



Republika e Kosovës
Republika Kosovo-Republic of Kosovo
Government - Vlada - Government

MINISTRIA E ZHVILLIMIT EKONOMIK
MINISTARSTVO EKONOMSKOG RAZVOJA
MINISTRY OF ECONOMIC DEVELOPMENT

**Progress
Report**

2012

**Mining Strategy Development Program
2012-2014**

February, 2013

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ABBREVIATIONS

MED	Ministry of Economic Development
DECPEI	Department of Economic Development Policies and European Integration
DEM	Department of Energy and Mining
KGI	Kosovo Geology Institute
PAK	Privatization Agency of Kosovo
INKOS	Inkos Institute j.s.c
MESP	Ministry of Environment and Spatial Planning
KEK	Kosovo Energy Corporation
ICMM	Independent Commission on Mines and Minerals
TPP	Thermal Power Plant
MS	Mining Strategy of the Republic of Kosovo, 2012-2025
MSIP	Mining Strategy Implementation Program, 2012-2014
SWS	South-West Sibovc
KB	Kosovo Budget
EITI	Extractive Industries Transparency Initiative
GD	Generation Division



INTRODUCTION

Progress report for 2012 describes the progress of implementation of projects, namely activities, as envisaged in the MSIP 2012-2014.

The report also strives to identify projects and other activities implemented in the mining sector, which have not been included in the MSIP plan 2012-2014.

This report identifies the progress achieved and challenges for non-implementation of certain projects/activities.

Identification of challenges shall serve as facilitation in addressing issues which may be considered an obstacle for further development of the sector, and will facilitate adequate planning, implementation and more detailed analysis of planning costs and time of project implementation.

As a result, the annual progress report shall serve as a basis for mining development policy review, which could be reflected in the Mining Strategy Review.



METHODOLOGY FOR THE DRAFTING OF THE PROGRESS REPORT

Progress Report 2012, in relation to the Mining Strategy Implementation Program 2012-2014 (PR for 2012, for MSIP 2012-2014), has been drafted in line with the Law on Mines and Minerals No. 03/L-163, Mining Strategy of the Republic of Kosovo 2012-2025 and MSIP 2012-2014.

MED- DECPEI has coordinated the drafting process of the progress report, which included the following relevant institutions of the mining sector: MED-DEM, MED-KGI, KEK, Trepça – PAK, ICMM, MESP and INKOS j.s.c.

Initially, DECPEI developed a reporting template through tables/fiches, which lists projects envisaged in MSIP in 2012. In addition, working meetings with the aforementioned institutions were chaired by DECPEI. The first meeting (i) was used to discuss the reporting form and manner, and the second meeting (ii) to discuss the progress of each project for 2012, included in the MSIP 2012-2014. In addition to meetings, DECPEI, as needed, contacted relevant institutions and discussed on relevant issues.

The following are tables with titles of projects/activities as listed in MSIP 2012-2014, with an added column of implementation stage and column on comments.



FIRST PILLAR

Provision of favorable conditions for economic valorization and utilization of mining resources and attraction of investments						
Nr.	Project/activity envisaged in 2012	Indicator (MS)	Responsible Institution	Cost in € in 2010 and Source of financing	Achieved results	Comments
Objective 1. Completion of the legal and regulatory framework						
1	Review of Law No 03/L-163 on Mines and Minerals	Pill. I, Objective 1., Drafting of the law on mining	Assembly of Kosovo, Government and MED	No costs.	Approved in principle in the Assembly of the Republic of Kosovo Implementation: 75%	Final adoption by the Assembly of Kosovo is expected
Objective 2. Drafting of mining sector development policies						
1	Kosovo's membership in EITI	Pill. I, Objective 2, Measure	MED	5,000 KB	Criteria and rules to be fulfilled in the membership process have been reviewed. Implementation:	Planned costs for this activity in 2010 have not been utilized

