

## Environmental and Social Data Sheet

### Overview

Project Name:	CHINA CLIMATE EXIMBANK FRAMEWORK LOAN
Project Number:	2016-0499
Country:	China
Project Description:	The proposed Framework Loan to the Chinese Eximbank, aims to finance Energy Efficiency, Renewables, Transport, Waste and Water sub-projects, eligible under the Bank's own-risk facility, Climate Action and Environment Facility (CAEF), with a strong focus on climate change mitigation and adaptation.
EIA required:	According to Chinese law an EIA is required for all sub-projects under this framework loan
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The project is expected to have a positive impact on climate change mitigation and adaptation as well as on the environment by reducing greenhouse gas emissions, promoting sustainable use of energy and water, reducing the negative impact of fossil fuel-related pollution in the air, water and soil/land as well as protecting biodiversity endangered as the result of climate change and pollution.

Chinese Eximbank will be the Financial Intermediary for this project, while the individual sub-projects will be implemented by local promoters.

Chinese regulation requires various degrees of Environmental and Social Impact Assessments (ESIA) to be performed according to the size of projects. The Bank will require the Financial Intermediary to ensure that the relevant sub-projects comply with the Bank's environmental and social (E&S) standards and requirements. The Bank is providing extensive technical assistance through GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), the German development Agency, to support the Financial Intermediary to that effect.

The legal documentation to be concluded between the Financial Intermediary and the EIB shall include an obligation to ensure that all sub-projects are in compliance with national and the EIB's Environmental and Social standards. Where there are gaps between national legislation and the EIB E&S requirements, the EIB's E&S standards will prevail and the GIZ consultant shall help to bridge these gaps.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg, 27.10.2017

## Social Assessment

With regards to social issues, the EIB's E&S Standards apply. Where there are gaps between national law and the EIB E&S requirements, the EIB E&S standards will prevail and the GIZ consultant shall help to bridge these gaps.

## Conclusions and Recommendations

During appraisal it has been verified that the Financial Intermediary has understood the Bank's E&S standards and requirements and will be willing and capable to fully implement them. In order to strengthen the coordination and accountability aspects, the Financial Intermediary will be required to designate an environmental and social focal point, who will oversee all the environmental and social aspects of the relevant sub-projects and coordinate with the expert(s) assigned by GIZ.

The following conditions will be, inter alia, included in the finance contract:

- For sub-projects with a cost below EUR 50M, the Financial Intermediary shall provide a signed statement that confirms compliance with the EIB's E&S Standards.
- For sub-projects with a cost equal to or above EUR 50M, the Financial Intermediary shall submit a request for approval to the EIB, accompanied by the following documentation supporting the sub-projects' compliance with the EIB E&S Standards:
  - for sub-projects requiring an ESIA, either a copy of the ESIA or a link to a public version of the ESIA, together with a Non-Technical Summary (NTS), a copy of the consent of the competent authority showing inter alia that public consultation has been performed and its results taken into consideration,
  - an Environmental and Social Management Plan,
  - a Resettlement Action Plan, where applicable;
  - an Indigenous Peoples or Ethnic Minority Development Plan, as applicable;
  - a Stakeholder Engagement Plan, including a grievance mechanism, as applicable.

Irrespective of the size of the sub-project, prior to its approval and prior to disbursement of the Bank's Funds to the Final Beneficiary, the Financial Intermediary will secure that:

- If a sub-project is subject to an ESIA according to national legislation and/or EIB E&S standards, the borrower shall collect and publish the ESIA Study, including the NTS, retain copies on file, provide digital copies to the EIB, and confirm that the sub-project incorporates all mitigating measures recommended in the ESIA Study;
- If a sub-project has the potential to affect a nature conservation zone, the borrower shall obtain confirmation from the competent authority, or an equivalent assessment satisfactory to the Bank, that the sub-project does not have a significant negative impact on any site of nature conservation importance.

The following undertakings will be, inter alia, included in the finance contract:

- The Financial Intermediary shall not commit any EIB funds against sub-projects that require an ESIA or biodiversity assessment according to national law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the ESIA having been made available to the public.
- The Financial Intermediary shall verify the compliance of the sub-projects with the relevant and applicable rules of national legislation, in particular with respect to environmental and social aspects.
- The Financial Intermediary will establish a point of contact that will handle requests for environmental and social information and grievances from the public.

In view of the above findings and conditions, the operation is deemed satisfactory from the perspective of environmental and social compliance.