

Public

Environmental and Social Data Sheet

Overview

Project Name:	GAS INTERCONNECTOR NIS-DIMITROVGRAD-BULGARIA
Project Number:	2017-0205
Country:	Serbia
Project Description:	The Project consists of the construction of the Serbian section of a gas interconnector between Serbia and Bulgaria to allow for the transfer of between 1 and 1.8 billion cubic metres of natural gas annually from Bulgaria to Serbia and 0.15 billion cubic meters from Serbia to Bulgaria. The Project will contribute to diversification of supply routes and potential supply sources of natural gas to South-East European region.
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The Interconnector Bulgaria–Serbia (IBS) project consists of a 171 km high-pressure gas bi-directional transmission pipeline with the related above ground installations between the existing natural gas transmission networks of Serbia and Bulgaria. It aims to provide diversification of gas supply routes and sources to the Serbian and South East European gas market and to improve integration and security of supply to both Serbia and Bulgaria. The IBS project forms part of the EU's Projects of Common Interest (PCI) and is a priority in the context of the Central and South Eastern Europe Energy Connectivity High Level Group (CESEC). It is on the List of Projects of the Energy Community Interest (PECI List) and on the priority energy infrastructure projects of Serbia.

The EIB operation (Project) consists of the construction of the Serbian section of this cross-border bidirectional pipeline. The Project envisages the construction of a single-entry gas pipeline with the associated infrastructure. The planned pipeline on the territory of Serbia is 108 km long (Nis – Dimitrovgrad), with a diameter of DN 700, with a technical transmission capacity of up to 1.8 billion m³/year and with a maximum operating pressure of 55 bar.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20 000 tonnes CO₂e/year absolute (gross) or 20 000 tonnes CO₂e/year relative (net) – both increases and savings.

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The Bulgarian section of the gas interconnector to be constructed would be a 63 km long DN 700 pipeline from the Serbian border to Novi Iskar (Sofia).

The project, if situated in the EU, would fall under Annex II as per Directive 2011/92/EU amended by Directive 2014/52/EU requiring the competent authority to decide whether a formal EIA is necessary. In the framework of Infrastructure Project Facility Technical Assistance Window (IPF TA) Western Balkans at the feasibility study stage in 2011, an international consultant prepared an Environmental and Social Impact Assessment (ESIA) study. The environmental permitting process, however, started only in 2016, when an SEA procedure was completed for the gas interconnector pipeline. The SEA for the Spatial Plan for the Nis – Dimitrovgrad corridor also reviewed the Project together with other significant infrastructure projects (i.e. highway and railway). The SEA for the Energy Sector Development Strategy of the Republic of Serbia by 2025 with Projections until 2030 for the Period 2017–2023 also included the Project. The competent authority issued the scoping decision for the EIA of the Project in 2017. The related technical documentation and the environmental studies were updated and on 23/12/2019, the Project received the environmental authorization and the construction permit from the Serbian competent authorities.

Concerning IBS on the Bulgarian side the competent authority issued two screening decisions, assessing the need to carry out an Environmental Impact Assessment (EIA) for (i) the project itself (18/09/2012) and (ii) the related detailed site development plan and parcel plan (30/07/2015). In both cases, the screening decision was that the project is not likely to have significant negative impact on the environment, human health or protected areas, including Natura 2000 sites. Therefore, in both cases the competent authority concluded that there was no need to carry out an EIA for the project. Meanwhile the issued decisions have expired and in the context of the preparatory work for obtaining a construction permit the Promoter of the IBS section in Bulgaria will take the necessary actions for their renewal. The process of environmental authorization and receiving the construction permit is planned to be completed by the end of 2020.

The environmental and social concerns faced by the Project are typical of such gas transmission infrastructure construction project. They include: (i) limited routing options due to environmental, social, geo-hazard and technical constraints (ii) potential impact on sensitive flora and fauna habitats as well as on surface and groundwater resources; (iii) temporary and permanent land acquisition; (iv) disturbance to local livelihoods; (v) community safety; (vi) local employment; (vii) potential impacts to vulnerable groups; and (viii) public consultation and stakeholder engagement.

The pipeline route is proposed outside populated areas and in a way to avoid environmentally sensitive areas to the extent possible. It passes through largely agricultural land and forested areas. The pipeline will be underground and follow existing rights of way where appropriate, thus maintaining the integrity of sensitive zones. Impacts that can be typically expected are mainly temporary and relate to construction works (clearing of rights of way, noise, dust, increased traffic, temporary access restrictions, construction camps and lay-down areas, waste disposal, crossing of highways, rails and water ways). These impacts can usually be well managed by appropriate measures taken by the construction company in order to avoid unacceptable nuisance to other parties and the public. Minor visual impacts will result from the construction of some above ground infrastructure.

