

European Bank for Reconstruction
and Development (EBRD)

**Croatia: E&S Assessment for
EBRD Terms of Reference Gap
Analysis & Disclosure Pack -
Category A Road Project Croatia
Vc Motorway Completion (50712)**

Supplementary Lender's Information
Package

Issue | 19 April 2019

This report takes into account the particular
instructions and requirements of our client.

It is not intended for and should not be relied
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Job number 261094-00

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| Job title | | Croatia: E&S Assessment for EBRD Terms of Reference Gap Analysis & Disclosure Pack - Category A Road Project Croatia Vc Motorway Completion (50712) | | Job number 261094-00 | |
| Document title | | Supplementary Lender's Information Package | | File reference | |
| Document ref | | | | | |
| Revision | Date | Filename | 2019-04-11 SLIP.docx | | |
| Draft 1 | 11 apr 2019 | Description | First draft | | |
| | | | Prepared by | Checked by | Approved by |
| | | Name | | | |
| | | Signature | | | |
| Issue | 19 Apr 2019 | Filename | 2019-04-19 SLIP ISSUE.docx | | |
| | | Description | | | |
| | | | Prepared by | Checked by | Approved by |
| | | Name | | | |
| | | Signature | | | |
| Issue | 19 Apr 2019 | Filename | 2019-04-19 SLIP ISSUE.docx | | |
| | | Description | | | |
| | | | Prepared by | Checked by | Approved by |
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Issue Document Verification with Document



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1 Introduction

1.1 The Project

The European Bank for Reconstruction and Development (the “EBRD”) is considering financing of a sovereign-guaranteed loan of up to EUR 77.0 million to Hrvatske Autoceste d.o.o. (“Croatian Motorways Limited” or “HAC” or “the Company”). Up to 52 million of the EBRD loan will be used for financing the construction of a 22.5 km motorway section between the border with Hungary and Halasica bridge on Motorway A5 (“the Project”), while the remaining funds will be used for the modernization of the HAC lighting system. EIB is expected to co-finance the Project in an amount equal to EBRD distributed the same way.

The Project section is part of the international Pan-European corridor Vc. It is a part of European network marked E73 which connects north of Europe with the Adriatic and represents the backbone of the road transport infrastructure in the eastern part of Croatia. The Project section has been designed as a dual carriageway, dual lane motorway separated by a central reserve and with one emergency lane each.

The Project consists of the following subsections:

- Hungarian border – Beli Manastir (chainage km 0+000.00 to km 5+000.00, L=5.0 km);
- Beli Manastir – Halasica Bridge (chainage km 5+000.00 to km 22+480.00, L=17.5 km);



Figure 1 General Layout Plan of the Project Section

1.2 Previous Assessment

Environmental Impact Assessment of the Project was conducted in 2003 and 2004 in line with the local Croatian legislation. Following Croatia’ accession to EU and the associated changes in legislation the assessment was supplemented by an updated Environmental Impact Study (EIS) in 2016. Environmental impacts have

been identified and assessed through the EIS, and a Decision of environmental acceptability of the Project was issued by the Ministry of Environmental protection and Energy and Elaborate on 10 March 2017 confirming compliance of the main design with environmental mitigation measures and monitoring.

1.3 Categorisation

The Project involves the construction of new road over 10 km in length. Therefore, it is assigned a Category A, which means that a comprehensive Environmental and Social Impact Assessment must be carried out, alongside with the review of associated documentation. This is followed by a public disclosure for a minimum period of 120 days.

