

1 Project Description

The European Bank for Reconstruction and Development (EBRD) is considering making a secured loan of up to EUR 5.5 million to the private company Javna Raszveljava ("Javna" or the "Company"), from Ljubljana - Dobrunje, Slovenia. Javna is market leader in development, reconstruction and maintenance of street lighting, and in traffic signalization projects in Slovenia.

The proceeds of the EBRD loan will be used to refinance loans incurred to finance street lighting Energy Performance Contracts (EnPCs) with nine municipalities in Slovenia (Trbovlje, Ilirska Bistrica, Grosuplje, Miren Kostanjevica, Piran, Sežana, Komen, Idrija, and Divača) , within years 2009 and 2015, and to finance new street lighting contracts Javna may enter into soon.

As per the EBRD's Environmental and Social Policy 2014, the project is categorized as Category B project, since *"its potential adverse future environmental and/or social impacts are readily identified and addressed through mitigation measures."*

2 Background

2.1 Rationale of the Project

Projects for street lighting modernization are procured by the municipalities, with specifying the technicalities. Municipalities evaluate bids received in public procurement process based on technical quality and price, where the price includes both the one-time investment for modernization, as well as the life time operation costs reflecting the future energy savings. EnPCs are signed with the winning bidder after the technical details are negotiated.

Energy Performance Contracts with municipalities include modernization of public street lighting, and further operation, maintenance and monitoring of the system. These measures result in decrease of energy consumption, reduce carbon emissions, prolong the useful lifetime of the public street lighting systems, and at the same time ensure higher quality of street lighting.

The measures of public street lighting reconstruction and modernization typically involve exchange of luminaries, masts, cabling, switch boxes, and control appliances. Exchange of cabling may require minor excavations. All works are performed in urban areas.

Javna acts both as a supplier of reconstruction, and further on as operator and maintenance provider where the payments are based on the negotiated and contracted energy savings of the modernized street lighting comparing to the baseline consumption before modernization (energy-servicing company "ESCO model"). Energy savings resulted from modernization of the street lighting system can reach considerable values (e.g. 56,3% in Trbovlje, 63,3% in Grosuplje). EnPCs are typically signed for 20-30 years.

2.2 Legal aspects and compliance with relevant environmental and social laws

Legal compliance of Javna has been assessed for both the company's headquarters, and on-site street lighting reconstruction activities. Javna operates from the headquarters facility in Ljubljana,

where there are offices, garages, and workshop for machines and vehicles, and storage of lighting components, materials, and tools. The on-site street lighting reconstruction activities are temporary, spatially limited construction/installation activities, with variable size of on-site facilities for coordination, parking, storage, etc.

2.2.1 Environmental legal framework and compliance assessment

The environmental legal framework in Slovenia contains overarching laws covering such areas as Environmental Protection, Water, Waste, Nature Protection, Noise Protection, Air Quality and Cultural Heritage, which transpose the main obligations of the environmental EU Directives. The key legislation for protection of the environment is the Environment Protection Act (OJ RS, No. 70/08), which includes the environmental impact assessment, transposing requirements of the EU EIA Directive 85/337/EEC (amended by Directive 97/11/EC).

Besides the Slovenian national legislation, EBRD's policy requirements have been used for the compliance assessment.

The street lighting projects do not require an EIA, neither does the operation of company's headquarters. Javna's activities fall under competences of environmental legislation individually, in areas of:

- air pollution and emissions (operation of heating oil boiler; operation of vehicles and fossil fuels based machines);
- water discharge and pollution (operation of own sewage system within facility, emptying of sewage tank);
- waste and hazardous waste chemicals;
- chemicals, dangerous materials, accidents (storage of hazardous liquids - heating oil); and
- biodiversity, environmental protection, sustainable use of natural resources.

Summarizing the compliance assessment, the company is generally in compliance with the relevant legislation, with only partial compliance with waste management legislation where minor, non-material gaps have been identified in waste management documenting.

2.2.2 Social legal framework and compliance assessment

The legal framework for social aspects contains national laws covering Health Protection, Occupational Health & Safety, Labour Relations, Working Conditions, Employment, Wages, Social Protection, Child Protection and Equal Opportunities.

