

European Bank for Reconstruction
and Development

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

Environmental and Social Action
Plan

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 upon by any third party and no responsibility is undertaken to any third party.

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1 Introduction

1.1 About this report

The European Bank for Reconstruction and Development (the “EBRD” or the “Bank”) has appointed Arup as consultant (the “Consultant”) to perform an Environmental and Social Assessment of Croatia Vc Motorway Project of a proposed investment project for the Hrvatske Autoceste d.o.o (“Croatian Motorways Limited” or “HAC” or “the Company”).

During the process, a number of areas were identified where the project should align more closely with EBRD’s Environmental and Social Policy. This report 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.

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.

1.2 About the Project

The European Bank for Reconstruction and Development is considering financing of a sovereign-guaranteed loan of up to EUR 77.0 million to Hrvatske Autoceste d.o.o. 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);

2 Environmental and Social Action Plan

The following environmental and social actions are required to meet the requirements of the EBRD's Environment and Social Policy (2014) and should be delivered within the timescale indicated. Responsibility for performing the actions will lie with the Hrvatske Autoceste d.o.o

No.	Action	Environmental & Social Risks (Liability /Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable action to be completed by end of year	Target and Evaluation Criteria for Successful Implementation	Status
PR1	Assessment and Management of Environmental and Social Impacts and Issues						
1.	HAC to appoint Environmental and Social (ES) Team to coordinate between relevant project parties and report to EBRD with agreed frequency and matrix. ES Team to ensure Project Specific Environmental and Social Management Plan (ESMP) requirements are included in tender documents and contractors contracts, including requirement to develop specific construction E&S and OHS plans and ensure their implementation during the course of the project.	Project specific risks not adequately identified, assessed and managed. Lack of E&S requirements in procurement process.	E&S Management System PR1: Environmental and Social Appraisal and Management	Existing resources, HAC Responsibility	E&S Team – prior to start of mobilization phase Tender documentation update – prior to contract awarding	Review specific contract clauses to include E&S and OHS requirements	
2.	Develop a Project Specific Environmental and Social Management Plan (ESMP), based on the framework ESMP (F-ESMP) which will include a clearly defined Environmental, H&S and Social requirements for the preparation of relevant management plans in line with applicable National and EU legislation, Lenders requirements, ESAP, SEP, LARF and other	Project specific risks not identified, assessed and managed. Specific requirements (including Lender's) not included in procurement process.	E&S Management Plan PRs 1-10	Existing resources, HAC to ensure that requirements set in F-ESMP are included in construction and	Contract requirements – prior to contract awarding. Preparation of relevant	Project Specific ESMP included in construction and supervision contracts. Project Specific E&S Management Plans prepared and approved in line with specific environmental,	

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	<p>relevant good international industry practice.</p> <p>HAC to include detailed requirements in Project Specific ESMP for the Contractor to provide relevant baseline data of noise, air, water, groundwater and soil quality, together with condition of transport infrastructure prior to start of mobilization phase. Relevant baseline data should not be older than 6 months</p> <p>Details on minimum requirements for preparation of project specific MPs are described in Items number 7, 15, 16 (environment), number 4, 12 (social) and number 8-10 (H&S).</p>	<p>Prevent pollution of environmental contamination and manage potential and/or existing contamination.</p> <p>Infrastructure used during the Project left in the worse condition after the completion of Project, compared to original conditions.</p>		<p>supervision contracts.</p> <p>Contractor to prepare required management plans</p> <p>HAC to review, approve and monitor implementation.</p>	<p>management plans - prior to the commencement of construction works</p> <p>Baseline conditions – prior to mobilization stage</p>	<p>H&S and social requirements.</p> <p>The baseline conditions assessment, zero-stage of environmental parameters and infrastructure conditions recorded before mobilization stage.</p>	
3.	<p>Based on the Framework ESMP, HAC to undertake the full social assessment of the Project and conduct socio-economic baseline studies, identify risks, control and mitigation measures and include them in the Project Specific ESMP and Land Acquisition and Resettlement Plan (LARP).</p>	<p>Missing out on project-specific social risks</p>	<p>PR1: Environmental and Social Appraisal and Management</p> <p>PR2: Labour and Working Conditions</p> <p>PR5: Land Acquisition, Involuntary Resettlement</p>	<p>HAC resources</p>	<p>Prior to the commencement of construction works</p>	<p>Project Specific ESMP LARP</p> <p>ESMP included as a part of construction and supervision contracts</p>	