		I.2.5			15%	
2	Opening of new wards in Stantërg Mine - Horizons X and XI	Pill. I, Objective 2, Measure I.2.3	Trepça	930,000 KB	New wards have been opened as envisaged in the project Implementation: 100%	
3	Revival of wards in Stantërg mine Horizons VIII and IX	Pill. I, Objective 2, Measure I.2.3	Trepça	1,000,000 KB	Exploitation machine and other materials have been delivered to revive the ward as envisaged in the project Implementation: 100%	
4	Supplementary mining project on superficial utilization of Nickel ores in 'Gllavica' Mine, Magure – Lipjan(2008)	Pill. I, Objective 2, Measure I.2.3.	Newco Ferronikeli Complex L.L.C. ICMM	No costs	<ul style="list-style-type: none"> Defining methods and manner of utilization; Documentation of the manner of utilization; Higher safety and security in mine exploitation; Mining work plan for two years has been developed, 2012-2013. Implementation: 100%	
5	Supplementary mining project on superficial utilization of Nickel ores in "Çikatovë" mine - Drenas (2008)	Pill. I, Objective 2, Measure I.2.3.	Newco Ferronikeli Complex L.L.C. ICMM	No costs	<ul style="list-style-type: none"> Defining methods and manner of utilization; Documentation of the manner of utilization; Higher safety and security in mine exploitation; 	

					<ul style="list-style-type: none"> Mining work plan for one year has been developed, 2012 -2013. <p>Implementation: 100%</p>	
6	Chrome target utilization project "Briu i Gjeletocit" (carrier), Llapçevë (Rahovec mun.)	Pill. I, Objective 2, Measure I.2.3.	ArsiLLC ICMM	No costs	<ul style="list-style-type: none"> Defining methods and manner of utilization; Documentation of the manner of utilization; Higher safety and security in mine exploitation; Mining work plan for one year has been developed 2012 -2013. <p>Implementation: 100%</p>	
7	Supplementary mid-term plan for 2013-2017, for SSW mine	Pill. I, Objective 2, Measure I.2.3.	INKOS j.s.c.	44,500 KEK	Mid-term plan for coal supply for the period 2013-2017 has been drafted, as requested by KEK	Implementation: 100%
8	Project for reclamation of ash landfill of TPP Kosovo B	Pill. I, Objective 2.	INKOS j.s.c.	11,600 KEK	Project was not implemented. This project is expected to be implemented in 2013	Lack of funds
9	Geology-Mechanical exploration in SWS Mine	Pill. I, Objective 2.	INKOS j.s.c.	33,000 KEK	High inclination slopes have been identified, enabling the elimination of risks during coal exploitation.	

					Implementation: 100%	
10*	Repair of conveyer belts system B-1600 mm (3 km) (follow-up of the 2011 project) and repair of overburden belts	Pill. I, Objective 2.	KEK	3,990,000 KEK	Increase of efficiency and security of coal supply. The projected has been completed. Implementation: 100%	Total cost: 52,940,000€
11*	Repair of excavator: (E 5M) and (E 7M), (E10M, Overburden) and automatic belts (follow-up of the 2011 project)	Pill. I, Objective 2.	KEK	360,000 KEK	Completion of the SWS project and enhancement of generation capacities Implementation: 100%	Total cost: 22,180,000€
12*	Repair of the overburden excavator (P4M)	Pill. I, Objective 2.	KEK	600,000 KEK	Completion of the SWS and increase of generation capacities Implementation: 100%	Total cost: 11,360,000 €
13*	Purchase and installation of the Telescopic Station (discharge stations in two or more belts along the coal generation process)	Pill. I, Objective 2.	KEK	4,160,000 KEK	Completion of the SWS project and increase of generation capacities Implementation: 100%	Total cost: 4,930,000 €

*Projects which have not been included in MSIP (2012-2014). These projects have commenced in 2010-2011, and were completed in 2012.

These projects have been presented by KEK-CGD and are in line with development measures and policies in MS, namely first Pillar, Objective 2 of the MS.

Objective 3. Development of fiscal policies

						No activity is planned in relation to this objective during the period 2012-2014
Objective 4. Economic revaluation of the mining potential						
1	Feasibility study for the coal basin in Dukagjini	Pill. I, Objective 4, Measure 1.4.3	MED	82,500 KB	<ul style="list-style-type: none"> • Scope of coal layer has been determined; • Areas and model of coal exploitation have been identified • The area of the opening of the new mine for coal exploitation has been selected, with the favorable geology-mining and good infrastructural conditions; 	The project had additional costs of: 5,575 € - (6.76%) Final cost: 88,075 €, from the KB
2	Feasibility study for the coal basin in Drenica	Pill. I, Objective 4, Measure 1.4.3.	MED	49,500.58 KB	<p>The study has summarized, analyzed and presented data and information on geology-mining conditions on the areas of coal layers. Geology reserves have been identified, the zone for mine opening has been selected.</p>	

