

Luxembourg, 19.11.2025

Environmental and Social Data Sheet

Overview

Project Name:	RAIL ROUTE 4 REHABILITATION, BAR-GOLUBOVCI
Project Number:	20230948
Country:	Montenegro
Project Description:	The rehabilitation of ~39 km of single-track electrified rail line.
EIA required:	Yes
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

Environmental Assessment

The Project concerns the modernization of about 39 km of electrified, standard gauge, single track rail line between the port of Bar and Golubovci on the Western Balkans – Eastern Mediterranean Extended TEN-T corridor. The Project objectives are to increase operating speed, bring the line into close conformity with European standards for mixed use (passengers and freight) and make it resilient to seismic events and climate change.

The Project has two components:

- (i) the “Main Works”, comprising the modernization, inter alia, of the formation (including minor realignments), drainage, nine concrete bridges, permanent way, power supply & overhead line, five stations, level crossings and signalling, all to be implemented over the period 2026-2030; and
- (ii) the “Tunnel Works”, including the structural rehabilitation of the ~6km long Sozina Tunnel plus up to three short tunnels, to be implemented over the period 2027-2030.

The Project forms part of the Montenegrin Transport Strategy 2019-2035, which was developed with environmental sustainability as a high-level objective.

According to the applicable national regulations, the Montenegrin EIA law (75/2018)², the Main Works Component was subject to a full EIA procedure. For the Main Works, an EIA report was prepared over the period 2023-24 and in February 2025 submitted for approval to the Competent Authority for the Environment, the Agency for Environmental Protection (EPA). The EIA report was subject to the requisite disclosure, public consultation and revision in line with national law. In May 2025, the EPA published its Environmental Decision (ED) granting consent to the Main Works, subject to various conditions.

The Tunnel Works component, which was not included in the scope of the Main Works EIA Report and ED due to the absence of a detailed design, will be subject to a separate future screening decision, and EIA procedure as necessary, expected during 2026-27. The EIB will require the conclusion of that procedure prior to disbursing any funds for that component.

In addition to the EIA Report, the Main Works component’s environmental and social impacts are being assessed through an ESIA conducted in line with EIB’s Environmental and Social

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.

² <https://epa.org.me/wp-content/uploads/2019/05/Zakon-o-procjeni-uticaja-na-zivotnu-sredinu.pdf>



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Standards (ESS) and EBRD's Environmental and Social Policy. The ESIA supplements the approved EIA Report and ED, more particularly in relation to biodiversity (see below).

The Project is expected to deliver the following environmental and social benefits, amongst others:

- (i) Reduction in greenhouse gas (GHG) emissions;
- (ii) Decrease in local air pollutants, dust, noise, and vibration;
- (iii) Enhanced road safety via modal shift and enhanced level crossings and an overall improvement of safety of the transport system;
- (iv) Increased resilience to seismic activity and climate change; and
- (v) Improvement of stations, including access for persons with reduced mobility.

As with any major infrastructure project, there will be some localised and temporary negative environmental impacts during construction such as use of scarce resources, noise, dust, disruption and generation of waste. These are to be minimised through standard good construction practices and measures prescribed by the Competent Authority in the ED.

The May 2025 ED prescribes monitoring measures for biodiversity, ambient air quality, water quality, soil quality and noise. The ED also addresses the events of emergency and accidents and prescribes actions and remediation measures to be taken in order to prevent lasting adverse effects on Skadar Lake.

Biodiversity and Ecosystems:

The Main Works will be implemented for about 14km of the alignment through the protected site of Skadar Lake. This is a National Park, Ramsar site, Important Bird Area (IBA), Important Plant Area (IPA), as well as a Candidate Emerald Site (ME0000003). Two thirds of the lake is located in Montenegro and the rest in Albania. A revision study with a new Zoning Plan of the site within Montenegro is currently under preparation.

