

Environmental and Social Data Sheet

Overview

Project Name: Floods & Red Sludge Disaster Reconstruction Project
 Project Number: 20110369
 Country: Hungary
 Project Description: Reconstruction after the floods and red sludge disasters in Hungary

EIA required:
 EIA not required: **X**

Carbon Footprint: are the project emissions estimated to exceed the absolute (gross) or relative (net) emissions thresholds (100,000 or 20,000 tons CO₂e/year respectively) of the EIB Carbon Footprint Pilot exercise? Scope, boundary, baseline and thresholds are defined in the EIB draft Carbon Footprint Methodologies.

Yes

No **X**

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project comprises primarily rehabilitation and reconstruction measures carried out in response to two disasters that occurred in Hungary in 2010; i) floods caused by extreme weather events that affected 11 counties, and ii) the spill of red sludge, a residue from aluminium production, from a reservoir where a dyke breached, flooding three villages and large areas of agricultural land. New flood protection infrastructure has also been implemented to increase the flood protection level and resilience to climate change.

Reinstated and improved flood protection provides benefits in the form of safety and reduced risks for future adverse impact on the population, property, infrastructure and environment.

The remediation and reconstruction after the red sludge disaster has reinstated property and livelihoods of affected population and managed to limit the adverse impacts on environment. While most terrestrial and aquatic life in affected areas was destroyed by the sludge due to its high pH, efforts to remove the sludge and neutralise affected soil and water courses have proven successful. Agricultural soils have now been taken back into productive use, and aquatic life is returning to affected water courses.

Environmental and Social Assessment

Environmental Assessment

Both the flood and red sludge events have led to adverse environmental impacts. However, quick restoration interventions by the authorities in the affected areas after the disasters have minimised the duration and scale of the adverse impacts.

Flood relief works fall under Government Decree 314/2005. It is stated in the Decree's Annex 3, corresponding to the Annex II of the EIA Directive, that for permanent flood protection works the Competent Authority will make an assessment and decide on the need for EIA. Considering the urgency and that a state of emergency was declared, standard EIA procedures could not be followed for emergency measures. However, only schemes for which EIA as well as Habitats Directive procedures have been adhered to, or where the Competent

Authority has given ex-post approvals in accordance with agreed procedures for works carried out under declared states of emergency, are eligible for Bank funding.

In the same way as for the flood schemes, a state of emergency was declared for the red sludge works, and standard EIA procedures could not be followed. However, authorities participated in the field and gave real time preliminary permissions to required works, where relevant followed up by retroactive permits. The quick development of the red sludge disaster and the large amounts of sludge spilled made it difficult to protect sensitive areas, and the sludge flooded large areas of agricultural land and also sensitive habitats, including Natura 2000 areas. Measures to limit the impact were taken soon after the accident and concerted efforts were made to limit the duration and scale of the adverse impacts from the sludge. The fact that agricultural land is already back in productive use, and the return of aquatic life to affected water courses witness to the efficiency of the remediation measures undertaken. Monitoring programs are continuing to ensure further recovery of terrestrial and aquatic life.

Carbon Footprint

Not applicable.

Social Assessment, where applicable

The red sludge disaster destroyed 374 homes. Affected citizens had the choice either to receive a replacement house, or to get compensation for purchase of a second hand house. 111 families opted for replacement houses that were completed for handover to displaced residents in late July 2011. Funds for replacement of furniture and private belongings were also offered to affected citizens.

Public Consultation and Stakeholder Engagement, where required

The population affected by the red sludge disaster were consulted with regard to their preferences for replacement of damaged houses and property.

Other Environmental and Social Aspects

Not applicable.

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