

Luxembourg, 19.11.2025

## Environmental and Social Data Sheet

### Overview

Project Name:	ELECTRICITY INTEGRATION & ENERGY TRANSITION - CR
Project Number:	2025-0019
Country:	Costa Rica
Project Description:	This is a sub-operation of the EU's Global Gateway in Costa Rica (CR) under the ELECTRICITY INTEGRATION OF CENTRAL AMERICA Lending Envelope (2024-0300), which contributes to implementing the Global Gateway Investment Agenda (GGIA) flagship initiative in Central America. Through the public utility company Instituto Costarricense de Electricidad (ICE), this flagship project will finance the construction of renewable energy generation capacity, as well as the construction and upgrade of transmission, distribution and battery storage infrastructure in Costa Rica.
EIA required:	This is a Framework Loan operation. Some of the underlying allocations will require an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The Promoter of this operation is “Instituto Costarricense de Electricidad” (“ICE” or “the Promoter”), a vertically integrated public utility company, main electricity generator in Costa Rica, operator and major owner of the electricity transmission system, and the most relevant concessionary of the electricity distribution and commercialisation services in the country. The pipeline presented by the Promoter comprises of medium and large-scale renewable electricity generation plants (mainly solar photovoltaic (PV) in the range 10-90 MW), battery storage facilities, as well as transmission and distribution grid investments aiming at improving the quality and reliability of electricity supply services.

Due to the nature of this operation, the final allocations (sub-projects) and their environmental and social (E&S) impacts are not fully known at this stage. The Bank's requirements with regard to eligibility, including environmental and social criteria, will be incorporated into the finance contract. The operation supports the EU policy objectives and climate action outside Europe. The financing of this operation is in line with the Bank's lending priority objectives and contributes to the climate and energy priority under the Global Gateway, which promotes the green transformation and commitments of the Paris Agreement on climate change. Additionally, in the context of the Nationally Determined Contributions agreed in the COP21, Costa Rica has determined a series of objectives of reducing greenhouse gas emissions, to which the operation will contribute.

Law 7554 is the Environmental Organic Law of Costa Rica, enacted in 1995. It sets the legal framework for environmental protection and sustainable development in the country. In the context of Environmental and Social assessment, Law 7554 outlines several general requirements that aim to ensure environmentally responsible project development. Projects that may cause significant environmental impact are required to undergo an Environmental and

<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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Social Impact Assessment. This is handled through the National Environmental Technical Secretariat (SETENA).

## **Environmental Assessment**

SETENA classifies projects based on their potential environmental impact. Screening and scoping criteria/procedures for an E&S assessment are outlined under Executive Decree 43898 dated 21.12.2022.

The renewable energy projects in the pipeline exceed the threshold of 1,501 kW established in the Decree 43898 and will be therefore required to undergo an Environmental and Social Impact Assessment (ESIA). This would also apply for the planned battery storage installations and substations whose capacities are expected to be over the same threshold i.e. 1,501 kW.

The high-medium voltage transmission/distribution lines, all expected to have a length above 1,000 m also will be required to undergo an ESIA according to the national legislation (the Decree 43898).

All sub-projects will undergo appraisal on E&S matters and alignment with the basic principles of the relevant EU Directives will be sought, including compliance with Best-Available-Technique (BAT), where appropriate.

Impacts on the environment coming from renewable energy (particularly solar PV) plants are likely to consist in vegetation clearance, land degradation, noise, dust and increased traffic during the construction phase and visual and land use impacts during operation. These impacts are unlikely to cause any significant negative residual effects on the environment. The electricity network investments have the potential for some environmental and social adverse impacts, including land degradation and soil erosion, vegetation clearance, disturbance during construction, electromagnetic fields and nuisance during operation. The Promoter has the capacity of and is committed to implementing the necessary mitigating measures at both design and construction stages. These typically include special construction procedures to minimise damages and disturbance, construction of facilities to contain oil leaking from transformers of grid infrastructure, soil restoration, traffic management measures, appropriate waste collection procedures and others.

Given that the final locations and/or routing of the underlying sub-projects are not yet known, an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF) and a Stakeholder Engagement Framework (SEF) will be prepared by the Promoter. These documents will set out the principles, rules, guidance, steps, responsibility and procedures for assessing and addressing environmental and social risks and impacts as part of the process of sub-project preparation. They will also address any gaps between national legislation and the EIB E&S standards. The RPF will also outline the main principles for managing any potential involuntary resettlement, which would be mainly economic due to the temporary disruption of economic activities during construction, loss of agricultural land needed for the generation infrastructure, transmission lines and substations. The ESMF and RPF will constitute a common framework for the compliance of the project with the Environmental and Social Sustainability Framework (ESSF, 2022) of the EIB.

