

Environmental and Social Data Sheet

Overview

Project Name:	THE URBAN RESILIENCE FUND (TURF) B
Project Number:	2020 0085
Country:	Regional – non OECD Countries
Project Description:	Layered fund developing and investing in sustainable and resilient urban infrastructure.
EIA required:	Multiple projects (Equity Fund), some 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

Environmental Assessment

The operation relates to an equity investment in the Urban Resilience Fund B (the Fund) being a part of wider The Urban Resilience Fund Global Platform (TURF), a sustainable and resilient urban infrastructure investment fund managed by Meridiam SAS (Fund Manager) promoted by the Rockefeller Foundation.

The Fund will operate in non OECD countries, targeting primarily Africa. It will have a multi-sector approach supporting greenfield investments in urban infrastructure projects addressing community needs and providing essential public services targeting sustainable urban mobility, energy transition, built environment, smart city solutions, waste management and circular economy and resource efficiency.

The Fund’s project pipeline is still at early stage without any firm selection of the schemes, but its target portfolio may include activities with potentially significant adverse environmental and social (E&S) risks and impacts.

Risks associated with the implementation of the projects where the Fund would invest may include but are not limited to: (i) environmental impacts such as air emissions, waste management, hazardous materials, (ii) OHS (occupational health and safety) as well other risks such as process safety, gas releases, chemical hazards and fire and explosions, (iii) community issues such as land acquisition, involuntary resettlement, health, safety and

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 uCO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

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security; potential impacts on indigenous and other vulnerable communities, (iv) biodiversity conservation and stakeholder engagement.

Environmental and social assessment of projects as well as any potential impact risk mitigation will be delegated to the Fund Manager. The Bank's assessment confirmed its proven capacity to identify and manage the potential environmental and social risk and impacts associated to the projects in the pipeline and to maintain and operate an appropriate environmental and social management system.

In addition to the investment windows, TURF will be complemented with Catalytic Capital Fund (CCF) managed and operated by Meridiam SAS and providing technical assistance support to cities and project developers for the preparation of projects including looking into environmental and social aspects.

With the aim to focus on resilient public infrastructure projects, the Fund Manager will assure that each potential investment will be screened for its resilience to external shocks with a dedicated resilience screen toolbox (including, but not limited to the impacts of climate change) as well as for its contribution to the enhancement of the resilience of the city as a whole to such shocks.

The Fund will be contractually obliged to keep its E&S Risk Management System (ESMS) aligned with the Bank's requirements. In addition, EIB will require an appointment of an Environmental, Social & Governance Officer as a member of the investment team.

It is expected that during the development phase, depending on respective legal and regulatory systems in place, investments will be scrutinised by the competent authorities throughout the planning permission process.

Social Assessment, where applicable

The investments' overall social impact is expected to be positive resulting from the Fund strategy targeting resilient public infrastructure projects with a high social and economic impact and resulting with projects essential for local societies in non-OECD countries that otherwise may not have been taking place.

The Funds' investments are expected to focus on development of urban public infrastructure facilitating better access to essential public services and contributing to human development and improvement of the quality of life as well supporting economic growth and poverty reduction efforts.

Given the high E&S risk profile of the portfolio and to ensure adequate ESMS implementation, the prior to the disbursement of EIB funds will review the implementation of adequate ESMS procedures including the development of an external grievance mechanism and verify experience of the proposed ESG officer.

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

Public Consultation and Stakeholder Engagement

Conducting public consultation process enabling the participatory approach with the national and local authorities, beneficiary communities, civil society organisations, the youth and

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women, in order to record their needs and concerns about the project would be essential for the EIB.

Therefore, the Fund Manager will be obliged to follow the EIB E&S Standards and report to be Bank ex post on the outcomes of the public consultation process and identified key environmental and social issues.

Other Environmental and Social Aspects

The Fund has developed Environmental, Social and Governance (ESG) policies and impact strategies, which are integrated in its investment decisions and monitoring practices.

In September 2019, Meridiam adopted France's new Certified Benefit Corporation status confirming its commitment to concrete UN Sustainable Development Goals and rigorous evaluation of the impact of its investments. As a result, it has included sustainability and resilience objectives in its by-laws and corporate goals.

Fund Manager – Meridiam SAS received ISO certification every year since 2012 and a 2019 and was assessed by the UN PRI that scored Meridiam's overall approach to ESG as A+ (29/30) and its approach to infrastructure-related issues as A+ (30/30). Further, Meridiam's corporate social responsibility approach has been regularly audited as Advanced by Vigeo Eris41, one of Europe's leading non-financial rating and auditing agencies.

Furthermore, Meridiam has a dedicated set of tools with which it measures the impact of its funds and projects including a proprietary SDG impact tool, a Carbon Footprint Assessment and the 2-Infra challenge enabling measuring the alignment of portfolios with the 2°C target developed with other industry players.

Conclusions and Recommendations

The operation is a successful continuation of cooperation with an experienced Fund Manager in a similar equity fund in Africa that is now under implementation. Overall, the Fund Manager's capacity to manage the environmental and social issues is deemed good.

In addition to standard ESG policies, the Fund Manager is driven with a commitment to deliver high quality resilient infrastructure projects and is equipped with tools and a technical assistance facility (via CCF) enabling screening and preparing such projects.

The ultimate environmental and social issues of the targeted investments could not be assessed at this stage given the early nature of the project pipeline. It is expected that some may relate to potentially significant adverse environmental and social (E&S) risks and impacts. Relevant past operations with the Fund Manager including in Africa as well Environmental, Social and Governance (ESG) policies and impact strategies confirm full capability of the Fund Manager to manage E&S risks and impacts.

The Bank prior to the disbursement of funds will require that the Fund's ESMS is aligned with Bank's requirements including the development of an external grievance mechanism and that a dedicated ESG officer is appointed. The Fund would also be obliged to report on the outcomes of the public consultation process and identified key environmental and social issues.

Therefore, given the nature of the operation and the early stage of the Fund's pipeline subject to the conditions mentioned above, the operation is acceptable in environmental and social terms.