

Environmental and Social Data Sheet

Overview

Project Name:	GREEN FOR GROWTH FUND IV
Project Number:	2019-0307
Country:	Regional South-eastern Europe, European Neighbourhood East region, European Neighbourhood South region
Project Description:	A fund targeting energy efficiency and renewable energy investments in South-eastern Europe, Eastern European Neighbourhood and Middle East and North Africa regions.
EIA required:	Not applicable
Project included in Carbon Footprint Exercise ¹ :	Not applicable
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

Environmental and Social Assessment

The proposed operation concerns an investment of EUR 25m into the Green for Growth Fund ("GGF"), a debt fund targeting small-scale energy efficiency ("EE") in the industry and residential sector and renewable energy ("RE") projects such as solar PV and wind in three regions: Southeast region ("SEE" - Albania, Bosnia and Herzegovina, Croatia, North Macedonia, Montenegro, Serbia and Turkey-), the European Neighbourhood region ("ENR" - Armenia, Azerbaijan, Georgia, Moldova and Ukraine-) and the Middle East and North Africa region ("MENA" - Egypt, Jordan, Lebanon, Morocco, Palestinian territories and Tunisia). A Technical Assistance Facility operates alongside the Fund, providing dedicated services to local banks and projects, including EE credit line development, environmental and social impact assessment, energy audits and capacity building.

An Environmental & Social Management System (ESMS) including communication mechanism for external stakeholders as part of their grievance redress mechanism applicable to its entire portfolio, based on EIB requirements is already operational. If required the ESMS will need to be updated and enhanced in line with latest EIB policy developments including the revision of the exclusion list to be in line with the Bank's current list of excluded and restricted activities. The Bank's monitoring experience with the Fund's ESMS has been very good so far. Specific regional or in-country knowledge may be contracted out by the Fund thanks to the TA facility, as and where required, just as this has been done in its existing operations.

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.

Luxembourg, 14.11.2019

In addition to what is required by national legislation, notably for screened out Annex II projects (as defined under the EU's Environmental Impact Assessment Directive 2014/53/EU amending 2011/92/EU), the Fund performs environmental and social due diligence to ensure that potential risks and appropriate prevention, mitigation and compensation measures are identified through an environmental and social impact screening/assessment, when relevant, including satisfactory and meaningful public consultation and participation. If an underlying investment is subject to an Environmental and Social Impact Assessment, the Fund Manager publishes the study on its website for stakeholders to access.

Projects with significant negative impact on areas with high biodiversity value, nature conservation areas, bird or fish migration routes are excluded by the Fund. If a project has the potential to affect a nature conservation zone or any other sensitive area as defined in national legislation or European Directives, the Fund shall obtain confirmation from the competent nature conservation authority - following an Appropriate Assessment satisfactory to the Bank - that the scheme does not have a significant negative impact on any site of nature conservation importance.

Depending on technologies, further sector-specific Directives (e.g. Water Framework Directive, Industrial Emissions Directive, Waste Framework Directive, Renewable Energy Directive) may apply. In addition, all underlying projects using biomass will be required to comply with the Bank's sustainability criteria for biomass. For investments via financial institutions (FIs), the Fund analyses their E&S capacity and performance. FIs are required to have a social and environmental management system in place, disseminate and provide training to their staff on E&S guidelines, as well as perform satisfactory E&S due diligence on projects (typically the small RE projects). Depending on the E&S capacity of the financial institution (as assessed by the Fund), technical assistance can be proposed and implemented to vet E&S aspects of each renewable energy project under a credit line.

For direct project loans, the Fund performs appropriate E&S due diligence and can also make use of TA to analyse and improve E&S studies and monitoring programmes, bringing them up to acceptable standards.

For projects outside of the EU, the Fund manager will ensure compliance of the investments with the E&S national laws and regulations, principles of the EU relevant directives and the EIB's E&S standards.

The Bank has been receiving satisfactory E&S information regularly from the Fund since it became a shareholder. Furthermore, the Fund's E&S performance is audited by an external party at least once every two years.

Conclusions and Recommendations

The capacity of the Fund manager to ensure compliance to the Bank E&S requirements is considered to be very good. E&S reporting by the Fund to the EIB will be requested on an annual basis, covering adequate information on the due diligence undertaken for new investments, and other E&S implementation / operational matters for all investments.

Taking into account the existing ESMS and the reporting undertakings proposed, the operation is considered acceptable for Bank investment in environmental and social terms.