

Public

Environmental and Social Data Sheet

Overview

Project Name:	DBSA CLIMATE ACTION FACILITY	
Project Number:	20190296	
Country:	South Africa	
Project Description:	Credit facility to the Development Bank of Southern Africa (DBSA) for on-lending to private sector climate action projects in South Africa.	
EIA required:	some sub-projects may require an EIA	
Project included in Carbon Footprint Exercise ¹ :	no	(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

The Financial Intermediary (FI) DBSA is a development finance institution wholly owned by the Government of South Africa (GoSA) operating in South Africa and the rest of Africa. The FI's primary purpose is to promote economic development, regional integration and growth through development and infrastructure finance.

Most Climate Action sub-projects under the envisaged operation with DBSA are expected to be small renewable energy (mainly small-scale PV), along with 25% water treatment and transportation² sub-projects, with limited environmental impact. These sub-projects will generally have positive environmental impacts, notably by reducing energy consumption, GHG emissions and thus helping to mitigate climate change. In addition, as the sub-projects will be mainly carried out in already built environments, they are expected to carry limited environmental and social risks. All sub-projects under this operation will be financed directly by DBSA

DBSA undertakes a rigorous investment appraisal for all programmes and projects that it considers for financing. DBSA has developed strong Environmental and Social Safeguards Standards (ESSS), which are in line with the IFC's Performance Standards on Environmental and Social Sustainability (ESS) and are broadly in line with EIB Environmental and Social Standards. All projects funded by DBSA must comply with DBSA's ESSS, which have been assessed favourably by the Green Climate Fund and the Global Environment Facility. In addition, the sub-projects funded through this operation will need to comply with EIB Environmental and Social Standards.

In order to implement any action necessary to meet the requirements of DBSA Safeguards, DBSA requires its clients to have in place an appropriate Environmental and Social Management System (ESMS), the elements of which are outlined in the DBSA Environmental Appraisal Framework (EA Framework). The purpose of the EA Framework is to ensure that DBSA's environmental appraisals are applied in a consistent

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 positive or negative.

² The sub-projects in these sectors would need to fulfil the Bank's Climate Action eligibility criteria.

manner that supports and enhances DBSA's decision-making processes for sustainable socio-economic development in the region.

DBSA has a strong team of dedicated Environmental and Social Specialists.

Conclusions and Recommendations

The E&S risk management process of the Financial Intermediary complies with the requirements of the EIB for financial intermediaries, i.e. enables the appropriate identification, assessment and management of E&S risks and impacts, including:

- DBSA screens all final beneficiaries against a relevant list of excluded sectors and activities, including those activities which give rise to environmental impacts that are not largely mitigated and/or compensated;
- DBSA ensures that the final beneficiaries/sub-projects act in accordance with relevant laws and regulations related to environmental and social issues;
- DBSA screens and assesses all projects for their environmental and social impact with a team of five dedicated E&S specialists comprising engineers and environmental or social scientists.

Additionally, the Bank will require the following:

- Sub-projects with significant negative impacts on areas with high biodiversity value and nature conservation areas will not be eligible. Similarly, Sub-projects that involve involuntary resettlement of persons or have a potentially adverse impact on indigenous communities and/or peoples will be excluded.
- For subprojects which are subject to an ESIA (Environmental and Social Impact Assessment), the Financial Intermediary shall refer this sub-project to the EIB and retain on file a copy, provide a digital copy to the Bank, and confirm that the sub-project incorporates all mitigating measures recommended as a result of the ESIA.

Under these terms, it is considered that the procedures carried out for individual sub-projects verified and monitored by the Financial Intermediary will appropriately address environmental and social issues and ensure that the Sub-projects to be financed under this Loan meet the Bank's requirements.