Lake Skadar is the largest lake in the Balkan peninsula, with a high degree of endemism and a surface area between ~350 and 500 km², depending on the season, and an average depth of 5m. The lake marks the westernmost range of both the Dalmatian pelican and the cormorant. The area is home to over 2,000 nesting bird pairs, making it one of the largest colonies of these endangered species in the world. In addition to its rich birdlife, the lake supports 48 species of fish and 50 species of mammals. The region also hosts a wide variety of amphibians, reptiles, and insects, and the lake is surrounded by a highly diverse plant communities, including extensive floating vegetation of water lilies and water chestnut.

Possible impacts of the Main Works on biodiversity include the loss and fragmentation of terrestrial and marshland habitats due to the construction works and railway operation. The potential total loss of all natural and artificial (man-made) habitats is estimated at ~6,000 m². Possible impacts on Critical Habitats (CH) have been preliminarily identified with a habitat loss of ~1,000 m². This would represent a small fraction of the natural regional occupation of these CHs in Skadar Lake area.

Other potential impacts identified include:

- Disturbance of species during construction works;
- Adverse changes in land/aquatic habitats due to pollution/construction works;
- Introduction of alien and invasive species along the railway;
- Vegetation removal during works;
- Animal mortality due to collisions with trains;
- Electrocution of birds with electrified components of the railway; and
- Pollution of the aquatic and terrestrial habitats during operation.

The May 2025 ED specifies measures to protect fauna and flora, mainly aimed at avoiding and minimizing impacts in the area of Skadar Lake. Ecological supervision will be present on site



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and impacts will be monitored. Passages for small mammals, reptiles and amphibians will be maintained, and their effectiveness will be monitored.

The May 2025 ED also includes obligations to conduct comparative biodiversity surveys:

- immediately prior to the commencement of reconstruction works; and
- following the completion of reconstruction works.

Should either survey identify any new, significant findings relevant to the conservation of habitats and species, the Competent Authority for the protected area – the National Parks of Montenegro - is to be informed.

The conclusion of the EIA Report is that the Main Works are unlikely to have a significant negative impact on the protected site of Skadar Lake. The EIB will require that this conclusion is confirmed by the issuance of an explicit opinion of the Competent Authority for Nature Conservation prior to any disbursement of EIB funds. In order to enhance the biodiversity assessment already performed for the EIA Report, further specialist assessment is being performed in H2 2025 as part of the ESIA. Notwithstanding that all the legal framework for performing an Appropriate Assessment as per Art. 6.3 of the Habitats Directive may not yet be in place in Montenegro, an equivalent to an Appropriate Assessment will be performed as part of the ESIA to support the explicit opinion of the Competent Authority. Such assessment, *inter alia*, will comply with the obligation in the May 2025 ED to perform a comparative biodiversity study prior to implementation.

Vulnerability to climate change

Montenegro is increasingly exposed to climate-related hazards, with every year in the past two decades marked by extreme events such as heatwaves, floods, droughts and wildfires. The Bar–Golubovci rail corridor crosses diverse and sensitive terrain, including the Skadar Lake National Park and landslide-prone zones such as Ratac. Climate projections indicate rising temperatures, more intense rainfall extremes, and increased solar radiation, all of which accelerate infrastructure degradation and heighten risks of flooding, erosion, and slope instability. A substantial share of the investments therefore contribute to the Bank's climate action objective for climate adaptation.

Climate mitigation

The GHG absolute and relative emissions have been forecast but fall below the thresholds defined for the Carbon Footprint Exercise. On the basis of assumptions adopted by the EIB Services, the absolute and relative emissions are forecast to be about 3,000 and -1,100 tonnes of CO₂ equivalent respectively per average operating year. The forecasts may differ from those of the Promoter due to the use of different assumptions and methods.

Paris Alignment

The EIB's services have assessed the Project for Paris alignment in accordance with the policies set out in the Climate Bank Roadmap 2020. The Project consists of reconstruction 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 low; therefore, it is considered to be aligned with the resilience goal.

