



Luxembourg, 09 January 2024

Environmental and Social Data Sheet

Overview

Project Name:	Green African Agri Value Chain – Zambia Industrial and Commercial Bank (ZICB)
Project Number:	2022-0799
Country:	Zambia
Project Description:	The loan aims to provide financing to ZICB for on-lending to eligible SMEs and Midcaps with focus on agriculture value chains.
EIA required:	EIA may be required for selected investments.
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

The project is a EUR 15 million credit line to Zambia Industrial and Commercial Bank (ZICB), the financial intermediary (or "FI"), with the overarching objective to contribute to enhancing access to finance to private companies (SMEs and Midcaps) undertaking eligible investments in agriculture. At least 70% of the portfolio will be dedicated to eligible sub projects with a focus on sustainable agriculture value chains and related activities. Further, at least 30% of the overall portfolio will be earmarked for sub-project contributing to climate action and environmental sustainability and 30% towards gender equality by application of the 2x challenge criteria.

Environmental Assessment

Some sub-projects financed by the FI in the agribusiness sector may require an Environmental and Social Impact Assessment (ESIA). For any investment subject to an ESIA, either in accordance with national legislation or based on the application of the EIB's environmental and social standards, the FI will need to ensure that the ESIA, including proper public consultation, is carried out to a level that meets European/international standards, and that the EIB receives a copy of the ESIA for publication on its website.

The EIB has reviewed the FI's Environmental and Social Policy and will ensure that ZICB has an adequate Environmental and Social Management System (ESMS) in place to address the environmental and social risks that are typical of SME, mid-cap and cooperative investments in the sector.

The Bank will review and approve ex-ante all allocations, regardless of the size of the sub-loans or NACE codes, until ZICB has approved and rolled-out an ESMS to the satisfaction of EIB. This will be established as an undertaking. ZICB will also be supported by technical assistance to ensure that its business processes and operations embed a systematic approach to the identification and management of relevant environmental and social risks and impacts, as well as those inherent to the sub-projects to be financed.

Sub-projects with significant negative impacts on the environment, including areas of high biodiversity value and nature conservation areas, are excluded.

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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Given the Facility's focus on climate action and environmental sustainability, it is envisaged that the FI will commit at least 30% of its total allocations to adaptation and mitigation, and to environmental sustainability qualified as such when it meets the agreed pre-defined criteria.

Social Assessment, where applicable

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 adoption by loan recipients of practices, technologies and approaches related to these objectives.

Zambia Industrial Commercial Bank (ZICB) is committed to promote gender equality and combat gender-based discrimination and are in the process of developing its first gender mainstreaming policy. ZICB has a majority of women in its workforce and a gender balanced management team.

In Zambia, 40% of female-managed firms identify access to finance as a top constraint (World Bank, 2019) and only 13% of women in Zambia have borrowed to start, operate, or expand a farm or business (World Bank, 2017). The finance gap for women MSME owners in Zambia contributes to a total regional finance gap of \$48 billion (SME Finance Forum 2018.) In 2021, 24% of women and 33% of men received payments for agricultural products in the country (World Bank 2021). 64% of women in Zambia are formally employed in the agriculture sector while the quality of employment and opportunities for career progression varies.

ZICB is committed to increase women's access to finance through its lending practices and have in place several initiatives to help it achieve these. At least 30% of the EIB supported credit line will be dedicated to SMEs that meet one of the 2X challenge gender criteria around women's entrepreneurship, leadership, quality employment and/or consumption. Hence, the investment meets the 2X challenge portfolio criteria for financial intermediaries and will contribute to close access to finance gaps and improve quality opportunities for women in Zambia's agriculture sector.

Other Environmental and Social Aspects

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

Conclusions and Recommendations

Undertakings:

- Submit to the EIB a project fiche and any other required additional information for ex-ante review and approval for each project to be financed with the credit line, until the FI has in place an ESMS acceptable to the Bank.
- Maintain an adequate ESMS during the life of the operation and ensure that adequate financial and human resources required for the implementation of the ESMS are made available.
- Sub-projects with impacts on high biodiversity value, nature conservation areas, including bird migration routes, are excluded from EIB funding.

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