

## Environmental and Social Data Sheet

### Overview

Project Name: Budapest Urban Development  
Project Number: 2014-0401  
Country: Hungary  
Project Description: A multi-sector Framework Facility for financing priority investments schemes of the City of Budapest 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 Exercise: no

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

The Project is a multi-sector Framework Loan (FL) supporting the city of Budapest in the non-transport projects implementation of its 2014-2020 investment programme. The investment programme of Budapest is based on the Spatial Development Concept and other sectorial and spatial strategies. The programme will be co-financed by the European Regional Development Fund within Environment and Energy Efficiency and Central Hungary Operational Programmes.

The Project comprises schemes in urban renewal and regeneration, energy efficiency and renewable energy, social urban regeneration, environment including waste, water, wastewater, environmental protection and remediation. It also addresses issues regarding economic development.

A Strategic Environmental Assessment of the Spatial Development Concept of Budapest has been processed, in compliance with the SEA Directive 2001/42/EC.

Given the scope of the project and sectors included it is likely that some schemes may 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.

Some schemes proposed by the city of Budapest have an estimated investment cost over EUR 50m and will be subject to individual appraisal prior to allocation, including environmental appraisal.

Compliance with the application of other relevant EU directives, 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 at allocation stage.

The overall environmental and social impact of the FL is positive, with improvements of environment and of Budapest citizens' quality of life, in particular, by increasing surface open spaces and parks, energy efficiency in public utilities and buildings, and the quality of drinking water. Furthermore the Project is expected to contribute to climate change adaptation (e.g. flood prevention of the Danube River).

The institutional capacity of the Promoter to manage the environmental issues is deemed good and therefore, subject to the conditions described above, the Project is acceptable for the Bank in environmental and social terms.

## **Environmental and Social Assessment**

### **Environmental Assessment**

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.

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

This is a multi-sector and multi-scheme Framework Loan that comprises many infrastructure schemes of different sizes. It is expected that some of the schemes may require an EIA. For small schemes, the Bank will rely on the municipality of Budapest and on the regional and national competent authorities' capacity to enforce the compliance of environmental legislation. The systems put in place in Hungary are deemed to be satisfactory. The Competent Authorities, depending on the scope of the scheme, are the Regional Inspectorate of Central Hungary and the National Inspectorate for Environment, Nature and Water under the competence of the Ministry Agriculture and Environment.

The Project financed will involve investments in water management, sustainable transport, climate prevention risk reduction, in particular flood prevention, energy efficiency and renewals, energy and brownfield depollution and regeneration. These schemes will generate positive effects on the environment.

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 Assessment, where applicable**

It is expected that the Project generate significant social benefits. The social and urban regeneration programmes in different city suburbs (social segregation and poverty can be found in all districts, district VIII being the one with the largest area with a population in risk of social exclusion) will improve the quality of life and jobs. 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 Budapest.

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

The Promoter shall verify the compliance of the final beneficiaries (municipal companies and contractors) with the relevant and applicable rules of the European Union legislation, in particular in the field 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 Regional or National Inspectorates<sup>1</sup> level, the Framework Loan is acceptable in environmental terms.

---

<sup>1</sup>The competent authority varies with the scope of the scheme

The overall net environmental and social impact of the urban development project of the City of Budapest is positive, with improved environment and social conditions for the inhabitants in the Municipality of Budapest.

**Public Consultation and Stakeholder Engagement, where required**

The objectives outlined by the municipality in its development strategy include regional and governance challenges such as the strengthening of partnership configuration – participative planning and seeking social and institutional consensus.

**Other Environmental and Social Aspects**

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