



Luxembourg, 11 April 2024

Environmental and Social Data Sheet¹

Overview

Project Name:	Valle Umbra Water Sector Upgrade- Green Loan
Project Number:	2023-0754
Country:	Italy
Project Description:	The Project concerns VUS's 2023-2028 water and wastewater investment programme, aimed at improving system resilience through interconnections of the water distribution networks, new water sources, and leakage reduction as well as optimisation of existing sewerage treatment facilities.
EIA required:	no
Invest EU sustainability proofing required	Yes
Project included in Carbon Footprint Exercise²:	no

Environmental and Social Assessment

Environmental Assessment

The Project consists of multiple small to medium-size interventions distributed around the service area of the Promoter (i.e. Valle Umbra Servizi S.p.A., VUS), the historical provider of integrated water services in the service area known as ATO3 Umbria.

Most components consist of improvement, extension and rationalisation of water and wastewater infrastructure, including also energy efficiency interventions. None of the components will be implemented inside or near Natura 2000 or other protected sites. As of now, there is no component that falls under Annex I or Annex II of the Environmental Impact Assessment ("EIA") Directive 2014/52/EU amending the EIA Directive 2011/92/EU. If a future component was to fall under Annex II, the decision whether an EIA is required is left to the Competent Authority, on the basis of the criteria defined in Annex III of the EIA Directive.

The Project is geared towards increasing the quality and coverage of water and wastewater services and improving the operational efficiency of the Promoter. As such, the project is expected to contribute to ensuring compliance with European legislation in the water sector, notably, the Urban Waste Water Treatment Directive (UWWTD, 91/271/EEC), the Water Framework Directive (WFD, 2000/60/EC) and Drinking Water Quality Directive (DWQD, 2020/2184). The Project will also ensure long-term positive environmental impact on ground and surface water, by improving wastewater collection by connecting currently unserved users to the sewerage collection system and reducing pollutants from the treated effluent.

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary.

² 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.



Finally, by recovering biogas from sludge, this operation 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 marginally direct GHG emissions from water management operations, via the installation of solar panels and biogas recovery. Through the reduction of NRW, it is expected that the Project will support EU climate action by investing in climate adaptation measures.

The Project is part of an investment programme approved by the local regulator (i.e. AURI) on November 2023 and it is based on the 30-year ATO Master Plan (Piano d'Ambito - PdA). All capital and operating expenditures to be considered under the project are also approved by the national economic regulator for Electricity, Gas, and Integrated Water Services (ARERA).

The ATO Umbria 3 falls under the hydrographic basin known as "Appennino Centrale"³. In December 2021 the District Authority adopted the River Basin Management Plans (RBMPs) for the period 2021-2027⁴, implementing the requirements of the WFD. These RBMPs were subject to a Strategic Environmental Assessment (SEA) in accordance with national legislation and the SEA Directive 2001/42/EC.

EIB Paris Alignment for Counterparties (PATH) Framework

VUS is in scope of the PATH framework and screened in due to the fact that more than 20% of its revenue comes from incompatible activities to the PATH framework (gas distribution). The counterparty has agreed to develop its decarbonisation plan and publicly disclose a new or updated alignment plan within two years after signature of the finance contract. Given this commitment, VUS is deemed to meet the PATH requirements.

Social Assessment, where applicable

By increasing the quality and reliability of water and wastewater collection and treatment services, the conclusion of the assessment is that the Project will bring substantial health advantages and environmental quality improvements to the affected population, thereby increasing the quality of life in the Project area. Negative social impacts would be 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 Promoter 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 Promoter has demonstrated sound practices with respect to environmental, health and safety management. In addition to procedures to meet regulatory requirements, the Promoter has a comprehensive environmental management system which is applied to new Projects and monitors ongoing operations. The Promoter has the following certifications: ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 ("Occupational Health and Safety Management").

³ <https://www.mase.gov.it/pagina/distretti-idrografici-0>

⁴ <https://www.autoritadistrettoac.it/pianificazione/pianificazione-distrettuale/pgdac/pgdac3-secondo-aggiornamento-adottato-dalla-cip-del-20122021>

Conclusions and Recommendations

The Project is driven by the requirement to ensure compliance with relevant European legislation in the water sector, notably: the Urban Waste Water Treatment Directive (UWWTD, 91/271/EEC), the Water Framework Directive (WFD, 2000/60/EC) and Drinking Water Quality Directive (DWQD, 2020/2184), and will comply with relevant environmental safeguards directives (in particular, EIA Directive 2011/92/EC amended by the EIA Directive (2014/52/EC), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives). 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 programme components 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 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 components 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.
4. The Promoter undertakes to develop its decarbonisation plan and publicly disclose a new or updated alignment plan within two years after signature of the finance contract.