



Luxembourg, 24 November 2022

Environmental and Social Data Sheet

Overview

Project Name:	Structural Programme Loan Croatia EU Funds Co-Financing 2014-2020 <u>Allocation of large projects (above EUR 50M investment cost):</u> <i>NIN-PRIVLAKA-VRSI WATER INFRASTRUCTURE(2022-0541)</i> <i>DEVT OF WATER INFRA-KASTELE-TROGIR (2021-0460)</i> <i>DEVT OF WATER INFRA-SPLIT SOLIN (2021-0457)</i> <i>DEVT OF WATER INFRA-DUBROVNIK (2021-0446)</i> <i>ZABOK AND ZLATAR WATER (2018-0730)</i> <i>VELIKA GORICA WATER (2018-0728)</i> <i>RIJEKA WATER INFRA IMPROVEMENTS (2018-0544)</i>
Project Number:	Operation nr. 2014-0375 (nos. of project allocations are provided above)
Country:	<i>Croatia</i>
Project Description:	The project aims at co-financing ESIF supported schemes in Croatia during the programming period 2014-2020 under a Structural Programme Loan (SPL)
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

The projects are focused on fulfilling the compliance requirements of agglomerations with more than 2,000 PE (Population Equivalent) with the Urban Waste Water Treatment Directive 91/271/EEC and for localities with more than 50 inhabitants with the Drinking Water Directive 98/83/EC. The proposed investments envisage extending the service coverage for drinking water supply and wastewater collection and treatment, as well as addressing the deficiencies of the existing systems.

With the results to be achieved by the present operation, its objectives and output indicators are considered consistent with and contribute to the Operational Programme Competitiveness and Cohesion (OPCC's objectives (Priority Axis 6: Environmental Protection and Sustainability of Resources). A substantial share of the Cohesion Fund is allocated to investments necessary for compliance with EU Directives in the waste and water sectors: 620,000 inhabitants and in total some 15,000,000 tourists per season across 7 projects locations will benefit from improved water supply and wastewater treatment. The project will contribute to increasing service levels in terms of efficiency and reliability of the drinking water supply, the wastewater treatment and disposal, contributing also to Croatia's long-term economic development.

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 projects are located in seven agglomerations (six Counties): Nin-Privlaka (Zadar County), Kastela-Trogir (Split-Dalmatia County), Split-Solin (Split-Dalmatia County), Dubrovnik (Dubrovnik-Neretva County), Zabok-Zlatar (Krapina-Zagorje County), Velika Gorica (Zagreb County), and Rijeka (Primorje-Gorski Kotar County).

Environmental Assessment

Croatia, as an EU Member State, has transposed the relevant EU directives into national environmental legislation. The Constitution of the Republic of Croatia defines water as a resource of particular interest for the Republic of Croatia and guarantees it special protection. The primary legislation related to the water sector includes the following Acts: The Environmental Protection Act, The Water Act and The Water Management Financing Act. In addition to these acts, there are approximately 40 subordinate water management acts. The legal framework for water management complies with the EU Acquis.

Project Implementation Units (PIUs) are already established by the service providers, "Vodovod i Kanalizacija d.o.o" (ViKs) in the respective project areas. Technical assistance is made available to support the PIUs in the preparation and implementation of the projects, including the setting up of an environmental and social monitoring and reporting system.

The projects stem from and are consistent with the River Basin Management Plan (RBMP), approved in 2016, which covers both Danube river and the Adriatic basins, and transposes the definitions and objectives of the WFD.

In Croatia, the Environmental Impact Assessment Procedure (EIA) falls under the jurisdiction of the Ministry of Environment and Nature Protection (MoE), which is the competent authority. All the projects were screened according to the Annex II of the EIA Directive 2011/92/EU amended by the 2014/52/EU. As a result, a full Environmental Impact Assessment was required for some projects and others were screened out:

EIB project title	Scope	Environmental Impact Assessment
<i>NIN-PRIVLAKA-VRSI WATER INFRASTRUCTURE</i>	Extension of the public sewerage system by 102.1 km; rehabilitation of 31.8 km of the existing water supply system as a consequence of the proposed sewer extension; construction of a secondary level wastewater treatment plant with a capacity of 26,000 PE (population equivalent) and a new sea outfall.	An EIA was carried out in 2008. Two additional screenings were made in 2011 and 2016 to cover changes in the project. Both concluded with a negative screening decision (Class: Up/I351-03/15-08/354, Number: 517-06-2-1-1-16-12).
<i>DEVT OF WATER INFRA-KASTELA-TROGIR</i>	Extension of the water supply system by some 60 km; extension of the public sewerage system by approximately 221 km; the replacement of about 65 km of the existing water supply system as a consequence of the proposed sewer extension; upgrade of the 100,000 PE Divulje wastewater treatment plant and the construction of a new 25,000 PE secondary level treatment plant at Ciovo	An EIA was carried out for the WWTPs and network in 2001-2002 that covered all components. A screening was done in 2012 and 2016 in order to cover changes in the project. Both concluded with negative screening decisions.
<i>DEVT OF WATER INFRA-SPLIT SOLIN</i>	Extension of the water supply system by some 60.6 km; construction of 14	The whole project was made subject to a single EIA

