

Public

Environmental and Social Data Sheet

Overview

Project Name:	ISTRIAN RIVIERA DEVELOPMENT
Project Number:	2016-0590
Country:	Croatia
Project Description:	The project concerns financing of the three-year capital expenditure programme of a leading Croatian tourism company. The investments will be located mainly in Rabac, City of Labin, Istria. The investment programme focuses primarily on the reconstruction and upgrading of older tourist infrastructure into modern family-oriented holiday facilities, as well as the development of new tourism infrastructure
EIA required:	This is multi-scheme investment programme. Tourism projects fall under Annex II of the EIA Directive and need to be screened by the Competent Authority.
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

Environmental Assessment

This operation consists in the co-financing of the 2015-2018 investment programme of Valamar Riviera d.d., one of the most active investors in the Croatian tourism market, with a total of 34 hotels and resorts and 15 camping resorts located in Istria (Poreč, Rabac, Pula), Dubrovnik, Makarska and Obertauern (Austria) and in the islands of Krk and Rab.

The 2015-2018 investment programme to be co-financed by the Bank will concern the upgrading of three properties from 2-3 stars to 4-5 stars, namely the Bellevue Family Life Resort, the Valamar Girandella Resort and the Maro Suites located in Rabac, City of Labin in the Croatian province of Istria.

Croatia has duly transposed the EIA (Council Directive 2011/92/EU as amended) and SEA (Directive 2001/42/EC) Directives. The implementation of the two directives is mainly regulated by the Environmental Protection Act (Official Gazette No. 110/07), the Regulation on environmental impact assessment (Official Gazette No. 64/08, 67/09) and the Regulation on strategic environmental assessment of plans and programmes (Official Gazette. No. 64/08).

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 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

The schemes included in Valamar's 2015-2018 investment programme are integrated in the city of Labin's urban development plans for which an SEA has been conducted. Tourism projects fall under Annex II of EIA Directive 2011/92/EU, and the Competent Authority needs to screen the project and determine whether an EIA is required or not. The City of Labin, which is the Competent Authority for both EIA and Natura 2000 assessments, has screened out the schemes to be co-financed by the Bank on the grounds that the construction works will exclusively be located within the existing boundaries of the sites already operated and owned by, or under concession to, Valamar. As a result, an Environmental Impact Assessment was not required.

In addition the concerned site in Rabac is bordering a Natura 2000 marine area (HR 3000470) characterized by undersea reefs and sandy bottoms. However, due to the fact that the works will only be located on land and concern existing buildings, already operated as tourist resort, the Competent Authority has provided the promoter a letter stating that the project will not have any significant impact on the bordering protected area (Form A or equivalent) and, as such, a Natura 2000 assessment was not required.

The project's impacts at the construction stage are expected to be short-lived and reversible, at a level which is deemed acceptable. Construction waste management is provided for in the contracts with the different construction companies operating on the site so as to encourage waste sorting since only non-sorted waste has to be paid for by the contractor.

Social Assessment

The project is deemed to have positive effects on the local employment since the vast majority of the total permanent staff on the Rabac site comes from the surrounding areas. The upgrading of Valamar's properties is also expected to contribute to the repositioning of the region as a higher-end tourism destination. This in turn will benefit tourism-related economic activities, such as local tour operators, restaurants and shops. Valamar does not plan to adopt an all-inclusive business model, thereby encouraging synergies with existing local economic activities.

Public Consultation and Stakeholder Engagement

The project of upgrading of Valamar's resorts in Rabac has been presented during a public hearing with the local community.

Other Environmental and Social Aspects

The promoter's capacity to manage environmental and social impacts of their activities is deemed good. Valamar implements a wide array of corporate responsibility programmes and has received several awards.

Conclusions and Recommendations

The project is not expected to have major negative environmental impacts and the promoter's capacity to manage and minimise the remaining impacts through its management system is deemed good. By contrast, the project is expected to entail significant positive impacts on local employment both directly, through the recruitment of additional staff, and indirectly, generating synergies with existing tourism-related economic activities.

Against this background, the project is deemed acceptable for EIB financing in environmental and social terms.