

Environmental and Social Data Sheet

Overview

Project Name:	Pécs: urban development
Project Number:	2014-0177
Country:	Hungary
Project Description:	A multi-sector framework facility for financing investment schemes in the City of Pécs within its Integrated Urban Development Plan.
EIA required:	No

This is a multi-scheme Framework Loan operation. Some of the schemes may fall under Annex II of the EIA Directive and have to be screened by the Competent Authority. Should any scheme be “screened in” under Annex II, the Promoter shall deliver the NTS of EIAs to the Bank, if applicable, before the Bank funds are allocated.

Project included in Carbon Footprint Exercise¹: No

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

The proposed municipal framework loan will support the municipality of Pécs in the implementation of the city’s 2014-2020 investment programmes, which is based on the Pécs Urban Development Strategy (UDS) and co-financed with EU funds. This programme comprises investment priorities such as SMEs’ support, innovation & R+D, mobility, including multi-modal transport, renewable energy and energy efficiency, cultural heritage, environmental protection, employment and social inclusion. The city’s priorities are economic development and jobs creation.

Some of the schemes might eventually fall under Annex II of the EIA Directive 2011/92/EU (as urban development projects) according to which the competent authority decides on the need for an EIA on a case-by case basis. However, given the nature of the framework loan and the proposed schemes, it is not expected that there will be any adverse impact on the environment or that EIAs will be necessary. Nonetheless, at allocation stage, each sub-project will be analysed individually to ensure compliance with the EIA Directives.

Compliance with the application of other relevant EU directives, namely those on the environment - the aforementioned EIA Directive, the SEA Directive 2001/42/EC, the EU Habitats Directive 92/43/EEC and Birds Directive 2009/147/EC and the Directive on Energy Performance of Buildings (EU Directive 2010/31/EU) - will all need to be verified.

Undertakings of the Promoter:

- before the funds are allocated by the Bank to the schemes concerned, the Promoter should provide:
 - for schemes requiring an EIA, either the Non-Technical Summary of the EIA should be supplied or a link to a public version of the Non-Technical Summary of the EIA;
 - for schemes, subject to assessment and without significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise), a simplified declaration (a list of schemes signed by the Competent Authority certifying

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.

that none of the schemes have any significant impact on any protected site. Information should be equivalent to the information normally required in Form A) from the Competent Authority that the schemes comply with EU Habitats and Birds Directives. If such declaration is not given, Form A should be used;

- for schemes with a significant impact, potential or likely, on a conservation site, Form B - or its equivalent - has to be signed by the Competent Authority and submitted to the Bank, together with the opinion of the European Commission (if required by the Article 6(4) of the Habitats Directive).

The Promoter shall verify the compliance of the final beneficiaries (public societies, individual or contractors) with the relevant and applicable rules of the European Union legislation, in particular in the fields of environment.

Given the nature of the operation and the procedures concerning EIA and nature protection put in place by the competent authorities at the municipal and regional (State)² level, the Framework Loan is acceptable in environmental terms. The overall net environmental and social impact of the urban development project of the City of Pécs is positive, with improved environment and social conditions for the inhabitants in the Municipality of Pécs.

Environmental and Social Assessment

Legal Framework

Hungary, as an EU Member State, has harmonised its environmental legislation in line with the relevant EU Directives, the EIA Directive 2011/92/EU, the SEA Directive 2001/42/EC and the Habitats and Birds Directives 2009/147/EC. The EU Directive on EIA has been transposed in Hungarian law through the Government Decree 314/2005 (XII.25.). Act LIII of 1995 on the general rules of environmental protection ("EPA") and Government Decree No. 314/2005 together regulate the procedure of the environmental impact assessment. The Environmental Act contains general rules, while the Government Decree transposes the rules of the EIA Directive into the Hungarian legal system. Projects that will receive environmental permits after the enactment of the new EU Directive on EIA in 2017, will fall under the new EU Directive.

Environmental Assessment

Given the relative small size of the individual schemes, envisaged to be in the range EUR 0.02-1.6m, a large majority of the schemes are considered not to have any significant negative environmental impact.

On the contrary, a number of schemes are expected to have positive environmental impact:

- the development of optimised logistics for enterprises and local products, enhancement and shortening of the supply chain,
- the promotion of sustainable mobility by the purchase of low CO₂ emission buses and rolling stock, and the implementation of an integrated bicycle path network,
- the implementation of energy efficiency measures in the municipality's buildings and public street lightening,
- the promotion of a solar power plant, measures to apply more efficient heat use, an energy savings fund supporting energy projects,
- the re-forestation of the Mecsek industrial site, conservation and development of Natura 2000 sites in protected national parks, and environmental development along the Pécsi river.

² Which is the relevant Environmental Authority.

The construction and refurbishing works are expected to have some minor negative impacts during the implementation period. Once the works are completed it is generally expected that the overall net environmental impact will be positive.

Social Impact

Regarding the anticipated social impact, the schemes that generate most positive social benefits are:

- the social and urban regeneration programmes: 3 planned programmes in 3 different city suburbs.
- the support to SME's development and other enterprises creating job opportunities and economic growth,
- the promotion of sustainable mobility and open spaces will reduce air and noise pollution and thereby increase the quality of life of the citizens and visitors of Pécs.

Institutional Capacity of the Promoter

The Promoter's institutional capacity to manage social and environmental risks within the proposed framework is considered to be acceptable.