

Environmental and Social Data Sheet

Overview

Project Name:	GREEN FOR GROWTH FUND III
Project Number:	2016 0492
Country:	Egypt, Lebanon, Jordan, Morocco, Tunisia and Gaza-West Bank
Project Description:	<i>Debt fund targeting small scale energy efficiency ("EE") and renewable energy ("RE") projects in South East Europe and the European Neighbourhood Regions.</i>
EIA required:	Multi-investment operation
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

This operation intends to bring environmental benefits by supporting energy efficiency and small renewable energy projects, by investing into the Green for Growth Fund. The Fund's geographic region of interest covers non-EU countries, including EU candidate and potential candidate countries in South Eastern Europe and European Neighbourhood (ENR)-East. It has recently expanded into the ENR-South region, targeting 6 such countries (Egypt, Jordan, Lebanon, Morocco, the Palestinian Territories and Tunisia).

The Fund invests through credit lines with financial institutions (FIs) and through direct project loans. A Technical Assistance (TA) Facility operates alongside the Fund, providing dedicated services to FIs and projects, also as regards environmental and social impact assessments and capacity building.

An E&S management system (ESMS) based on EIB requirements is already operational. The Bank's monitoring experience with the Fund's ESMS has been very good so far, and no specific issues are envisaged for the Fund's operation into the "new" ENR-South countries. Specific regional or in-country knowledge may be contracted out by the Fund thanks to the TA facility, as and where required, just as this has been done in its existing regions of operation SEE and ENR-East.

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. If an underlying investment is subject to an E(S)IA, the Fund Manager publishes the study on its website for stakeholders to access.

Projects with significant negative impact on areas with high biodiversity value, nature conservation areas, bird or fish migration routes are excluded by the Fund. 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

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.

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the Bank- that the scheme does not have a significant negative impact on any site of nature conservation importance.

For investments via financial institutions (FIs), the Fund analyses their E&S capacity and performance. FIs are required to have a social and environmental management system in place, disseminate and provide training to their staff on E&S guidelines, as well as perform satisfactory E&S due diligence on projects (typically the small RE projects). Depending on the E&S capacity of the financial institution (as assessed by the Fund), technical assistance can be proposed and implemented to vet E&S aspects of each renewable energy project under a credit line.

For direct project loans, the Fund performs appropriate E&S due diligence, and can also make use of TA to analyse and improve E&S studies and monitoring programmes, bringing them up to acceptable standards.

The Bank has been receiving satisfactory E&S information regularly from the Fund since it became a shareholder. Furthermore, the Fund's E&S performance is audited by an external party at least once every two years. The 2014 audit report has been reviewed by the Bank, and the conclusions are positive, with no specific reserves.

Conclusions and Recommendations

The capacity of the Fund manager to ensure compliance to the Bank E&S requirements is considered to be very good. E&S reporting by the Fund to the EIB will be requested on an annual basis, covering adequate information on the due diligence undertaken for new investments, and other E&S implementation / operational matters for all investments.

Taking into account the existing ESMS and the reporting undertakings proposed, the operation is considered acceptable for Bank investment in environmental and social terms.