At allocation stage, prior to the Bank's approval of the sub-project, the Bank will review the environmental and social documentation related to the underlying investments (ESIAs), as well as other relevant documentation such as Environmental and Social Management Plans (ESMP), Stakeholder Engagement Plan (SEP), Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP), Biodiversity Action Plan (BAP), etc., prepared by the Promoter as per the Project ESMF and RPF.



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In line with the requirements of the EIB Standard 4 on Biodiversity and Ecosystems, the Promoter will be required to ensure that none of the sub-projects has a significant adverse residual impact on any site of nature conservation importance, nor on critical habitats.

### **Climate Change**

The Project will have a significant contribution to Climate Change mitigation, which stems from the generation and transmission/distribution of renewable energy. Climate Change Vulnerability Assessments (CRVA) will be performed by the Promoter for each individual sub-project, in line with the EIB Environmental and Social Standards.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The Promoter (Counterparty) is in scope of the PATH framework, but screened out because it has less than 20% annual consolidated revenues coming from high-emitting sectors and is not highly vulnerable to Physical Climate Risk. The Counterparty is deemed to meet the requirements of the PATH framework. No further action is required from the Counterparty apart from complying with the undertaking on incompatible activities.

### **Social Assessment**

The envisaged sub-projects may give rise to typical occupational and community health, safety and security risks and impacts. These risks are primarily linked to traffic, dust and noise nuisances, presence of security personnel and the influx of labour force during construction. The Promoter will secure the right-of-way, as necessary. The main mitigation and monitoring measures to address these risks/impacts and others will be considered in the respective Environmental and Social Management Plan (ESMP).

The Bank will require that the assessment of social impacts, including the development of necessary mitigation measures (as applicable), and compliance with national law and ILO Core Labour Standards, should be ensured by the Promoter at sub-project level in accordance with the Bank's Environmental and Social Standards. Sub-projects may involve temporary loss of access to land or property due to construction works within the right-of-way as well as crop and tree destruction. Sub-projects will require the acquisition, lease or easements of land for the installation of their components. The Promoter will seek to secure voluntary agreements for the land required for all sub-projects' assets. It is expected that the implementation of the operation will not lead to involuntary physical displacement. Sub-projects with physical displacement and/or impact on indigenous people will be excluded from the project scope to be financed by the EIB. The main mitigation, compensation and monitoring measures to address these risks and impacts will be considered in the respective sub-project ESMP, SEP and in the respective RAP/LRP, where applicable.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The Promoter has a Human Rights Policy and a Code of Ethics in place, rejecting the use of any form of forced or compulsory labour, applicable inter alia to the supply chain of solar PV projects, in compliance with the applicable provisions of the relevant E&S standards of the Bank. For this purpose, the Promoter undertakes to perform supply chain due diligence to mitigate the risk of forced labour in the PV supply chain of the solar PV sub-projects. As part of this due diligence, the Promoter shall obtain a complete mapping of the supply chain of the solar PV module manufacturers reaching the level of silicon/polysilicon suppliers. The Promoter shall pass down to its suppliers the requirement to avoid forced labour.

### **Public Consultation and Stakeholder Engagement**

The Bank will verify that disclosure of information and meaningful public consultation have been carried out or are both planned for, in the context of the ESIA process, as well as prior to and during the construction phase, and – if applicable – throughout the lifetime of the project.



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A Stakeholder Engagement Framework (SEF) will be prepared by the Promoter in line with the EIB standards and in compliance with national legal requirements. It will include guidance on preparation of sub-project specific stakeholder engagement plans taking into account stakeholder comments and concerns identified during engagements related to all sub-projects and activities. Finally, the SEF will present the requirements of the Project grievance mechanism – in terms of structure and implementation – to be put into place by the Promoter during the permitting, development and implementation phase of each sub-project's life cycle to ensure the affected stakeholders' effective access to remedy.

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

The implementation of the sub-projects will be managed by ICE's Implementation Unit responsible for loans financed by international institutions. This Unit is well staffed, includes Environmental and Social expertise and is supported by personnel from the relevant Divisions/Departments of the whole organisation. ICE has experience in managing international financing and fulfilling international requirements and E&S standards of Multilateral/Bilateral institutions such as the EIB, Inter-American Development Bank (IADB), the IFC and JICA from Japan.

