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Environmental and Social Data Sheet

Overview

Project Name:	SERBIA CORRIDOR X RAILWAYS FL - GLOBAL GATEWAY
Project Number:	2021-0445
Country:	Serbia
Project Description:	The project consists of upgrading and modernisation of the Belgrade - Niš railway line (approx. 230 km).
EIA required:	Yes
Project included in Carbon Footprint Exercise ¹ :	Yes

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

Environmental and Social Assessment

Project Description

The project concerns upgrading and modernisation of the Belgrade - Niš electrified railway line (approx. 230 km), and consist of the following main components:

1. Modernisation of the section Belgrade Centar - Resnik - Mladenovac - Velika Plana (approx. 85 km), including track duplication of the Resnik - Velika Plana section (approx. 74 km);
2. Modernisation of the section Velika Plana – Paraćin (approx. 62 km);
3. Modernisation of the section Paraćin – Medjurovo (excluding section Stalać – Djunis) (approx. 62 km);
4. Construction of a new double track section Stalać – Djunis (approx. 18 km);
5. Works in the Belgrade railway node, including track duplication of the section Resnik – Ostružnica (Belgrade freight by-pass);
6. Works in the Niš railway node, including modernisation of the section Crveni Krst – Niš and Niš – Rasputnica Most.

The first four components will include some modifications of the alignment for increasing the design speed to 160 – 200 km/h.

The Promoter of the project is Infrastruktura železnice Srbije a.d. (Serbian Railways Infrastructure).

Environmental Assessment

Compliance with applicable Environmental Legislation

If situated in the EU, components 1 – 5 would fall within the scope of Annex I of the Environmental Impact Assessment (EIA) Directive (Directive 2011/92/EU as amended by

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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Directive 2014/52/EU). That is, a full EIA would be mandatory, while component 6 would most likely fall within the scope of Annex II and would be subject to screening by the competent authority.

The project is located in Serbia, an EU candidate country, currently in the process of alignment with the EU acquis. In particular, the EIA Directive has been partially transposed into the national legislation. The EIA procedure is regulated by the Law on Environmental Impact Assessment ("Official Gazette of the RS" Nos 135/04 and 36/09).

For component 4, section Stalać – Djunis, a Spatial Plan for Special Purpose Area was approved in 2017. This Spatial Plan was subject of a Strategic Environmental Assessment (SEA). The EIA for this section was carried out in 2017 – 2018, the Ministry of Environmental Protection issued an environmental consent in August 2018, and in May 2022 further indicated that as there were no changes to the project design, no update of the EIA is necessary. This section will be subject of a separate due diligence for the allocation of the Framework Loan and will be described in a separate ESDS.

For the remaining components, in 2021 – 2022, the Promoter has carried out a preliminary analysis and ESIA scoping. A further preliminary ESIA report has been prepared by independent consultants. The Spatial Plans with the corresponding SEAs are expected to be developed or the existing Spatial Plans to be updated in 2022 – 2023. These will be followed by EIA procedures. These SEAs and EIAs will be analysed by the Bank prior to the allocation of the Framework Loan to each component and will be described in separate ESDS'.

Project location, protected sites and biodiversity

The project alignment runs through three Regions (Belgrade, Šumadija and Western Serbia, Southern and Eastern Serbia) mostly through rural environment.

According to a preliminary analysis, 37 protected areas are located within a 10 km belt along the corridor (5 km each side of the line), including two sites part of the Emerald Network, Avala (RS0000058) and Kosmaj (RS0000059) at 1.7 km and 3 km from the line, respectively.

Out the 37 protected areas, 3 are located within 500 m distance from the line (Rogot, Miljakovačka Forest and Brzansko Moravište).

The project runs in the vicinity of 4 Important Bird Areas (IBAs): Ušće Save u Dunav, Donje Pomoravlje, Gornje Pomoravlje and Dobrić-Nišava.

