

Environmental and Social Data Sheet

Overview

Project Name:	SARDINIA URBAN DEVELOPMENT FUND FINANCING
Project Number:	20180344
Country:	Italy
Project Description:	Financing for an Urban Development Fund in the cohesion region of Sardinia (Italy) to support new investments in the area of sustainable urban development, energy efficiency and renewable energy. The loan will be provided under the Italian Urban Development Funds Programme (2015-0753).
EIA required:	This is a multi-scheme operation. Some of the schemes may require an EIA under Annex I or Annex II (screened in) of the EIA Directive 2014/52/EU (amending 2011/92/EU).

Project included in Carbon Footprint Exercise: No

Environmental and Social Assessment

Environmental Assessment

The operation, structured as a Framework Loans (FL) to Urban Development Funds (UDFs) will support investment in schemes in the sectors of urban development and energy efficiency and renewable energy in Sardinia. The Borrower and Promoter is the Banco di Sardegna.

The types of schemes are in the main addressing buildings and urban public realm, of a small scale and generally promoted by municipalities and public bodies. The types of schemes expected to be supported are generally of a small nature (cost below EUR 25 million). For urban development, the tentative schemes involve repurposing buildings –including those of heritage value - towards new sustainable uses in support of social welfare or quality of life. For energy efficiency/renewable energy, tentative priority schemes may include building retrofits, public lighting upgrades as well as small-scale renewable energy schemes and on-the-roof solar photovoltaic installations. The final beneficiaries are expected to be mainly municipalities and public bodies but may also include legal persons, SMEs or private institutions.

The schemes in which the Promoters will invest will be consistent with the existing and relevant urban planning and urban development strategies and policy objectives frameworks and follow an integrated approach to spatial development.

Relevant environment EU Directives have been transposed into national legislation (SEA Directive, EIA Directive, Birds and Habitats Directives, Energy Performance of Buildings Directive). Individual schemes have to obtain building permission which already takes into account the national environmental legislation and any new buildings would align with applicable NZEB standards.

Some of the underlying investments may fall under Annex I or II of EIA Directive 2014/52/EU (amending Directive 2011/92/EU), requiring a full Environmental Impact Assessment (EIA) or

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EIA screening by the national competent authority on the basis of Annex III to determine the need for a full EIA. It is expected that most of the 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.

The projects financed are expected to have a positive impact on climate change mitigation, in particular through energy efficiency improvements in existing buildings to be refurbished and redeveloped as well as small scale renewable energy schemes. In particular, these investments are expected to contribute to the climate objectives of the Bank.

In general the schemes are expected to enhance the quality and attractiveness of the urban environments. The schemes are expected to have a limited temporary impact during the construction phase usually through an increased local traffic and construction and demolition waste generated. These impacts are expected to be mitigated by adhering to a good practice and by following the recommendations of the competent authority.

Social Assessment, where applicable

The project takes place in the context of high unemployment levels, including youth unemployment and high levels of households at risk of poverty across the regions, relative to Italian and European averages. The project is expected to bring a number of positive social impacts.

These may include urban residents enjoying improved urban environmental quality, public services and amenities, increased attractiveness of the public transport modes. Businesses may enjoy reduced energy costs and increased business confidence outlook stemming from improvements in the urban environment and infrastructure. These externalities, along with the more direct economic effect of increased construction and refurbishment activities resulting from the investments, are expected to have a positive effect on job creation and private investment.

Public Consultation and Stakeholder Engagement

Schemes promoted by the region or municipality will be included in the approved urban planning of the concerned municipalities as well as regional spatial planning framework which will have been subject to a Strategic Environmental Assessment (SEA) according to the Italian legislation. The SEA process includes a public consultation phase, according to which the general public has the right to express its opinion on the plan and the environmental report during 60 days. Moreover, where a scheme is subject to EIA, the Promoter will be required to send to the Bank the non-technical summary (NTS) which indicates the quality/extent of public and stakeholder consultation.

Other Environmental and Social Aspects

The environmental compliance of schemes financed under this Programme will be verified before EIB funds can be used for the schemes. An ongoing Environmental issues is noted which may affect the implementation of the Project around the collection/treatment of urban wastewater, which has not been considered adequate in some Sardinian agglomerations.

Conclusions and Recommendations

Overall, the investments to be carried out are expected to generate a wide range of positive environmental and social impacts, despite some possible minor negative impacts during the remediation and construction period.

The Promoter shall procure that schemes are implemented according to the provisions of the relevant EU Directives, including SEA (2001/42/EC), EIA (2014/52/EU amending

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2011/92/EU), Habitats (92/43/EEC) and Birds (2009/147/EC), Energy Performance of Buildings Directives (2018/844/EU amending 2010/31/EU) as transposed into national law.

For all schemes, the Promoter shall store and maintain updated the relevant documents (including environmental studies related to the EIA, the Non-Technical Summaries of the EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance with the EU Habitats and Birds Directives – Form A/B or equivalents) to be provided to the Bank upon request. In case of any medium-sized or large schemes the Promoter shall submit to the Bank the full EIA and Non-Technical Summary of the EIA and Nature/Biodiversity Assessments or equivalent documents for review and publication on the Bank's website.

The Promoter shall ensure that the energy efficiency measures have been identified through an energy audit and an updated energy performance certificated will be issued per concerned building. Both documents should be compliant with national legislation and should be available to the Bank on demand.

For schemes triggering art. 4.7 of the Water Framework Directive (WFD), the Promoters will have to provide evidence of the compliance with the WFD before the Bank funds are allocated. In agglomerations where urban wastewater collection/treatment is considered a risk, schemes that increase this risk will not be accepted for financing.

The institutional capacity of the Promoters to manage the environmental and social issues is deemed satisfactory. Therefore, given the nature of the operation and the procedures concerning EIA and nature protection put in place by the environmental competent authorities, subject to the conditions mentioned above, the project is acceptable in environmental and social terms.

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