No.	Action	Environmental & Social Risks (Liability /Benefits)	Requirement (Legislative, EBRD PR, Best Practice) and Economic Displacement PR10: Information Disclosure and Stakeholder Engagement	Resources, Investment Needs, Responsibility	Timetable action to be completed by end of year	Target and Evaluation Criteria for Successful Implementation	Status
PR2 Labour and Working Conditions							
4.	HAC to develop and adopt Retrenchment plan for the period after 2022 with clearly defined provisions on how the employees will be selected, programme for consultations and proposed alternatives in line with PR 2 and submit to EBRD for no-objection	A Retrenchment Plan would mitigate adverse socio-economic impact of collective redundancies, both on the dismissed employees and wider community.	Labour Law PR2: Labour and Working Conditions	Severance payments, HAC Responsibility	Prior to the commencement of this phase of the retrenchment process	Retrenchment Plan in line with PR 2 approved by EBRD	
5.	HAC to periodically monitor contractors' and suppliers' performance in the area of labour and HR issues in line with PR 2	Ensure that contractors comply with local labour legislation and EBRD's PR 2.	Labour Law PR1: Environmental and Social Appraisal and Management PR2: Labour and Working Conditions	HAC resources	During construction	Audit and monitoring reports on the performance of contractors submitted to EBRD.	

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PR3	Resource Efficiency and Pollution Prevention and Control							
6.	HAC to ensure that locations of borrow pits are clearly defined and all permits and other relevant documentation, including those for extraction material from the river, are obtained in accordance with the applicable legal requirements prior commencement of any operation related to the borrow pits.	Ensure that Project complies with the legal and Lenders requirements.	National regulatory requirements, PR3, PR6, PR8	Existing resources, Possible additional investment through construction contract Ultimate responsibility with HAC, either to provide material or to approve options provided by the Contractor	Depending on who will be responsible for procurement of material: If HAC - Prior to contract awarding If Contractor – prior to start of transport of material (ongoing during the project) .	Locations of borrow pits / quarries / temporary deposit and spoil deposit locations defined. Required permits / contracts obtained for each location (borrow pit / quarry / deposit area).		
7.	HAC to require contractor(s) to prepare site specific Contractor's Environmental and Social Management Plan(s) (CEMP), based on the Project Specific ESMP and in compliance with PRs, which will clearly define all specific environmental requirements These should include, but not be limited to: <ul style="list-style-type: none"> management system in line with 	Project specific Environmental risks not adequately identified, assessed and managed. Lenders requirements not included in procurement process.	PR1, PR3, PR6, PR8	Existing resources, Contractor to prepare site specific CEMP HAC to review, approve and monitor	Preparation of relevant management plans - prior to commencement of construction works	site specific Contractor's Environmental and Social Management Plan(s) (CEMP) prepared and approved in line with specific environmental requirements.		

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	<p>internationally recognized systems (i.e. ISO 9001 and ISO 14001)</p> <ul style="list-style-type: none"> preparation of all pertaining parts of Construction Environmental Management Plan (watercourse MP, borrow pits and spoil disposal MP, waste MP, pollution prevention plan, biodiversity MP, chance finds procedure etc.) clearly defined monitoring programme for all the project phases (construction, operation, etc) all actions required, and mitigation measures provided through several documents to be consolidated in the ESMP level of experience and qualification required form the Contractor's and Engineer's H&S Manager (and/or Team) timelines for preparation of plans, procedures and other relevant documentation and implementation of identified measures, etc. reporting requirements. 			implementation.				
PR4	Community Health, Safety and Security							
8.	HAC to require contractor(s) to prepare Project Specific H&S Management Plan, based on the project specific Framework H&S MP and in	Project specific H&S risks not adequately identified, assessed and	Project Specific H&S Management	Contractor's responsibility to prepare	Preparation of relevant management	Project Specific H&S Management Plan prepared and approved in line with		

