

Environmental and Social Data Sheet

Overview

Project Name:	<i>Green for Growth Fund II</i>
Project Number:	20120480
Country:	<i>Balkans, Turkey and Eastern Neighbourhood Region</i>
Project Description:	<i>The project concerns a second investment in the Green for Growth Fund. The Fund provides credit lines to local banks to finance eligible EE and small RE investments and can also make direct investments in standalone EE or small RE projects and companies.</i>
EIA required:	Multi-investment scheme
Project included in Carbon Footprint Exercise ¹ :	no

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

This operation intends to bring environmental benefits by supporting energy efficiency and small renewable energy projects. The geographic region covers non-EU countries, including EU candidate and potential candidate countries. The Fund invests through credit lines with financial institutions and through direct project loans.

The Fund Manager has set up an E&S management system based on EIB requirements. As part of this, adherence to relevant international and EU environmental law and social principles, standards and practices is required. This may vary in each country depending on the harmonization of the local legal framework with international and EU standards. In countries where local environmental law is not yet fully aligned with international and EU environmental law, projects should comply with national law and be benchmarked against the principles, standards and practices of international and EU environmental law.

In addition to what is required by national legislation, notably for screened out Annex II projects (as defined under the EU's Environmental Impact Assessment Directive), the Fund performs environmental and social due diligence to ensure that potential risks and appropriate prevention, mitigation and compensation measures are identified through an environmental and social impact screening/assessment, when relevant, including satisfactory and meaningful public consultation and participation.

Projects with significant negative impact on areas with high biodiversity value, nature conservation areas, bird or fish migration routes are not eligible. If a project has the potential to affect a nature conservation zone or any other sensitive area as defined in national legislation or European Directives, the Fund shall obtain confirmation from the competent nature conservation authority -following an Appropriate Assessment satisfactory to the Bank- that the scheme does not have a significant negative impact on any site of nature conservation importance. "Protected Site" shall mean those sites designated as such under applicable national or EU legislation, and shall include the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas and sites of the Emerald Network.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

With regards to financial institutions, the Fund Manager analyses their E&S performance and builds capacity through technical assistance where required. FIs are required to have a social and environmental management system in place, disseminate and provide training on E&S guidelines and perform E&S due diligence on projects (typically the small RE projects). In function of the E&S capacity of the financial institution following due diligence by the Fund, technical assistance is put in place to vet E&S aspects of each renewable energy project under a credit line. Should the capacity of the local banks be considered strong enough, compliance with E&S matters is reported on a quarterly basis ex-post. For direct project loans, the fund performs appropriate E&S due diligence, making use of external TA to analyse and improve E&S studies and monitoring programmes, bringing them up to acceptable standards.

For each investment, the Fund will ensure that compliance with legal obligations is enforced and monitoring is in place to verify implementation of legal obligations on an on-going basis. Where deficiencies are found, the Fund's Technical Assistance Facility could be engaged to assess the need for implementation of appropriate support and corrective measures.

The Fund's E&S performance is audited by an external party at least once every two years. The first audit report has been reviewed by the Bank, and the conclusions are positive, with the recommendations to further improve the E&S support to Financial institutions and provide oversight on the E&S due diligence of small RE projects under credit lines.

If an underlying investment is subject to an E(S)IA, the Fund Manager publishes the study or the NTS on its website for access to stakeholders. The capacity of the Fund manager to ensure compliance to the Bank E&S requirements is considered to be good. Going forward, the Bank will request a continuous ex-ante vetting of E&S studies for small RE projects under credit lines, given the generally weaker capacity and experience of the local banks and the quality the regulatory system. Finally, the Bank will share updated E&S clauses for inclusion by the Fund in its investment guidelines and E&S procedures.