The Promoter has a solid organisational structure, with certified management systems, recognised in-house implementation and project management capacity as well as a significant track record of similar infrastructure projects. The Promoter is ISO 14001 certified at group level and has an internal Environmental and Social Policy and Management System, as well as organisational capacity to perform E&S due diligence, climate risk assessment and monitoring, ensuring the compliance of the underlying investments with international standards. Thus, the Promoter's capacity to implement this operation in compliance with the EIB's Environmental and Social Standards is deemed Good.

### **Conclusions and Recommendations**

The following conditions and undertakings will be included in the legal documentation of the operation. Other/Additional contractual conditions and undertakings may be decided at sub-project (allocation) level.

The following **disbursement conditions** will apply:

Prior to first disbursement, following the approval of this framework loan operation, the Promoter shall finalise to the Bank's satisfaction:

- the ESMF (Environmental and Social Management Framework), RPF (Resettlement Policy Framework) and SEF (Stakeholder Engagement Framework) for the pipeline of sub-projects included in the scope of the Project,
- the reports on public consultations for the ESMF and RPF, if applicable.

Prior to any disbursement relevant to individual allocations, the allocations will be appraised ex-ante by the Bank. For each sub-project and for its associated infrastructure (as required and unless already included in the related sub-project documentation), the Bank will receive a copy of the following documents, reviewed to its satisfaction:

- ESIA report(s), including non-technical summary, the reports on public consultation and in accordance with the Project ESMF;
- SEPs, including GRM procedure, in accordance with the Project SEF;
- Any additional environmental and social study as identified in the Project ESMF, RPF and SEF and sub-project ESIA;
- The final version of the ESMP(s);



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- The permits issued by the relevant competent authorities, when applicable;
- If a sub-project has the potential to affect a nature conservation site, the Promoter shall obtain written confirmation from the competent authority, or an equivalent environmental assessment satisfactory to the Bank that the sub-project does not have a significant negative impact on any site of nature conservation;
- Land titling agreements proving the Promoter's ownership or right-of-way for the plots either acquired or expropriated;
- Specific waste management, decommissioning and EHS plans (unless already included in the final EPC and O&M contracts);
- Additional conditions for disbursement might be established for individual allocations as a result of the review of the aforementioned documents.

In addition, the following undertakings will apply:

- The Promoter shall ensure that the project is developed in accordance with the ESMF, the RPF and the SEF, as approved by the Bank, prior to authorising the start of any works, and shall ensure that the Project is implemented in accordance with these documents.
- Sub-projects (i) with significant negative impacts on areas with high biodiversity value, or, (ii) with significant, negative environmental and/or social residual impacts, or, (iii) requiring physical resettlement or with the risk of forced evictions, or (iv) with impact on indigenous people, shall not be eligible for financing.
- The Promoter shall ensure that conditions related to labour rights, a worker grievance mechanism, workers' accommodation, working conditions, including health, safety and security arrangements, and the management of risk of gender-based violence and harassment, in line with the EIB's ESSF (2022), are integrated into the bidding documents and into the contracts for the implementation of the schemes financed by the Bank, in accordance with the EIB's Guide to Procurement.
- The Promoter shall store and keep updated the E&S documentation that may be relevant to this operation and shall, upon request, promptly deliver such documents to the Bank.
- Additional undertakings might be established for individual allocations as a result of the review of the aforementioned documents.
- The Promoter will undertake to monitor and report to the Bank on the compliance with EIB E&S Standards, with a periodicity and scope yet to be defined for the individual allocations.
- The Promoter will undertake that no EIB funds will be allocated to assets connecting generation with lifecycle GHG emissions above 100 gCO<sub>2</sub>e/kWh.
- The Promoter shall ensure that the supply chain of the solar PV panels used in any sub-project is compliant with the applicable provisions of the relevant labour standard of the Bank, and avoids the use of forced labour. For this purpose, the Promoter undertakes to make reasonable efforts to carry out due diligence throughout the supply chain, with the aim of avoiding the use of forced labour in the solar PV panels that will be used for the respective electricity generation allocations. The Bank will assess this before the allocation of funds to the solar PV generation plants.

In view of the above findings and with appropriate conditions in place, the operation is acceptable for EIB financing in environmental and social terms.