

## Environmental and Social Data Sheet

### Overview

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| Project Name:        | <i>POLAND RURAL DEVELOPMENT CO-FINANCING II</i>  |
| Project Number:      | <i>2020-0206</i>   |
| Country:             | <i>POLAND</i>  |
| Project Description: | <i>The project comprises support to selected measures of the Polish Rural Development Programme during the period 2020-2023.</i> |
| EIA required:        | <i>The project is a multi-scheme Framework Loan and some individual investments may require EIA</i>                              |

Project included in Carbon Footprint Exercise<sup>1</sup>:                    *yes*

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

#### Environmental Assessment

The project comprises a Framework Loan to support selected investment-orientated measures of the Polish Rural Development Programme (RDP). The project will finance the Polish state contribution to the RDP during the period 2020-2023, alongside EU grant funding provided by the 2014-2020 European Agricultural Fund for Rural Development (EAFRD) and contributions provided by the RDP's final beneficiaries, who are located across the territory of Poland. Sub-projects will be in line with EAFRD requirements. This project is a follow-on of the project Poland Rural Development co-financing (2014-0757) that supported the national public contribution of Poland to its 2014-2020 RDP in the period 2014-2019. The Promoter will be the Ministry of Agriculture and Rural Development (Managing Authority), acting through the Agricultural and Rural Development Agency (Paying Agency).

The project will support ten of the RDP's fifteen measures, delivering support to SMEs, climate action, environmental protection and improved resource efficiency. Measures delivering horizontal support to those measures through the provision of training, advisory services and related activities are also included.

The Project is expected to deliver multiple environmental benefits, including reduced adverse impacts on land and water from agricultural activity and increased resource and energy efficiency in agricultural, forest and food production. The programme is also expected to contribute to EU environmental policy objectives in the field of soil and water management, biodiversity and climate change.

Poland has identified farm viability, competitiveness and sustainable forest management as the main priority area for its 2014-2020 RDP. In addition (1) restoring, preserving and

<sup>1</sup> 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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enhancing ecosystems in agriculture and forestry; and (2) promoting food chains and animal welfare in agri-food production are significant programme priorities.

In the Poland-EU Partnership Agreement for the 2014-2020 programming period, the RDP was aligned with Polish commitments in the sphere of the environment, primarily its Operational Programme (OP) for Infrastructure and Environment, financed by the European Regional Development Fund and Cohesion Fund. The two programmes therefore share three thematic objectives covering climate change, resource efficiency and poverty reduction.

Tackling nitrate pollution of surface and groundwater and protecting drinking water supplies is an important priority for the country. Under the Urban Wastewater Treatment Directive, the whole country has been identified as a 'Sensitive Area'. These are defined as follows:

- Freshwater bodies, estuaries and coastal waters which are eutrophic or which may become eutrophic if protective action is not taken;
- Surface freshwaters intended for the abstraction of drinking water which contain or are likely to contain more than 50 mg/l of nitrates;
- Areas where further treatment is necessary to comply with other Council Directives such as the Bathing Water Directive.

The all-country designation points to the necessity for treatment, but also underlines the importance of protection of water quality and reduction of pollution of both diffuse and point sources, in particular from animal husbandry and the dairy industry. Several of the Rural Development Programme's measures, in particular the Measure 4.1 'Investments in physical assets' aim, inter alia, to facilitate investments to improve water management in vulnerable zones.

All investments envisaged under the RDP are subject to applicable EU environmental and social regulations. As such, certain project activities may require an EIA, subject to the determination of the competent authority, in accordance with the EIA Directive (2011/92/EU, as amended by Directive 2014/52/EU), even though such directives may not yet have been fully transposed into national legislation. Furthermore, where an action may affect a Natura 2000 site, as designated according to Habitats or Birds Directives (1992/43/EEC and 2009/147/EC respectively), the Bank requires the Promoter to follow the directives' procedures. The RDP was subject to a Strategic Environmental Assessment (SEA).

### **EIB Carbon Footprint Exercise**

Poland's 2014-2020 RDP foresees the afforestation and post-establishment maintenance of 82,000 hectares of new tree plantations. Approximately 4,000 ha (5%) of this is to be newly established, converted from agricultural land; the remaining 78,000 ha (95%) was established under the previous programming periods and is being managed to ensure successful establishment and adequate maintenance. These plantations will likely comprise a mix of species according to site conditions and some will be semi-intensively managed. It is assumed that MAI/ha will approximate to 6 m<sup>3</sup>/ha/y (10 t CO<sub>2</sub>eq/ha/y). This amounts to approximately 820,000 t CO<sub>2</sub>eq/ha/y. Land to be afforested will be mainly marginal agricultural land. Therefore the amount of existing tree and shrub cover is assumed to be minimal.

