

Luxembourg, 7 November 2024

Environmental and Social Data Sheet

Overview

Project Name: MADRID WATER MANAGEMENT 2
 Project Number: 2024-0063
 Country: SPAIN
 Project Description: Investments to improve the quality and resilience of water supply and sanitation services provided in the region of Madrid.

EIA required: yes

This is a multi-scheme operation, some of the components requiring an EIA.

Project included in Carbon Footprint Exercise¹: no

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

Environmental and Social Assessment

Environmental Assessment

Canal de Isabel II, the project promoter, is a public company within the regional Government of Madrid (*Comunidad Autónoma de Madrid*). Canal de Isabel II activities cover the whole water cycle: production, transport and provision of water supply services, wastewater collection and wastewater treatment services to most municipalities in the region.

The EIB operation will support Canal de Isabel II 2023-2030 investment programme, aiming to improve the quality and resilience of water supply and wastewater collection and treatment services across the region of Madrid: i) completion of water ring conveyors to interconnect agglomerations, ii) rehabilitation and optimization of water supply networks, iii) upgrade of water treatment plants (including the construction of Phase 1 of Colmenar Viejo), iv) smart water metering, v) upgrade of wastewater treatment facilities, vi) rehabilitation of stormwater tanks, vii) rehabilitation and upgrade of wastewater collection networks (Plan Sanea 1 & 2), viii) wastewater reuse network, and ix) increase of renewable energy production capacity (Plan Solar, Phase 1 & 2).

The Spanish legislation has fully transposed the relevant EU Directives, including the EIA Directive 2014/52/EU amending Directive 2011/92/EC. Royal Decree 445/2023, of 13 June, amending Annexes I, II and III of Law 21/2013, of 9 December, on environmental assessment partially transposes Directive 2014/52/EU, of 16 April 2014, amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment. The *Ministerio para la Transición Ecológica y el Reto Demográfico* is the competent authority. It may delegate responsibility for EIA regulation and implementation to regional governments (*Comunidades Autónomas*). The component *Segundo Anillo Principal de distribución de agua Potable de la Comunidad de Madrid* received the approval (*Declaración de Impacto Ambiental*) of the competent authority in 2003.

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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Due to delays in implementation of part of the ring conveyor, the design of the subcomponents *Tramos 7* and *8* were modified. A full EIA for each one of them has been required by the competent authority, one of them being over the threshold of 10 km long, out of which 1,28 km located in a protected area. Both EIAs have been carried out and the approval process is ongoing. For the rest of the components of Anillo 2 financed by the project, the initial EIA remains in force. These EIAs have been published on the Bank's website.

The rest of the components fall under the responsibility of the regional government, where *Consejería de Medio Ambiente, Vivienda y Agricultura* of Comunidad de Madrid is the competent authority. These schemes comply with the regional *Law 2/2002 of 19 June* on Environmental Assessment, which regulates activities having an environmental impact. None of them requires a full EIA. The upgrade of the Water Treatment Plan of Colmenar Viejo (construction of Phase 1), the upgrade of *Cuenca Media del Río Guadarrama* Waste Water Treatment Plant, and the Wastewater Reuse Network of Navalcarnero components have followed a simplified environmental assessment and have received the *Declaración de Impacto Ambiental* from the competent authority. They have been also published on the EIB website.

Investments comply with the SEA Directive 2001/42/EC. The *Plan Especial* included an SEA, approved in 2018. The River Tagus Basin Management Plan (approved by royal Decree 35/2023, of 24 January) integrates a SEA as part of the approval process, as required by the Water Framework Directive 2000/60/EC. The Wastewater Reuse Network of Navalcarnero component has followed a Simplified Strategic Environmental Assessment.

The proposed water treatment investments and wastewater treatment investments will support the promoter to keep compliance with the revised Drinking Water Directive 2020/2184 and the Urban Waste Water Directive (WWTD) 91/271/EEC, respectively.

Finally, the project will contribute to Climate Adaptation and Mitigation, and Circular Economy, by supporting investments that increase resilience to climate related risks, reduced GHG emissions and wastewater reuse.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is in scope and screened out of the PATH framework, because it is not considered high emitting nor high vulnerability.

Social Assessment, where applicable.

By increasing the quality and reliability of water and wastewater collection and treatment services, the project is expected to bring substantial social advantages and environmental quality improvements to the affected population, thereby increasing the quality of life in a water stressed area. 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 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-making process, where relevant, in accordance with the Aarhus Convention.

Other Environmental and Social Aspects

Canal de Isabel II is an experienced promoter and has the required experience for the implementation of the proposed schemes according to the environmental and social



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requirements. During the project's due diligence, it has demonstrated sound practice 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 is also used to monitor ongoing operations. The promoter has attained the following certifications: ISO 9001 (Quality Certification), ISO 14001 (Environmental Management) and ISO 45001 (Occupational health and safety management).

Conclusions and Recommendations

The project is driven by the requirement maintain and/or ensure compliance with relevant EU directives and to 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:

- 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.
- 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.
- The promoter undertakes to provide to the Bank, if requested, any decision and subsequent justification that screens 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.