The main laws are Law on Safety and Health at Work (RS 43/2011), and Employment Relationships Act (ZDR-1), Pension and Invalidity Insurance Act (ZPIZ-(1)), Minimum Wage Act (003-02-2/2010-11), and Collective Agreements Act (001-22-52/06; ZKOLP).

Javna cooperates with the external company Acen & Akter d.o.o. (www.acen-akter.com), specialized in Health and Safety and Fire protection. Acen & Akter arranges all necessary documents, training of the employees of Javna, checking of machines and equipment, and other required actions.

Summarizing the compliance assessment, Javna is in full compliance with Slovenian national legislation which is transposition of EU regulations, and ensures high standard of labour and working conditions. Company fulfils all criteria, ensures compliance in a systematic way, with assistance of expert consultant, with regards to:

- health and safety of workers;
- health and safety of public;
- labour and working conditions.

Legislation compliance is additionally supported by implemented and certified Quality Management System according to ISO 9001.

2.2.3 EBRD's E&S PRs compliance assessment

Besides the Slovenian national legislation, EBRD's policy requirements have been used for the compliance assessment.

The table below provides an overview of the compliance of the Company's current management systems, operations, and assets against each of the EBRD PRs that are considered relevant:

	Performance Requirement	Score
1	Assessment and Management of Environmental and Social Impacts and Issues	Partial compliance
2	Labour and Working Conditions	Full compliance
3	Resource Efficiency and Pollution Prevention and Control	Partial compliance
4	Health and Safety	Full compliance
5	Land Acquisition, Involuntary Resettlement and Economic Displacement	NA
6	Biodiversity and Living Natural Resources	NA
7	Indigenous People	NA
8	Cultural Heritage	NA
10	Information Disclosure and Stakeholder Engagement	NA

3 Summary of Environmental Benefits, Potential Adverse Impacts, Mitigation and Management Measures

Currently, the company has no Environmental Management System (EMS), and no specific internal environmental policy or procedures. Company's activities with regards to the environment are governed by following the applicable national environmental standards and regulation.

For the headquarters and the overall company operation, the range of environmental legislation that is taken into consideration is legislation of waste management and disposal. Water, energy and pollution issues are covered by facility operation regulations.

For individual field operations, when executing the street lighting projects, Javna is bound by the contract with the investor (the municipality), the conditions for the works ("Zapisnik o uvedbi izvajalca v delo"), and the technical project documentation which is prepared in accordance with all applicable regulations. In addition, the environmental, safety and social issues on construction site are daily controlled by supervisors hired by the investor. On site, the overall responsibility for ensuring that all environmental conditions prescribed by these documents are followed by Javna's staff, is assigned to the construction manager leading the individual operation.

3.1 Environmental benefits, risks, and impacts

Summarizing the environmental benefits, and environmental risks and potential adverse impacts, the identified environmental risks for both the headquarters as well as the field operations are assumed to be low. Similarly, the current and potential negative environmental impact is regarded as low, since Javna's activities are of rather small scale, do not involve hazardous procedures, and the risks are well prevented and eliminated. In contrary, reconstructed street lighting brings positive environmental impacts in terms of use of natural resources and GHG emissions.

1. Air pollution and emissions

Headquarters: The heating system of the facility combusts heating oil is a small scale stationary source of pollution and GHG emissions; it has all the proper filters, not emitting solid particles to the environment.

Vehicles and machines are small scale mobile sources of pollution and GHG emissions due to combustion of fossil fuels (diesel, gasoline); all have valid emission certificates.

Field operations: Reconstruction of street lighting involves minor scale excavation works, usually performed manually; the dust pollution is minor and lasting only short time.

Modernized street lighting is more efficient, hence reducing the energy consumption and related GHG emissions during the whole lifetime of the technology.

2. Water discharge and pollution

Waste waters from the headquarters building and waste rain waters from the area are discharged to own sewage system. The drainage is functioning; the storage tank's volume exceeds highly volume of hazardous materials stored within the facility, and exceeds highly volume of 100 years rain water fall for the area. The storage tank and includes an oil separator. Any oils and fuel leak splashed to the waste waters are separated and disposed of properly. The waste water is extracted by a municipal water and sewage services company (VOKA) annually and treated in the industrial treatment plant.