1.4 The Assignment

Arup has been appointed to perform an environmental and social analysis / due diligence through assessment of the relevant documentation and current practices against relevant requirements, which included the following:

- Comparison of the existing ESIA to the EBRD's requirements for an ESIA, according to the requirements of the EBRD PRs (2014) and current European Union (EU) EIA legislation (updated in 2014). The most significant differences are likely to be related to the Social provisions as set forth in the PRs, specifically the social provisions of PR1, PR2, PR4, PR5, PR8 and PR10.
- Review of land acquisition and potential involuntary resettlement and economic displacement impacts that may occur, or have occurred, as a result of the Project. Verify Project documentation relating to land acquisition for compliance with EBRD PR5;
- Review of stakeholder identification, analysis and engagement policy and practices relative to EBRD PR10 for Information Disclosure and Stakeholder Engagement;
- The review of the national EIA/ESIA with a critical assessment of the social and environmental baseline data to ensure these are robust enough to inform Project design decisions; a review of alternatives, to ensure that alternatives were considered for Project design as well as application of the mitigation hierarchy, and the development of mitigation measures (local EIAs often do not provide enough detail in the development of mitigation measures); and,

Based on the above:

- clearly identify any gaps in the existing documentation and processes relative to the EBRD requirements;
- substantiate how the identified gap(s) could pose a risk to the Project; and
- identify a scope of work that would be required to fill the gaps, including relevant updates to the EIA, SIA, SEP, NTS, RPF & ESAP

Following an independent review of the local EIA reports, the EBRD required preparation of a number of supplementary environmental and social studies and documents to fill the gaps necessary to meet the EBRD PRs and international good practice. The package of supplementary environmental and social documents as well as the local EIA reports together form the Project ESIA. This document, named “Supplementary Lender’s Information Package (SLIP)” acts an electronic guide to all the additional information generated for the Project ESIA.

1.5 Background Information-Institutional Roles within the Road Sector in Croatia

National roads in Croatia are under the ownership of the State (GoC), and that role is exercised by the Ministry of the Sea, Transport and Infrastructure (MSTI). The MCTI has the overall responsibility for the sector and policy.

Croatian Motorways, Ltd (Hrvatske autoceste d.o.o.), a limited liability company for operation, construction and maintenance of motorways, was registered and started its business activity on April 11, 2001, as one of two legal successors of Hrvatske uprave za ceste. The company is 100% owned by the Republic of Croatia.

The HAC had an active role in implementing various highway projects on behalf of the Republic of Croatia where financing was partly supported by international donors and lenders.

2 Supplementary Lender's Information Package

The list of studies undertaken and documents generated as part of this supplementary lender's information package is presented in the table below, along with a brief description of each document. The management plans developed as part of SLIP are live documents and are integrated with the development in the design of the project and will be updated as the project progresses.

| Report Name | Brief Description | Link to report online |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental Impact Study (EIS) from 2016 | EIS was developed in line with Croatian legislation which was confirmed through the Decision of environmental acceptability of the Project issued by the Ministry of Environmental protection and Energy on 10 Marc 2017 | http://hac.hr/sites/default/files/2019-05/SUO_RM-BM%20I%20BM-O_compiled_prijevod_EN.pdf http://hac.hr/sites/default/files/2019-05/App1.pdf http://hac.hr/sites/default/files/2019-05/App2.pdf http://hac.hr/sites/default/files/2019-05/Decision%20EIA_AC_A5_eng.pdf |
| Non-Technical Summary (NTS) Environmental and Social Impact Assessment | The NTS was developed in order to allow interested parties more information on the Project. It contains the summary of Project impacts, both positive and negative. It also includes the adopted systems and mitigation proposed. It outlines the benefits of the Project and the considered alternatives. | http://hac.hr/sites/default/files/2019-05/Croatia%20Vc%20NTS.pdf |
| Stakeholder Engagement Plan (SEP) | Stakeholder Engagement Plan (SEP) describes the planned stakeholder consultation and engagement process for the Project. It outlines a systematic approach to stakeholder engagement which will assist the HAC and the Project to develop and maintain over time a constructive relationship with their stakeholders. The engagement procedures shall identify all stakeholders, be inclusive and take into account the needs of particularly vulnerable groups. The document also includes a grievance mechanism for stakeholders to raise any concerns about the Project. | http://hac.hr/sites/default/files/2019-05/Corridor%20Vc%20SEP.pdf |

