

## Environmental and Social Data Sheet

### Overview

Project Name:	MOLDOVA RAIL INFRASTRUCTURE AND ROLLING STOCK FL
Project Number:	2013-0274
Country:	Republic of Moldova
Project Description:	The project consists of a framework with two components: (i) acquisition of 11 main-line diesel locomotives suitable for both freight and passenger services and the associated maintenance equipment; (ii) rehabilitation of selected sections of railway infrastructure.
EIA required:	Multi-scheme project, EIA requirements vary
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project is a multi-scheme framework loan for rail infrastructure and rolling stock. The Promoter is Calea Ferata din Moldova (CFM). The Promoter has limited experience with project development and therefore will receive additional technical assistance for the environmental matters.

As first allocation, purchase of 11 diesel locomotives has already been appraised.

The supply of the locomotives and associated maintenance equipment, which will be installed in an existing depot, does not require an Environmental Impact Assessment (EIA).

The finance contract will include undertakings to ensure that the new locomotives will be actually maintained in an existing depot and requiring the disposal of the old locomotives to be done in an appropriate manner.

Future schemes related to the infrastructure rehabilitation will be appraised and allocated according to the Bank procedures for framework loans. In particular, compliance with the national legislation and the EIB Environmental and Social Handbook will be checked. Specific environmental and social monitoring arrangements may be defined at that stage.

The project's residual negative impacts during construction and operation are limited and offset by the prevention of the modal shift to the road, which would happen without the investment.

Subject to the above conditions, the project is therefore acceptable for Bank's financing.

### Environmental and Social Assessment

#### Environmental Assessment

This project is included in the Logistics and Transport Strategy for 2013 – 2022 adopted by the Government in October 2013. If situated in the EU this strategy would have fallen within the scope of Directive 2011/42/EU (the Strategic Environmental Assessment (SEA) Directive). In the case of the project, the Logistics and Transport Strategy for 2013 – 2022 identifies the

<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

key environmental aspects of rehabilitating the railway system, which are mainly positive with some minor negative impacts that are offset by the prevention of the modal shift to the road.

The new locomotives will replace the existing ones, which have been in service for more than 30 years and are beyond their design useful life. The new locomotives will have significantly better environmental characteristics, among other, in terms of fuel efficiency and associated greenhouse gas emissions, oil consumption, emission of pollutants and noise; the diesel engines will be compliant with the category Euro IIIB. The replaced locomotives will be temporarily transferred into reserve and eventually scrapped by a specialised company in conformity with the national legislation. An undertaking concerning this will be included in the finance contract and the Promoter will be asked to report on this in the project completion report.

Concerning the infrastructure rehabilitation component to be included in the future schemes, the project will mainly be within existing right of way, including for some short sections where the alignment may be slightly improved. If situated in the EU, the project would be likely to fall within Annex II of Directive 2011/92/EU (the EIA Directive) and therefore be subject to screening. The likelihood of impact on any conservation areas would also need to be analysed, according to the principles of Directive 92/43/EEC (the Habitats Directive).

Appropriate legislation for the protection of the environment is in force in the Republic of Moldova, in particular the EIA Law (Law No 86 of 29.05.2014), the State ecological expertise Law (Law No 851 of 29.05.1996), the Law on the Animal Kingdom (Law No 439 of 1996) and the Law on Plant Kingdom (No 239-XVI of 08.11.2007).

The EIA legislation of the Republic of Moldova is similar to the one of the EU (Directive 2011/92/EU). Once the scope of the infrastructure rehabilitation schemes has been defined, the Promoter will inform the Competent Authority (the Ministry of Environment), which in its turn will decide whether an EIA is necessary. The likelihood of impact on any conservation areas and the trans-boundary effects will be analysed within the same procedure.

As in the recent years there was no significant investment in the railways, the Promoter has limited experience in similar projects and the related environmental aspects. CFM has committed to adopt the principles of a corporate Environmental, Health and Safety Management System based on ISO 14001 standard and appointed a consultant with international experience to provide technical assistance. This will strengthen the capacity of the Promoter.

The Bank will require the Promoter to comply with the EIB environmental and social standards and will closely monitor this compliance.

## **Social Assessment**

The railway infrastructure rehabilitation should not require any substantial land take or displacement of households.

Once the scope of the infrastructure rehabilitation has been identified, the course of action for any physical and/or economic displacement, including the aforementioned gardens, will be determined in consultation with the Promoter. If needed, the Promoter will be required to establish a resettlement policy framework/plan to the satisfaction of the Bank.

## **Public Consultation and Stakeholder Engagement**

If following the decision of the Competent Authority an EIA is required for the infrastructure rehabilitation component, public consultation will be organised within the framework of the EIA. In addition, the EIA would be published on the EIB website.

## **Other Environmental and Social Aspects**

As part of the due diligence process, the EIB services addressed with the Promoter the relevant environmental and social aspects of the project and, in May 2015, visited some sections of the lines to be rehabilitated as well as the Basarabeasca depot where the new locomotives will be maintained. In addition, a meeting with the Ministry of Environment was

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held in order to better understand the applicable legislation and the corresponding procedures.