualified engineer develop them?
2. Do designs/plans effectively and comprehensively address:
 - a. Management of storm water runoff and its effects?
 - b. Reuse, recycling, and disposal of construction debris and by-products?
 - c. Energy efficiency and/or preference for renewable energy sources?
 - d. Pollution prevention and cleaner production measures?
 - e. Maximum reliance on green building or green land-use approaches.
 - f. Emergency response planning?
 - g. Mitigation or avoidance of occupational safety and health hazards?
 - h. Environmental management of mobilization and de-mobilization?
 - i. Capacity of the host country recipient organization to sustain the environmental management aspects of the activity after closure and handover?
3. Are there known geological hazards, e.g., faults, landslides, or unstable soil structure, which could affect the activity? If so, how will the project ensure structural integrity?
4. Will the site require grading, trenching, or excavation? Will the activity generate borrow pits? If so, how will these be managed during implementation and closure?
5. Will the activity cause interference with the current drainage systems or conditions? Will it increase the risk of flooding?
6. Will the activity interfere with above- or below-ground utility transmission lines, e.g., communications, water, sewer, or natural gas?
7. Will the activity potentially interfere with vehicle or pedestrian traffic?
8. Does the activity increase the risk of fire, explosion, or hazardous chemical releases?
9. Does the activity require disposal or retrofitting of polychlorinated biphenyl-containing equipment, e.g., transformers or florescent light ballasts?

F. Environment, Health, and Safety Consequences

1. Potential impacts to public health and well-being

- a. Will the activity require temporary or permanent property land taking?
 - b. Will activities require temporary or permanent human resettlement?
 - c. Will area residents and/or workers be exposed to pesticides, fertilizer, or other toxic substances, e.g., as a result of farming or manufacturing? If so, how will the project:
 - i. Ensure that these chemicals do not contaminate ground or surface water?
 - ii. Ensure that workers use protective clothing and equipment to prevent exposure?
 - iii. Control releases of these substances to air, water, and land?
 - iv. Restrict access to the site to reduce the potential for human exposure?
 - d. Will the activity generate pesticide, chemical, or industrial wastes? Could these wastes potentially contaminate soil, groundwater or surface water?
 - e. Will chemical containers be stored at the site?
 - f. Does the activity remove asbestos-containing materials or use of building materials that may contain asbestos, formaldehyde, or other toxic materials? Can the project certify that building materials are non-toxic? If so, how will these wastes be disposed of?
 - g. Will the activity generate other solid or hazardous wastes such as construction debris, dry or wet cell batteries, florescent tubes, aerosol cans, paint, solvents, etc.? If so, how will this waste be disposed of?
 - h. Will the activity generate nontoxic, non-hazardous solid wastes (subsequently requiring land resources for disposal)?
 - i. Will the activity pose the need to handle and dispose of medical wastes? If so, describe measures of ensuring occupational and public health and safety, both onsite and offsite.
 - j. Does the activity provide a new source of drinking water for a community? If so, how will the project monitor water quality in accordance with health standards?
 - k. Will the activity potentially disturb soil contaminated with toxic or hazardous materials?
 - l. Will activities, e.g., construction, refurbishment, demolition, or blasting, result in increased noise or light pollution, which could adversely affect the natural or human environment?
- 2. Atmospheric and air quality impacts**
- a. Will the activity result in increased emission of air pollutants from a vent or as fugitive releases, e.g., soot, sulfur dioxide, oxides of nitrogen, volatile organic compounds, methane?
 - b. Will the activity involve burning of wood or biomass?
 - c. Will the activity install, operate, maintain, or decommission systems containing ozone depleting substances, e.g., freon or other refrigerants?
 - d. Will the activity generate an increase in carbon emissions?
 - e. Will the activity increase odor and/or noise?
- 3. Water quality changes and impacts**
- a. How far is the site located from the nearest river, stream, or lake?
 - b. Will the activity disturb wetland, lacustrine, or riparian areas?
 - c. What is the depth to groundwater at the site?
 - d. Will the activity result in increased ground or surface water extraction? If so, what are the volumes? Permit requirements?
 - e. Will the activity discharge domestic or industrial sewage to surface, ground water, or publicly owned treatment facility?

