

Environmental and Social Data Sheet

Overview

Project Name:	MUNICIPAL INFRASTRUCTURE RESILIENCE FRAMEWORK
Project Number:	2017-0147
Country:	Republic of Serbia
Project Description:	Framework loan under the Resilience Initiative to support construction of water supply and sewers systems in municipalities impacted by migrants or severe floods crises.
EIA required:	yes

This is a multi-scheme Framework Loan operation. Some of the schemes may require an EIA.

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

Compliance with applicable Environmental Legislation

The Promoter of this Framework Loan is the Public Investment Management Office (PIMO) which is an entity designated under the Government of the Republic of Serbia. The project shall be financed by the EIB loan, ERI investment grant and the Government of Serbia. The schemes can be located in all regions of the country. The project schemes (sub-projects) to be financed under this Framework Loan will be designed to improve water supply and sanitation service in the participating municipalities and to reduce the negative environmental impacts of discharging untreated wastewater in line with the applicable legislation. The schemes will also be implemented in line with relevant EU legislation and in accordance with the EIB's social and environmental standards.

The key national legislation of relevance includes: Water Law (Official Gazette RS no. 30/10, 93/12 and 101/16), Law on Environmental Protection (Official Gazette RS no. 135/04, 36/09, 72/09, 43/11 and 14/16), Law on Environmental Impact Assessment (Official Gazette no. 135/04), Law on Integrated Environmental Pollution Prevention and Control (Official Gazette no. 135/04). The key EU legislation of relevance includes: Drinking Water Directive (98/83/EC), Urban Waste Water Treatment Directive (91/271/EEC), Water Framework Directive (2000/60/EC).

The schemes concern rehabilitation, modernisation and extension of existing infrastructure. If the schemes were located inside EU, it is expected that, depending on the scope, they would fall either under Annex II (i.e. be subject to screening by the Competent Authority) or outside the scope of the Directive 2014/52/EU amending the EIA Directive 2011/92/EU.

¹ 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 20,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

Luxembourg, 31.01.2019

Ex-ante approval of the allocation of schemes will be required to ensure compliance with the Bank's environmental and social standards including those on the protection of sites of nature conservation, where applicable. This will be assessed at allocation stage for each individual scheme.

For the schemes requiring an EIA, relevant information and compliance with the applicable legislation and EU EIA directive will be checked before approving finance allocation. In particular, screening decisions from local Competent Authorities will be made available to the Bank. The Bank will also require the Promoter to provide the Non-Technical Summary (NTS) of the EIAs and the EIAs to be published on the Bank's website.

Framework loans as a whole are not covered by the EIB Carbon Footprint Exercise. Each sub-project will be included in the footprint exercise if emissions are above the thresholds. The climate change benefits, if relevant, will be quantified in the appraisal for each scheme. The schemes including wastewater treatment components are expected to result in a positive reduction in related GHG emissions.

Environmental Impacts

The schemes are expected to have minor environmental impacts during construction and no negative residual impacts in the operational phase. Most schemes will be located in a consolidated urban environment and on the existing main routes of water mains and sewers and in the premises of existing facilities or their vicinity. Therefore, the schemes are not likely to have negative impacts on nature conservation areas. Nevertheless, compliance with the Biodiversity and Habitats National Legislation and its alignment with the Habitats and Birds EU Directives (92/43/EEC, 2009/147/EC) and EIB E&S Standards will be further checked during appraisal of individual schemes, before allocating finance to schemes and during the implementation of the project.

Promoter's E&S capacity

The promoter has experience in management of environmental and social plans and is familiar with the application of other international financing institutions' standards, based on the experience during implementation of their existing operations. However, technical assistance will be made available to support the Promoter in the preparation and implementation of the schemes. The technical assistance will also support the promoter in setting up an environmental and social monitoring and reporting system.

Social Assessment

Based on the information provided to the Bank, the potential schemes are not likely to trigger any large land acquisition and are not expected to trigger large permanent physical or economic displacement. In implementing water and sanitation infrastructure schemes aimed at improving efficiency, public health, and protection of the environment, the works will be kept as much as possible to the existing rights of way (for buried assets) and the existing facilities (for plants, reservoirs, etc.) which reduces potential negative social impacts to a minimum.

All schemes are expected to have a positive impact on the living conditions of the inhabitants. In addition, the investment will provide job opportunities during the works phases.

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Compliance with EIB's social standards, such as those on occupational and public health, safety and security, labour standards, involuntary resettlement and stakeholder engagement will be further checked during appraisal of individual schemes, before allocating finance to schemes and during the implementation of the project. The technical assistance will support the promoter in screening the schemes against EIB social standards.

Conclusions and Recommendations

Given that detailed information on the schemes is not available at this stage, environmental and social aspects will be checked at scheme allocation stage. The Bank will require the Promoter to follow the EIB environmental and social (E&S) standards.

The Promoter will be obliged to provide the Bank with documentation stating that there are no negative impacts on biodiversity or that the appropriate mitigation measures are being taken according to the applicable national law, EU relevant legislation and EIB E&S Standards.

The following undertakings shall be included in the finance contract:

- The Promoter shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to national law and EU EIA related Directives without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the EIA and the EIA having been made available to the public, for publication on the Bank's website.
- The Promoter shall store and maintain updated the relevant documents (including environmental studies related to the ESIA, Nature/Biodiversity Assessments, Environmental, Social Management Plans, Resettlement Action Plans and Stakeholder Engagement Plans) to be provided to the Bank upon request. In case the EIB requires such documentation, the promoter shall provide all documents requested promptly.
- The promoter shall verify the compliance of the schemes with the relevant and applicable rules of national and EU legislation, in particular in the field of environment.
- The Promoter shall implement and operate the Project in compliance with EIB's Environmental and Social Standards, and ILO core labour standards, in particular with the inclusion of provision (for contractors) for the respect of: principles of equal treatment and non-discrimination in employment and at the workplace, and equal access for men and women to employment opportunities.

The overall anticipated environmental and social impacts of the operation are deemed positive. Minor negative (temporary) impacts during the construction will be compensated by considerable social, public health and environmental benefits.

Considering the above, the project is acceptable for EIB financing from an environmental and social point of view.