The pipeline routing exercise for the Project was carried out to avoid protected areas as much as possible, although, given the linear nature of the Project, some areas were unavoidable. The pipeline route passes through the nature park Sićevačka Gorge. According to the studies,

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potential impacts on these habitats and the species of nature conservation interest are primarily limited to temporary impacts during construction (i.e. land and vegetation clearance, noise and vibration, presence of workforce, etc.). Mitigation measures as defined in the ESIA are deemed sufficient. Construction contractors will have to prepare comprehensive reinstatement and biodiversity monitoring plans, which identify detailed actions for the bio-restoration of non-critical and critical habitats. This includes specific reinstatement and restoration goals and monitoring parameters for each habitat. The Project is not expected to result in permanent adverse impacts on critical habitats, on the biodiversity values or on species of nature conservation interest.

The Project can have potential impact on water environment (surface and groundwater). The pipeline crosses several major and minor watercourses, therefore during construction there will be possible impacts on aquatic habitats, water quality and river morphology of surface water flows. Potential adverse impacts maybe caused by discharge of wastewater or aqueous effluents derived from the trench construction and hydro testing, oil and chemical contamination from machinery or sediment from working strip due to rainwater runoff. By implementation of appropriate working practices such as, management of working strip, oil and chemical spill prevention and response measures, waste management and monitoring of watercourses and water bodies the impacts can be successfully mitigated.

The impact on cultural heritage was assessed as part of the ESIA report, and culturally sensitive areas were avoided to the extent possible for the route selection. Consultation with the regional archaeological authorities indicated that the proposed pipeline route and project installations do not interfere with areas of known archaeological or cultural significance and thus the project impact to the cultural environment is anticipated to be limited.

The Project does not include compressor capacity increase, therefore, the estimated annual emissions of the Project in a standard year of operation is based on fugitive emissions of the pipeline and amounts to 6.3 kt CO_{2e}/year. The main purpose of the interconnector is increasing security of supply. The alternative to the Project would be gas flows from other routes, which are usually older assets with similar or slightly higher emissions. Thus, a conservative assumption of the same emissions in the other routes results in no emissions saving devoted to the Project. The additional transmission line in the long run would allow to develop new distribution systems and to make available natural gas in new regions. The replacement of more polluting fuel sources, however, is not firm and secured by specific offtake agreements at this stage, therefore the potential switch from coal to gas has not been accounted for in the calculations of the GHG emissions.

The Promoter has been assessed to have adequate environmental procedures and capabilities. The development of the required E&S management plan (ESMP) should be included in the scope of the EPC contract. Prior to construction start, these plans will need to be developed to the satisfaction of the EIB.

Social Assessment

Apart from the land for permanent project installations, which have been bought or expropriated by the Promoter, no other change of land ownership is anticipated. The pipeline construction corridor, as well as the temporary pipe layout areas, will be reinstated after use and returned to their original owners, while any damage or loss of crops will be compensated. However, a number of restrictions will be imposed to land use on top of the pipeline, with the aim to safeguard pipeline integrity. No deep-rooted plants will be allowed in a zone of 5m each side of the pipeline centreline, although the cultivation of annual crops can continue

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normally. No individual houses or other buildings will be allowed in a zone of 30m each side of the pipeline centreline. Compensation will be provided to land owners for the restrictions imposed on the safety zone, as per the national legislation. The restrictions on building developments will be secured through local planning provisions.

The scope of expropriation (permanent change of land use and/or owner) within 30m of the Protected Area will be insignificant. Expropriation has only be applied to land for the construction of aboveground gas facilities and access roads and not to already build objects. Other land along the route will be used for right of servitude and leased during the preparatory and construction works. According to numerous completed acquisitions along this corridor related to this Project and other infrastructure projects (highway, railway) most of owners are keen to accept the offered compensation for the expropriated land, as well as for expropriated residential and commercial buildings. There were only a few complaints regarding the fee, which indicates that the price given for the expropriation of land is acceptable to owners.

Along the pipeline route, housing and business properties are not planned to be relocated. There will be no permanent expropriations where in addition to monetary compensation one required to change his place of residence.

The employment of local labour, typically for jobs not requiring skilled staff, would help to maximise the potential benefits to people living in the nearby settlements, including vulnerable groups like Roma and women. In addition to direct employment on the construction sites there may opportunities for indirect employment – most likely through local sub-contractors – in areas such as catering (at construction camps), transport (bringing workers and/or materials to the construction sites) and security. Some additional jobs could be reserved for the local population, for instance, forest clearance along the right of way and access roads. The influx of construction workers and the increased disposable income available to the local workers employed on the project will have some multiplier effect on the economy of the towns and villages situated along the route of the pipeline. There may be an increased demand for rented accommodation, meals and so on. There may also be some indirect opportunities for economic activities, such as the provision of food to the caterers at the construction camps, sale of clothing for workers, maintenance of vehicles and so on.

