

## Environmental and Social Data Sheet

### Overview

Project Name:	COHESION FUND FL IV
Project Number:	2015-0006
Country:	Hungary
Project Description:	Co-financing priority investments under the Transport and the Energy & Environment Operational Programmes and CEF in the current EU programming period (2014-2020).
EIA required:	Yes. This is multi-scheme SPL operation. Some of the schemes may require an EIA under Annex I or Annex II ("screened in") of the EIA Directive.
Project included in Carbon Footprint Exercise:	no

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

The Project, a Structural Programme Loan (SPL), will support the smart and sustainable economic growth in Hungary by co-financing investments aimed to fulfil the objectives established in the Partnership Agreement with the European Commission. The key objective of the Partnership Agreement is to advance economic growth built on sustainable, high value added production and increase of quality employment. In particular, this project involves achieving the objectives set in the Environment and Energy Efficiency (EEEOP) and the Integrated Transport Development (ITOP) Operational Programmes, which will imply projects in water and waste, including flood prevention, energy, efficiency, renewal and distribution, and transport projects, completion of road and railway TEN-T, improvements in roads in less developed areas and railways in all of Hungary.

The SEAs for the Hungarian PA 2014-2020, the Environment and Energy Efficiency OP and the Integrated Transport Development OP, including public consultation, have been performed in compliance with the EU SEA Directive 2001/142. The Hungarian government has delivered the correspondent NTSs. The SEAs have not identified any significant effect on the environment.

The project is likely to include schemes that will be subject to environmental impact assessment (EIA) falling under either Annex I or Annex II of Directive 2011/92/EU. For medium and large schemes the Bank will undertake further review at allocation stage. Any project scheme requiring an EIA shall provide the associated non-technical summary (NTS) to the Bank, prior to any Bank funds being allocated. For any scheme identified to impact on a Nature conservation area, as defined by the Habitats (92/43/EEC) and Birds Directives (2009/147/EC), shall provide to the Bank any associated screening decision, appropriate assessment, any proposed mitigation and compensation measures, and environmental decision from the competent authority.

The overall net environmental and social impact of the SPL is positive, with improved environment and the Hungarian citizens' quality of life, especially in matter of improvement of the transportation system, drinking water quality, waste management, energy efficiency, and remediation and rehabilitation of polluted sites.

The institutional capacity of the Promoter to manage the environmental issues is deemed satisfactory and therefore, subject to conditions mentioned above, the project is acceptable to the Bank in environmental and social terms.

## **Environmental and Social Assessment**

### **Legal Framework**

Hungary, as an EU Member State, has harmonised its environmental legislation in line with the relevant EU Directives: EIA Directive 2011/92/EU, SEA Directive 2001/42/EC and Habitats Directive 92/43/EEC and Birds Directives 2009/147/EC.

The national environmental framework is provided by the National Act No. 53/1995 on the general rules of environmental protection and regulated by the 20/2001.(II.14.) Gov. Decree on EIA at the time of initiation of project. The infrastructure schemes approved since 2017 will follow the requirements established by the new EIA directive.

Strategic Environmental Assessments, including appropriate assessments under Habitats Directive, if applicable, are compulsory for all Operational Programmes. The whole assessment process has been carried out, including public consultation.

This is a multi-sector and multi-scheme Structural Programme Loan that comprises many infrastructure schemes of different size. It is expected that some of the schemes may require an EIA. For small schemes, the Bank will rely on the Hungarian management and control system of the EU Funds and on the national competent authority's capacity to enforce the compliance of environmental legislation. The systems put in place in Hungary are deemed to be satisfactory. The Competent Authority is the National Inspectorate for Environment, Nature and Water under the competence of the Ministry Agriculture and Environment.

### **Environmental Assessment**

Overall, the environmental and social impact is expected to be positive; the Structural Programme Loan is in line with the Europe 2020 Strategy, particularly about supporting sustainable transport system and promoting energy efficiency, with the national sector strategies as well as with the requirements of the EU Directives, among others urban waste water, drinking water, solid waste management and energy efficiency.

The other environmental components will contribute to the overall improvement of the system of environmental protection, reduction of polluted sites, prevention of the natural risks/hazards and improvement of air quality.

Many supported schemes shall contribute to climate change mitigation and adaptation measures.

Given the nature of the operation and the monitoring requirements under the SEA, the EIA and nature protection measures put in place by the Competent Authorities in Hungary, the Structural Programme Loan is acceptable in environmental terms.

### **Institutional Capacity of the Promoter**

The experience from the previous programming period 2007-2013 showed that all projects falling under the EU EIA Directive and "screened in" for EIA were managed in line with the requirements under the EI Directive and the national legislative framework. The Bank received all necessary documents relating to the EIA process and concerned protected areas under Natura 2000. The Promoter's institutional capacity to manage social and environmental risks within the framework of this operation is therefore considered to be satisfactory.

## **Other Environmental and Social Aspects**

No separate social impact assessment has been carried out, however, it is generally deemed that the overall social impacts of the Structural Programme Loan are positive, with improved quality of life for the inhabitants of Hungary.