

## Environmental and Social Data Sheet

### Overview

Project Name:	Small-Medium Sized Utilities Programme Loan
Project Number:	20190196
Country:	Italy
Project Description:	Financing of several small-medium sized utilities under a programme loan
EIA required:	yes – certain components of the sub-operations could be subject to EIA
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The operation is structured as a programme loan that will fund the investment programmes of different Italian small-medium sized utilities in the environmental and the energy sectors including:

1. Electricity distribution and water treatment and distribution networks;
2. Wastewater collection and wastewater treatment schemes;
3. Waste collection, recycling, treatment and disposal facilities;
4. District heating facilities and co-generation plants; and,
5. Municipal public lighting for energy saving purposes.

Sub-operations per utility will be appraised separately. The below describes the general approach at sector level.

Investments in water and wastewater infrastructure will contribute to ensuring compliance with key EU directives in the water sector, notably the Drinking Water Directive 98/83/EC, the Urban Waste Water Treatment Directive 91/271/EEC and the Water Framework Directive 2000/60/EC (i.e. WFD). The investments are expected to bring substantial environmental quality improvements, notably in terms of higher ecological quality of surface and groundwater resources, as well as a more rational use of water resources, thereby increasing the resilience to potential effects of climate change. All water and wastewater investments to be considered under the programme loan will be reviewed by the local authority in the relevant service area, and approved by the national economic regulator for Electricity, Gas, and Integrated Water Services (i.e. ARERA). Furthermore, they form part of a “Piano d’Ambito”, which is normally subject to a Strategic Environmental Assessment (SEA).

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<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

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Italy has approved the River Basin Management Plans (RBMPs) for the period 2016–2021 implementing the requirements of the WFD. These RBMPs have all been subject to a strategic environmental assessment according to the SEA Directive 2001/42/EC.

The solid waste components under this programme will increase the levels of recycling of materials and bio-waste through separate collection and extraction from residual waste, ensuring compliance with the Waste Framework Directive 2018/851/EC. Some projects may also upgrade and improve performance of existing waste treatment and disposal facilities. The projects will contribute to resource efficiency from recycling, and reduce emissions and climate change impact from current operations. The solid waste components may respond to a waste management plans that are subject to an SEA.

The electricity distribution components under this programme are expected to be MV and LV investments, which are listed under neither Annex I nor Annex II of the EIA Directive. They could however be subject to environmental analyses, as appropriate, in the process for the authorization to build and operate. Some of the district heating components may fall under Annex II of the EIA Directive thus implying a review by the competent authorities with due regard to the necessity for an Environmental Impact Assessment. The thermal capacity of new gas-fired boilers is expected to be below the Industrial Emissions Directive 2010/75 capacity limits (applicable for capacity >50 MWt). Nevertheless, the heat boilers must comply with relevant national environmental legislation, which comprises, amongst others, pollutant emissions limits.

Italy has harmonized its environmental legislation in line with the relevant EU Directives (i.e. Environmental Impact Assessment (EIA) Directive 2014/52/EC amending EIA Directive 2011/92/EC, SEA Directive 2001/42/EC, Habitats Directive 92/43/EEC, and Birds Directive 2009/147/EC).

Large parts of the underlying investment programmes will consist of the upgrade and expansion of networks and facilities in urban areas, with the main impacts being those during construction (noise, dust, traffic) and not normally requiring a full EIA. A few project components may need an EIA and a larger number of the project components are likely to fall under Annex II of the EIA Directive 2014/52/EU amending the EIA Directive 2011/92/EU. For the latter case this means that the decision as to whether an EIA is required is left with the competent authority on the basis of the criteria defined in Annex III of the Directive.

The requirement for an EIA, an SEA and/or appropriate assessments will be assessed on a case-by-case basis. The beneficiaries will be required to ensure compliance with national and European environmental legislation.

Overall, the sub-operations under the PL are not expected to have any significant negative environmental impact.

The contribution of the Programme to the Bank's objective of Climate Action will be assessed for each sub-operation.

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### **Social Assessment, where applicable**

The programme is expected to bring important lasting benefits to the population, by increasing the quality and reliability of water, wastewater, solid waste and energy services. Potential social impacts include the possible disruption of services and traffic, noise and temporary occupation of public and private space, and safety hazards during construction only, common for this type of projects in urban environments, and will be addressed as part of the planning for each sub-operation

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

The Promoters will have to ensure compliance with national and European environmental regulations and facilitate the access by the public to environmentally relevant information in accordance with the Bank's Transparency Policy.

### **Other Environmental and Social Aspects**

N/A

## **Conclusions and Recommendations**

The Programme Loan is expected to have predominantly net positive environmental and social effects. The Bank will appraise the capacity of the promoter of each sub operation to ensure compliance with national and European environmental legislation, and require the promoters to act according to the provisions of the aforementioned law. The beneficiaries will be required to comply with the Bank's environmental and social standards, as defined in the finance contracts to be signed with the EIB.

Based on the above considerations the Programme Loan is acceptable for EIB financing in environmental and social terms

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