



Luxembourg, 20 February 2024

Environmental and Social Data Sheet

Overview

Project Name:	Green African Agri Value Chain - Bank of Kigali
Project Number:	2023-0482
Country:	Rwanda
Project Description:	The loan aims to provide financing to Bank of Kigali 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 50 million credit line to Bank of Kigali (or "BK"), the financial intermediary (or "FI"), in Rwanda with the overarching objective to contribute to enhancing access to finance to private companies (SMEs and Midcaps) undertaking eligible agribusiness projects. 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

Sub-projects financed by the financial intermediary may require the submission of an EIA. For any investment subject to an environmental and social impact assessment (ESIA), according to national legislation or based on EIB Environmental and Social Standards, the Financial Intermediary will be required to ensure that an ESIA, including due public consultation, will be carried, and that in all cases where a full ESIA is required, a copy of the ESIA study will be disclosed by the FI on its website.

The FI has sound governance standards and an 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. Nevertheless, following EIB's review, the financial intermediary will be required to ensure that adequate financial and human resources required for effective implementation of the ESMS are made available. The FI shall integrate in their organizational structure, roles and responsibilities necessary for the implementation of the ESMS. The ESMS will be communicated at all levels internally.

The revision of its ESMS to the satisfaction of EIB will be conditional to the first disbursement 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 impacts on high biodiversity value, nature conservation areas, including bird migration routes, are excluded from EIB funding.

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 climate action focus of the operation, an average of 30% of total allocations to sub-projects tackling adaptation and mitigation will be required at facility level, qualifying as such when compliant with 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.

BK is committed to gender diversity and inclusion. In 2018 the Bank started to implement gender-responsive policies that are overseen by an internal gender equality committee. As a result, in November 2023, BK had 43% women in its management team and 46% in its workforce with a target to reach 50%. Hence, BK meets both the 2X Challenge leadership and employment criteria.

The gender gap in access to agricultural loans remains significant in Rwanda. While 74.5% of men have access to agriculture loans only 25.5% of women does. Women owned or led agribusinesses are disproportionately constrained due to their business size, credit history and collateral requirements. Women are extensively employed in the sector however they often occupy informal jobs in the sector.

BK is committed to increase women's access to finance through its lending practices and has in place several initiatives and tools to achieve this goal. At least 30% of the EIB loan will be directed towards eligible SMEs that meet at least one of the 2X Challenge Criteria around women's entrepreneurship, leadership, quality employment and/or consumption. Hence, the investment meets the 2X challenge portfolio criteria for financial intermediaries.

As part of the ESMS, the Bank of Kigali has in place a Grievance and Redress Mechanism to ensure that any employee of the Bank, or any individual or communities who believe they are or might be adversely affected by a sub project financed by the FI is able to approach the Bank of Kigali to file a grievance or complain directly; and or anonymously with all guarantees and institutional protection. The FI will be required to maintain a process for external communications.

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

Disbursement Conditions:

- None

Undertakings:

- Within 12 months after signature, the Bank of Kigali shall provide (i) an evaluation of the existing ESMS and (ii) to the satisfaction of the Bank, an amended ESMS incorporating the EIB recommendations and notably concerning the grievance redress mechanism.
- Prior to the revision of the ESMS to the satisfaction of the Bank, the Bank of Kigali shall not allocate EIB funds to sub-projects classified as "Impact level 3 (category 3) or High Risk" as defined in the ESMS.



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- Maintain an adequate ESMS 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.