The main problems during construction relate to the increased traffic movements, limited accessibility as well as the noise and air pollution due to trench construction and reinstatement. The negative impacts of the traffic flow will be reduced by selecting specific access roads to the pipeline route and avoiding or by-passing the built-up areas of villages and towns. Along the pipeline corridor, care will be taken to provide adequate crossing points that will allow the population and local vehicles to maintain access to villages, agricultural fields and meadows on both sides of the pipeline trench. Implementation of industrial good practices and controls on noise, dust and traffic fumes should be addressed in the tender documents.

The construction of the pipeline is not concentrated in a single place but is continually moving from one site to another. Since the work requires a number of separate teams on each section and several sections may be constructed simultaneously, it is expected that the contractor/s will bring the workers to the construction sites on a daily basis from the nearest towns or villages. Such workforce is less likely to have a negative impact on villages along the route of the pipeline. Many of the less specialised workers could be hired locally and would live at home.

The contractor will be required to construct the Project in accordance with health and safety legislation, applicable standards and design codes. The health and safety measures

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implemented on construction sites should be in line with Serbian requirements, international good practice and EIB Standards.

Terms and conditions for the construction of the gas pipeline MG 10 "Nis -Dimitrovgrad" are incorporated into all spatial and urban plans of local municipalities and areas through which it passes.

Public Consultation and Stakeholder Engagement

The public consultations were carried out in accordance with the national, EU and international environmental legislation as part of the EIA process. During the scoping procedure the responsible authority informed the interested parties – including affected communities, organizations, and governmental bodies – about the scoping study in order to collect comments. The decision on the scope and content of the study was issued taking under consideration the details of the project and the comments received from interested parties. The notification about presentation of the EIA report and public hearing was published in a national newspaper, on the website of the ministry and in the local municipalities. The meeting was held in the town Pirot on 25/09/2019. There were no reports of any outstanding environmental issues that could raise opposition from stakeholders apart from potential rights of way issues, which could be handled in accordance with national legislations.

The Serbian responsible authority notified Bulgaria about the Project in accordance with the Espoo convention.

The land acquisition process has been supported with widespread stakeholder engagement and a grievance mechanism was put in place as defined by the national law.

Other Environmental and Social Aspects

The Promoter should ensure that the Project (including all works performed by the contractors) is carried out in accordance with the provisions contained in the ESIA documents and associated management plan (ESMP).

Conclusions and Recommendations

The Project is expected to provide short-term positive socio-economic impacts in the form of temporary employment opportunities. The expected long-term positive impacts are the improved access to gas, security of supply and improved competition in the gas market. The Project will also support future gas transit in the North-South direction of the South East European region and allow for reverse flow capability, increasing the system resilience and flexibility. The Project will further potentially allow for indirect environmental benefits, through the substitution of more polluting fuel sources by supplying the regions connected to the pipelines with natural gas.

The evaluation of potential environmental and social impacts of the Project has been carried out in line with the provisions of the related EU Directives (SEA, EIA) and the Environmental and Social Standards of the EIB. The assessment concluded that the adverse environmental and social impacts from construction and operation of the pipeline can be managed, avoided, reduced or mitigated through measures identified in the EIA Report and related management plan.

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The following environmental related conditions have to be fulfilled:

- The environmental impact assessment (EIA) including appropriate assessment if required, as well as the related authorization processes have to be completed to the satisfaction of the Bank for the full length of the interconnector.
- Prior to construction start E&S management plans (ESMP) for the Project will need to be developed to the satisfaction of the EIB.
- Comprehensive reinstatement and biodiversity monitoring plans on the Serbian side have to be prepared, which identify detailed actions for the bio-restoration of non-critical and critical habitats.
- A Project-specific stakeholder engagement plan, including a grievance mechanism has to be developed to the satisfaction of the Bank. It should include provisions for information disclosure to affected communities and the public, for the construction phase of the project;
- The mitigation measures outlined in the EIA Report, in the environmental and construction permits as well as in the E&S management plan (ESMP) have to be fulfilled and complied with in all respects as per conditions. The Promoter should confirm the compliance with those requirements in the regular monitoring reports to the Bank.
- The Project has to be constructed in accordance with health and safety legislation, applicable standards and design codes. The health and safety measures implemented on construction sites should be in line with Serbian requirements, international good practice and EIB Standards.

Therefore, based on the information received from the Promoter, and provided that the defined environmental conditions are fulfilled, the project is acceptable for EIB financing in E&S terms.