

Environmental and Social Data Sheet

Overview

Project Name: **ZAHONY RAIL INFRASTRUCTURE**
 Project Number: 20100636
 Country: Hungary
 Project Description: The project concerns the rehabilitation of the Russian-gauge main railway line system of the region of Záhony, at the Hungarian border with Ukraine. The project includes the upgrading to 24.5 t/axle track capacity, as well as the rehabilitation of other tracks in Eperjeske marshalling yard, with the partial rehabilitation of the relating signalling equipment, including the corresponding power supply, outdoor lighting, telecommunication and switch heating works. This project is part of the framework loan operation co-financing priority investments under the Transport and the Energy & Environment Operational Programmes in the current EU programming period (2007-2013).

EIA: Required Not required

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

A **Strategic Environmental Assessment (SEA)** was prepared for the Záhony region (16 local governments) under which the project was also presented and the environmental effects were assessed in 2007.

The project falls under **Annex II of Directive 2011/92/EU** and was therefore subject to screening. A preliminary environmental impact assessment was performed in 2007. The Promoter considered the project not to require any further assessment and commenced some works in 2009. Subsequently, in 2011 the Competent Authority retroactively screened the project out from further assessment and issued an environmental permit on 3 June 2011. This permit covers the whole project. Some public consultation did occur during the preliminary assessment. The European Commission (EC) has approved the related application for funding from the Cohesion Fund. On this basis, the EIA process is acceptable for the Bank.

The project is partly situated directly next to the **NATURA 2000** sites "Felső-Tisza" (HUHN20001). The Competent Authority in a declaration dated 18 August 2010 stated that the project is not likely to have significant impact on Natura 2000 sites.

The project ensures competitiveness of rail transport against other transport modes and will improve the quality of rail transport for freight, thus contributing to reduce reliance on trucking and the negative impacts of trucking on the local environment as well as on global climate change. Thus, the project is expected to have a positive overall environmental impact by the comparison to the without project case.

Environmental and Social Assessment

Environmental Impact and Mitigation

The EIA process was executed in accordance with the applicable legislation, notably the Habitats Directive 92/43/EEC and the EIA Directive 85/337/EC as amended, transposed in the Republic of Hungary into the Act on the Environmental Impact Assessment. In Hungary, the implementation of the EIA process is prescribed by the Gov. Decree No. 314/2005. (XII.25.), which is in force since January 1, 2006.

The project is considered to fall under Annex II of the EIA directive. The technical content of the project is mainly the reconstruction of the existing infrastructure, therefore the Promoter considered the project not to require any further assessment. After the EC's Interruption Letter of December 2010, the Promoter requested an explicit screening decision of the project on the basis of the Preliminary Environmental Impact Assessment (PEIA) prepared in 2007.

Based on this documentation and the public consultation, the Competent Authority (Upper-Tisza Region Environmental, Nature Conservation and Water Inspectorate) completed the screening procedure and concluded that no significant environmental impact can be assumed as a result of the renovation of the broad gauge railway backbone network in the Záhony area and the activity did not fall within the scope of the integrated environmental consent procedure according to the Annex 2 of the relevant Government Decree. Therefore, the Authority retroactively screened out the project and the respective environmental permit was issued on 03 June 2011.

The Competent Authority in its Natura 2000 Declaration (Form A equivalent) dated on 18 August 2010 stated that the project is not likely to have significant impact on Natura 2000 sites. The Authority has also recognised that the project ends 100 metres before the Natura 2000 site, the building site does not directly impact a habitat of Community importance, and it does not have direct impact on Natura 2000 designated species or habitats. Indirect impacts on Natura 2000 sites, on their designated species and habitats cannot be expected from the project.

Environmental Impacts

The project will have an impact on the environment both during construction and operation. At construction stage, the project increases noise levels, and impacts the quality of water and air. However, the project's impact at the construction stage is short-lived and reversible, at a level which is deemed acceptable. During operation the major impacts will be connected with noise and soil pollution. In the course of the operation, the tracks may be polluted by oil spills in case of faulty towing vehicles, or pollution may result from the spill or leakage of material carried in freight trains. Furthermore, chemicals used for track maintenance can also cause pollution. However, in case of normal operation, activities should not cause subsoil or groundwater contamination. Construction of noise barriers will decrease the level of noise alongside the railway lines for affected properties.

The project exclusively concerns the rehabilitation of parts of an existing railway infrastructure. The capacity of the railway infrastructure will not be increased; the increase of speed is marginal from the environmental point of view, as the traffic is exclusively marshalling traffic at low speed. (Therefore the additional impact during operation is considered as being insignificant.)

The project is expected to contribute to climate change mitigation by reducing CO₂ emissions and by helping the railways to maintain modal share in key sections of the freight market that are most appropriately met by rail. Thus, the project is expected to have a positive environmental impact.

EIB Carbon Footprint Exercise

The project is not included - the EIB draft Carbon Footprint Methodologies only includes emissions from Investment Loans, and large allocations under Framework Loans, above the methodology thresholds.

Public Consultation and Stakeholder Engagement, where required

Public consultations were carried out within the EIA screening process. Affected municipalities informed the public about the PEIA and the Competent Authority's decision by disclosing relevant documentation and allowing sufficient time for comments to be submitted. No comments were received.