

Environmental and Social Data Sheet

Overview

Project Name: KENYA AGRICULTURE VALUE CHAIN FACILITY
 Project Number: 20160453
 Country: Kenya
 Project Description: Multi-beneficiary intermediated loan to be blended with EU grants to promote agricultural value chain development with a focus on integrating smallholder farmers into the value chain.

EIA required: EIA may be required for selected investments

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

The project is a EUR 50 million credit line to Financial Intermediaries (FIs) in Kenya with the overarching objective to facilitate access to finance for private value chain actors partnering with local farmers and in particular with smallholders. It will enable selected FIs to offer funding for smaller investment projects in local currency. The Facility will be implemented by FIs with proven exposure to the agriculture sector and agriculture value chain projects. FIs will benefit from EIB Technical Assistance, which will build their capacity to appraise, monitor and evaluate loans to agriculture value chain projects.

Environmental and Social Assessment

Sub-projects financed by the bank within the agriculture value chain may require the submission of an EIA. For any investment subject to an environmental impact assessment (EIA), 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 an environmental and social impact assessment (ESIA) will be carried out including proper consultation and information of the public.

The selection process of FIs is still in progress and as part of the due diligence, EIB Services will make sure that the selected FIs have adequate environmental and social management system (ESMS) in place to address Environmental and Social risks that are typical for SMEs and MidCaps investments in the sector. This system will ensure that selected FI follow in their respective business processes and operations a systematic approach to the identification and management of relevant environmental and social issues, and the risks inherent to the operations that will be financed.

As part of the ESMS, the FIs will:

- have in place a Grievance Redress Mechanism to ensure that any employee of the FI, or any individuals or communities who believe they are or might be adversely

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.

Luxembourg, 13/11/2018

affected by a sub-project financed by the FIs is able to approach the FI in question to file a grievance or a complaint directly; and/or anonymously with all guarantees and institutional protection.

- ensure that sub-projects, financed through this credit line,
 - i. comply with national legislation, and EIB Environmental and Social Standards 2013,
 - ii. comply with the ILO Core Labour Standards,
 - iii. apply where relevant the principles of Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT),
 - iv. comply with the EIB list of excluded and restricted activities as well as with EIB sector requirements.

The FIs shall ensure that adequate financial and human resources required for the implementation of the ESMS are made available. They undertake the organisational structure (roles and responsibilities) for the implementation of the ESMS. The FIs shall communicate the provisions of their ESMS internally at all levels of their respective institutions and will maintain a process for external communications to deal with public inquiries and concerns related to E&S matters.

As this Facility aims to support investments promoting the integration of farmers, and in particular smallholder farmers, into agricultural value chains, FIs shall report on and monitor the adoption by loan recipients of inclusive business approaches .

Depending on the specific value chain and investment made, loan recipients will be required to obtain appropriate certification and apply relevant standards.

For any scheme subject to an environmental impact assessment (EIA), according to national legislation or based on the implementation of the EIB Environmental and Social Standards 2013, the FI will be required to ensure that an environmental and social impact assessment (ESIA) will be carried out including appropriate stakeholder engagement and public consultation. In all cases where a full ESIA is required, a copy of the ESIA study will be disclosed by the FI on its website.

Sub-projects with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird migration routes, shall not be eligible.

Conclusions and Recommendations

The FIs will submit, to the satisfaction of the Bank, an Environmental and Social Management System (ESMS):

- integrating E&S consideration including the above mentioned criteria into their respective credit and investment decision-making processes, and
- including the organisational structure (roles and responsibilities) for the implementation of the ESMS.

The Bank will provide TA support to FIs to develop their ESMS capabilities, including the required establishment of grievance redress mechanisms, to the extent that they are not already in place. The FIs will promote transparency and accountability on E&S issues internally and externally through disclosure and reporting.



Luxembourg, 13/11/2018

With the above-mentioned conditions to be included in financial contract, the operation is acceptable to the EIB in environmental and social terms.