3	Geological elaboration of marl reserves and quality in the "Dimcë" - Hani i Elezit source	Pill. I, Objective 4.	Sharrcem LLC ICMM	No costs	<ul style="list-style-type: none"> Determination of exploitable reserves in the source; Documentation of source reserves <p>Implementation: 100%</p>	Reporting on the state of reserves after each calendar year in ICMM
4	Main project of marl utilization from source "Dimcë" - Hani i Elezit	Pill. I, Objective 4.	Sharrcem LLC ICMM	No costs	<ul style="list-style-type: none"> Documentation of the manner of utilization; Increase of the level of security during mining <p>Implementation: 100%</p>	Reports on the dynamic of the exploitation in correlation with the planned annual generation as per the project
5	Geological elaboration of Nickel reserves in source Gllavicë – Lipjan /	Pill. I, Objective 4.	Newco Ferronikeli Complex L.L.C. ICMM	No costs	<ul style="list-style-type: none"> Determination of exploitable reserves in the source; Documentation and categorization of reserves in the source. <p>Implementation: 100%</p>	Reporting on the state of reserves after each calendar year
6	Geological elaboration of Nickel reserves in source in "Çikatovë"- Drenas	Pill. I, Objective 4.	Newco Ferronikeli Complex L.L.C. ICMM	No costs	<ul style="list-style-type: none"> Determination of exploitable reserves in the source; Documentation and categorization of reserves in the source. <p>Implementation: 100%</p>	Reporting on the state of reserves after each calendar year

7	Geological report with Chrome reserve calculations in targeted "Briu i Gjelocit" (Carrier), Rahovec Municipality .	Pill. I, Objective 4.	"Arsi" LLC ICMM	No costs	<ul style="list-style-type: none"> • Determination of exploitable reserves in the source; • Documentation and categorization of reserves in the source. <p>Implementation: 100%</p>	Reporting on the state of reserves after each calendar year
8	Sources and presences of Pb-Zn-Cu mineralization in entire Kosovo	Pill. I, Objective 4.	MED	No costs	<p>A database has been created on the Sources and appearances of Pb-Zn-Cu minerals in the territory of Kosovo, including:</p> <ul style="list-style-type: none"> - Source location; - Description of geology for the appearance in question. - Level of research; - Reserves; - Laboratory analysis; - Drilling etc. <p>Implementation: 100%</p>	The Project has been implemented by the KGI staff
9	Sources and presences of industrial mineral mineralization (Bentonite and Quartzite) in entire Kosovo	Pillar I, Objective 4.	MED	No costs	<p>A database has been created on the Sources and appearances of industrial mineralization (Bentonite and quartz in the territory of Kosovo, including:</p> <ul style="list-style-type: none"> - Source location; - Description of geology for the 	The Project has been implemented by the KGI staff

					<p>appearance in question.</p> <ul style="list-style-type: none"> - Level of research; - Reserves; - Laboratory analysis; - Drilling etc. 	
					<p>Implementation: 100%</p>	

SECOND PILLAR

Enhancement of human and institutional capacities in the mining sector						
Nr.	Project/activity envisaged in 2012	Indicator (MS)	Responsible Institution	Cost in € in 2010 and Source of financing	Achieved results	Comments
Objective 1. Development of human and institutional capacities						
1	Staff training in "Auto Cad Civil 3D".	Pill. II, Objective 1.	ICMM	10,000 KB	Staff members have been trained in the use of Auto Cad Civil 3D. <div style="border: 1px solid black; background-color: #7ed321; color: white; padding: 2px; text-align: center;">Implementation : 100%</div>	
2	Implementation of a study on possibilities of including INKOS under KGI auspices	Pill. II, Objective 1, Measure II.2.2 II.2.3 II.2.4	INKOS j.s.c	No costs	Implementation of study is in final phase <div style="border: 1px solid black; background-color: #7ed321; color: white; padding: 2px; text-align: center;">Implementation : 80%</div>	Talks are ongoing on the implementation of this plan

		II.2.5 II.2.6 and II.2.7				
Objective 2. Exploration of mining resources and their reporting						
1	Establishment of KGI electronic archives	Pill. II, Objective 2.	MED	-	Completion of the KGI archives with geological data is ongoing Implementation : 100%	This activity continues in the following years
2	Kosovo Mining Resource Management Plan	Pill. II, Objective 2. Measure II.1.6	ICMM,	200,000 KB	Implementation : 0%	Project was implemented due to reallocation of funds
3	Mining Resources Annual Management Plan in Kosovo	Pill. II, Objective 2, Measure II.1.6 Law No. 03/L-163 on Mines and Minerals, Article 74.	ICMM	No costs	Implementation : 0%	
4	Compilation of two plans of 1:25000 scale Q34-54Bb and	Pill. II,	ICMM	80,000	Geological information obtained from mapping in	

