

Environmental and Social Data Sheet

Overview

Project Name: ISBANK CLIMATE CHANGE FACILITY II
 Project Number: 2016-0262
 Country: Turkey
 Project Description: Framework loan to finance small and medium-sized renewable energy and energy efficiency projects in Turkey.

EIA required: Some of the schemes may require an EIA

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

This operation intends to bring about environmental benefits through the part-financing of sub-projects in the renewable energy and energy efficiency sector that contribute to reducing environmental pollution and mitigating climate change.

For all the sub-projects financed by the Bank, compliance with the principles of EU Directives, including those on environment, shall be ensured. Investments are mostly expected to fall under Annex II of EIA Directive 2011/92/EU if they were located inside the EU. For any investment subject to an environmental and social impact assessment, according to national legislation or based on the application of the principles and standards of EU legislation, the Financial Intermediary will be required to ensure that such an assessment will be carried out. In all cases where a formal EIA is required, a copy of the Environmental Impact Statement (EIS) will be provided to the Bank for publication prior to the Bank's approval of the allocation.

The Financial Intermediary with the assistance of the project's consultant provided in the context of the Mid-size Sustainable Energy Financing Facility ("MidSEFF"), a financing scheme supported by the EIB and EBRD, will review the environmental authorisation process of each sub-project that is proposed by the private sub-borrowers.

Any inclusion of a sub-project for financing under the framework loan will further be subject to approval including the screening of the environmental aspects by the Bank's Services. Sub-projects can be excluded by the Bank's Services at any time if new information makes this necessary.

Public consultation will be conducted as required by the Turkish regulations and EU standards and will be verified by the Financial Intermediary with the support of the project's consultant and reviewed by the Bank.

Should any project have a potentially significantly negative impact on an area forming part of the EU Natura 2000 network (falling under Habitats Directive 92/43/EEC or Birds Directive 79/409/EEC), then the Bank would require the Financial Intermediary and the borrower to act according to the provisions of the aforementioned directives as transposed in the national law. Schemes with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird migration routes, shall not be eligible.

Conclusions and Recommendations

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.

The Financial Intermediary under the previous facility with the same characteristics, screened environmental and social aspects of its projects, including for compliance with relevant national and EU environmental and social legislation. This operation will include the involvement of a technical consultant who will assist the Financial Intermediary in the environmental due diligence process and will ensure the application of the Bank's environmental policy. The Bank will review the eligibility of each project before allocation of funds.

Under these terms, it is expected that the environmental procedures carried out for individual schemes, verified by the Financial Intermediary with the support of the project's consultant and reviewed by the Bank will address environmental issues and ensure that the schemes to be part-financed under this Loan meet the Bank's requirements.

Finally, the Financial Intermediary undertakes to ensure that all sub-projects supported shall be conducted in full compliance with Directive 2011/92/EU, and not only in compliance with the applicable Turkish legislation (e.g. By-law on EIA 26939/2008 or EIA regulation OJ 29186 - 25/11/2014).

PJ/SQM/ECSO