Agricultural use is likely to comprise low-productivity annual cropping or rough grazing land, with predominantly grass cover. Carbon sequestration potential of such areas is assumed to amount to 20% of the with-project scenario. For the 78,000 ha already established, payments are to cover the costs of maintenance – e.g. thinning, fencing – and to offset the cost of income forgone. It is assumed that were these payments to be withdrawn, the young

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plantations would not be adequately tended, jeopardising long-term productivity and timber quality, with sequestration of about 8 t CO<sub>2</sub>eq/ha/y (20% less). Under this scenario, the without-project sequestration level is estimated at 632,000 t CO<sub>2</sub>eq/ha/y. Therefore the project's relative carbon emissions are approximately -188 kt CO<sub>2</sub>eq/y (i.e. net sequestration).

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

### **Social Assessment, where applicable**

All investments envisaged under the RDP are subject to applicable EU social regulations.

### **Public Consultation and Stakeholder Engagement**

During the preparation of the 2014-2020 RDP, public consultation and stakeholder engagement were conducted in line with the requirements of Regulation (EU) No 240/2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds, meaning engaging relevant public, private and NGO partners at each stage of the planning process, from needs identification through allocation of funding to determining the composition of the monitoring committee for the programme.

The process is documented in the text of the RDP itself, as well as in supporting documentation, including the Strategic Environmental Assessment, conducted as part of the RDP's preparation.

Stakeholder engagement is an important principle of rural development programming. For this reason, National Rural Networks (NRN) are supported under RDPs to increase the involvement of stakeholders in RDP implementation and inform the public and potential beneficiaries on rural development and funding opportunities. In Poland the NRN is comprised of the representatives of regional/local authorities and agricultural/forestry vocational training and outreach entities.

Where required by EU legislation as transposed into Polish law, public consultation may be also required for the implementation of individual sub-projects, in conjunction with the competent authorities.

### **Other Environmental and Social Aspects**

All investments envisaged under the RDP are subject to applicable EU environmental and social regulations. As such, certain activities may require an EIA, subject to the determination of the competent authority, in accordance with the EIA Directive (2011/92/EU, as amended).

Furthermore, where an action may affect a Natura 2000 site, as designated according to Habitats or Birds Directives (1992/43/EEC and 2009/147/EC respectively), the Bank requires the Promoter to follow the directives' procedures. Regarding the protection of forest biodiversity, it is noteworthy that Poland's RDP does not include any financing for interventions in existing old-growth forests, but focuses only on establishment and management of forest plantations established under previous RDPs (2004-2006 and 2007-2013).

## **Conclusions and Recommendations**

The Promoter undertakes not to commit any EIB funds to any drainage sub-projects that are either incompatible with the Water Framework Directive (notably the exemption requirements

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of Article 4.7) or with Natura 2000 management plans. In addition, the Promoter undertakes not to commit any EIB funds to sub-projects that require an EIA, biodiversity assessment, River Basin Management Plan amendment, Flood Risk Management Plan or other assessment required by EU and national law without, prior to commitment, receiving consent from the competent authority and having the relevant documentation made available to the public. The Promoter shall store and keep all documentation relating to the sub-projects updated and available for review at the request of the Bank, including the following:

- whether an Environmental Impact Assessment (EIA) is required in accordance with the EU EIA directive, including in relation to land re-parcelling initiatives; and the Non-Technical Summary of EIAs that have been carried out;
- whether an Appropriate Assessment is required under the EU Habitats and Birds Directives; and the Form B (risk of significant effect) or equivalent, where applicable;
- agricultural action programme measures in Nitrate Vulnerable Zones (NVZs), River Basin Management plans and Flood Risk Management plans, where applicable, as required by the Nitrates Directive, Water Framework Directive and the Flood Risk Directive respectively;
- if required, analysis establishing the sustainability and impact on air quality of biomass use, in accordance with the Polish RDP and Infrastructure and Environment Operational Programme 2014-2020.

Taking into account the disbursement conditions and contractual undertakings associated with the Project as well as the capacity of the Promoter and the systems in place to manage environmental and social impacts and issues, the Project is acceptable for the Bank's financing in environmental and social terms