

## **Environmental and Social Data Sheet**

### **Overview**

Project Name:	BELFIUS SMART CITIES CLIMATE CIRCULAR ECONOMY II
Project Number:	2017-0809
Country:	Belgium
Project Description:	The Project comprises the third intermediated FL with Belfius to co-finance its Smart Cities Programme in Belgium including small and medium size schemes (cost below EUR 50 million) in Urban Development and Renewal, Urban infrastructure, Energy Efficiency, Renewable Energy, Sustainable Mobility, Water, Solid Waste and ICT. The operation will support Sustainable Urban Development, Smart City Development, Circular Economy and Climate Action.
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:	No

### **Environmental and Social Assessment**

#### **Environmental Assessment**

The operation is structured as a Framework Loan (FL) and will comprise investments in different sectors: urban development and renewal, urban infrastructure, energy efficiency, renewable energy, sustainable mobility, water, solid waste and ICT. It is envisaged that mainly small and medium size investments (cost below EUR 50m) will be included in this operation. However at appraisal stage, individual schemes were not confirmed.

Belfius, the Promoter of the Project, is a geographically diversified Belgian Bank with a broad client base. It is experienced in lending to municipal and regional projects and maintains teams with sectorial expertise. Belfius shall carry out environmental and social due diligence as part of its overall due diligence process before EIB funds are allocated to the schemes concerned. Belfius will manage the Project and the underlying schemes will be mainly implemented by local, regional or inter-communal public authorities, public service companies/organisations and Energy Service Companies (ESCO).

Relevant EU environment Directives have been transposed into national and regional legislation (SEA Directive, EIA Directive, Birds and Habitats Directives). The Environmental Authorities (three Belgians Regions) will determine where relevant whether project components may require a full Environmental Impact Assessment (EIA). Depending on the size, nature and location of the schemes, these Authorities may delegate to the Municipalities the assessment on the need for EIA.

The Project schemes will be located in Belgium mostly at municipal level and are supporting relevant regional and urban development strategies and plans. 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 construction 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 as identified during the EIA process.

The Project includes investments targeting sustainable and smart communities and should therefore have an overall positive effect on the environment, contributing also to climate mitigation through eco-quartier development, sustainable building refurbishment, and mobility

measures decreasing local traffic-related emissions. The Project is also expected to contribute to electricity generation from more sustainable/renewable sources, and energy efficiency improvements in lighting, buildings and urban districts. In addition, some water and urban infrastructure schemes are expected to contribute to climate adaptation.

The solid waste, water and urban infrastructure sectors are expected to contribute to Circular Economy through investments which are restorative and regenerative by design, and which aim to keep products, components and materials at their highest utility and value at all times.

### **Social Assessment**

It is expected that the social impacts will be overall positive, supporting the Bank's involvement. The everyday life for the inhabitants and associated social relations and routines will be improved thanks to improved mobility, rehabilitation of social and affordable housing, upgraded municipal infrastructure, schools, cultural centres, and other infrastructure for public services.

A very small portion of the municipal infrastructure to be financed under this EIB operation may come to be dedicated to accommodate refugees/asylum seekers. Affected Municipalities will facilitate social integration and the identification and care of vulnerable groups and persons with special reception needs (e.g. medical).

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

The schemes to be part of this FL should be in line with relevant urban plans and sectoral strategies, which are subject to public consultation. In addition, the project incentivises smart investments, which imply strong involvement and participation of relevant stakeholders and local communities.

## **Conclusions and Recommendations**

All procedures concerning EIA and nature protection are established and managed by the environmental competent authorities in Belgium and in line with EU requirements.

Belfius shall not commit the Bank's funds to such investments until the relevant environmental consent has been issued by the competent authorities in line with 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.

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.

Accommodation centres or public infrastructure specifically made available to asylum seekers or refugees included in this Project, are subject to an individual appraisal and specific conditions before these can be allocated.

Overall, the net environmental impact is expected to be positive, contributing to climate action and circular economy. In addition, the Project should bring about social benefits by regenerating urban areas and upgrading public infrastructure, helping to reduce the shortage of social housing and create better living conditions in cities.

The appraisal confirmed the high technical capacity of Belfius to select, appraise and follow up investments to standards acceptable to the Bank and within a robust risk management framework. Therefore, given the nature of the operation and the procedures concerning EIA and nature protection put in place by the competent authorities in Belgium, subject to the conditions mentioned above, the FL is acceptable in environmental and social terms.