

Environmental and Social Data Sheet

Overview

Project Name:	DESIREE INVESTMENT ENVELOPE
Project Number:	2021-0056
Country:	REGIONAL - AFRICA
Project Description:	Implementation of a 5-year blending programme to deliver a programmatic intervention named DESIREE for 'DEmand side management, Social Infrastructures and Renewable Energy Expansion'.
EIA required:	Multiple projects schemes, some may require an EIA
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

Background

The proposed financing facility under the Impact Finance Envelope of the ACP Investment Facility is a finance envelope complemented by the funding provided by DG INTPA (The European Commission's Directorate-General for International Partnerships) under the DESIREE programme. The programme will focus on three segments: (1) Super-ESCOs, (2) Demand-Side Management (DSM) and (3) Social Infrastructure electrification. In particular DESIREE intends to support innovative and scalable business models in these three segments aiming to achieve significant Energy Efficiency (EE) improvements and sustainable rural electrification. The programme will be implemented in close cooperation with the European Commission (INTPA and EU Delegations).

The operation contributes to the implementation of the Sustainable Energy for All (SE4ALL) initiative, including the target to increase the share of new and renewable energy and promote renewable energy systems by 2030. In line with the extended Cotonou agreement, the project involves the private sector as key actor in achieving national and EU policy goals. The proposed project supports various Sustainable Development Goals, in particular SDG 7 (Affordable and Clean Energy), as well as SDG 13 (Climate Action), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 5 (Gender Equality), and SDG 17 (Partnerships).

Environmental Assessment

The specific actions targeted by DESIREE will include EE/electrification measures to increase thermal comfort (or reduce virtual cooling or heating demand), energy efficient lighting, renewable energy generation via installation of solar PV systems with and without batteries, solar water heaters, electric cooking, efficient lighting and other appliances, for instance related to cooling.

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

Luxembourg, 17.06.2021

The programme is therefore expected to have an overall positive environmental impact. Positive environmental impacts will be related to the reduction of energy and fossil fuel sources at final beneficiary level during operation, which would lead in turn to the reduction of GHG emissions. This in turn will also translate to lower operation costs for the final beneficiaries.

Negative environmental impacts during implementation phase are likely to be connected to air and noise pollution, increased vibration from construction and traffic activities, as well as waste management issues, resulting from construction activities. Adequate mitigation measures will be mandatory, together with the enforcement of best construction practices. It is expected that the residual impact of the investments targeted by the programme will be reversible and acceptable when appropriate mitigation measures are implemented.

If the projects under the programme were located within the EU, some of them would fall under Annex II of the EU EIA Directive, requiring the competent authorities to determine whether Environmental and Social Impact Assessments (ESIAs) are required.

The legal documentation to be concluded between the promoters of the sub-operations and the Bank shall include obligations for the final promoters to develop an Environment and Social Management System (ESMS) maintain organisational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities, and develop an Environmental and Social Action Plan (ESAP) (at company level) that will provide the subsequent measures and actions required in line with the Bank's Environmental and Social Standards.

Social Assessment

The programme is expected to lead to positive social impacts for beneficiary communities by enabling access and/or improving quality of supply for electricity. The provision of a more reliable source of energy will improve the living conditions for the beneficiaries in various ways, for example by contributing to increased access to non-polluting power for lighting, cooking, and other household and productive purposes, leading to productive time at home, increased income-generating activities, better health and nutrition, and improved education and literacy outcomes amongst children who can read and study for longer periods of time.

However, energy access/ EE projects also have the potential to result in negative social risks and impacts, particularly during construction and related to civil works. These risks may include but are not limited to (i) occupational health and safety risks; (ii) community issues such as impacts on stakeholder engagement, health, safety and security (iii) labour standards; and (iv) ecosystem services. The mitigation of key risks and impacts derive from the final promoters' capacity to identify and manage the potential social risks and impacts associated to projects in the pipeline and to maintain and operate an appropriate ESMS. Any sub-operations' ESAPs must be followed during construction and operation, complemented by any additional conditions set out by the environmental agency of the targeted geography for any particular sub-project. Social impacts must be managed within the ESAP, which will be required for Bank's review as a condition for disbursement in any EIB Finance Contracts, specifically on potential key social issues such as involuntary resettlement, rights and interests of vulnerable groups, labour standards, and occupational and community health and safety. It is expected that the final promoters of the sub-operations will be responsible for the inclusion of labour and OHSS provisions (including GBV) in contracts with contractors/sub-contractors.

The programme also has the potential to contribute to gender equality and women's economic empowerment. Evidence shows that access to electricity for socially marginalised groups such as women and youth, widows, and those with no formal education, presents opportunities for income-generating activities and helps address the affordability issue with people being able to pay for the electricity bills. Access to electricity, if gender-responsive enough, contributes to improving children's education and to reducing maternal and infant mortality.

Luxembourg, 17.06.2021

Public Consultation and Stakeholder Engagement

The legal documentation to be concluded between the promoters of the sub-operations and the Bank shall include close and meaningful consultation with communities, groups of vulnerable and marginalised peoples, NGOs, key ministries and local government officials as well as grievance redress mechanism. In addition, all relevant sub-operations' documents shall be disclosed in relevant websites and site-specific locations, which can be accessed by all potential stakeholders and interested parties and will include a record of the public consultations.

Conclusions and Recommendations

Each sub-operation under DESIREE will be screened against EIB E&S standards and any associated mitigation plans will be in line with our standards. During appraisal of the individual sub-operations, it will be confirmed that the promoters have fully understood the Bank's E&S requirements and are willing and capable to fully implement them within their ESG system. In order to strengthen the coordination and accountability aspects, the promoters will be required to designate a responsible E&S expert, who will oversee all the environmental and social aspects of the investments. Promoters will be supported by the Technical Assistance provided under the envelope.

Furthermore, the legal documentation to be concluded between the promoters and the Bank shall include obligations (i) on the promoters, to ensure that all projects comply with national legislation as well as the Bank's Environmental and Social standards as well as compliance with the EIB Excluded and Restricted Lists of activities, (ii) on the projects, to be designed and implemented in accordance with the EIB E&S Standards, core E&S requirements, as well as the E&S national laws and regulations .

In addition, the promoters shall collect and publish the ESIA and other E&S required studies, for the relevant sub-operations, on their web site for access by stakeholders, in compliance with the EIB's Transparency Policy, as amended from time to time and published on EIB's website (www.eib.org).

Further, for sub-operations, which are subject to ESIA process, the promoter shall refer these sub-projects to the EIB and retain on file a copy, provide a digital copy to the Bank, and confirm that the sub-projects incorporates all mitigating measures recommended as a result of the ESIA.

Finally, progress monitoring on compliance with relevant ESAP of sub-operations will be included as a requirement in the sub-operations' financial contracts.

With these contractual conditions in place, the operation is acceptable for EIB financing in environmental and social terms.