



Luxembourg, 18.05.2022

Environmental and Social Data Sheet

Overview

Project Name: EIFFEL ENERGY TRANSITION AFRICA FUND
 Project Number: 2021-0690
 Country: Africa

EIA required: Equity investment. Recurrent client. Multi-scheme projects targeting solar photovoltaic (PV), onshore wind, small-scale hydro and biomass. Depending on the technical characteristics of the investments financed by the Fund, sub-projects may be subject to an EIA.

Project included in Carbon Footprint Exercise¹: No

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Key Environmental and Social Risks and Impacts

The operation consists of an equity investment into a fund that will finance a variety of renewable energy technologies, mainly solar photovoltaic (PV), both utility scale projects and commercial and industrial ("C&I") hybrid solutions with energy storage, as well as onshore wind, small-scale hydro and biomass, located in Africa.

The environmental and social impact of most of the investments – if appropriately designed and operated – is expected to be limited, site-specific, and largely reversible with no significant negative residual effects after the implementation of mitigation measures. However, some of the investments within the scope of the Fund are more complex and can have higher environmental and social risks. This is particularly true for (but not limited to) the small hydropower projects, or projects which may affect local communities and require meaningful stakeholder engagement.

The Fund Manager will be required to ensure compliance with the EIB Excluded activities, the EIB Environmental and Social (E&S) Standards and core E&S requirements, as well as national laws and regulations.

It is expected that a full EIA will be required for some but not all investments. Regardless, the Fund Manager will be required to perform an assessment of environmental and social risks for each project, and follow through the environmental and social performance during project implementation. For investments subject to an Environmental and Social Impact Assessment (ESIA) or biodiversity assessment as defined by national legislation, the Fund Manager shall ensure that the Environmental and Social Impact Assessment is carried out and that the public consultation is undertaken in accordance with national legislation and in line with the EIB E&S standards.

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 increases and savings.



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The mitigation of key risks and impacts derive from the Fund's capacity to identify and manage the potential environmental and social risks and impacts associated with the projects in the pipeline, and to maintain and operate an appropriate environmental and social management system. Risks may include but are not limited to (i) involuntary resettlement; (ii) health, safety and security; potential impacts on indigenous and other vulnerable communities; (iii) biodiversity conservation and sites of nature conservation importance; and (iv) stakeholder engagement. Nevertheless, if appropriately designed and operated, investments should lead to only limited residual negative E&S impacts.

ESMS (Environmental and Social Processes and Capacity)

The Fund Manager has relevant E&S policies, and acceptable internal resources for identifying, assessing and managing E&S risks of investments throughout the investment cycle. An E&S manager is allocated to the implementation of the ESMS and supports the portfolio team. The Fund has already an environmental and social management system, but the Fund Manager has agreed to update and reinforce the ESMS to adhere to EIB's requirements, prior to signature.

Projects with significant negative social impact or environmental impact on areas with high biodiversity value or nature conservation will not be allowed. If a project is likely to affect a nature conservation zone or other sensitive areas as defined in national or international environmental legislations, the fund manager shall obtain confirmation from the competent nature conservation authority – following a biodiversity assessment in line with EIB requirements – that the scheme does not have significant negative impacts on any site of nature conservation importance.

The EIB will ensure that the fund manager's social requirements include social assessment and development of a management plan for mitigation and remediation of social impacts (as applicable), compliance with national laws and the principles and standards of ILO conventions², in particular prohibition of child or bonded labour, non-discrimination and equal opportunity of employment, occupational health and safety, as well as EIB Standard 8 – Labour.

The projects financed by the Fund are expected to have positive social impact, with environmental benefits through supporting sound on- and off-grid hybrid solar PV projects, i.e. commercial and industrial (C&I) rooftop- and ground-mounted solar PV systems, increased access to energy in Sub-Saharan Africa and sustainability in building green industry in the region.

In terms of positive environmental impacts, it is estimated that, once fully invested, the EIB-eligible subprojects supported by the Fund investments are expected to save around 389 300 tonnes of CO₂ equivalent emissions per year.

Conclusions and Recommendations

The Fund will incorporate the EIB's environmental and social requirements into its legal documentation to the satisfaction of the EIB, and will enhance its ESMS to incorporate the EIB's environmental and social requirements, including the development of a communication mechanism for external stakeholders as part of its Grievance Redress Mechanism applicable to the entire Fund portfolio.

To ensure adequate ESMS implementation, the Fund Manager will make use of dedicated independent E&S consultants, with relevant experience in Africa, applying the best international practice in their appraisal process for the due diligence of the first 6 transactions in solar/wind and biomass projects, and will submit them for review to the EIB. In addition, for each hydropower investment, instead, the Fund will be required to make use of appropriately skilled and independent environmental and social experts to confirm compliance with the EIB E&S Requirements (including those set in the EIB Guidelines on Hydropower Development).

² International Labour Organisation



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To complement its ESMS, the Fund Manager will also be required to:

- Designate a responsible E&S staff member with overall responsibility for the implementation of the ESMS supporting the portfolio team on a day-to-day basis and ensuring continued alignment with investors regarding E&S requirements at project level;
- Establish and implement a procedure for external communication allowing for receiving and registering communication from the public regarding environmental, climate and social issues, including making available ESIA studies;
- Fulfil the relevant requirements and recommendations of the EIB Guidelines on Hydropower Development and EIB's requirements for sustainable biomass sourcing;
- Provide regular updates on the Environmental and Social performance of its investments and include appropriate E&S conditions in its finance contracts with the borrowers.

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