

Environmental and Social Data Sheet

Overview

Project Name: DFI FOR URBAN DEVELOPMENT & EE (JESSICA II)
Project Number: 2017-0116
Country: GREECE
Project Description: EIB lending facility for the financing of projects in the areas of urban development, energy efficiency and renewable energy. The facility will be used to blend with ESIF allocations through setting-up a financial instrument for financing infrastructure projects in the abovementioned areas.

EIA required: Multiple projects

Some of the underlying investments may fall under Annex I or II of EIA Directive 2014/52/EU (amending 2011/92/EU)

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The operation consists of a Framework Loan provided to the Hellenic Republic through the Greek Ministry of Economy and Development (Promoter) which will channel the resources to a financial instrument set up as a Fund of Funds (as defined by the EU Common Provisions Regulation 1303/2013/EU) together with the resources drawn from the 2014-2020 Operational Programme (OP) Competitiveness, Entrepreneurship and Innovation. The Fund of Funds will extend loans to financial intermediaries (e.g. commercial banks operating in Greece) who will establish Urban Development Funds (UDF) to support urban investments which are financially feasible but could not gather sufficient funding from market sources. The final beneficiaries will be private individuals, public and private entities, enterprises and/or SPVs.

The investment strategy of the proposed financial instrument is to promote integrated urban development (e.g. brownfield redevelopment, wastewater treatment, business parks, tourism infrastructure, health and education facilities, cultural and social infrastructure, public transport, etc.), energy efficiency renovations of public and private non-residential buildings and renewable energy investments.

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.

All projects located in urban areas must be in line with Local Spatial Plans (according to Law 4447/2016) and Urban Implementation Plans established at the municipal level, which define the land use model and building regulations. These plans are subject to Strategic Environmental Assessments in line with the SEA Directive 2001/42/EC.

Relevant environment EU Directives have been transposed into national legislation (SEA Directive, EIA Directive, Birds and Habitats Directives, Energy Performance of Buildings Directive). As this operation consists of multiple projects, some of the underlying investments may fall under Annex I or II of the EIA Directive 2014/52/EU (amending 2011/92/EU) and may be “screened in” for Environmental Impact Assessment (EIA).

The procedures for environmental licencing of projects were revised in 2011 (Law 4014/2011) in order to ensure higher environmental quality, a reduction in administrative burdens, as well as the improvement in quality of environmental assessment reports and greater legal certainty. The law classifies projects in different categories (A1, A2, B) according to the severity of their effects on the environment in line with Annex I and Annex II of the EIA Directive 2014/52/EU (amending 2011/92/EU) and, depending on the scope, location and size of the projects, the competent authority for analysing the outcome of EIA studies is either the Ministry of Energy, Environment and Climate Change or the Departments of Environment and Environmental Planning in the Decentralised Administrations at the regional level.

Upon evaluation of the EIA, the environmental competent authority then issues an Approval of Environmental Terms Decision. The Special Agency for Environmental Inspections was established (G.G. 228/A/2001) with the responsibility to carry out audits and determine compliance with the Approved Environmental Terms of projects and activities of public, semi-public and private sector across the country. Projects belonging to category B do not require an EIA but are still subject to Standard Environmental Commitments which form an integral part of the required licenses that are required for their construction, installation and operation.

Most of the Fund’s investments will be located in already urbanised areas therefore significant impacts on protected sites, including Natura 2000 areas, cannot be excluded but are deemed unlikely.

Potential negative environmental effects (e.g. dust and noise during construction) are to be alleviated by implementing effective mitigation measures. Overall, the environmental impacts of the Fund’s investments are expected to be short-lived and reversible, at a level which is deemed acceptable.

As with regards to energy efficiency, according to laws 4122/2013 and 4409/2016 (transposing the EPBD Directive 2010/31/EU), energy performance certificates have to be issued after an energy audit when a building is constructed, rented or sold. Since the investment strategy of the financial instrument will cover energy efficiency investments in public and private non-residential buildings as well as renewable energy, this operation is expected to significantly contribute to mitigate climate change, in line with the climate action objectives of the Bank.

Social Assessment

Projects are not expected to entail any land acquisition or involuntary resettlement.

The projects to be supported by the financial instrument are expected to generate significant direct employment during construction since the majority of the interventions are expected to be in highly labour-intensive sectors, in particular construction for both urban renewal and energy efficiency renovations of buildings. Such buildings may also encompass historical and cultural heritage buildings.

Moreover the investments to be undertaken will improve the attractiveness of the urban areas to businesses and tourists and stimulate private investment in the sectors of urban development, energy efficiency and renewable energy. As a result, they will play an important

role in fostering local economic development. Finally, investments in the areas of waste and water management, energy efficiency and renewable energy will improve the urban environment and, thus, all residents' quality of life.

Public Consultation and Stakeholder Engagement

The financial instrument will draw funds from the ESIF (European Structural Investment Funds) resources allocated to the Operational Programme Competitiveness, Entrepreneurship and Innovation approved in 2014 and financed by the European Regional Development Fund (ERDF), which has been prepared with a participatory programming approach involving public consultation and stakeholder engagement. Moreover, public consultations have been carried out in the framework of SEA for the Local Spatial Plans.

Other Environmental and Social Aspects

Applications for funding under the financial instrument 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 Committee of the Operational Programme, which includes environmental compliance.

Conclusions and Recommendations

The Promoter, the Greek Ministry of Economy and Development, will be required to act according to the provisions of the relevant EU Directives, including SEA (2001/42/EC), EIA (2014/52/EU amending Directive 2011/92/EU), Habitats (92/43/EEC), Birds (2009/147/EC) and Energy Performance of Buildings (2010/31/EU) Directives.

In projects where applicable, the Promoter will be requested to deliver the 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 projects are deemed not to have significant negative environmental impacts. In addition, the Promoter has to provide evidence of the compliance with the Habitats and Birds Directives (if applicable) before the Bank funds are allocated.

For buildings requiring an energy performance certificate according to Directive 2010/31/EU, a copy of the energy certificate will be provided to the Bank upon request.

Overall, the net environmental impact is expected to be positive. In addition, the Project should bring about social benefits by regenerating 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 Greece, subject to the conditions mentioned above, this operation is acceptable for the Bank in environmental and social terms.