- f. Does the activity result in increased volumes of storm water run-off and/or is there potential for discharges of potentially contaminated (including suspended solids) storm water?
- g. Will the activity result in the runoff of pesticides, fertilizers, or toxic chemicals into surface water or groundwater?
- h. Will the activity result in discharge of livestock wastes such as manure or blood into surface water?
- i. Does the site require excavation, placing of fill, or substrate removal (e.g., gravel) from a river, stream or lake?

4. Land use changes and impacts

- a. Will the activity convert fallow land to agricultural land?
- b. Will the activity convert forest land to agricultural land?
- c. Will the activity convert agricultural land to commercial, industrial, or residential uses?
- d. Will the activity require onsite storage of liquid fuels or hazardous materials in bulk quantities?
- e. Will the activity result in natural resource extraction, e.g., granite, limestone, coal, lignite, oil, or gas?
- f. Will the activity alter the viewshed of area residents or others?

5. Impacts to forestry, biodiversity, protected areas and endangered species

- a. Is the site located adjacent to a protected area, national park, nature preserve, or wildlife refuge?
- b. Is the site located in or near threatened or endangered (T&E) species habitat? Is there a plan for identifying T&E species during activity implementation? If T&E species are identified during implementation, is there a formal process for halting work, avoiding impacts, and notifying authorities?
- c. Is the site located in a migratory bird flight or other animal migratory pathway?
- d. Will the activity involve harvesting of non-timber forest products, e.g., mushrooms, medicinal and aromatic plants (MAPs), herbs, or woody debris?
- e. Will the activity involve tree removal or logging? If so, please describe.

6. Historic or cultural resources

- a. Are there cultural or historic sites located at or near the site? If so, what is the distance from these? What is the plan for avoiding disturbance or notifying authorities?
- b. Are there unique ethnic or traditional cultures or values present in the site? If so, what is the applicable preservation plan?

G. Further Analysis of Recommended Actions

- 1. Categorical Exclusion:**
- 2. Negative Determination with Conditions:**
- 3. Positive Determination:**
- 4. Activity Cancellation:**

Annex II: Environmental Mitigation and Monitoring Plans (Template)

1. Activity-specific environmental mitigation plan

Processes	Identified Environmental Impacts	Do the Impacts Require Further Consideration?	Mitigation Measures	Monitoring Indicators
Describe activity of the furniture sector	Describe negative environmental impacts identified from the furniture sector	<input type="checkbox"/> YES <input type="checkbox"/> No	If YES, Describe the proposed mitigation measures to reduce (mitigate) the negative impact on the environment	Describe the monitoring indicators to reduce (mitigate) the negative impact of the activity on the environment
Describe activity of the apparel sector	Describe negative environmental impacts identified from the apparel sector	<input type="checkbox"/> YES <input type="checkbox"/> No	If YES, Describe the proposed mitigation measures to reduce (mitigate) the negative impact on the environment	Describe the monitoring indicators to reduce (mitigate) the negative impact of the activity on the environment
Describe activity of the rural tourism sector	Describe negative environmental impacts identified from the rural tourism sector	<input type="checkbox"/> YES <input type="checkbox"/> No	If YES, Describe the proposed mitigation measures to reduce (mitigate) the negative impact on the environment	Describe the monitoring indicators to reduce (mitigate) the negative impact of the activity on the environment

2. Activity-specific monitoring plan

Monitoring Indicators	Monitoring and Reporting Frequency	Responsible Parties	Records Generated
Describe the monitoring indicators for the furniture sector (example: Level of noise pollution)	Monthly or Quarterly or Yearly	The name of the company/	Photo evidence and report
Describe the monitoring indicators for the apparel sector (example: Amount of the waste generated)	Monthly or Quarterly or Yearly	The name of the company/	Photo evidence and report
Describe the monitoring indicators for the rural tourism sector (example: Number of the tourists and visitors, or Number of the events and number of the participants)	Monthly or Quarterly or Yearly	The name of the company/	Photo evidence and report