

## PNRR Observer

Additional 900 million Euros for measures to preserve water resources

22 April 2022

### Executive Summary

The Ministry of Sustainable Infrastructures and Mobility deals again with the improvement of water infrastructure management and the reduction of water waste. After having allocated, by means of a previous [notice](#) released on November 2021<sup>1</sup>, 313 million Euros for the refurbishment of water distribution networks, the Ministry of Sustainable Infrastructures and Mobility released a public notice (the "**Notice**") whereby it assigns a further 900 million Euros to interventions aimed at reducing losses in water distribution networks, including the digitalisation and monitoring of pipelines.

The Notice constitutes one of the interventions aimed at implementing Mission 2 - Component 4 - Measure 4 "*Ensuring sustainable management of water resources along the entire cycle and improving the environmental quality of inland and maritime waters*" - Investment 4.2 "*Reducing losses in water distribution networks, including digitalization and monitoring of networks*" of the **National Recovery and Resilience Plan**, approved by ECOFIN Council Decision 10160/21 of 8 July 2021.

The Ministry of Sustainable Infrastructures and Mobility aims to promote the processes of restoring efficiency to the water distribution networks within the Integrated Water Service<sup>2</sup>, to encourage optimal water resources management and to reduce water wastage. Fundamental to the achievement of these objectives is the selection of proposals aimed at reducing losses in drinking water networks, including through the digitalisation of networks and the submission of advanced control systems that allow monitoring not only of the main nodes of the network,

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<sup>1</sup> Editor's note: the call was published in implementation of Axis IV "Reduction of losses in water distribution networks, including digitisation and monitoring of networks" of the National Operational Programme "Infrastructure and Networks" 2014-2020.

<sup>2</sup> Editor's note: the Integrated Water Service consists of all the public services for the collection, supply and distribution of water for civil use, sewerage and wastewater treatment, including collection and supply services for multiple uses and treatment services for mixed civil and industrial uses. The service is subject to regulation and control by the Regulatory Authority for Energy, Networks and the Environment (ARERA) at national level and by the Local Government Agency at the level of the individual Optimal Territorial Area. Available at: [https://www.agenzia.roma.it/it-settori-8-servizio\\_idrico\\_integrato](https://www.agenzia.roma.it/it-settori-8-servizio_idrico_integrato)

but also of the sensitive points of the water network, through the measurement and acquisition of flow rates, operating pressures and water quality parameters.

The notice was published on 9 March 2022 and any project proposals must be submitted through the "*Gestione Misure*" platform in two time windows:

- from 19 April 2022 and no later than 19 May 2022; and
- from 1 September 2022 and no later than 31 October 2022.

## I Purpose of the Notice

The Notice, addressed to the area governing bodies (*Enti di Governo d'Ambito*<sup>3</sup>), promotes the submission of project proposals aimed at:

- (i) reducing losses in drinking water networks and increasing the resilience of water systems to climate change;
- (ii) strengthening the digitisation of networks to monitor key nodes and sensitive points in the network for optimal resource management;
- (iii) reducing waste and limit inefficiencies;
- (iv) improving the quality of service provided to citizens;

in order to create the conditions for a significant advancement in the capacity to sustainably manage the water infrastructure assets based on the best available technologies and international best practices, consistent with the principles and objectives of the national strategy for sustainable development and the National Climate Change Adaptation Plan (*Piano nazionale di adattamento ai cambiamenti climatici*).

## II Eligible Interventions

Proposals must contain a set of measures, consistent and functionally connected, able to pursue the objectives and foreshadow the expected results, adopting innovative tools and models aimed at seeking the best solutions in the various aspects that characterise the processes of upgrading water networks. Therefore, the proposals of interventions must have as their subject matter:

- (A) survey of the water networks and their representation through Geographic Informative Systems (GIS) in order to proceed with the management of the infrastructure;
- (B) installation of smart tools for measuring flow rates, pressures, water levels in tanks and other parameters that may be critical to the quality of the service provided (e.g. water analytical parameters);
- (C) hydraulic network modelling;
- (D) installation of pressure control valves to reduce leakage;
- (E) districtisation of networks and active leakage control;
- (F) pre-localization of leaks by classical (acoustic) and innovative methods (radar, satellite and/or airborne scanning, etc.);
- (G) identification of network sections to be replaced or rehabilitated, assisted by the hydraulic model and decision support tools;

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<sup>3</sup> Editor's note: the *Enti di Governo d'Ambito* are the bodies identified by the Regions for each territory on which integrated public services are organised, in which all the municipalities within the ATO must participate and to which the exercise of the competences of the municipalities themselves in the management of water resources is transferred, including the planning of water infrastructures. Available at: [https://www.arera.it/atlanter/it/idrico/capitolo\\_1/paragrafo\\_2/%20domanda\\_2a.htm#:~:text=The%20Government%20Bodies%20of%20the%20Area%20\(EGA\)%20are%20the%20Management%20of%20Water%20Resources%20C%20ivi](https://www.arera.it/atlanter/it/idrico/capitolo_1/paragrafo_2/%20domanda_2a.htm#:~:text=The%20Government%20Bodies%20of%20the%20Area%20(EGA)%20are%20the%20Management%20of%20Water%20Resources%20C%20ivi)



- (H) extraordinary maintenance, refurbishment and replacement of sections of water mains, based on the results of the above activities;
- (I) smart-metering tools for measuring the volumes consumed by users.

