

Environmental and Social Data Sheet

Overview

Project Name:	<i>INTERACT CLIMATE CHANGE FACILITY III</i>
Project Number:	<i>2019-0667</i>
Country:	<i>Regional – Africa the Caribbean and the Pacific (ACP)</i>
Project Description:	<i>Replenishment of EUR 50 million from the IF to co-finance climate-friendly investments by the private sector in ACP countries on a pari passu basis with the European Development Finance Institutions and Agence Française de Développement.</i>
EIA required:	<i>Some schemes may require EIA</i>
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

The project refers to the replenishment of the Bank's contribution to Interact Climate Change Facility ("ICCF" or "the Facility"), an initiative of certain European Development Finance Institutions ("EDFIs"²), as well as the Agence Française de Développement ("AFD") and the EIB (jointly "the Partner Institutions").

ICCF seeks to promote the use of renewable energy (RE) and clean technologies as well as energy efficiency (EE) by providing long-term financing to private promoters in sub-Saharan Africa, the Caribbean and the Pacific (ACP).

Each of the originating EDFI partners (or "Promoting Partner") is responsible for the due diligence, structuring, contracting and monitoring tasks of their investments. Co-financing participants rely on the work done by the originating Promoting Partner.

As an overarching principle, the facility will be ruled by the 'EDFI Principles for Responsible Financing of Sustainable Development'³. This requires that the investee companies follow, inter alia, the IFC Performance Standards on Environmental and Social Sustainability, its Environmental and Health & Safety Guidelines, as well as the most relevant ILO conventions.

In addition, the Bank will assess all projects financed by it based on the EIB Environmental and Social standards, excluding those which are non-compliant.

The vast majority of the identified investments, including grid connected solar PV, onshore

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.

² EDFI, European Development Finance Institution, the association of European development finance institutions, represents 15 European bilateral DFI (<https://www.edfi.eu/about-dfis/what-is-a-dfi/>).

³ https://www.edfi.eu/wp/wp-content/uploads/2017/09/EDFI-Responsible-Financing-SDG_Principles_final_190515-1.pdf

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wind and small hydropower, will undergo full ESIA, as required by the respective national regulations. Some projects may not be subject to an ESIA process, due to their technical characteristics, but in line with best international practice, they would require a thorough screening in all cases, and potentially require public consultation. ESIA studies will be published by the responsible Promoting Partner or the Bank where relevant.

Specific measures will be required with respect to financing in the hydropower sector, because of its potential higher risks and impacts. In line with the EIB's Hydropower Guidelines⁴, the Promoting Partner will perform an environmental assessment of each project, paying particular attention to the impacts on biodiversity, people living in the project affected area and potential cumulative impacts of the projects. The Promoting Partner will be required to verify that none of the schemes has a significant negative impact on any site of nature conservation importance, including sites protected under national legislation and international agreements. EIB will also assess the hydropower projects to ensure compliance with the Bank's requirements.

Other assessment

Concerning gender strategy, EDFI partners are committed to ensuring that, for the operations included in this facility, the 2X Challenge Criteria (<https://www.2xchallenge.org/>)⁵ will be included as an EDFI standard for gender-smart investment.

Conclusions and Recommendations

The facility's procedures to ensure compliance with the EIB E&S Standards, core E&S requirements, as well as the E&S national laws and regulations, appear acceptable in view of its specific project pipeline and geography.

Projects financed by the Bank will require the Promoting Partners to ensure the application of the EIB's environmental and social requirements, as well as the Hydropower guidelines.

EIB will propose to the partners the creation of a joint E&S sub-committee, where all E&S aspects will be presented and discussed.

In case of potential non-compliances, the Bank will opt out and not finance such schemes.

Based on these conditions, the operation is considered acceptable for the Bank in environmental and social terms.

⁴ Environmental, Climate and Social Guidelines on Hydropower Development (https://www.eib.org/attachments/eib_guidelines_on_hydropower_development_en.pdf)

⁵ The 2X Challenge is a commitment reached in 2018 by the "G7 DFIs" of Canada, France, Germany, Italy, Japan, UK and US, in order to invest and mobilise \$3bn to advance women as leaders, entrepreneurs, employees and consumers through investments. Collectively they developed a set of 2X Challenge Criteria to help identify and promote gender smart investments