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	<p>compliance with PRs.</p> <p>These should include, but not be limited to:</p> <ul style="list-style-type: none"> management system in line with internationally recognized systems (i.e. OHSAS 18001/ISO 45001) preparation of all pertaining parts of Construction H&S Management Plan (OHS, community safety plan, traffic management plan, hazardous materials safety plan, training programme etc.) preparation of emergency preparedness and response plans (EHSS), level of experience and qualification required from the Contractor's and Engineer's H&S Manager (and/or Team) timelines for preparation of plans, procedures and other relevant documentation and implementation of identified measures, etc. monitoring and reporting requirements. 	<p>managed.</p> <p>Lenders requirements not included in procurement process.</p>	<p>Plan</p> <p>PR1, PR3, PR4, PR 6</p>	<p>construction phase plans.</p> <p>HAC responsible for review, approval and monitoring implementation</p>	<p>plans - prior to commencement of construction works</p>	<p>specific H&S requirements.</p>	
9.	<p>HAC to required Contractor to prepare Traffic Management Plans in line with PR 4 and Framework documents.</p> <p>Plans should define locations of borrow pits and queries, all transport routes, access roads and points, and points of collision with local road</p>	<p>Community and Traffic Safety related risks and impacts not adequately identified, assessed and managed.</p>	<p>Community and Traffic Safety PR4</p>	<p>Contractor's responsibility to prepare construction phase plans.</p> <p>HAC responsible</p>	<p>Preparation of relevant management plans - prior to commencement of construction</p>	<p>Traffic Management Plans prepared and approved.</p>	

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	network, and ensure that impact on the communities and transport infrastructure is clearly defined and assessed, with adequate mitigation measures prescribed and in place prior to commencement of works on site.			for review, approval and monitoring implementation	works			
10.	HAC to coordinate process of removal of unexploded ordnances with relevant institutions (Armed Forces of the Republic of Croatia and/or relevant Ministries) and ensure that no works commence in the vicinity of mined areas before removal of all unexploded ordnances is undertaken (demining is complete). HAC to ensure that “Unexploded ordnances chance finds procedure” (in line with requirements set out in updated Framework ESMP and H&S Management Plan) is in place and approved before commencement of works in areas identified as contaminated by unexploded ordnances.	OHS and Community Health and Safety risks.	PR4	Possible investment needed Ensure demining of contaminated areas – HAC responsibility Preparation of plans and procedures – future Contractor responsibility. Review and approval of procedures and plans – HAC Responsibility	Prior to start of construction works	Removal of all unexploded ordnances is undertaken, completed and confirmed before commencement of construction works. “Unexploded ordnances chance finds procedure” in place and approved prior to commencement of construction works.		
11.	HAC to secure Road Safety Audit to be conducted for the Detailed Design stage as well as for pre – opening and early – operation stage. Following the RSA there should be mandatory inclusion of economically viable safety	Lack in road safety could lead to the increased number of road crashes. Consequently, road	Domestic legislative and European norm 96/2008 EC	Existing resources, HAC Responsibility	RSA for Detailed Design stage is already in progress. Contract	Road safety deficiencies noted, and mitigation measures incorporated within Detailed Design, or after road opening		

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	<p>improvements into the design. Where the road safety auditor recommendations are not implemented, the reason why each recommendation has been declined needs to be confirmed to the Bank.</p> <p>A road safety inspection shall be carried out on road once operational, and if appropriate action plans developed for low cost remedial road safety measures.</p>	crashes could cause significant losses for society through road crashes costs.			<p>between HAC and the Auditor has been given during site visit.</p> <p>Pre – operation stage should be conducted prior to the road opening.</p> <p>Early – operation stage should be conducted during early road exploitation period.</p> <p>Recommendation is up to 6 months from the road opening. (Road Safety Inspection)</p>	(maintenance perspective). Existing contract for RSA in Detailed Design stage should be extended for pre – opening and early - road operation stage.	
PR5	Land Acquisition, Involuntary Resettlement and Economic Displacement						
12.	Develop LARP for section Hungarian border – Beli Manastir based on the LARF once the	Adequate compensation is	Law on Expropriation	HAC legal team, Consultant	Prior to the commencement	LARP PAPs' compensation fully	

