

Environmental and Social Data Sheet

Overview

Project Name:	IFRRU 2014-2020
Project Number:	2016-0351
Country:	PORTUGAL
Project Description:	Framework loan to the Portuguese state, to be used for co-finance financial instrument IFRRU ¹ 2020, set up under the Portugal 2020 Partnership Agreement to support urban rehabilitation and revitalization, including the promotion of energy efficiency in housing rehabilitation.
EIA required:	This is multi-scheme Framework Loan (FL) 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 ² :	No

Environmental and Social Assessment

Environmental Assessment

Eligible investments for funding include: rehabilitation of buildings for private or social/affordable housing, rehabilitation of buildings for economic activities (offices, hotels, hostels, tourism information centres, restaurants, commercial activities, industry, hospitals, student residences, schools, universities, kindergartens, institutions, cultural buildings, parking spaces, social activity centres, etc.) and rehabilitation of public buildings.

Investments will always be located in priority areas selected by municipalities across Portugal, where an integrated urban regeneration plan is in place. This may include residential areas, city centres, historical centres, waterfront areas, former industrial areas and brownfields.

During 2014-2020, all the municipalities in Portugal who wish to receive support from the European Structural and Investment Funds (ESIF) addressed to areas which need urban regeneration and where disadvantaged communities live, have to propose an Action Plan for Urban Regeneration (PARU) and an Integrated Action Plan for Disadvantaged Communities (PAICD). The PARU is to be focused on historical centres, waterfront areas and brownfield sites. On the other hand, PAICD has a geographical delimitation corresponding to critical small areas of the municipal territory where there is a need for physical, economic and social intervention.

All projects to be financed by the IFRRU 2020 will be subject to a prior binding opinion of municipalities concerning the urban regeneration framework in which they are included and the PARU or PAICD supporting them. The responsibility of approving the PARU/PAICD is the Managing Authority of each Regional Operational Programme (ROP), and its evaluation is made in articulation with public agencies with competences in the areas covered by the mentioned plans. Within this framework, for each ROP, the relevant Strategic Environmental Assessment (SEA) has been carried out in line with the SEA Directive 2001/42/EC.

¹ Instrumento Financeiro para a Reabilitação e Revitalização Urbana

² 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.

The EIA legislation currently in force is Decree-Law 151-B/2013 (amended by Decree-Law 47/2014 and Decree-Law 179/2015) which transposed the EIA Directive 2011/92/EU, while the most recent amendments made by the revised EIA Directive 2014/52/EU are not yet transposed into domestic legislation. However, considering the size and location of the schemes to be financed under this FL, EIAs are unlikely to be needed.

Social Assessment, where applicable

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 be overall positive, supporting the Bank's involvement.

Municipalities define their urban regeneration strategies through the delimitation of urban renewal areas using instruments like PARU and PAICD. These instruments describe priority urban areas where there are clear issues of physical, social and economic degradation, which require action to be carried out in an integrated approach. The interventions to be carried out include the rehabilitation of public spaces, public or private buildings, as well actions related to promotion of social inclusion, culture and economic activities, which are expected to result in an increased quality of life for residents as well as increased attractiveness for businesses and tourists.

Public Consultation and Stakeholder Engagement

IFRRU 2020 will draw funds from the ESIF resources allocated to the seven Portuguese ROPs financed by the European Regional Development Fund (ERDF) and the National Operational Programme for Sustainability and Efficient Use of Resources financed by the Cohesion Fund. These Operational Programmes are prepared with a participatory programming approach involving public consultation and stakeholder engagement.

Other Environmental and Social Aspects

Applications for funding will be formalized by the final beneficiaries before the works are started and will be subject to the financial intermediary's assessment of the compliance with the conditions of eligibility and the selection criteria approved by the Monitoring Committees of the Ops, which includes environmental compliance.

Conclusions and Recommendations

The Promoter, Instrumento Financeiro para a Reabilitação e Revitalização Urbana (IFRRU) – Financial Instrument for Urban Rehabilitation and Revitalization, will be required to act according to the provisions of the relevant EU Directives, including SEA (2001/42/EC), EIA (2011/92/EU) and subsequent amendments (e.g. 2014/52/EU), Habitats (92/43/EEC) and Birds (2009/147/EC). In projects where applicable, the Promoter will be requested to deliver the NTS of EIAs to the Bank before Bank funds are allocated. However, given the relative small size of the individual schemes and the nature of the sectors concerned, most of the schemes are deemed not to have significant negative environmental impacts.

Schemes are expected to be located outside protected areas including Natura 2000. Nevertheless, the Promoter has to provide evidence of the compliance with the Habitats and Birds Directives (if applicable) before the Bank funds are allocated.

Overall, the net environmental impact is expected to be positive. In addition, the Project should bring about social benefits by regenerating affected urban areas and helping to improve the quality of building stock as well as the quality of life of residents. 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 Portugal, subject to the conditions mentioned above, the FL is acceptable in environmental and social terms.