

Luxembourg, 15.11.2023

Environmental and Social Data Sheet

Overview

Project Name:	BRD GREEN FINANCE FL I
Project Number:	2022-0792
Country:	Rwanda
Project Description:	Financing of climate action and environmental sustainability projects in Rwanda through a Framework Loan with the Development Bank of Rwanda (BRD)
EIA required:	Some projects may require an ESIA.

Project included in Carbon Footprint Exercise¹: No

Environmental and Social Assessment

The operation consists of a Framework Loan (FL) to the Development Bank of Rwanda (BRD), the “Financial Intermediary”, or “FI”. The multisector FL targets projects in Rwanda eligible for Climate Action and Environmental Sustainability (CA&ES). The primary sectors concerned with this operation are energy, sustainable agriculture, waste recycling, new energy efficient buildings, and e-mobility. Most projects concern mature technologies such as solar PV and small-scale (less than 10 MW capacity), run-of-river hydropower projects, electric buses and certified sustainable building practices. In addition, the FI may invest in energy access projects such as mini-grids and solar home systems, as well as supporting waste and recycling projects that are approved by the Bank.

Environmental Assessment

The environmental and social impact of most of the projects, if appropriately designed and operated, is likely to be limited, with no significant negative residual effects. However, the projects vary considerably in size and nature.

Depending on the sectors and project type and location, it is expected that a full Environmental and Social Impact Assessment (ESIA), and/or a biodiversity impact assessment, will be required for some investments. Regardless, the FI will be required to perform an assessment of environmental and social risks for each project and to follow through the environmental and social performance during project implementation. For investments subject to an ESIA and/or biodiversity assessment as defined by national legislation, the FI shall ensure that these are carried out as required and the related public consultation is undertaken in accordance with national legislation and the EIB performance E&S standards. The FI would also require such assessments if the investment required one (if located in the EU) in accordance with EIA Directive 2014/52/EU amending Directive 2011/92/EU. The FI will ensure that the EIB’s Environmental, Climate and Social Guidelines on Hydropower Development will be applied for any hydropower project presented for finance under this operation.

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.



Luxembourg, 15.11.2023

Projects with significant negative social or environmental impacts will not be allowed. If a project is likely to affect a nature conservation zone/site or other sensitive areas as defined in national or international conventions, the FI shall ensure it obtains confirmation from the competent authority – following a biodiversity impact assessment in line with EIB requirements – that the project does not have significant negative impacts on any site of nature conservation importance.

The net emission savings of this operation cannot be reliably estimated at this stage given its multisector character and expected changes in the project pipeline. However, the Bank will require the FI to collect further related monitoring information from the projects.

Social Assessment

The FI will be required to undertake additional measures in case of concern to mitigate against the risk of forced labour in the supply chain. This will include enhanced due diligence, on a reasonable effort basis, commensurate to the size of the project, ensuring that relevant obligations are passed on in supplier contracts.

The FI's Environmental and Social Management System (ESMS) includes the requirement to establish an appropriate grievance redress mechanism ("GRM") at project level. The GRM will be commensurate with the level of E&S impacts and risks of the underlying project and will be designed to ensure that any individual or community who believes they are or might be adversely affected by a project is able to file a grievance or complaint using the grievance process.

Other Environmental and Social Aspects

The FI will be required to ensure compliance of the eligible investments with the EIB Excluded Activities, the EIB E&S Standards, as well as the E&S national laws and regulations. The FI's environmental and social due diligence processes are well integrated in the investment process and are documented in detail. When relevant, the FI shall deliver the ESIA report and other relevant environmental documents to the EIB.

The FI already has an E&S policy in place and has developed an ESMS which is almost fully in line with the EIB standards. The ESMS, inter alia, describes the approach to identify and manage E&S risks within investment and portfolio management processes, and defines roles and responsibilities. Consistent application of the ESMS approaches and procedures in concrete projects will be reinforced through revision of and feedback on allocation requests for higher risk projects.

The FI does not have former experience in applying the EIB's Environmental, Climate and Social Guidelines on Hydropower Development, which will be an EIB requirement. Technical assistance to the FI is foreseen to include the introduction and application of the Guidelines.

The FI E&S team consists of four E&S specialists and forms part of the risk department. This team, further reinforced by two internal sector specialists, and where necessary with additional external resources, including abovementioned technical assistance, has the experience and capacity to apply the EIB's E&S standards and environmental and social requirements.

Conclusions and Recommendations

The FI's capacity, E&S policy and ESMS provide comfort and support the fulfilment of the EIB's standards under this operation. The investments targeted by the operation are not expected to have major social and environmental impacts, provided that all mitigation measures assessed by the FI and the Bank at project level are implemented.

Additionally, the Bank will require the following:

For all eligible projects, the FI will be required to adhere to the EIB's E&S standards.

- All eligible projects shall comply with national legislation and international conventions and agreements ratified by the host country.



Luxembourg, 15.11.2023

- The FI will be required to undertake additional measures in case of concern to mitigate against the risk of forced labour in the supply chain. This will include enhanced due diligence, on a reasonable effort basis, commensurate to the size of the project, ensuring that relevant obligations are passed on in supplier contracts.
- The FI's ESMS will be adjusted to align it with EIB requirements, mainly incorporating physical climate risks.
- The FI will not present any hydropower projects before the technical assistance on the application of the EIB's Environmental, Climate and Social Guidelines on Hydropower Development is completed, to the satisfaction of the EIB and the consultant implementing the technical assistance.

With these conditions in place, the FI is considered acceptable for the Bank in environmental and social terms.