

Luxembourg, 06.02.2024

## Environmental and Social Data Sheet

### Overview

Project Name:	EBID - ECOWAS CLIMATE ACTION FL
Project Number:	2022-0361
Country:	West Africa (Regional)
Project Description:	Multisector Framework Loan with the ECOWAS Bank for Investment and Development (EBID).
EIA required:	Some underlying projects may require an ESIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	No

### Environmental and Social Assessment

The operation concerns a Framework Loan (FL) to the ECOWAS Bank for Investment and Development (EBID), the Financial Intermediary (FI). The multisector FL targets projects within the ECOWAS member states. These are predominantly (at least 70%) projects eligible for Climate Action and Environmental Sustainability (CA&ES), with the remainder still being eligible for EIB financing. The primary sectors concerned with this operation are renewable energy and sustainable agriculture. Most projects concern mature technologies such as solar PV and rural solar PV based water pumping stations for crop irrigation.

#### Environmental Assessment

The main Environmental and Social (E&S) risks and impacts of the operation derive from the E&S risks associated with the underlying projects which are expected to vary considerably in size and nature. The typical risk areas include environment, economic displacement, health and safety as well as labour and working conditions. The E&S impact of most of the projects, if appropriately designed and operated, is likely to be limited, with no significant negative residual effects.

Depending on the 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 of the underlying projects. Regardless, the FI will be required to perform an assessment of E&S risks for each project and to monitor the E&S performance during project implementation. For projects 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 E&S standards. The FI will also require such assessments, if required by the underlying projects (if located in the EU) in accordance with EIA Directive 2014/52/EU amending Directive 2011/92/EU.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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For any projects requiring an ESIA, screening decisions from local Competent Authorities will be made available to the Bank. When relevant, the FI shall deliver to the Bank the ESIA report and other relevant environmental documents.

Projects with significant negative residual E&S 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 Green House Gas (GHG) emission savings of this operation cannot be reliably estimated at this stage given its multisector character, the relatively early stage of the project pipeline and the related expected changes in the latter. However, the Bank will require the FI to collect further related monitoring information from the underlying projects.

### **Social Assessment, where applicable**

The FI has an Environmental and Social Management System (ESMS) which includes reference to labour standards, rejecting the use of any form of forced or compulsory labour, applicable, inter alia, to the supply chain of the underlying solar PV projects, in compliance with the applicable provisions of the relevant E&S standards of the Bank. The FI will be required to undertake, on reasonable efforts basis, enhanced due diligence also guided by the FI's human rights commitment, and ensure that appropriate contractual provisions are cascaded to contractors/suppliers of the underlying projects.

The FI's ESMS includes the requirement to establish an appropriate grievance redress mechanism ("GRM") at underlying 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 GRM process.

### **Other Environmental and Social Aspects**

The FI will be required to ensure compliance of the eligible projects with the EIB Excluded Activities, the EIB E&S Standards, as well as E&S national laws and regulations. The FI's E&S due diligence processes are documented in detail and integrated in the financing process. 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 financing 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, in combination with envisaged Technical Assistance (TA) provided to the FI.

The FI's Environmental Unit consists of two E&S specialists directly under the Vice-President of Operations. This team, further reinforced by additional external resources, and including the abovementioned TA, is deemed to have the experience and capacity to apply the EIB's E&S standards and E&S requirements.

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## Conclusions and Recommendations

The FI's capacity, as reinforced by the foreseen TA, its E&S policy and ESMS, provide comfort and support towards the fulfilment of the EIB's standards under this operation. The underlying projects targeted by the operation are not expected to have major E&S 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.
- The FI shall not commit any EIB funds against projects that require an ESIA or biodiversity assessment without, prior to commitment, receiving the consent from the Competent Authority, and sending the ESIA to the EIB.
- 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 efforts 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.

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