	Q34-54Bd.	Objective 2.		KB	the scale 1:25000 Implementation : 100%	
5	Elaboration of Geological Bauxite Reserves in source No. 39 "Dresnik-Dolac"	Pill. II, Objective 2, Measure II.1.1	Kosovo bauxites ICMM	-	Compilation of geological elaborate of reserves Implementation : 100%	

THIRD PILLAR

Social considerations and community benefits						
Nr.	Project/activity envisaged in 2012	Indicator (MS)	Responsible Institution	Cost in € in 2010 and Source of financing	Achieved results	Comments
Objective 1. Treatment of social issues and occupational safety considerations						
1	Support to social schemes (pensions) for Trepça Industrial Complex	Pill. III, Objective 1, Measure III.1.1.	MED	3,082,870 KB	All funds planned to support social schemes for the Trepça mining complex have been realized <div style="background-color: #d9ead3; padding: 2px; display: inline-block;">Implementation : 100%</div>	
Objective 2. Community participation and benefits						
1						No project /activity is envisaged in MSIP 2012-2014

FOURTH PILLAR

Environmental care						
Nr.	Project/activity envisaged in 2012	Indicator (MS)	Responsible Institution	Cost in € in 2010 and Source of financing	Achieved results	Comments
Objective 1. Mitigation of past environmental problems						
1	Rehabilitation of degraded areas of Drini i Bardhë river	Pill. IV, Objective 1, Measure VI.1.4.	MESP	3,000,000 (70% donator and 30 % KB)	No results. Project implementation has not started. <div style="background-color: #d9ead3; padding: 2px; display: inline-block;">Implementation : 0%</div>	Lack of funds
2	Rehabilitation of utilized abandoned areas (quarries).	Pill. IV, Objective 1, Measure VI.1.4.	MESP	500,000 (70% donator and 30 % KB)	No results. Project implementation has not started. <div style="background-color: #d9ead3; padding: 2px; display: inline-block;">Implementation : 0%</div>	Lack of funds
3	Rehabilitation of utilized (historical) mining areas.	Pill. IV, Objective 1, Measure VI.1.4.	MESP	1,000,000 (70% donors 10% KB, 20% Trepça)	No results. Project implementation has not started. <div style="background-color: #d9ead3; padding: 2px; display: inline-block;">Implementation : 0%</div>	Lack of funds

4	Acidic mine water treatment	Pill. IV, Objective 1, Measure VI.1.4.	MESP	200,000 (70% donator and 30 % KB)	No results. Project implementation has not started. Implementation : 0%	Lack of funds
5	Rehabilitation of the industrial park in Mitrovica	Pill. IV, Objective 1, Measure IV.1.1., IV.1.2., IV.1.3., VI.1.4. and VI.1.5.	Trepça	500,000 (Donor, Trepça-AKP Municipality of Mitrovica, MESP)	No results. Implementation : 0%	Donor conference was organized and project design is completed which also includes rehabilitation of the section also covering the northern part. Thus far, funds have only been secured from Trepça and MESP
6	Treatment of acidic waters in Artana mine	Pill. IV, Objective 1, Measure IV.1.1., IV.1.2., IV.1.3., VI.1.4. and VI.1.5.	Trepça	100,000 (Donor, Trepça-AKP, MESP)	No results. Implementation : 0%	Lack of funds
7	Second phase of rehabilitation/ coverage of the Kelmend landfill	Pill. IV, Objective 1, Measure IV.1.1., IV.1.2.,	Trepça	100,000 Donor	No results. Implementation : 0%	Lack of funds

		IV.1.3., VI.1.4. and VI.1.5.				
8	Compilation of the project on re-cultivation of internal and external layers of ash landfills in OCM 'Kosovo'.	Pill. IV, Objective 1, Measure VI.1.4.	KEK	22,000 KEK	No results. Implementation : 0%	Lack of funds
9	Geo-mechanical exploration of Bardh landfill/layers	Pill. IV, Objective 1.	INKOS j.s.c	44,000 KEK	No results. Implementation : 0%	This project was postponed, and is expected to be implemented in June 2013.
Objective 2. Environment protection from mining activities						
1	Environmental monitoring CGD	Pill. VI, Objective 2.	INKOS j.s.c	50,000 KEK	Monitoring of water, soil and air was conducted in KEK areas, and main pollutants have been identified, with the aim of preventing environment pollution in these areas. Implementation : 100%	
2	Environmental monitoring DGJ (TPP Kosovo A & TPP Kosovo B)	Pill. VI, Objective 2.	INKOS j.s.c	70,000 KEK	Environment monitoring was done related to emissions in TPP Kosovo A and TC Kosovo B Implementation : 100%	