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| <p>Environmental and Social Action Plan (ESAP)</p> | <p>Environmental and Social Action Plan (ESAP) presents the measures which are required to achieve compliance with the EBRD Performance Requirements, and these measures are therefore required to be implemented as part of the loan agreement.</p> <p>This report details mitigation measures to prevent, reduce or minimise environmental and social impacts, and measures to improve the current environmental and social management practices and operational performance towards compliance with the EBRD's Environmental and Social Performance Requirements throughout the lifetime of the project. It sets out what investment is likely to be required to deliver these measures, the timeframe for delivery and the criteria by which complying with the measures can be evaluated.</p> | <p>http://hac.hr/sites/default/files/2019-05/Corridor%20Vc%20ESAP.pdf</p> |
| <p>Land Acquisition and Resettlement Framework (LARF)</p> | <p>Land Acquisition and Resettlement Framework (LARF) was developed with the aim of outlining the general principles, procedures and entitlement framework with regard to the potential impacts of land acquisition required for the Project, in conformance with the national laws and EBRD requirements, in particular EBRD's Performance Requirement (PR) 5 of EBRD's Environmental and Social Policy (2014): Land Acquisition, Involuntary Resettlement and Economic Displacement.</p> <p>LARF serves as a basis for the development of detailed Land Acquisition and Resettlement Plans (LARPs) for the Project, which will be developed once the exact nature and magnitude of the land acquisition or restrictions on land use related to the Project are known.</p> | <p>http://hac.hr/sites/default/files/2019-05/Croatia%20Vc%20LARF.pdf</p> |
| <p>Framework Environmental and Social Management Plan (F-ESMP)</p> | <p>Framework Environmental and Social Management Plan (F-ESMP) for the Corridor Vc Motorway Completion Project has been developed to ensure the Project's compliance with the EBRD and EIB requirements in managing identified environmental and social risks and impacts.</p> <p>The scope of the Framework ESMP includes Project-related construction activities at the Project sites, camps, access roads, quarries and transportation routes. Its requirements are applicable to all Project personnel, including</p> | <p>http://hac.hr/sites/default/files/2019-04-19%20Framework%20ESMP%20ISSUE.PDF</p> |

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| | <p>personnel of Contractors and Subcontractors and other individuals visiting Project sites and facilities. F-ESMP sets up the framework for the following management plans:</p> <ul style="list-style-type: none"> • Waste and Wastewater Management Plan • Hazardous materials and Hazardous Waste Management Plan • Watercourse Management Plan • Construction Camp Management Plan • Borrow Pits and Deposit Sites Management Plan • Cultural Heritage Management Plan • Labour Management Plan • Land Acquisition Resettlement Plan <p>The F-ESMP will be used by the Company (and its contractors) as a strong foundation to develop EBRD compliant Site Specific ESMPs prior to construction that include detailed monitoring schedules for evaluation and reporting of impacts during construction and operation.</p> | |
| <p>Framework Health and Safety Management Plan (F-HSMP)</p> | <p>Framework Health and Safety Management Plan (F-HSMP) for the Corridor Vc Motorway Completion Project has been developed to ensure the Project's compliance with the EBRD and EIB requirements in managing identified health and safety risks and impacts. The scope of the Framework includes Project-related construction activities at the Project sites, camps, access roads, quarries and transportation routes. Its requirements are applicable to all Project personnel, including personnel of Contractors and Subcontractors and other individuals visiting Project sites and facilities. As part of the HSMP following documents will be developed:</p> <ul style="list-style-type: none"> Risk Assessment Occupational Health and Safety Community Health, Safety and Security Traffic Management Plan Emergency Preparedness and Response | <p>http://hac.hr/sites/default/files/2019-04-19%20Framework%20HSMP%20ISSUE.PDF</p> |

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| | Hazardous Materials Safety Plan Camp(s) Management Plan | |
| Biodiversity studies | | |