

Environmental and Social Data Sheet

Overview

Project Name: BROWNFIELDS REDEVELOPMENT FUND
 Project Number: 2013-0202
 Country: France, Belgium
 Project Description: Remediation and regeneration of industrially polluted land in France and Belgium.

EIA required: no

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

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

The operation comprises investment in a Fund which targets the acquisition, remediation and development of polluted brownfield sites in urban areas. The environmental remediation of these sites is expected to bring strong environmental benefits through removing sources of pollution, preventing future pollution, or in some cases mitigating pollution through containment. The operation also promotes the use of innovative technological approaches for remediation, and increased resource efficiency through the re-use of derelict sites, efficient use of urban infrastructure and reduced need for greenfield development.

During the investment process, detailed environmental audits of sites to be rehabilitated are carried out before and after remediation. These are closely scrutinised by the municipal, regional and prefectural authorities prior to the approval of land use changes (if required), and construction permits; the authorities also typically stipulate environmental monitoring requirements post-remediation. Where stipulated in Annexes I and II of the EU Directive 2011/92/EU on Environmental Impact Assessment, EIA studies will also be carried out.

The use of environmental auditing and suitable remediation technologies mitigates the risk of environmental liabilities during or after the remediation process. Environmental insurance policies are also utilised to further mitigate this risk. In addition to the insurance policies, the Fund is further insulated from environmental liability risk which is managed at the level of the project companies created for each individual project, and not the Fund itself.

Given the considerable in-house and external environmental expertise on which the Fund can draw, the suitable use of environmental auditing and remediation technology, the use of environmental insurance to cover residual post-remediation risks, and the involvement of environmental and planning authorities in the approval of new land uses, the residual environmental risk is considered modest and the operation has potential to generate significant positive environmental and social benefits.

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.

Environmental and Social Assessment

The operation comprises investment in a Fund which targets the acquisition, remediation and development of brownfield sites in urban areas. These sites are typically polluted either from industrial or, in some cases, former military use, and typically have remained derelict for many years. The environmental remediation of these sites so that they can be developed for new industrial or other land uses is the key focus of the Fund's activities, which are therefore expected to bring strong environmental benefits through removing sources of pollution, preventing future pollution, or in some cases mitigating pollution through containment. The operation promotes the use of innovative technological approaches for remediation, the re-use of treated materials during the construction process, and increased resource efficiency through the re-use of derelict sites and through promoting development in central locations already served by urban roads and utilities, reducing the need for greenfield development.

Environmental audits carried out during the investment process examine the nature and extent of pollution at the site, its impacts at and beyond the site, its causes, remediation options, recommended remediation activities, and post-remediation environmental monitoring. Environmental audits are closely scrutinized by the municipal, regional and prefectural authorities prior to the approval of land use changes (if required), and construction permits; the authorities typically stipulate environmental monitoring requirements for 5-10 years after remediation, which are budgeted in the project cost.

Where stipulated in Annexes I and II of the EU Directive 2011/92/EU on Environmental Impact Assessment, EIA studies will also be carried out, both for the decontamination and for the construction component.

The Fund makes use of a full range of remediation techniques. Their preference is to treat pollution on-site (e.g. treatment of water plumes using mobile treatment plant with reinjection of decontaminated water), because there is reduced environmental impact from transportation of waste material, because it enables the re-use of treated material within the construction project, and because it is typically more cost-effective. However, where space is limited or the timetable is too tight, treatment off-site is carried out.

Environmental insurance policies are also utilized to further mitigate environmental liability risk. In particular, the Fund utilizes operational third party liability insurance to cover the incidents during the remediation works themselves; and residual pollution liability insurance to cover the risks associated with residual pollution for a period of typically 10 years after remediation work has been completed. In addition to the insurance policies, the Fund is further insulated from environmental liability risk which is managed at the level of the project companies created for each individual project, and not the Fund itself.

The Fund has staff with extensive experience in environmental remediation, and is experienced in the use of external environmental auditors and specialist remediation firms, for example in the area of asbestos removal.

With regard to social benefits, the operation is expected to result in the construction of social or affordable housing within the mix of residential development at redeveloped sites. The Fund supports the development of mixed housing and experience from earlier projects carried out by the fund manager has been that up to 30% of the residential development comprising social or affordable housing.