

Environmental and Social Data Sheet

Overview

Project Name:	BUDAPEST URBAN TRANSPORT
Project Number:	2014-0173
Country:	Hungary
Project Description:	A Framework facility for financing priority investment schemes mainly in the fields of public transport and road network of the City of Budapest within its Integrated Urban Development Strategy.
EIA required:	Multi-Scheme. Some of the schemes may require an EIA under Annex II 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

Based on previous operations, the institutional capacity of the Promoter to manage the environmental issues in the Project is deemed satisfactory.

Given that detailed information on the schemes is not available at this stage, environmental aspects will be checked at allocation stage and the Bank will require the Promoter to act according to the provisions of EU applicable directives (SEA, EIA, and Habitats/Birds Directives). The Promoter shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving the consent from the competent authority, and the NTS of the EIA having been made available to the public. The Promoter will be contractually obliged to provide the Bank with documentation stating that there are no negative impacts on biodiversity or that the appropriate mitigation measures are being taken according to the applicable EU Directives.

As the schemes are included under the City's Integrated Urban Development Strategy, their implementation is expected to have a positive impact on the living conditions of the City's inhabitants, as well as on the environment and the City's spatial layout. The different interventions on the road and public transport systems should help improve traffic congestion and road safety, also contributing to a positive modal shift towards public transport, and therefore decreasing traffic-related pollutant emissions. The project's residual negative impacts during construction and operation are limited and offset by these expected positive impacts.

Considering the above, the project is acceptable for EIB financing from an environmental point of view.

Environmental and Social Assessment

Environmental Assessment

- *Legal framework and capacity of the Promoter:* Hungary, as a Member State, is required to follow the relevant EU legislation in relation to the environmental impact of projects (namely SEA, EIA, Habitat/Natura 2000 Directives). The national environmental framework is provided by the National Act No. 53/1995 on the general rules of

environmental protection and regulated on EIA by the Government Degree 314/2005 and subsequent amendments, which is fully compliant with EU Directives. The Promoter is well-known to the Bank through previous operations and its institutional capacity to manage the environmental issues is deemed satisfactory.

- Strategic environmental assessment (SEA): Strategy on public transport and in general on mobility is clearly highlighted in the update of the "Budapest Transport Development Strategy 2014–2030", which is currently going through a strategic environmental assessment (SEA) process, in compliance with EU SEA Directive 2001/42. The consultation period has been closed in 1Q2015 and the comments received are under evaluation. It is expected that the strategy will be updated based on the opinions and be approved by 3Q2015.
- Environmental Impact assessment (EIA): Some of the schemes to be financed might fall under Annex II of the EIA Directive (2011/92/EU), in particular the road schemes and the metro or tramline extensions. Relevant information and compliance with EIA directive will be checked at allocation stage. In addition, screening decisions will follow Annex III criteria of the EIA Directive and made available to the Bank. The Bank will also require the Promoter to make the Non-Technical Summary (NTS) of the EIAs available to the public through publication on its website and for reporting to the EIB, for all schemes falling under the provisions of the EIA Directive.
- Location and impacts on Natura 2000 sites: The schemes are not likely to have any impacts on Natura 2000 sites as schemes are located in a consolidated urban environment. Nevertheless, compliance with the Birds and Habitats Directives will be further checked during appraisal for all schemes

Details on environmental aspects of each scheme and compliance with EU directives, when and where relevant, will be checked at allocation stage. Potential impacts of the schemes will be assessed by the competent authority in the permitting process and will be assessed by the Bank when the schemes are submitted for allocation under the Framework loan.

The schemes are expected to have some minor environmental impacts during construction and limited residual impact in the operational phase. In the cases of road, metro- and tram infrastructure modernisation schemes, the intervention will be limited to the existing lanes of the roads and the tram's right of way, which reduces potential impacts to a minimum. In addition, a number of technical and organisational measures aiming at minimising these impacts will be taken into consideration during the construction phase.