



Luxembourg, 08.12.2022

## Environmental and Social Data Sheet

### Overview

Project Name:	BICE ARGENTINA - GREEN MBIL
Project Number:	2022-0316
Country:	Argentina
Project Description:	Loan supporting sustainable energy and bio-economy projects led by small and medium-sized enterprises (SMEs) and mid-caps.
EIA required:	Multi-scheme project. Depending on the technical characteristics and environmental and social impacts of the investments, sub-projects may be subject to an ESIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	No
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

### Environmental and Social Assessment

#### Environmental Assessment

The proposed operation will finance through BICE, as Financial Intermediary, sustainable energy and bio-economy projects led by SMEs and Mid-Caps in Argentina. The sub-projects to be financed are expected to include mostly energy efficiency (building renovations, industrial installations, high-efficiency CHP), and renewable energy projects (mainly solar PV and onshore wind), as well as some bio-economy investments (supporting sustainable production in agriculture and the food industry, bio-based products and other resource efficiency projects). All project allocations will have an individual total investment cost below EUR 25m.

The environmental and social impact of most of the energy efficiency investments targeted by the operation is likely to be limited, with no significant negative residual effects. They will generally generate positive environmental impacts, notably by reducing energy consumption, GHG emissions and thus help to mitigate climate change. However, some investments may carry social risks by association, for example on labour standards in SMEs. Some of the investments may be characterised by a significant footprint and may involve impacts on deforestation, biodiversity, indigenous peoples, vulnerable communities, involuntary land acquisition and/or resettlement, community and occupational health and safety among others.

The Bank will require the Financial Intermediary (FI) to take all the requisite measures to ensure that the due diligence procedures carried out by the final beneficiaries for the subprojects receiving Bank financing will comply with the EIB List of Excluded activities, national E&S legislation and the EIB Environmental and Social Standards.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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The investments shall be carried out in accordance with the basic principles of EU Directives 2014/52/EU (Environmental Impact Assessment); 2012/27/EU (Energy Efficiency); 2000/60/EC (Water Framework Directive); 2015/2193/EU (Medium Combustion Plant); and Industrial Emissions Directive (IED) Directive 2010/75/EU, including compliance with Best-Available-Technique (BAT), where appropriate.

For sub-projects which are subject to an EIA, the FI shall collect and publish the relevant ESIA documentation, retain on file a copy, provide a digital copy to the Bank, and confirm that the subproject incorporates all mitigating measures recommended as a result of the ESIA, in order to ensure compliance with the EIB's Public Disclosure Policy.

The FI will be required to verify that none of the schemes has a significant adverse impact on any site of nature conservation or high biodiversity value. For each scheme that may have an impact on a nature conservation site, written confirmation from the competent nature conservation authority, or an equivalent confirmation satisfactory to the Bank that the mentioned scheme does not have a significant negative impact on any site of nature conservation importance, should be presented as part of the allocation process. Schemes with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird migration routes, shall not be eligible.

The entire portfolio of this operation is expected to be in line with the EIB Paris Alignment requirements. Where the vulnerability to climate change for a sub-project has been identified as high, the FI will require the sub-project to carry out a climate risk vulnerability assessment in line with Standard 5 of the EIB E&S Standards.

### **Social Assessment**

The FI will be required to undertake reasonable efforts to ensure that the projects it finances are screened for any labour issues in the solar PV supply chain, and will endeavour where possible to cascade down similar requirements in its finance contracts. In line with this, BICE, inter alia and on a best efforts basis, will require the promoters to obtain, where practically achievable, certificates from suppliers certifying no violations of labour rights for the production of solar PV panels.

### **Other Environmental and Social Aspects**

The main ECS risks and impacts of this project relate to the ability of the FI to conduct adequate E&S due diligence and monitoring to identify and manage the ECS risks associated with their investments in line with the EIB's requirements. The FI has successfully implemented lines of credit from a number of international lenders and International Financial Institutions (IFIs), including a sustainable energy credit line with IDB and a previous similar operation for SMEs with the EIB.

The FI has an adequate E&S risk management system, a dedicated team, and ad-hoc experience, and is consequently considered capable to properly identify and manage E&S related risks of the underlying investments.

## **Conclusions and Recommendations**

The Financial Intermediary will perform environmental and social due diligence, to ensure that potential risks and appropriate prevention, mitigation and compensation measures are



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identified through an environmental and social impact screening/assessment. The schemes with significant negative impacts on areas with high biodiversity value and nature conservation areas will not be eligible. Similarly, schemes that involve involuntary resettlement of persons or have a potentially adverse impact on indigenous communities and/or peoples will be excluded.

Under these terms, it is considered that the procedures carried out for individual schemes, verified and monitored by the Financial Intermediary, will appropriately address environmental and social issues and ensure that the schemes to be financed under this operation meet the Bank's requirements.

In view of the above findings and conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.