All oil and fuel tanks of the machines and vehicles are regularly tested for leakages during servicing. Therefore, the risk of ground waters pollution is very low.

No waste waters are generated during the street lighting projects.

3. Waste and hazardous waste

There is no waste (ordinary or hazardous) produced on construction sites since all materials, packaging from new lighting, and the old lighting appliances are transported to the headquarters for assessment of their further use. They are not considered as waste on site.

Wastes (both ordinary and hazardous ones) produced by Javna are stored in appropriate containers, separated, and disposed of by authorized companies.

The excavated soil is used for filling the excavations. Any excess soils are transported to the headquarters storage, and used for other projects. Soil is not considered as waste.

Hazardous wastes of Javna include Mercury-containing lamps, electric and electronic waste, waste paints, and solvents, empty packages and containers of paints, and solvents, empty packages and containers of oils and lubricants, absorbent materials contaminated with hazardous compounds, and waste oils from sewage oil separator.

All waste is disposed of by authorized companies that ensure treatment and/or disposal in accordance with legislation.

Mitigation measures proposed include improvement of chain of custody documentation for all waste, and intensification of separating the mercury-containing lamps.

4. Chemicals, dangerous materials, accidents

Accidents that may pose risks to environment include fire of the facility building, workshops, storages, machines and vehicles. Fire would cause temporary local air pollution of smoke and soot, may require temporary evacuation of the neighborhood, depending on the size of the fire and weather conditions.

Fire prevention measures are followed on site, including proper regular check of fire extinguishers. Fire of larger scale on site would be tackled by firemen.

5. Biodiversity, environmental protection, sustainable use of natural resources

Company's headquarters are located in semi-urban area, not disturbing any ecosystems, not located in any environmentally protected area. Similarly, street lighting projects are usually implemented in paved urban/semi-urban areas where presence of protected biotopes, or species is very rare. In case there is presence of protected species in the project area, the conditions for the work are elaborated in the technical documentation and in the construction permit by the local authority to eliminate any impact.

Street lighting projects do not require EIA assessment.

Javna's activities do not involve large scale production or manufacturing consuming a lot of energy, fuels, water or other natural resources.

3.2 Environmental mitigation measures

The minor corrective actions and improvement measures that will need to be undertaken, are detailed are defined in the environmental and social action plan (ESAP) for the project. It includes the development and implementation of the Environmental and Social Management System and improvement to waste management documentation.

As a condition of EBRD financing, Javna will need to comply with EBRD's EBRD Environment and Social Policy 2014. PRs 1, 2, 3, & 4 are specifically relevant to this project.

4 Summary of Social Benefits, Potential Adverse Impacts, Mitigation and Management Measures

From the management system perspective, Javna doesn't have any certified Health & Safety Management System, Social Accountability Management System (e.g. SA 8 000), or Corporate Responsibility (e.g. AA 1 000) implemented. But it has a Quality Management System (QMS) implemented (certified) which includes some aspects of H&S operation, and a comprehensive Health and Safety Management action plan, implemented for the whole organization, including third party sub-contractors.

Vast majority of **Health & Safety** issues are connected with field operations, only very small part is connected to operation of the headquarters. For individual field operations, the overall responsibility for H&S issues of Company's workers is assigned to the assigned project manager

leading the operation. All workers (internal, agency, external) in the field operations have individual responsibilities with regards to their particular work position.

Responsibility for public safety on site is assigned to the site supervisor hired by the investor. Public safety is improved after the project is completed, due to the lighting.

Regarding **Labour and Working Conditions**, Javna is in full compliance with Slovenian national legislation which is transposition of EU regulations, and ensures high standard of labour and working conditions. Company fulfils all criteria, ensures compliance in a systematic way, with assistance of expert consultant, external company Acen & Akter, d.o.o. Legislation compliance is additionally supported by implemented and certified Quality Management System according to ISO 9001.

Social issues such as **land acquisition, involuntary resettlement and economic displacement, and rights of indigenous people** are not applicable to Javna's activities in street lighting since Javna is service provider, not investor. No land acquisitions are made by Javna. The street lighting is constructed/installed on municipal or private land with proper approval of the owner/s. No involuntary resettlement and economic displacement occurs due to project. The project has no direct impacts on vulnerable groups

Issues of **cultural heritage protection** are not applicable to most of Javna's activities in street lighting. In cases when the works are executed close to or on historical buildings or sites, this is planned and supervised by certified expert from a respective state authority. In these cases, the project improves lighting for the cultural heritage sites, e.g. museums, memorials, etc.

