



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
INDUSTRIAL WASTE MANAGEMENT AND CLEANUP PROJECT
APPROVED ON SEPTEMBER 19, 2014
TO
MONTENEGRO

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY
EUROPE AND CENTRAL ASIA

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I. BASIC DATA

Product Information

Project ID P122139	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 19-Sep-2014	Current Closing Date 31-Mar-2023

Organizations

Borrower Montenegro	Responsible Agency Environmental Protection Agency
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Project Development Objective (PDO)

Original PDO

The Development Objective of the Project is to reduce contamination of Montenegro’s natural resources and public health risks of exposure to this contamination from selected industrial waste disposal sites.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-84280	19-Sep-2014	10-Oct-2014	17-Nov-2014	31-Mar-2023	61.60	39.53	13.49

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES



The project focuses on remediation of three highly polluted industrial sites: (i) a shipyard in Bijela with stockpiles of solid waste as well as contaminated soil and groundwater; (ii) a mine tailings disposal site in Gradac; (iii) and a coal ash disposal facility in Pljevlja/Maljevac. The project also supports preparation of technical documentation for remediation works for two industrial waste disposal sites at the Aluminum Plant in Podgorica, and further development of the regulatory framework for hazardous and industrial waste management in Montenegro. Remediation works at two sites (Gradac, Pljevlja/Maljevac) that needed cleanup have been completed. Also design work for the waste disposal sites in Podgorica at the KAP aluminum smelter complex and the development of a national hazardous waste management system have been completed. There are no overdue audits on the projects and financial management arrangements continue to be acceptable.

At the Bijela shipyard site, site and soil/groundwater remediation works have been completed, and all hazardous waste grit (68,463 tons) and other waste categories in smaller quantities (waste oil, oily sludge, asbestos) and part of the contaminated soil (7,500 tons) have been exported. While there are small activities that need to be completed, the main challenge for successful project completion remains to be safe management of this approximately 55,000 tons of contaminated soil on site and this is the current focus of project implementation.

Since contamination levels tend to reduce over time due to evaporation and natural breakdown, after reviewing the results of necessary testing to confirm current pollutant concentration, the quantity of soil required to be exported is now estimated at around 22,000 tons. The balance of around 33,000 tons has contamination levels below thresholds that require export and should therefore remain in Montenegro for useful application (e.g. backfilling at industrial sites) or disposal. Following extensive discussions among the various stakeholders, a variation order to extend the contract completion date until the end of June 2023 has been signed in early March 2023. The Contractor completed administrative procedures and the first vessel to load around 7,400 tons of soil for export has arrived in Bijela March 17, 2023. Further, by March 31, 2023, the remaining 14,500 tons of soil for export and around 220 tons of contaminated big bags will remain on-site. The Concessionaire (site owner, private investor for redevelopment of the site) for the Bijela shipyard site has confirmed that they are willing to provide plots of land for temporary storage of around 33,000 tons of soil that has pollutant concentration below the export threshold limits and that can be disposed or applied in years to come within Montenegro.

In order to ensure that the project activities are completed in line with the agreement with the Bank, the Bijela Remediation Completion Plan has been prepared by the Government of Montenegro (through the Ministry of Ecology, Spatial Planning and Urbanism) and submitted to the World Bank on March 10, 2023 (with revision submitted on March 20, 2023). This plan describes the activities and resources required for ensuring timely completion of the remaining activities. Per the agreed works schedule that is part of the Completion Plan, project activities will be concluded in late June 2023. The Completion Plan also defines that if by May 31, 2023 exports of any part of the 22,000 tons contaminated soil or the big bags have not been shipped out by then, any remaining materials, included this soil and big bags, will be safely stored at the Bijela site as agreed with the Concessionaire by June 30, 2023.

This restructuring is being recommended in line with the request for extension of the project closing date by the Government of Montenegro, along with the referred Completion Plan that includes a detailed time table for export and on-site works with assigned responsibilities across the project's stakeholders, by 4 months so that all the activities can be fully completed in line with requirements under the project's Financing Agreement.

III. DETAILED CHANGES



LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-84280	Effective	30-Jun-2019	30-Jun-2020, 30-Jun-2021, 30-Jun-2022, 31-Mar-2023	31-Jul-2023	30-Nov-2023