The project in its Stalać – Djunis section crosses (mostly in a tunnel) an ecologically important area "Mojsinje Mountains and Stalać Gorge of the Južna Morava River" of the ecological network of the Republic of Serbia.

Impacts during construction

According to the EIA carried out for the Stalać – Djunis section and the preliminary analysis and EIA scoping carried out for other sections, the main impacts during the construction are expected to be surplus of excavation material from tunnels, noise and vibration created by construction machinery, dust and mud on the access roads, conversion of mostly agricultural land, vegetation clearing, generation of waste (including hazardous waste), risk of contamination of soil and water.

The EIA corresponding to each section will prescribe the appropriate mitigation measures, in particular, taking into account the cumulative effects. These measures shall be included in the Environmental and Social Management Plans (ESMPs) and shall be analysed by the Bank prior to the allocation of the Framework Loan for a particular project component.



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Impacts during operation

The main impacts during the operation phase are expected to be noise and vibration created by trains, permanent land take and visual impacts, risk of collision with animals. As in the case of impacts during construction, the EIA for each section will prescribe the appropriate mitigation measures, which shall be analysed prior to the allocation of the Framework Loan.

Vulnerability to the climate change

The project is sensitive to the climate change, in particular, to the risk of increase of precipitations and floods. The design of each project component will include analysis of vulnerability to the climate change. These analyses and the inclusion in the project design of the appropriate measures shall be analysed prior to the allocation of the Framework Loan for each section.

Paris alignment

The project has been assessed by the Bank's services for Paris alignment in accordance with the policies set out in the Climate Bank Roadmap. The project consists of construction of infrastructure for zero direct emission transport, therefore, it is considered to be aligned with the low carbon goal. The climate risk of the project is assessed as medium and, therefore, it is considered to be aligned with the resilience goal.

EIB Carbon Footprint Exercise

The project is included on the following basis:

Estimated annual third party greenhouse gas emissions (vehicular use, from existing and induced demand) from the use of the project in an average year of operation over a 30-year assessment period:

- Forecast absolute (gross) emissions are 275,000 tonnes of CO₂ equivalent; and
- Forecast emissions savings are 89,000 tonnes of CO₂ equivalent.

The project assessment boundaries are:

- In the absolute case: the upgraded and modernised railway line Belgrade – Niš of approximately 230 km;
- In the baseline case: the existing railway line Belgrade – Niš, and relevant road corridor of approximately the same length.

The forecasts in the baseline and absolute cases are based on Bank Services' project specific assumptions about the workload of rail services (freight and passenger trains) and energy efficiency of rail operations. In the baseline case, a portion of emissions from cars, buses and trucks is included using project specific emission factors, equivalent to those passenger or freight trips expected to shift from road to rail in the "with project" case.

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.

These forecasts may differ from those of the Promoter due to different assumptions, boundaries and baselines.



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Social Assessment

Resettlement

In some of the sections, the project will include track duplication and changes to the alignment of the existing railway. Preliminary studies considered the assessment of alternatives for the different sections of the railway. Reasonable efforts were made to retain a final design that would avoid physical and economic displacement to the extent possible. However, it is expected that the process of land acquisition will still trigger some demolition of existing buildings, with related economic and physical displacement.

At this point in time, it is not possible to provide precise quantification for economic and physical displacement. It is expected that the alignment and the right of way of the rail will further be fine-tuned in more advanced stages of project planning to minimize residual negative impacts on the lands and assets of the local communities.

The promoter prepared a Resettlement Policy Framework with an entitlement matrix including measures to mitigate impacts related to involuntary resettlement. The RPF is in accordance with the Serbian legislation and the relevant EIB standards. The Promoter and the EIB have disclosed the document on their respective websites.

Sections-specific Resettlement Action Plans will be prepared where track duplication and changes to the existing alignment will generate significant resettlement impacts. RAPs will include a detailed census, asset inventory, livelihood restoration and vulnerability measures in line with the EIB standards and the Serbian legislation.

