

Public

Environmental and Social Data Sheet

Overview

Project Name:	WATER AND WASTE PROGRAMME LOAN SPAIN
Project Number:	2019-0398
Country:	SPAIN
Project Description:	Programme Loan aimed at financing water and waste investments in Spain
EIA required:	yes
Certain components of the sub-operations could be subject to EIA	
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The proposed PL aims at supporting investments in the water, wastewater and solid waste infrastructure throughout Spain. The sub-operations under this Programme Loan (PL) are unknown at this stage. In the water sector, the investments are expected to improve the efficiency, efficacy and reliability of water and wastewater services. Waste sector investments are aimed at promoting resource efficient and sustainable municipal waste management services and compliance with relevant EU Directives, as embodied in the National legislation, and in line with National and Regional Waste Management Plans.

In general, 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 will consist of the construction and rehabilitation of potable water and wastewater treatment plants, water supply and sewerage networks, conveyors, storage infrastructure, pumping stations and other associated infrastructure. They 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. Wastewater investments would support Spain against its status of non-compliance for not carrying out either the collection or the treatment of urban wastewater in a number of agglomerations, as required by the Urban Waste Water Directive 91/271/EEC.

¹ 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 CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

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

Investments in waste management systems and infrastructure will contribute to attaining compliance with key EU directives in the waste sector, notably the Waste Framework Directive (2008/98/EC), the Landfill Directive (1999/31/EC) and the Packaging and Packaging Waste Directive (2005/20/EC) as well as their most recent amendments (Directives 2018/851, 2018/852 and 2018/853). More specifically, investments will target the following system components:

- Waste collection equipment and vehicles;
- Civic amenity centers and recycling courtyards;
- Material recovery and bio-waste treatment facilities for separately collected wastes (e.g. sorting, composting and anaerobic digestion plants), including retooling/retrofitting of existing facilities;
- Retooling/retrofitting of existing mechanical biological waste treatment facilities processing mixed residual wastes, as well as related process reconfigurations, where the aim is to improve recovery rates and/or quality of recovered waste fractions or reducing plant emissions;
- Closure and rehabilitation of existing landfills, including landfill gas capture and recovery systems.

The sub-operations under the PL will exclude investments in waste incineration plants or other types of thermal waste treatment facilities as well as investments in new sanitary landfills. Vehicles for waste collection running on fossil fuels (diesel and natural gas) may be supported, in line with the current approach and criteria proposed for the Paris alignment of waste sector investments². Fossil fuelled vehicles will need to comply with best available emission abatement technology (currently Euro VI standard), in accordance with EU requirements.

The main focus of the above investments is to increase material recovery from waste and in this way contribute to meeting EU targets for municipal waste recycling and municipal waste landfilling. In addition, the interventions will contribute to the transition to a circular economy, in line with EU Circular Economy Action Plan of March 2020, and the climate goals of the Paris Agreement. The operations will reduce direct GHG emissions from waste management operations, in particular from landfills. They will also enable GHG emission savings in other sectors through recycling, by substituting virgin raw materials with secondary materials recovered from waste.

The Spanish legislation has fully transposed the relevant EU Directives and is currently in the process of transposing the most recent amendments made in EU waste directives mentioned above. For this purpose, a Draft Law on Waste and Contaminated Soils repealing the previous Law 22/2011, of July 28, has been published for public consultation on June 3rd, 2020. The deadline for adoption set in the text of the Directives is July 5, 2020. The latest amendment of the national act on EIA procedures (Law 21/2013) entered into force on 9th December 2013. Under this law, the *Ministerio para la Transición Ecológica* is the competent authority for EIA approvals. It also identifies the capacity of the regional governments

² This is also aligned with the DNSH criteria defined for waste collection vehicles in the TEG final report on the EU Taxonomy of March 2020

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(Autonomías) to extend the obligation to regulate the environmental impact assessment of projects in their regional legal framework.

Large parts of the underlying water 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. The same applies for investment schemes for the expansion or improvement of waste collection services, including collection equipment such as bins and containers as well as collection vehicles. A few project components, in particular related to water and waste treatment plants, 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. The requirement for an EIA, an SEA and/or appropriate assessments will be assessed on a case-by-case basis for each sub-operation. The beneficiaries will be required to ensure compliance with national and European environmental legislation. Promoters will be also required to act according to the provisions of the EU Habitats Directive 92/43/EEC and Birds Directive 2009/147/EC.

The institutional set up to manage the environmental and social issues is good and the potential beneficiaries of the programme are considered to have the required experience for the implementation of the schemes according to the environmental requirements. Overall, the sub-operations under the PL are not expected to have any significant negative environmental impact.

It is expected that the PL will support EU climate action by investing in climate mitigation and adaptation measures. The contribution to the Bank's objective of Climate Action will be assessed for each sub-operation.

Social Assessment, where applicable

The programme is expected to bring important lasting benefits to the population, by increasing the quality, efficiency and reliability of water, wastewater and solid waste management 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. Public consultation processes, according to the Spanish Law, will be carried out as part of the EIA process and as part of the land acquisition procedure, if needed.

Other Environmental and Social Aspects

N/A.

Conclusions and Recommendations

The proposed PL is expected to have predominantly net positive environmental and social effects. The Bank will appraise the capacity of the promoters to ensure compliance with national and European environmental legislation. They'll be required to act according to the



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provisions of the aforementioned law. Impacts during the construction and operation phase are expected to be mitigated by good practice and work organisation following the competent authorities' requirements. The beneficiaries will be also 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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