

Public

Environmental and Social Data Sheet

Overview

Project Name:	<i>GEF SOUTH ASIA GROWTH FUND II</i>
Project Number:	<i>2018-0069</i>
Country:	<i>India and Bangladesh</i>
Project Description:	<i>Investment fund targeting renewable energy, resource efficiency and other environmental sectors in India and Bangladesh</i>
EIA required:	It is expected that some investments may require an environmental and social impact assessment.

Project included in Carbon Footprint Exercise¹: No: Intermediated operations are not covered by the Carbon Footprint Exercise.

Environmental and Social Assessment

Environmental Assessment

This operation concerns an equity participation in a regional fund targeting SMEs that promote energy efficiency, environmental actions and circular economy in agricultural projects, renewable energy and efficient use of water in India and Bangladesh. Although the projects associated with the Fund investments (SMEs) are expected to bring about environmental benefits, some projects may have some limited negative social or environmental impacts due to their location, size, nature, and cumulative impact.

If the individual projects associated with the Fund's underlying investments were located inside the EU, most (if not all) would fall under Annex II of Directive 2014/52/EU, amending the EIA Directive 2011/92/EU. The Fund manager will be required to ensure that the companies in which it invests perform appropriate environmental and social impact assessment for any project required by national legislation to undertake an ESIA, or for any project subject to a mandatory environmental and social impact assessment according to the application of the EIB Environmental and Social Standards. For any project requiring an ESIA, the Fund will publish the study (or a link) on its website for access to the public and key stakeholders.

Investments associated with projects that have significant negative impact on areas with high biodiversity value, nature conservation areas, bird or fish migration routes shall not be eligible. If an investment is associated with a project that has the potential to affect a site of nature conservation importance, the Fund manager shall obtain confirmation from the competent

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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nature conservation authority following a biodiversity impact assessment satisfactory to the EIB, that the scheme does not have a significant negative impact on the relevant site of nature conservation importance.

SOCIAL ASSESSMENT

Any investments associated with projects that have potentially significant social impacts and risks, such as those related to labour standards, land use, involuntary resettlement, vulnerable groups, and/or cultural heritage, shall undergo adequate assessments and ensure compliance with the EIB Social Standards.

Other Environmental and Social Aspects

The Fund Manager has proven experience in E&S assessment established with a predecessor fund for clean energy in South Asia. E&S assessments are part of the Fund's standard due diligence for all investments. An experienced Environmental, Social and Governance specialist is in charge of assessing the E&S aspects of every investment and its associated projects in order to identify gaps, strengthen standards and to verify and confirm that any impacts associated with underlying projects are appropriately addressed. The current E&S policies of the Fund are in line with the IFC E&S standards. The Fund considers the application of its E&S standards and the establishment of environmental and social management systems (ESMS) in companies in which it invests as a key benefit, which has proven to help companies expand their businesses, particularly outside of their regional market.

The Fund has an ESMS deemed acceptable to the EIB that will require only minor adjustments to the grievance redress mechanism before disbursement. All investments and associated projects shall comply with the EIB's E&S standards. Monitoring and reporting on E&S aspects will be required. A related condition is proposed.

Conclusions and Recommendations

Detailed requirements are to be included in the Fund's legal documentation to ensure that all Fund investments and their associated projects will comply with EIB's E&S standards.

Specific E&S disbursement conditions:

- The Fund will enhance its ESMS to incorporate EIB's environmental and social requirements to the satisfaction of the Bank, including the development of a communication mechanism for external stakeholders as part of its Grievance Redress Mechanism.
- The Fund will appoint designated staff responsible for the implementation of the ESMS as well as for undertaking the environmental and social due diligence and monitoring of the Fund's investments.

With these conditions in place, this Fund is acceptable for Bank financing from an environmental and social perspective.