



Luxembourg, 13/07/2022

Environmental and Social Data Sheet

Overview

Project Name:	<i>Green African Agri Value Chain – FCB Zambia</i>
Project Number:	20220385
Country:	<i>Republic of Zambia</i>
Project Description:	<i>Credit line First Capital Bank Zambia for on-lending to eligible SMEs and MidCaps active in agriculture value chains.</i>
EIA required:	EIA may be required for selected investments
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

Through the Green African Agri Value Chain – FCB Zambia the EIB will establish a credit line to First Capital Bank Zambia Ltd (FI) for lending to MSMEs and Mid-Caps in the agri-food sector in Zambia. The aim is to finance investments by these enterprises throughout agri-food value chains, from input supply, through post-harvest logistics, processing and distribution, with a focus on promoting climate action and gender equality.

Environmental Assessment

Some sub-projects financed by the FI in the agri-food sector may require Environmental and Social Impact Assessment (ESIA). For any investment subject to ESIA, according to national legislation or based on the application of the EIB Environmental and Social Standards, the FI will be required to ensure that the ESIA, including due public consultation, is conducted at a level that is in line with EU/international standards, and that the EIB is provided with a copy of the ESIA for publication on its website.

FCB Zambia was selected following extensive due diligence on the financial soundness and governance standards. EIB services will ensure that the selected FI have adequate Environmental and Social Management Systems (ESMS) in place to address environmental and social risks that are typical for MSME and Mid-Cap investments in the sector. When available, Technical Assistance will be provided to support the FI in improvement of existing ESMS to EIB requirements.

The ESMS system will ensure that the selected FI follows, in its respective business processes and operations, a systematic approach to the identification and management of relevant environmental and social issues, and the risks inherent to the sub-projects to be financed. Sub-projects with significant negative environmental impacts, among others on areas with high biodiversity value, nature conservation areas, including bird migration routes, are excluded.

Given the climate action focus of the facility, the FI is envisaged to commit to have at least 30% of total allocations to sub-projects tackling adaptation and mitigation, qualifying as such when compliant with agreed pre-defined criteria.

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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Social Assessment

As this facility aims to support investments promoting green investments in the bioeconomy as well as promoting gender equality, the FI will monitor and report on the adoption by loan recipients of practices, technologies and approaches related to these objectives.

The FI shall aim to achieve a minimum of 30% of the overall funding to be directed towards reaching gender goals in line with the 2X challenge criteria (entrepreneurship, leadership, employment or consumption).

Other Environmental and Social Aspects

Application of international standards will be required for investments in value chains identified as carrying specific environmental and social risks.

Conclusions and Recommendations

The participating FI will be required to apply the EIB Environmental and Social Standards and related reporting requirements.

In addition, the FI will submit, to the satisfaction of the Bank, an ESMS:

- integrating E&S considerations in compliance with: (i) national legislation and EIB E&S Standards; (ii) ILO Core Labour Standards; (iii) the FAO Voluntary Guidelines on the Responsible Governance of Tenure; and (iv) EIB lists of excluded and restricted activities as well as sector requirements; into their respective credit and investment decision-making processes,
- including a Grievance Redress Mechanism and Climate Risk Vulnerability Assessment, and
- including the organisational structure (roles and responsibilities) for the implementation of the ESMS.

Subject to the availability of blended resources, the Bank will provide TA support to the FI to develop its ESMS capabilities, including the required establishment of acceptable grievance redress mechanisms (and related reporting), to the extent that they are not already in place. The FI will ensure that adequate financial and human resources required for the implementation of the ESMS are made available.

With the above-mentioned conditions to be included in financial contract, the operation is acceptable to the EIB in environmental and social terms