For the first component i.e. the component 4 (section Stalać – Djunis), the Promoter has already prepared a full Resettlement Action Plan (RAP). This section will be subject of a separate due diligence from that of the Framework Loan and detailed impacts will be covered in a separate ESDS.

All RAPs will be developed in consultation with all project-affected persons, to ensure acceptance of the proposed mitigation measures and facilitate the involuntary resettlement process.

The conformity of the RAPs with the Bank Social Standards shall be analysed prior to the allocation of the Framework Loan for each section.

Social Vulnerability & Gender

In the preliminary studies, the Promoter assessed impacts on vulnerable categories and gender in the area of influence of the project. The Framework Environmental Social Management Plan requires the Promoter and the contractors to incorporate adequate protective measures.

Additionally, the promoter is required to prepare a Gender Plan for the operation phase to mitigate gender related effects of the project, with provisions defined in the Framework ESMP.

Roma people are one of the most vulnerable minorities in Serbia. Presence of Roma people and settlement are confirmed in the indirect project area of influence. During field visits and preparation of subsequent RAPs and E&S documents, the Promoter is required to identify impacted Roma communities and to ensure that support programs for these citizens are activated in cooperation with municipal centres for social work and non-governmental organizations in line with Serbian legislation and the Bank standards.

More sector-specific analysis on vulnerable communities and gender-related impacts will be assessed when subsequent ESIs and RAPs will be available for the relevant sub-sections of the Project.



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Labour standards

In accordance with national law on labour standards and obligations deriving from International Labour Organisation (ILO) conventions ratified by Serbia (Serbia ratified all ILO fundamental conventions), the works contracts will comply with ILO core labour standards. Contractors shall ensure occupational and community health & safety as part of their works contracts.

Accessibility of rail services

The alignment of the line will be modified for increasing its design speed and reducing the travel time. These changes will in their turn lead to closure of some stations and halts with the related worsening of the access to the railway services in some municipalities or settlements. The list of stations and halts to be closed is yet to be defined, but they will be those with the lowest passenger demand. At the ESIA for every particular section it will be analysed if sufficient mobility offer (alternative to rail) exists for these municipalities or settlements, and where necessary measures to improve the existing offer will be defined.

The construction of the new stations and modernisation of the existing ones included in the project will be carried out in conformity with the requirements concerning accessibility for persons with disabilities and persons with reduced mobility. Thus the overall accessibility of the rail services will be improved.

Transport safety

Concerning the increase of road traffic during construction, the related risks will be analysed and the corresponding mitigation measures will be defined in the EIA for each section.

In the operation phase, the project is expected to result in modal shift of both passenger and freight traffic from road to rail. In addition, the level crossings on the Belgrade - Niš line will be modernised or replaced by separate grade crossings. Thus, the project will improve the overall transport safety.

Cultural Heritage

The Project for the most part closely follows the alignment of the existing railway. This reduces the magnitude of change and impact on surrounding receptors. In these locations, the Project is not expected to be at odds with the existing cultural heritage character. Where sections are on new alignment (at a distance from the existing railway), this parameter has been scoped in. Archaeological sites and cultural heritage sites are present in the broader Project area and direct impact to registered sites is unlikely.

Prior to construction phase, the Promoter is required to develop a Cultural Heritage Management Plan with measures provided in the Framework ESMP and consult with relevant institutions for cultural heritage protection and local authorities.

Public Consultation and Stakeholder Engagement

The Promoter prepared a Stakeholder Engagement Plan (SEP) for the project. The preparation of the main environmental and social documents was done in consultation with the local stakeholders as documented in the project's Stakeholder Engagement Log. The consultation of the relevant stakeholders and of the public will continue in line with the indications of the corridor-wide Stakeholder Engagement Plan.

More specific engagement activities, including section-specific stakeholder engagement, consultations and communication campaigns will be organized according to the project schedule. These documents will be further appraised prior to allocation of the Framework Loan for each section.