Information disclosure and stakeholder engagement is not applicable to Javna's activities. For street lighting projects, this is authority and responsibility of the investor (e.g. municipality) and not the service provider. Stakeholders are usually engaged by authority of the municipality and have opportunity to comment on the plan, express their grievances/protest. Street lighting is generally regarded positively by the public.

Javna honours a practice of good social relationships, and supports local communities, e.g. by financial support of local sports team, local open days, etc.

Summarizing, the social risks and potential adverse impacts for both the headquarters as well as the field operations are assumed to be very low. The project results in benefits, and positive impacts to public safety.

Mitigation actions have been proposed as part of the complex E&S management (see environmental mitigation actions 1, 2, and 3 above).

5 Communications

Public consultations, information and stakeholder engagement for the individual public street lighting modernization projects is the responsibility of the relevant municipality (see list below). Municipalities publish the project information (on their website or public board) and announce

period for receiving comments. If needed, the comments are then resolved in cooperation with Javna.

Therefore, no stakeholder engagement plan has been elaborate for this project.

If you feel you have been affected by a street lighting project in a relevant municipality (Trbovlje, Ilirska Bistrica, Grosuplje, Miren Kostanjevica, Piran, Sežana, Komen, Idrija, and Divača) and you would like to make a comment, suggestion or complaint you can contact Javna and or the relevant municipality by phone or in writing via letter or email. Please see contact detail below.

Both Javna and municipalities respond within 10 working days.

Contact details:

Entity:	Position and responsibility	Name and title:	Phone/mobile:	Email:	Website:
Javna Razsvetljava d.d. Litijska cesta 263 1261 Ljubljana-Dobrunje	Communication (including stakeholder engagement)	Stanko Furlan, director	+386 31 756 619	stanko.furlan@jrl.si	www.jrl.si
Municipality of Trbovlje Mestni trg 4 1420 Trbovlje	Director of the Municipal Administration	Urša Poznič Goršek Mirko Zidar	+386 3 56 34 780	Ursa.poznic@trbovlje.si	www.trbovlje.si
Municipality of Ilirska Bistrica Bazoviška cesta 14 6250 Ilirska Bistrica	Secretariat of the mayor	Stanislav Škrab	+386 5 714 13 61	obcina.ilirska-bistrica@ilirska-bistrica.si	www.ilirska-bistrica.si
Municipality of Grosuplje Taborska cesta 2 1290 Grosuplje	Director of the Municipal Administration	Dušan Hočevar	+386 1 788 87 62	Dusan.hocevar@grosuplje.si	www.grosuplje.si
Municipality of Miren Kostanjevica Miren 137 5291 Miren	Secretariat of the mayor	Boštjan Frančeškin	+386 5 330 46 70 + 386 51 606 942	tajnistvo@miren-kostanjevica.si	www.miren-kostanjevica.si
Municipality of Piran Tartinijev trg 2 6330 Piran, Slovenija	Secretariat of the mayor	Ljubo Bertok	+386 5 67 10 300	obcina.piran@piran.si	www.piran.si
Municipality of Sežana Partizanska cesta 4 6210 Sežana	Secretariat of the mayor	Uroš Colja	+386 5731 01 00 + 386 5 731 01 16	obcina@sezana.si	ww.sezana.si
Municipality of Komen Komen 86 6223 Komen	Secretariat of the mayor	Emil Grmek	+386 5 731 04 50 +386 31 362 852	obcina@komen.si	www.komen.si
Municipality of Idrija Mestni trg 1 5280 Idrija	Secretariat of the mayor	Nataša Humar	+386 5 373 45 00	obcina.idrija@idrija.si	www.idrija.si

Municipality of Divača	Secretariat of the mayor	Iztok Felicijan,	+386 5 731 09 30	obcina@divaca.si	www.divaca.si
Kolodvorska ulica 3/a 6215 Divača		Alenka Kovačič	+386 5 731 09 44		