

Environmental and Social Data Sheet

Overview

Project Name: STRUCTURAL FUNDS CO-FINANCING FL II (HU)
 Project Number: 2015 0007
 Country: Hungary
 Project Description: Co-financing Structural Funds Supported Investments 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 Economic Development and Innovation, Human Resources Development, Territorial and Settlements and Central Hungary operational programmes. The project will involve investment schemes in research and development, education, energy, efficiency and renewal, and urban projects sectors and support for SME's innovation, quality employment and social inclusion programmes in Hungary.

The SEAs for the Hungarian PA 2014-2020, including public consultation, have been performed in compliance with the EU SEA Directive 2001/142. The Hungarian government has delivered the corresponding NTSs. The SEAs have not identified any significant effect on the environment.

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

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 314/2015 and subsequent amendments.

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 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, in particular those promoting energy efficiency, supporting social inclusion of disadvantaged groups and focusing on increasing education quality and reinforcing the research and development where Hungary shows comparative advantage.

Other environmental components will contribute to the overall improvement of the system of environmental protection, decontamination of polluted sites, prevention of the natural risks/hazards and improvement of the air quality. Some supported schemes shall contribute to climate change mitigation 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 given the nature of some investment schemes, namely, training of unemployed and socially excluded population and other social components, it is expected that the overall social impacts of the Structural Programme Loan are significant, with improved quality of life for the inhabitants of Hungary.