As part of the stakeholder engagement process, the Promoter shall put in place a grievance mechanism for receiving any complaints related to environmental or social aspects of the



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project, as well as for dealing with them in an efficient and appropriate way in line with the Bank standards. The SEP provides the details of the local grievance redress mechanism for the project as well as the contact details of the people responsible for addressing community issues. The Promoter will ensure the presence of field liaison officers to facilitate communication with the local communities.

Other Environmental and Social Aspects

A dedicated Project Implementation Unit (PIU) will be established in the Promoter's organisation. The PIU will receive assistance by consultants with international experience, including, among other, support in relation with the environmental and social aspects of the project implementation.

Conclusions and Recommendations

The project is expected to include around 6 main components, 5 of them requiring an ESIA in accordance with the national legislation and Bank standards, while the need of ESIA for the 6th component will be subject of screening. The national EIA procedures and additional E&S assessments required by the Bank standards, including the potential impacts on protected areas and RAPs will be analysed on a case by case basis prior to the allocation of the EIB funds to any component.

The Finance Contract will include an allocation condition requiring the promoter to submit to the Bank evidence that for any component presented for allocation the relevant environmental consent process, if applicable, has been completed and that the scheme complies with the requirements of the EIB Environmental and Social Standards. In particular, prior to the allocation of the Framework Loan for a particular component, the Promoter shall provide to the Bank the following documents for this component and considering the cumulative effects:

- for the components requiring an ESIA due to national legislation or the EIB Environmental and Social Standards, the ESIA report, environmental consent issued by the competent authority and evidence that a public consultation took place;
- for the components in respect of which the relevant national competent authorities have concluded that an EIA is not required, information as per Annex II.A of the EIA Directive and the screening out decision;
- evidence of absence of significant impacts on protected sites;
- analysis of vulnerability to climate change;
- for the components requiring resettlement, the RAP.

All the above documentation shall be in conformity with the national legislation, the Environmental and Social Standards of the Bank, and to the Bank's satisfaction.

The following conditions shall apply to the project as a whole:

- Prior to the first disbursement of the loan, the Promoter shall
 - establish a Project Implementation Unit (PIU) with terms of reference and resources to the Bank satisfaction. In particular, the PIU shall include environmental and social specialists;
 - establish a grievance mechanism, the contact details of which shall be published on the Promoter's website, as well as on the billboards at the construction sites;
 - establish an integrated Environmental and Social Management System (ESMS) covering at least the activities of the project.



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- Prior to any disbursement of funds for financing works of a particular component, the Promoter shall submit to the Bank for this component evidence that RAP, ESMP and ESAP are being properly implemented, including completion of resettlement prior to commencement of works.
- The Promoter shall keep the abovementioned PIU, grievance mechanism and ESMS throughout the duration of the Project.
- The Promoter shall regularly report on the activities carried out under the SEP, implementation of the ESMPs, ESAP, RAPs, and any other measures set out for particular project components.
- The Promoter shall store and keep updated the relevant documents concerning the compliance with the environmental legislation and EIB Standards. In the case the EIB requires such documentation for any of the schemes included in this operation, the Promoter shall promptly provide all documents requested.

Additional disbursement conditions or undertakings for specific project components may be defined at the allocation stage.

Overall, the project will contribute to improvement of the quality and reliability of railway services for both passengers and goods, and thus to modal shift from road to rail with the consequent reduction of energy consumption, noise, and emissions of pollutants and CO₂. All this should result in an improvement to the environmental situation in comparison to the “without project case”.

The main residual negative impacts consist of some additional land take and resettlement of affected households.

Other lesser impacts include some localised noise/vibration, occasionally dust and mud on the access roads during the construction, as well as some noise and vibration during operation; all these for a limited number of receptors. These lesser residual negative impacts are partly offset by the expected modal shift facilitated by the investment.

With these conditions in place, the project is acceptable for EIB financing in environmental and social terms.