

## EIB-CM concluded Budapest Airport project fails to comply with the EU's environmental legislation and the EIB's environmental and social standards

The Budapest Ferenc Liszt International Airport is located merely 16 km from the centre of Budapest. With a capacity of 6 million passengers per year and 15 million in the peak year of 2019, new plans to develop the airport aim to increase passenger turnover to 21 million.

Now the EIB-Complaints Mechanism confirmed [all allegations submitted](#) by civil society organizations that the project fails to comply with the EU law and environmental and social standards. **[The conclusions report reveals distorted project appraisal, shocking recklessness and spread of disinformation.](#)**

**We call on the EIB Board of Directors to ensure that a plan for corrective actions is prepared and implemented and that the EIB strengthens the ESSF to prevent similar violations in the future.**

## Budapest airport expansion causes significant environmental and social problems

The project has not been subject to Environmental Impact Assessment as would be expected under the EU's environmental legislation. The airport traffic causes unbearable noise, air pollution and damage to the houses located near the airport. The airport's further expansion will trap hundreds of thousands of local inhabitants living in surrounding residential areas in depreciated properties. Some houses have been physically ruined by noise pollution, vibration and air turbulence and due to the expansion, including an increased landside traffic, more houses will be at risk for this type of damage.

In addition, local communities were not consulted on the project and its potential mitigation measures. Impacted people were deprived of the right to public participation in the decision-making, because the project promoters were not required to conduct an environmental impact assessment.

### The EIB Complaints Mechanism conclusions

The EIB-CM confirmed that all allegations were grounded and the project does not comply with the EU law and EIB's environmental and social standards.

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## **Budapest Airport fails to comply with EIA Directive and EIB Standard 1 and Standard 4**

The CM revealed that the EIB had considered the project to be subject to at least screening determination (on EIA) and it had concluded its appraisal that all the required permits had been obtained by the promoter including full EIA study, consultations with authorities carried out and the public consulted and informed. In reality the promoter did not provide the EIB with evidence of compliance of the project components requiring a screening determination under the EIA Directive. The EIB-CM did not find any evidence that the climate impacts of the project or its elements have been assessed in accordance with the EIA Directive.

## **The project fails to comply with Standard 2 by failing to assess the impact of the 50% increase in air traffic and land transport on air pollution**

The EIB-CM's inquiry established that in line with environmental law and the case-law of the CJEU it appears that the air quality assessment was incomplete and therefore the EIB services do not have sufficient evidence that the project impacts on air pollution have been assessed in line with the applicable regulatory framework and that the project complies with EIB standards. The CM also noted that in February 2021, the CJEU ruled that Hungary had breached the Air Quality Directive by systematically and persistently exceeding the daily limit value set for concentrations of pollution in Budapest region and by failing to adopt appropriate measures to ensure compliance with the daily limit value laid down for pollution concentrations.

## **The project fails to assess and mitigate noise pollution and negative social impacts on project-affected people**

The CM found that although the Environmental and Social Management Plan required by the finance contract formally exists, it does not fulfil the quality required by EIB Standard 1. The project ESMP does not set out required measures to avoid, minimise, mitigate and offset or remedy any adverse environmental and social impacts, including noise and it did not provide any arrangements for grievance mechanisms.

## **The project fails to comply with Standard 10 by failing to conduct public consultation and to involve local stakeholders from civil society**

The EIB-CM found that public participation and stakeholder engagement were not adequately implemented. Only two semi-public consultations have taken place and they were conducted long after plans and decisions had been approved. EIB-CM concluded that this defeats the purpose of consultations and the spirit of the Public Participation Directive and EIB Standard 10. Moreover, there is no adequate project-level grievance mechanism or ESMS, which would have ensured the development and implementation of social mitigation measures.

## **The Bank inadequately informed the public on the social and environmental impacts of the project**

The Bank informed the public through its webpage that the project will not carry any significant adverse impacts and that it did not require the environmental impact assessment. However, the EIB-CM's noted that the EIB does not have evidence of an adequate assessment of the project's impacts through an EIA screening

process and the ESMP. It also published a document which was not an EIA labelled as “Environmental and Social Impact Assessment”.

## Corrective Action Plan and strengthening of ESSF are urgently needed

We are calling the EIB to immediately develop and implement the **Corrective Action Plan** addressing all recommendations issued by the EIB-CM, including

- Suspending disbursement until promoter provides screening determination for the project components enabling capacity expansion with a view to ensure an adequate assessment of the cumulative impacts of the project including the “Cargo City,” also in the light of the case-law of the CJEU
- Mapping of project affected stakeholders and adequately engaging with them, including through the establishment of a comprehensive grievance mechanism in accordance with the EIB's E&S standards 1 and 10.
- Developing the Environmental and Social Management Plan including efficient and long-term mitigation measures for incurred negative social aspects, in particular noise pollution.
- Updating information contained in the ESDS in light of the EIB-CM's findings and conclusions and reissue an updated version of the document and removing the current documents labelled as “Environmental and Social Impact Assessment” from the EIB's project website.

In the context of ESSF review it shall be noted that despite the fact that Budapest Airport project is located in the EU, it did not prevent EU law and EIB's standards violations. The EIB may not merely rely on the fact that project is located in the Member States but should apply adequate environmental and social considerations. Therefore, the EIB-CM has also made a relevant **policy recommendation** which should be included in the revised ESSF:

- An adequate technical (environmental and/or social) and linguistic expertise should be available to the appraisal and monitoring teams in order to grasp the complexities as well as to apply the requirements of EIB standards and EU law concerning project's environmental and social impacts their mitigation and monitoring, as well as understanding and critically assessing project documentation.

### NGOs have also submitted relevant ESSF recommendations including:

- The Policy must reinforce the EIB's responsibility to conduct due diligence and monitoring of its operations, including those in the EU;
- The EIB shall not approve any operation until standards are fully met, and until Environmental Impact Assessments (EIAs) are completed;
- Policy must state that contractual clauses enshrine the standards in all EIB operations.