RELEVANT PROJECTS ¹

Other projects relevant to the mining sector						
Nr.	Project/activity envisaged in 2012	Indicator (MS)	Responsible Institution	Cost in € in 2010 and Source of financing	Achieved results	Comments
1	Micro-zoning of Gjilan	-	MED	104,626 KB	<p>Seismic micro-zoning study was conducted for a surface area of 60 hectares in the Municipality of Gjilan. Seismic parameters on the area have been obtained. A seismic map was developed for these plots.</p> <div style="background-color: #d9ead3; padding: 2px; display: inline-block;">Implementation : 100%</div>	Total cost: 155,000 € KB

¹ Projects in the MSIP 2012-2014 which have no clear indicators in the Mining Strategy

PERFORMANCE INDICATORS

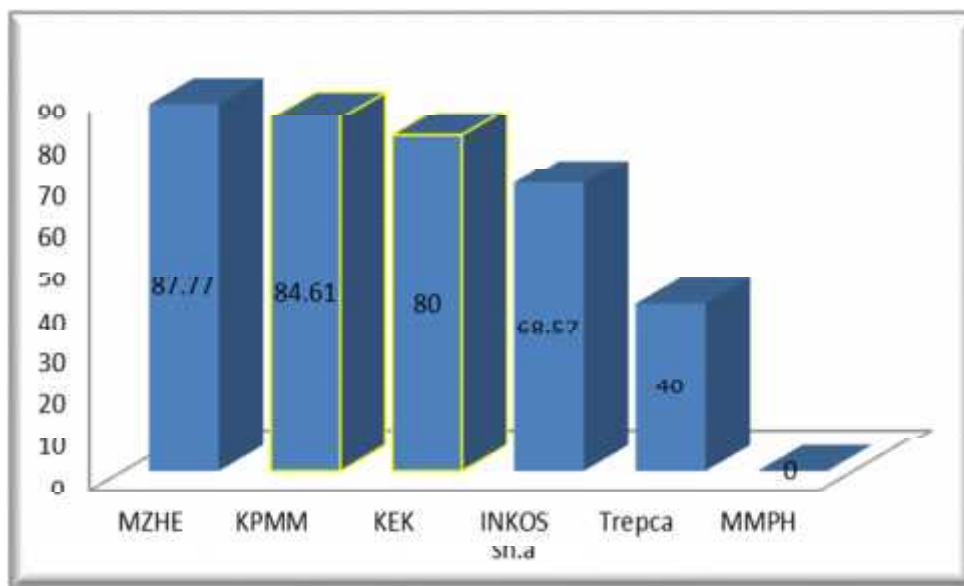
The table below shows the implementation of MSIP in percentage in 2012.

Projects/activities as shown in MSIP	Number of projects/activities	Implementation in percentage
First pillar (I) (Provision of favorable conditions for economic valorization and utilization of mining resources and attraction of investments)	19	73%
Second pillar (II) (Enhancement of human and institutional capacities in the mining sector)	7	69%
Third pillar (III) (Social considerations and community benefits)	1	100%
Fourth pillar (IV) (Environmental protection)	11	18%
Relevant projects	1	100%
Total implementation of projects/activities of MSIP in 2012	39	69.07%

Note: KEK has implemented 4 projects (repair and purchase of coal exploitation equipment; see Pillar I, Objective 2, Projects: 10, 11, 12 and 13) which have not been included in the MSIP document 2012-2014. However, projects are in line with measures and development policies envisaged in MS, specifically Objective 2, Pillar I of MS.

As four reported projects of KEK have been implemented 100%, their inclusion in the total Implementation of projects/activities if MSIP for 2012 gives a real indicator of MSIP implementation for 2012 at **69.07%**.

Figure – Performance indicator in percentage (%) according to the implementation of projects/ activities by institution ** :



**KEK performance in 2012 also includes 4 projects which have not been included in MSIP, but implemented in 2012 (see Pillar I, Objective 2, projects 10, 11, 12 and 13).

**ICMM performance is presented with the performance of companies - Newco Ferronikel Complex, L.L.C, Sharrem LLC, Arsi LLC, Kosovo Bauxites.