Luxembourg, 02.03.2012

Environmental and Social Data Sheet

Overview

Project Name:	SOPRON-SZENTGOTTHARD RAILWAY
Project Number:	20100637
Country:	Hungary
Project Description:	The project concerns the design, rehabilitation and upgrade construction works of the single track railway line on a 116 km long section between Sopron-Szombathely-Szentgotthard in Hungary, including electrification from Szombathely to Szentgotthard. 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

The project deals with the modernisation/rehabilitation of an existing single track railway line largely along existing alignment in Hungary. The 2007-2013 Transport Operational Programme (TOP) for Hungary, under which the project was presented, underwent a **Strategic Environmental Assessment (SEA)** procedure and the environmental effects were assessed.

The project falls under **Annex II of Directive 85/337/EC** as amended and was therefore subject to screening. Two preliminary environmental impact assessments for the two sections were performed in 2007. On the basis of the findings of these assessments, the Competent Authorities decided to screen out the project from completing a full EIA procedure by subsequently issuing two environmental permits without further assessment or consultation. These permits cover the whole project. The European Commission 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 next to **NATURA 2000** sites. According to the assessment and the requirements stipulated in the respective environmental permits, the Competent Authorities stated in their opinion that no negative impact on the identified NATURA 2000 sites is expected (Forms A).

The Project will contribute to **sustainable objectives** by making rail transport more attractive and better placed to face modal competition from road. The project will also enhance railway and also road safety as some level crossings will be replaced by underpasses. The project is expected to contribute to climate change mitigation by reducing CO2 emissions due to modal shift and the electrification.

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 Hungarian Regulation No. 314/2005. (XII.25.) on EIA and Unified Environment Use Permit Procedure, which has been in force since January 1, 2006.

The railway line crosses the area of two regional environmental authorities. Both Competent Authorities are responsible for all environmental approval issues related to the project by

means of giving the environmental permits and coordination with other specialized authorities (municipalities, other authorities, etc.). The project was considered to fall under Annex II of the EIA Directive. After a detailed screening of the project on the basis of the preliminary environmental impact study and public consultations, the Competent Authorities decided to screen out the project and that the respective environmental permits can be issued, as follows:

- *Modernisation of the railway line "Szombathely–Szentgotthard"*
In April 2007, a "preliminary environmental impact study" was finalised on which basis the Competent Authority (West-Transdanubia Regional Inspectorate for Environmental Protection, Nature Preservation and Water Management) took the decision on June 21, 2007 that no further environmental permit from the respective authority needs to be obtained. The conduct of a full EIA procedure for this section was deemed thus not necessary. The responsible authority stipulated no condition to the decision. The Sopron regional office of the Cultural Heritage Agency, the National Transport Authority, the Town Clerk of Körmend, the Town Clerk of Szombathely and the Csörötnek Notarial District of Csörötnek provided comments during the procedure.

- *Modernisation of the railway line "Sopron – Szombathely"*
In May 2007, a "preliminary environmental impact study" was finalised on which basis on November 30, 2007 the Competent Authority (North-Transdanubia Regional Inspectorate for Environmental Protection, Nature Preservation and Water Management) took the decision that no further environmental permit from the respective authority needs to be obtained. Therefore the conduct of a full EIA procedure for this section was deemed not necessary. The responsible authority stipulated six conditions related to noise and vibration protection.

The project is partly situated next to NATURA 2000 sites (the most relevant are: "Orseg National Park"-HUON10001 and "Rába&Csornoc valley"-HUON20008, but also some other smaller sites). The impact on these NATURA 2000 sites has been assessed during the environmental permitting procedure on the basis of the preliminary environmental impact study. According to the assessment and the requirements stipulated in the respective environmental permit, the Competent Authorities stated in July 12, 2007 and May 19, 2008, that no negative impact on the identified NATURA 2000 sites was expected. The same authorities also confirmed the compatibility of the two measures related to the level crossings in Szombathely and Sopron with NATURA 2000. The appropriate Forms A were provided to the Bank.

Environmental Impacts
The main environmental impacts are generated from noise emission of the increased train traffic and speed. Other impacts are not expected to change significantly compared to the present condition. Therefore, the basic conditions of air quality, soil, surface and ground water were not needed to be determined during the impact assessment.

The potential adverse identified effects will occur mainly during the construction phase, including air & light pollution, noise & vibration, exposure of land surfaces to contamination and compaction. These and other impacts have been assessed as minor and temporary. Compliance with recommendations made within the framework of the permitting process is expected to appropriately mitigate against these negative effects.

The electrification itself is already a major benefit to the environment as it reduces the negative impact (noise, air quality) significantly. Further a number of active and passive noise protection measures are foreseen.

Other Environmental and Social Aspects

The Project will contribute to sustainable objectives by making rail transport more attractive and better placed to face modal competition from road. The project will also enhance railway safety with reducing the number of the level crossings by underpasses and improving the signalling system. Other favourable project impacts include higher train speeds leading to improved services with shorter journey times, both for transit traffic and commuter traffic using the railway.