

Environmental and Social Data Sheet

Overview

Project Name:	<i>PAIS VASCO REGIONAL DEVELOPMENT</i>
Project Number:	<i>2016-0783</i>
Country:	<i>Spain</i>
Project Description:	Loan to finance investments carried out by the regional government of the Basque Country within its 2014-20 Regional Operational Programme including water infrastructure and urban regeneration.
EIA required:	This is a multi-scheme, multi-sector Framework Loan 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 ¹ :	no
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

Environmental and Social Assessment

The Project is a multi-sector investment programme on the basis of a Framework Loan supporting the sustainable development of the economy of the Basque Country - region of Spain (Comunidad Autonoma del País Vasco, "CAPV", hereafter "País Vasco"). It will comprise three components: (i) co-financing selected Regional Operational Programmes (ROPs) under the Spanish Partnership Agreement 2014-2020 (PA 2014-2020) in the competence of the autonomous government of País Vasco; (ii) a regional energy efficiency and urban rehabilitation programme, and (iii) selected projects under the regional investment plan for the sectors of flood prevention, water supply and sanitation.

The EU Funds co-financing component will support the smart and sustainable economic development of País Vasco by co-financing investments with the objective to fulfil the six funding priorities established under the Regional Operational Programmes (ROP), developed within the Spanish Partnership Agreement framework.

The 2014-2020 ROP aims at boosting sustainable economic growth in the region by creating quality jobs - especially in sectors with high added value, as well as at improving the competitiveness of the regional economy through 'smart' and innovative growth initiatives. Almost 90% of the resources are targeting investments in research, innovation, SMEs, ICT and low-carbon economy, in line with the priorities set by the Europe 2020 Strategy.

The regional energy efficiency and urban rehabilitation component of the Project will focus on the urgent rehabilitation of public and private buildings, with a particular focus on energy efficiency, as well as local accessibilities and urban areas. Its focus will be placed on low-

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.

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income older neighbourhoods in need of urban improvements and energy efficiency interventions.

The project component related to flood prevention, water supply and sanitation will cover investments included in the 2016-2020 Investment Program of the Agencia Vasca del Agua, aimed to comply with the three River Basin Management Plans in the Region and facing the challenges: (i) flood prevention in the most vulnerable areas supporting the Climate Change Strategy of the Basque Country, (ii) sustainable water supply in a climate change context, and (iii) eradication of untreated waste water discharge in water courses.

The Operational Programme FEDER 2014-2020 was subject to Strategic Environmental Assessment (SEA) in line with the SEA Directive 2001/42/EC, and the relevant non-technical summary (NTS) has been provided to the Bank. The Project contributes to the environmental objectives of the European Union (2010-2050) related to energy, greenhouse gas emission, air quality, water, and responsible production and consumption. Relevant environmental EU Directives have been transposed into national legislation (SEA Directive, EIA Directive, Birds and Habitats Directive).

País Vasco's main environmental challenges include erosion and desertification, flood risk, high greenhouse gas emissions, and a low level of energy self-sufficiency. These challenges are directly addressed by a number of schemes targeted at promoting climate change adaption, preserving the environment and promoting resource efficiency.

País Vasco is naturally exposed to hydrogeological risks that have been worsening due to climate change with large impacts on the population as well as economic and productive activities. The Flood Directive 2007/60/EC on the assessment and management of flood risks requires Member States to systematically assess the flooding risks of water courses and coast lines, to map the likely flood extent, and to prepare flood risk management plans with adequate and coordinated measures to minimise risk and impact. The operation will make a significant contribution towards avoiding the damages in the most vulnerable areas detected by the risk assessment (ARPSI).

The Operation will make a significant contribution towards the Bank's objective of Climate Change Adaptation, supporting the Climate Change Strategy of the Basque Country to 2050, related to Flooding. The operation will also improve the living conditions of the inhabitants through enhanced water and sanitation services in compliance with the Drinking Water Directive (98/83/EC) and the Urban Waste Water Directive (91/271/EEC as amended by 98/18/EC)

Given the scope of this operation and sectors included, it is likely that some infrastructure schemes fall under the EIA Directive 2014/52/EU, either under Annex I or Annex II. Should any scheme under this FL fall under Annex II and be "screened in" by the Competent Authority or fall under Annex I, the Promoter shall deliver the NTS of EIAs to the Bank, if applicable, before the Bank funds are allocated.

In País Vasco, 150,000 hectares are protected by Natura 2000. Some of the schemes included in this operation might be located within or in the vicinity of these areas. The Competent Authority has to provide evidence of compliance with the Habitats (92/43/EEC) and Birds (2009/147/EC) directives (Form A/B or equivalent) before the Bank funds are allocated.

In particular, two of the water investments are located in the Urdaibai Reserve, included in Natura 2000. The Custodian of the natural area has approved the works with the positive

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decisions (i) collector Gernika-Busturia (24/07/2006) and (ii) collector Sukarrieta-WWTP (4/05/2006).

Social Assessment

No separate social assessment has been carried out for the ROPs. However, the operations are expected to have significant positive social externalities. The everyday life of the inhabitants will be improved thanks to urban regeneration and investments in housing infrastructure. Investments in innovation and SMEs and measures promoting sustainable and quality employment (priority axis 8) will increase the employability of both young people and life-long learners. Moreover, measures under priority axis 9 will contribute to social inclusion.

Being flooding is one of the natural risks that cause the greatest injuries and property damage in País Vasco. Therefore, the general public are increasingly more aware of the problems of flooding and it is therefore considered to be a more pressing issue among society. The investments in Flood prevention will have a significant positive social impact.

The water supply and sanitation investments will generally benefit public health, by increasing or improving access to safe drinking water and sanitation services, or by collecting and treating wastewater before discharging into receiving waters bodies.

Public Consultation and Stakeholder Engagement

The SEA of the ROP has been carried out with positive outcome, including public consultation and appropriate assessment on Natura 2000 areas. In addition, if a scheme is subject to EIA, adequate public consultation will take place in the process.

Other Environmental and Social Aspects

None.

Conclusions and Recommendations

The Promoter will be required to act according to the provisions of the relevant EU Directives, including SEA (2001/42/EC), EIA (2014/52/EU amending 2011/92/EU), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives and Water Framework Directive (2000/60/EC) as transposed into national law. In projects where applicable, the Promoter will be requested to deliver the NTS of EIAs to the Bank before Bank funds are allocated. Furthermore, the Promoter has to provide evidence of the compliance with the Habitats and Birds Directives (where applicable) before the Bank funds are allocated. In addition, for projects above EUR 50 million, the Promoter should also deliver the full EIA Study to the Bank before funds are allocated.

Overall, the net environmental and social impact of this operation is expected to be positive (i.e. investments in innovation and skills, SMEs, environmental protection, renewable energy, energy efficiency, etc.). Potential negative effects will be alleviated by implementing effective mitigation measures.

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

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