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	storage reservoirs (20,350 m ³) and reconstruction of 4.3 km of the existing distribution network; extension of the public sewerage system by approximately 108.4 km; construction of a 275,000 PE wastewater treatment plant providing secondary level of treatment and a 4.3 km sea outfall	procedure in 2016. Due to technical modifications to the project, a screening procedure was repeated in 2017 and 2018. The procedure concluded with a negative screening decision (CLASS: UP/I 351-03/18-08/74, ref. no: 517-06-2-1-2-18-8 of 01).
<i>DEVT OF WATER INFRA-DUBROVNIK</i>	Construction of a new water treatment plant (490 l/s) and transmission network; extension of the water supply system by some 17.8 km; reconstruction of some 15 km of existing water supply pipes; extension of the public sewerage system by approximately 18.6 km; reconstruction of existing 8.4 km sewers; and construction of a new 75,000 PE secondary level treatment plant, including outfall.	The EIA procedure was completed by EIA Decision CLASS: UP/I-351-03/18-02/16, ref. No. 517-03-1-1-19-27 of 08 February 2019 issued by the MoE.
<i>ZABOK AND ZLATAR WATER</i>	Extension of the public sewerage system by 171.7 km; rehabilitation of 12.5 km of the existing sewer system; construction of two tertiary level wastewater treatment plants of a capacity of 36,940 PE serving the Zabok agglomeration and 14,690 PE for the Zlatar agglomeration.	In 2010 and 2011 separate EIAs were carried out for Zabok WWTP and network, and for Zlatar WWTP and network (Class: UP / I 351- 03 / 11-02 / 28, Reg 531-14-1-2-10-11-15 and Class: UP / I 351- 03 / 11-02 / 93, Reg 531-14-1-2-10-11-15). . Due to project modifications, screening procedure was repeated in 2016. The procedure concluded with a negative screening decision.
<i>VELIKA GORICA WATER</i>	Extension of the public sewerage system by 124 km; rehabilitation and upgrade of the existing sewerage system 21 km ; construction of a tertiary level wastewater treatment plant with a capacity of 74,000 PE including sludge management facilities (reed beds).	An EIA was carried out for the project in 2015. (Class: UP / I-351-03 / 15-02 / 20 No: 517-06-2-1-2-15-16). Because of project modifications, additional screening was carried out, a negative screening decision was issued in 2016.
<i>RIJEKA WATER INFRA IMPROVEMENTS</i>	Extension of approx. 188 km of sewerage network; around 30 km network reconstruction; reconstruction of 99.5 km of the existing water supply system; construction of a secondary wastewater treatment plant with a capacity of 200,000 (PEs) including a sludge processing line including thermal sludge drying.	One integrated EIA for both WWTP and networks was carried out in 2015-2016 and approved by the MoE (EIA Decision Class UP/1-321-03/15-02/44, Ref. 517-06-2-1-2-16-19).



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The relevant statutory consultees were also consulted during the procedure by the EIA decision-making body (MoE); Croatian Waters (intermediary body under the Ministry of Agriculture) and the State Institute for Nature Protection.

Development Consent and Application of articles 8 and 9 of the EIA Directive: all location permits and the majority of construction permits are already issued for the project components, some of them - before the EIA procedure was concluded. In order to assess their compliance with the proposed mitigation measures, a number of Opinions (certificates) were/will be issued by the MoE. They cover all project components, the Articles of the EIA Directive and confirm the compliance of the project's environmental procedures (in the format agreed with the Commission services).

The overall environmental impact of the project is positive, as it will contribute to implement the requirements of the Water Framework Directive (2000/60/EC) by strengthening the physical and biological integrity of aquatic ecosystems through sewerage system extension and rehabilitation, and water supply system reconstruction, thus reducing water losses in the network. There may be some negative impacts arising during the construction phase (noise, traffic, dust), but most of these will remain temporary.

Climate Change

The projects contribute to the Bank's priority transversal objectives regarding support to environmental protection and natural resources efficiency and Climate Action Adaptation (increasing the resilience of the assets to floods, droughts and landslides). The projects contribute also to Climate Action mitigation (through the efficient water metering and tariff collection from the end-users, inducing a more sustainable and rational use of water resources, reduction of the CO2 emissions, and improving energy efficiency).

Social Assessment

The projects will generally benefit public health, either by increasing and/or improving access to safe drinking water and sanitation services, or by collecting and treating wastewater before discharging into receiving water bodies and eventually into the Danube and the Adriatic Sea. Public health will also be enhanced thanks to the safe disposal of sludge produced from wastewater treatment plants. The definition of the project has taken into account affordability considerations in the estimation of project revenues and determination of the grant component.

Social impacts during construction, demolition or rehabilitation works include the disruption to services, noise, and temporary occupation of private space, traffic disruptions, and safety hazards. All these impacts will require project management measures to minimise the negative disturbance, inconvenience and impacts.

Finally, the project will also generate job opportunities during the implementation.

Public Consultation and Stakeholder Engagement

Public consultations were carried out at the relevant stages of the EIA procedure in all the projects with announcements placed at the municipalities' premises. The decisions were published on the MoE's and Beneficiaries' websites.



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Conclusions and Recommendations

This operation is fully driven by compliance with the EU relevant environmental directives and health considerations. The projects will contribute significantly to public health protection and enhance the quality of life of the population affected by ensuring continuity of drinking water supply, contributing also to Croatia's long-term economic development. It will have net positive impact on the quality of surface waters, by collecting and properly treating the wastewater before its discharge to water bodies. Overall, the project will generate positive impacts on the environment and it will also provide long-term socio-economic benefits to the local population in the form of employment opportunities and improved quality of life.

Comprehensive conditions are included in the Finance Contract of the parent operation. No additional E&S conditions are required.

In view of the above findings the project is acceptable for EIB financing from the perspective of environmental and social compliance.