The project proposals must also ensure the measurability and verifiability over time of the objectives they set and of the stages of implementation of the underlying works, explaining, under penalty of exclusion:

- (A) the value of "kilometres of districted network" recorded in 2020 (or, in the absence thereof, in the most recent year available) and the target value expected to be reached at the end of the intervention, ensuring that at least 40% of the target value is reached by 31 December 2024 and that 100% of the target value is reached by 31 March 2026;
- (B) the values of "linear water losses" and "percentage water losses" recorded in the year 2020 (or, in the absence thereof, in the most recent year available) and the respective targets expected to be reached on completion of the intervention;
- (C) a timetable that includes at least:
  - the date of completion of the design suitable for contracting the works;
  - the date of completion of the procurement procedure, coinciding with the awarding of the execution of the works by 30 September 2023;
  - the date of commencement of the work;
  - the date of completion of the intervention activities by 31 March 2026.

For more detailed information on the additional eligibility requirements to be met by project proposals, please refer to clause 6 of the [Notice](#).

## III Eligible persons

Applications for financing may be submitted, as **proposing entities**, by the *Enti di Governo d'Ambito* that have entrusted the service to legitimate entities (the implementing entities) pursuant to Article 172 of Legislative Decree no. 152 of 3 April 2006 ("**Legislative Decree 152/2006**"), or in compliance with the *pro tempore* regulations in force operating in the national territory.

They can be identified as **implementing entities**, provided they meet certain requirements<sup>4</sup> :

- (i) the managers entrusted with the integrated water service operating in the relevant optimal territorial area, legitimated pursuant to Legislative Decree 152/2006;
- (ii) subjects safeguarded pursuant to Article 147, paragraph 2-bis, of Legislative Decree 152/2006.

## IV Budget

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<sup>4</sup> Editor's note: *inter alia* (i) possession of the operational and administrative capacity in order to provide guarantees regarding the implementation of the project in the terms and conditions foreseen, (ii) absence of legal or financial impediments to the conclusion of contracts with public administrations, (iii) adoption of appropriate measures to ensure compliance with the principle of sound financial management, and (iv) possession of the minimum requirements to ensure compliance with the Financial Regulation (EU, Euratom) 2018/1046 and with the provisions of Article 22 of the EU Regulation 2021/241, regarding the prevention of sound financial management, absence of conflicts of interest, fraud and corruption.



Subject to compliance with the principle of the so-called "ban on double financing"<sup>5</sup> and the allocation of 40% of the financing to the South of Italy, the total financial endowment for the project proposals submitted pursuant to the Notice is equal to Euro 900,000,000.00 (*nine hundred million*) and the contribution to be acknowledged for each proposal admitted to financing is preferably between Euro 5,000,000.00 (*five million*) and 50,000,000.00 (*fifty million*).

## V Submission of project proposals and deadlines

Applicants must apply in two time windows, from 19 April 2022 to 19 May 2022 and from 1 September 2022 to 31 October 2022.

The application must contain a proposal indicating the strategy as a whole and the set of measures to be taken to achieve the objectives set out in the Notice.

The project proposal must be accompanied by the following documentation, completed and/or drawn up in accordance with the [Annexes](#) to the Notice:

- (i) application form (**Annex 1**);
- (ii) sheet outlining the intervention (**Annex 2**);
- (iii) technical-illustrative report of the intervention and its appendix, to be drawn up according to the specifications indicated in **Annex 3**;
- (iv) economic framework of the intervention to be reported in **Annex 3**;
- (v) technical and financial implementation schedule, which also demonstrates the consistency of the timeframe with the deadlines set by the NRP for the M2C4 - I4.2 investment (awarding of works by 30 September 2023 and completion of activities by 31 March 2026), to be reported in **Annex 3**;
- (vi) self-declaration of the implementing entity to be drafted according to the format indicated in **Annex 4**.

Applications must be submitted by accessing the "Gestione Misure" platform available at the following website: [https://dgdighe.mit.gov.it/categoria/articolo/\\_investimenti/misura\\_4\\_2](https://dgdighe.mit.gov.it/categoria/articolo/_investimenti/misura_4_2).

Previous PNRR Observers are available on the Chiomenti website in the [publications](#) section.

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<sup>5</sup> See Ministero dell'Economia e della Finanza, Dipartimento della Ragioneria Generale dello Stato, nota di chiarimento sulla Circolare del 14 ottobre 2021, n. 21. Available at: [https://www.rgs.mef.gov.it/\\_Documenti/VERSIONE-I/CIRCOLARI/2021/33/Circolare-del-31-dicembre-2021-n-33.pdf](https://www.rgs.mef.gov.it/_Documenti/VERSIONE-I/CIRCOLARI/2021/33/Circolare-del-31-dicembre-2021-n-33.pdf)