



08/09/2025

Environmental and Social Data Sheet

Overview

Project Name: *ARMENIA ECONOMIC RESILIENCE FACILITY II*
 Project Number: *2025-0342*
 Country: *Armenia*
 Project Description: *Double-intermediated facility with the Central Bank of the Republic of Armenia ("CBA") to support the economic recovery and resilience of the country by enhancing the access to financing for micro, small, medium-sized enterprises and mid-caps.*

E&S Risk categorisation *no*

Project included in Carbon Footprint Exercise: *no*

Environmental and Social Assessment

This operation is a double-intermediated facility with the Central Bank of the Republic of Armenia ("CBA") which will be implemented by a dedicated implementation unit, the "German-Armenian Fund" ("GAF")¹. The CBA-GAF will on-lend EIB's fund to Participating Financial Intermediaries (PFIs) to finance eligible small and medium sized investments undertaken by MSMEs and Mid-Caps in Armenia, thereby contributing to economic recovery and resilience of the country and employment generating activities.

A substantial portion of the financing will be dedicated to investments contributing to climate action and environmental sustainability (CA&ES), such as energy efficiency in industry and buildings, rooftop solar PV, and electric and hybrid vehicles – all of which are eligible under EIB CA&ES guidelines. The investments may vary in size and nature, therefore some of them could be subject to an ESIA process due to national law and/or EIB's E&S standards.

Armenia's Law on Environmental Impact Assessment and Expertise, adopted in 2014 and amended in 2021, integrates core principles of the EU EIA Directive into national legislation. It defines the types of projects requiring environmental assessment and mandates public consultation for Category A-type projects.

In case an ESIA is required, the Bank will require CBA to store and keep updated any document that may be relevant for the project (including screening decisions, environmental studies, environmental monitoring reports or equivalent documents) supporting the compliance with the principles of the EIA Directive and national environmental regulations, and to promptly deliver such documents to the EIB upon request.

For investments subject to an ESIA and/or biodiversity assessment as defined by national legislation or in line with EIB E&S Standards, CBA shall ensure that the mitigation measures

¹ The German-Armenian Fund was established in 1998 by the Central Bank of Armenia aiming to provide support to the financial sector of Armenia, by channelling funds from external and internal sources to the development of defined sectors of economy.



identified by the ESIA are carried out as required and the related public consultation is adequately undertaken.

The CBA-German Armenian Fund (CBA-GAF), operated by the CBA since 1998, has established a robust Environmental & Social Management System (ESMS) to systematically integrate environmental, climate and social (ECS) considerations into project appraisal, implementation, and monitoring. The ESMS has been formally adopted by a supervisory council decision, committing CBA-GAF to embed sustainability into its lending operations. The ESMS includes: (i) an E&S policy that defines GAF's binding principles such as environmental protection, social inclusion and climate awareness, banning child/forced labor and discrimination, and ensuring health and safety; (ii) robust procedures that define a structured process (including forms and templates) and establish the responsibilities to identify, assess, manage and monitor the ECS risks and impacts of all sub-projects financed by PFIs and to systematically exclude high risk sub-projects; (iii) grievances mechanism.

The CBA-GAF mandates that all financed sub-projects adhere to national regulations and international E&S standards. For this purpose, CBA-GAF conducts due diligence on PFIs to ensure that they have sufficient capacity to implement the ECS risk management procedures defined in CBA-GAF's ESMS. The PFIs complete an ESMS maturity questionnaire covering exclusion checks, risk categorization and due diligence based on risk, existence of an adequate grievance mechanism, health and safety procedures, etc. PFIs are assigned a risk rating that will determine the level of supervision of sub-projects, monitoring conducted by CBA-GAF Project Management Unit and the PFIs' reporting obligations. Annual reviews, mid-project audits, and site visits are part of CBA-GAF's monitoring of the implementation of the PFIs' ESMS. PFIs must have a defined procedure for handling complaints, grievances and questions (both internal and external) consistent with the requirements of the world bank group standards and guidance. PFIs must report significant E&S incidents and present action plan to manage them. CBA-GAF regularly conducts trainings and workshops for its internal staff and PFIs on ESMS implementation.

Overall, the projects to be financed under the green window are expected to generate positive climate change and environmental benefits by contributing to pollution prevention and mitigation of CO₂ emissions. Therefore, the operation is considered to be Paris-aligned and investments meeting the EIB Climate Change Mitigation criteria for MBILS outside of the EU are considered contributing to Climate Action.

The FI will be required to undertake additional measures in case of concern to mitigate against the risk of forced labour in the supply chain of clean technologies, like solar PVs or electric batteries. This will include enhanced due diligence, on a reasonable effort basis and commensurate to the risk and size of the project, ensuring that relevant obligations are passed on in contracts.

Conclusions and Recommendations

The Central Bank of Armenia has demonstrated strong institutional commitment to integrating environmental and social risk management into its operations through the development and implementation of a comprehensive ESMS. CBA-GAF's ESMS is deemed adequate and it will be required to implement the following undertakings through the PFIs.

Undertakings:

- Integrate E&S considerations into the financing decision-making and monitoring processes in compliance with: (i) EIB list of excluded activities, (ii) applicable national legislation, and (iii) the relevant EIB E&S Standards.
- Sub-projects with impacts on high biodiversity value, nature conservation areas, including bird migration routes, and those which may have economic displacement, involuntary resettlement and/or impact on indigenous populations, are excluded from EIB funding.



- Not commit any EIB funds for projects that require an ESIA or biodiversity assessment according to national law without, prior to EIB approval and commitment, receiving the consent from the competent authority, and the ESIA Report made available to the public.
- Ensure access to the Bank upon request all relevant documents of sub-projects, including environmental and social studies and plans related to the ESIA process, when applicable.
- Where relevant, verify that the sub-projects obtain, maintain and comply with the requirements of environmental and social permits or authorisations provided by competent authorities, including the mitigating measures resulting from the ESIA process.

Under these conditions, it is expected that the assessment, management and monitoring procedures to be carried out for individual sub-projects will appropriately address E&S risks and impacts and the operation is considered acceptable for the EIB in environmental and social terms.