

Luxembourg, 17th July 2018

Environmental and Social Data Sheet

Overview

Project Name:	ITALIAN URBAN DEVELOPMENT FUNDS PROGRAMME
Project Number:	2015-753
Country:	ITALY
Project Description:	Financing for Urban Development Funds to support new investments in the area of sustainable urban development, energy efficiency and renewable energy in the cohesion regions of Campania, Sardinia and Sicily (Italy). The loan is linked to returns from ESIF-financed financial instruments
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 ¹ :	No
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

Environmental and Social Assessment

Environmental Assessment

The operation, structured as a set of Framework Loans (FL) to Urban Development Funds (UDFs) will support investment in schemes in the sectors of urban development and energy efficiency/renewable energy in three Italian cohesion regions: Sardinia, Campania and Sicily. The UDFs are promoted by the Regions and will be managed by financial intermediaries (UDF managers). The UDF fund managers will have the role of Promoter towards the EIB.

The types of schemes expected to be supported are generally of a small nature (cost below EUR 25m) and are expected to include Urban Development refurbishment and renovation of public buildings, urban infrastructure, brownfield remediation, urban sustainable mobility, tourism infrastructure and office space, municipal schools, health facilities, etc. For Energy Efficiency and Renewable Energy, schemes may include building renovations/retrofits, as well as small-scale energy projects such as communal heating and on-the-roof solar panels. The final beneficiaries will be legal persons, SMEs and public or private institutions responsible for the execution of investments.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

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.

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 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 by in the three regions are expected to have a positive impact on climate change mitigation, in particular through energy efficiency (EE) improvements in existing buildings to be refurbished and redeveloped, as well as small-scale renewable energy (RE) schemes. In particular, these investments are expected to contribute to the climate objectives of the Bank. With air quality often suboptimal in the urban centres due to high car usage (with high rates of pre EURO III cars) and low public transport utilisation, urban sustainable mobility schemes will support the competitiveness of alternative modes to the car may also have a positive impact on climate change mitigation.

The potential redevelopment of urban brownfields is in line with the concept of circular economy since it promotes a more efficient use of built space in high-value land areas like city centres. In general, the schemes are expected to enhance the quality of the urban environments and to address an opportunity identified by the EC for Italy to take greater advantage of EIB loans for environmental investment, along with the ESIF support.

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

The Project takes place in the context of high unemployment levels 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 increased energy efficiency in their homes, with a direct impact on energy bills and their financial sustainability, 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 Promoters 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 established in the building permit process and verified before EIB funds can be used for the schemes.

Two ongoing Environmental issues are noted which may affect the implementation of the Programme. Firstly, the collection/treatment of urban wastewater has not been considered adequate in some Sicilian agglomerations to prevent serious risks to human health and the environment. Secondly, and generally in Italy, the Natura 2000 designation process needs to be fully completed and clearly defined conservation objectives/measure should be in place.

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 Promoters 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 2011/92/EU), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives as transposed into national law. In projects, where applicable, the Promoters will be requested to deliver the NTS of EIAs to the Bank.

For Schemes having a potential impact on protected areas, including Natura 2000 sites, the Promoters have to provide evidence of the compliance (including screening) with the Habitats and Birds Directives (if applicable).

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. Urban wastewater collection/treatment in some agglomerations in Sicily presents serious risks to human health and the environment. Schemes that increase this risk will not be accepted for financing.

The institutional capacity of the Promoters to manage the environmental and social issues will have an acceptable or higher rating. 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.