



Luxembourg, 17/12/2021

Environmental and Social Data Sheet

Overview

Project Name:	CAP WATER INVESTMENT GREEN LOAN
Project Number:	2021 0595
Country:	Italy
Project Description:	Investments in water and waste water infrastructure in the Province of Milan (Lombardy Region).
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The Project aims at supporting the 2022-2025 water and wastewater investment programme of the water utility CAP in Italy. The project consists of multiple interventions spread around the 154 municipalities within the service area. Investments will focus on water production, drinking water and wastewater treatment, distribution and sewerage network rehabilitation, sludge digestion and efficiency improvements. The utility is a public company providing Integrated Water Services (IWS) to ca. 2,400,000 inhabitants in the provinces of Milan, Monza, Brianza and Lodi in the Lombardy Region ("LR").

The activities of the Promoter are under the supervision of the local authorities and the national economic regulator ("ARERA"). In terms of environmental regulation, the Regional Agency for Environmental Protection and Prevention of Lombardy (ARPA Lombardy) is mainly responsible for monitoring the quality of water bodies. The Health Authority ("ASL") is responsible for monitoring compliance with the drinking water quality standards and the requirements of the Drinking Water Directive 98/83/EC on the quality of water intended for human consumption.

The purpose of the investments is to enhance the performance of water supply and wastewater collection and treatment services to ensure compliance with European and regional environmental requirements notably the Urban Wastewater Treatment Directive 91/271/EEC and the Water Framework Directive 2000/60/EC.

The 30-year master plan of the utility (Piano d'Ambito – "PdA") is the planning framework of the underlying investment programme. It comprises amongst others, the business plan (Piano economico-finanziario) and the three-year investment plan (Programma di Interventi – "PdI") of the utility, updated and approved by the Local Authority on a regular basis. The revision of the PdI is not subject to a Strategic Environmental Assessment (SEA) in accordance with the requirements of the SEA Directive 2001/42/EC. However, the project is designed to meet the requirements of the Piano di Tutela delle Acque della Regione ("PTA" - last revision in 2018),

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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which is part of the national implementation of the Water Framework Directive 2000/60/EC, hence subjected to a SEA.

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. To date, two components have been subject to an EIA and no component is in the screening process according to the requirements of the Habitats Directive for their locations inside or near Natura 2000 sites.

The Project will contribute substantially to the Bank's objectives related to climate (mitigation and adaptation) by supporting investments that increase resilience to climate related risks (especially scarcity of water and extreme weather events through substantial investment in storm water management, reduction of water losses and interconnections of water systems) and reduce GHG emissions. The project will also enhance the sustainable use and protection of water resources and thus improve the environmental sustainability of the Integrated Water Services.

The project has been assessed for Paris alignment and is considered to be aligned with both low carbon and resilience goals set out in the Climate Bank Roadmap.

Social Assessment, where applicable

By increasing the quality and reliability of wastewater collection and treatment services, the project is expected to bring substantial health advantages and environmental quality improvements to the population in the project areas, thereby increasing the quality of life of the population. Negative social impacts are only temporary (e.g. occupation of public and private space, safety hazards during construction, traffic, noise) and will be addressed as part of the planning for the implementation of each scheme.

Public Consultation and Stakeholder Engagement

The Promoters will be requested to ensure compliance with national and European environmental legislation, notably to facilitate public access to environmental information and guarantee public consultation during the environmental decision process, where relevant, in accordance with the Aarhus Convention.

Other Environmental and Social Aspects

During the project's due diligence, the Promoters have demonstrated sound practice with respect to environmental, health and safety management. In addition to procedures to meet regulatory requirements, the utilities have a comprehensive environmental management system, which is applied to new projects and monitors ongoing operations. The promoter has numerous ISO certification: ISO 14064-1 (Green House Gas inventory); ISO 14001; ISO 9001 among others and AFNOR XP X30-901 (circular economy).

Conclusions and Recommendations



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The project is driven by the requirement to ensure compliance with relevant EU environmental directives and it will also contribute towards improved climate resilience and emissions reductions. All schemes under the project will be subject to the Promoter's compliance with the following requirements:

1. The Promoter undertakes not to allocate Bank funds to project schemes that require a full EIA until the EIA and/or the necessary nature assessment have been finalised and approved by the relevant competent authority. Once any EIA is available, the promoter will provide the Bank with an electronic copy of its Non-Technical Summary (NTS) and full copy of the EIA, for publication on the EIB website.
2. The Promoter shall not commit any EIB funds against any scheme that impacts nature conservation sites, without receiving from the relevant competent authorities the declaration under Art. 6(3) of the Habitats Directive that there are no significant effects and informing the Bank of such declaration having been obtained.
3. The Promoter undertakes to provide to the Bank, if requested, any decision and subsequent justification that screen out project schemes from the requirement of a full EIA as well as the decisions issued by the competent authorities regarding the Habitats and Birds Directives.

Under these conditions, the operation is acceptable for EIB financing in environmental and social terms.