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						paid out prior to Contractor entering the construction site	Monitoring reports on land acquisition	
	preliminary design is completed	provided to the affected owners and/or users	and Determination of Compensation, Official Gazette 74/14, 69/17 PR5: Land Acquisition, Involuntary Resettlement and Economic Displacement	support if necessary	of the construction works			
13.	For past land acquisition on section Halasica Bridge – Bell Manastir implement remedial measures identified in the LARF to achieve compliance with PR5	All owners are compensated in line with PR5	PR5: Land Acquisition, Involuntary Resettlement and Economic Displacement	HAC legal team, Consultant support if necessary	Up to end of Q2 2019	LARP updated to include remedial measures (if required)		
PR6 Biodiversity and Living Natural Resources								
14.	HAC to complete site-specific biodiversity impact assessments for borrow pits/gravel extraction operations from new locations prior to extracting any materials for the project. The impact assessments will identify the potential presence of species and/or habitats of conservation importance that may need to be protected in accordance with national, EU and	Biodiversity conservation and management	PR6	External biodiversity consultant, HAC responsibility to oversee implementation of works and	Site specific biodiversity impact assessments shall be completed at least 2 months prior to	Prior to construction, all site-specific biodiversity impact assessments, including the identification of relevant construction mitigation measures and monitoring, will provided to EBRD for review and		

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	EBRD requirements.			incorporation of findings into relevant ESMPs	commencement of any gravel extractions/operations of borrow pits	approval. Results of these assessments, where relevant, will be incorporated into the construction ESMPs.	
PR7	Indigenous People						
PR8	Cultural Heritage						
15.	HAC to ensure that investigation of all identified archaeological sites is performed before any commencement of works. HAC to ensure that provisions for the continuous archaeological supervision during the execution of the earthworks are included in procurement documentation and same is provided during the Project.	Ensure preservation of cultural heritage.	National regulatory requirements, PR8: Cultural Heritage	Possible investment needed Investigation of archaeological sites - external consultant or independent contractor for this specific type of works – HAC responsibility. Archaeological supervision – either as an independent contractor for this specific works, or	Investigations of identified locations - prior to the start of construction works. Archaeological supervision – contract to be signed before commencement of earthworks, supervision to be provided throughout course of the project.	Archaeological sites successfully investigated and approved for construction works by relevant institutions. Contract for continuous archaeological monitoring in place before commencement of works. Relevant reports of expert archaeological supervision regularly submitted.	

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16.	Provision of the Chance Finds Procedure is requirement as per national legislation. Project specific Chance Finds Procedure to be developed as a part of the project specific management plans.	Lack of Project specific Chance Finds Procedure can lead to a potential damage of cultural heritage.	PR8: Cultural Heritage	Contractor to prepare project specific procedure. HAC to review, approve and monitor implementation.	Prior to the start of construction, as a part of project specific management plans . .	Requirement for the Contractor to prepare Chance Find Procedure relevant to the Project included in the contract. Reports/consents of relevant institution provided and submitted to the EBRD as part of the AESR	
PR10 Information Disclosure and Stakeholder Engagement							
17.	HAC to implement (and regularly update) the Stakeholder Engagement Plan, including the Grievance Management Procedure in the improved capacity	Ensure that people are informed and consulted about environmental and social issues related to the Project and that grievances are	PR10: Information Disclosure and Stakeholder Engagement	HAC resources	During the construction and operation phase	Stakeholders informed and consulted about the Project Grievance log and grievance management reports submitted to the EBRD as	

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		addressed in a transparent and timely manner.				part of the AESR	