Social Assessment

The Main Works will require limited land acquisition; about ~3,500m² of private land and plus some state land still be defined. The impacts from land acquisition are minor given the almost complete absence of any structure, cultivation or active businesses in the ~35 affected private plots. Nevertheless, a Resettlement Policy Framework (RPF) has been prepared, consistent with national laws and EIB/EBRD standards. The RPF establishes the principles, procedures, and institutional arrangements to be followed in the event of involuntary land acquisition or resettlement, including special provisions for possible vulnerable groups. A Resettlement Action Plan (RAP), consistent with the provisions of the RPF and based on a detailed expropriation plan, census and socio-economic survey to verify current land use patterns, is being prepared at the same time as the final detailed designs and is expected to be completed



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by Q1 2026. The RAP will be implemented in a timeframe consistent with the necessary site access for contractors. The EIB will monitor progress of the implementation of the RAP at each disbursement of funds for the Main Works.

Construction works will be carried out in accordance with national laws, including the Labour Law and Health & Safety Law, as well as the International Labour Organisations (ILO) conventions; all fundamental and Governance (Priority) conventions are ratified by Montenegro. Specific requirements in relation to labour and working conditions, including occupational health and safety as well as access to grievance mechanism will be included in the works' contract conditions.

During the construction phase, the main health and safety occupational issues will include movement of vehicles and traffic management; working at heights; working in confined spaces; working on operational lines; management of electrical hazards; as well as prevention of unintended ground movements and collapse. A Construction Site Management Plan will be developed by selected contractors and implemented according to national law.

Public Consultation and Stakeholder Engagement

The Promoter has prepared a Stakeholder Engagement Plan (SEP) describing how it and its contractors are to communicate with people who may be affected by or interested in the Project, as well as describing the grievance mechanism for people to raise any concerns about the Project. The SEP seeks to implement the relevant national, EU and EIB standards.

The national regulatory EIA procedure for the Main Works included the prescribed consultation and stakeholder engagement. The public was provided with the possibility to access the draft EIA report in the EPA premises, EPA website and in local municipalities. In March 2025, public hearings were held in the municipalities of Zeta and Bar. The public authority for National Parks of Montenegro also submitted their comments in March 2025. The May 2025 EIA decision was published on the webpage of EPA³.

Since the Main Works cross Skadar Lake, which is a transboundary and protected site, the provisions of the Espoo Convention potentially apply. The EIA Report concluded that it was not necessary for Montenegro, as the potential party of origin, to perform any transboundary consultation with Albania, as the potential affected party, due to the nature and location of the Main Works. Hence, no such transboundary consultation occurred during the EIA procedure. The Competent Authority accepted the final EIA Report. However, the Authority's written decision was not explicit as to the determination on transboundary consultation. Hence, the EIB will seek an explicit confirmation from the Competent Authority as to the absence of need to perform transboundary consultation prior to disbursing any funds for the Main Works.

Other Environmental and Social Aspects

The works will be implemented through two or more internationally selected contractors who will be required to perform the works in line with an Environmental and Social Management Plan (ESMP) consistent with domestic law and EIB / EBRD standards. The contractors will be subject to third party supervision by internationally selected consultants, acting as Engineer, who will enforce the proper implementation of the ESMP. The delivery of the ESMP will be further monitored by the Promoter's own staff, national regulatory authorities, and technical assistance staff working for the Promoter.

Conclusions and Recommendations

The EIB will request the following prior to disbursing for each component:

Prior to each disbursement for the Main Works:

- Confirmation of the Competent Authority for the Environment that cross border consultation with Albania under the Espoo Convention was not required.

³ <https://www.epa.org.me/images/dozvole2025/1710-30.pdf>



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- Opinion of the Competent Authority for Nature Protection concerning the effects of the Project on sites of nature conservation importance. Such opinion is to be supported by an updated biodiversity assessment, equivalent to an Appropriate Assessment under EU Habitats Directive Art. 6.3.
- Satisfactory progress of implementation of the Resettlement Action Plan.

Prior to disbursement for the Tunnel Works:

- either completion of the regulatory environmental procedures, including a copy of the EIA Report and consent from the Competent Authority for the Environment, or the screening out decision from the Competent Authority for the Environment.

Overall, subject to fulfilment of conditions set down above, the Project will result in net environmental benefits and is acceptable from an environmental perspective. Negative social impacts are acceptable, notably when compared to the social benefits of the project.

Under the conditions indicated above, the Project is therefore acceptable for EIB financing in both environmental and social terms.