

Luxembourg, 23<sup>rd</sup> June 2017

## Environmental and Social Data Sheet

### Overview

Project Name:	KRAKÓW INTELLIGENT AND SUSTAINABLE DEVELOPMENT
Project Number:	2015-0404
Country:	Poland
Project Description:	Framework Loan to co-finance Intelligent and Sustainable Development projects in the City of Kraków, including urban roads, sustainable mobility schemes, thermo-modernization of buildings, urban renewal and regeneration, social housing, ICT and other urban infrastructure. Some projects will be co-financed with EU grants under the financing perspective 2014-2020.
EIA required:	This is multi-scheme 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 <sup>1</sup> :	No

### Environmental and Social Assessment

#### Environmental Assessment

The Project is a multi-sector Framework Loan (FL) aiming at supporting Intelligent and Sustainable Development schemes in the City of Kraków. The Project comprises urban roads, sustainable mobility schemes (e.g. public transport, cycling infrastructure and pedestrian areas), thermo-modernization of buildings, urban renewal and regeneration, social housing, ICT and other urban infrastructure schemes. The Promoter is the Municipality of Kraków (*Miasto Kraków*).

Some schemes included in this Project will be co-financed with EU Funds from the 2014-2020 perspective, mainly under two major EU Operational Programmes (OPs): OP Infrastructure and Environment (defined at national level) and, the Regional OP (ROP) Małopolskie (for the Małopolska Province). In addition, some schemes are also included in the Integrated Territorial Investment (ITI) Strategy<sup>2</sup> for the wider Kraków Functional Area.

Urban revitalisation schemes are consistent with the City Urban Revitalisation Plan<sup>3</sup>. All the schemes are integrated in the higher-level Małopolska Development Strategy 2020<sup>4</sup> and, the Kraków Development Strategy which is currently being updated<sup>5</sup> into the 2030 City Strategy. The latter was subject to Strategic Environmental Assessment (SEA) in line with the SEA Directive 2001/42/EC, and the relevant NTS has been provided to the Bank.

Relevant environment EU Directives have been transposed into national legislation (SEA Directive, EIA Directive, Birds and Habitats Directives, Energy Performance of Buildings Directive).

Depending on the size, nature and location of the schemes the City Environment Department assesses their potential need of Environmental Impact Assessment (EIA) and, if they are classified to be further assessed under national EIA legislation<sup>6</sup>, the Regional Environmental

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

<sup>2</sup> Document adopted in July 2016.

<sup>3</sup> Document adopted in January 2017.

<sup>4</sup> It was adopted in 2011.

<sup>5</sup> It was adopted in 2005. The update is expected to be approved in July 2017.

<sup>6</sup> Dz.U. Nr 213, poz. 1397

Luxembourg, 23<sup>rd</sup> June 2017

Authority (*RDOŚ*<sup>7</sup>) will determine (where relevant) whether project components may require a full EIA. Furthermore, individual schemes have to obtain building permission issued by the Municipality which will strictly follow the decisions and recommendations to be issued by *RDOŚ*, both before and during implementation and operation of the envisaged investment program.

The majority of investment schemes will take place in developed urban areas and outside protected areas including Natura 2000.

The Project's environmental impact at the construction stage will be short-lived and reversible, at a level which is deemed acceptable. Potential negative effects (e.g. dust and noise during construction) are to be alleviated by implementing effective mitigation measures.

Kraków has developed an Emission Plan to reduce local emissions (equivalent to SEAP, approved in October 2015). In addition, the City is preparing a Climate Adaptation Strategy supported by the National Government through the Ministry of the Environment. The document is expected to be finalised by the end of 2018.

The Project is expected to bring a number of positive effects in terms of climate mitigation. These effects are expected to be mainly linked to sustainable mobility schemes (e.g. trams, bicycles and pedestrian areas) and the implementation of energy efficiency measures (e.g. insulation of walls and roofs, changing of windows) in buildings – including social housing. In addition, as part of the Emission Plan, the City is supporting the replacement of polluting energy sources by energy efficiency and renewable energy projects. This operation includes the replacement of approximately 8,000 coal-fired boilers with more efficient ones (e.g. fuel, gas), expecting to have a significant impact in the improvement of air quality, including the reduction of GHG emissions.

### **Social Assessment**

No separate social impact assessment has been carried out for the Project. However, in the context of this FL it is expected that the social impacts of the project will overall be positive, justifying the Bank's involvement. Everyday life for the inhabitants and associated social relations and routines will be improved thanks to improved mobility, rehabilitation and construction of social housing, upgraded municipal infrastructure, schools, cultural centres, and other infrastructure for public services. Furthermore, Road Safety is expected to improve, contributing to upgrade the urban road network to current safety standards.

In addition, through the 2030 City Strategy, Kraków is aiming at using modern technology to improve urban space and public transport as well as interacting with citizens to increase quality of life. The Strategy will foster six areas of development which comprise: smart economy, smart mobility, smart environment, smart people, smart living and, smart governance, enhancing the development of the City as an Intelligent City.

### **Public Consultation and Stakeholder Engagement**

The proposed schemes included in the FL are in line with the Małopolska Development Strategy 2020 and the Kraków Development Strategy, subject to a regular public consultation process. Other relevant plans and documents are also subject to public consultation, according to national law. Meetings with project-affected people and civil society organisations as well as public administrations, including local authorities, will be held as needed to ensure the concerns of local communities are reflected in project implementation.

### **Other environmental and Social Aspects**

It is envisaged that mainly small and medium-sized schemes (below EUR 50m) will be included in the operation however there may be a small number of major schemes, which may include the construction of the tramline KST (phase III: os. Krowodrza Górka - Górka Narodowa), including construction of a double level node at Opolska street and, the extension

---

<sup>7</sup> Regionalna Dyrekcja Ochrony Środowiska

Luxembourg, 23<sup>rd</sup> June 2017

of Igołomskiej Street. These projects were subject to EIAs. If financed, a separate EIB appraisal, including environmental and social due diligence, would be done for them.

## 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 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. In addition, for schemes with the cost above EUR 50 million, the Promoter should also deliver the full EIA Study to the Bank before funds are allocated.

For Schemes having a potential impact on protected areas including Natura 2000 sites, the Promoter has to provide evidence of the compliance (including screening) with the Habitats and Birds Directives (if applicable) before the Bank funds are allocated. For schemes triggering art. 4.7 of the Water Framework Directive, the promoter has to provide evidence of the compliance with the WFD before the Bank funds are allocated

Overall, the net environmental impact is expected to be positive. Kraków is supporting the improvement of air quality as one of its investment priorities. In addition, the Project should bring about social benefits by regenerating affected urban areas, upgrading public transport quality and accessibility and helping to reduce the shortage of social housing, whilst also improving the quality of such housing.

The institutional capacity of the Promoter to manage environmental and social issues is deemed good. Therefore, given the nature of the operation and the procedures concerning EIA and nature protection put in place by the competent authorities in Kraków, subject to the conditions mentioned above, the FL is acceptable in environmental and social terms.