

Environmental and Social Data Sheet

Overview

Project Name: CYPRUS RE AND EE SMALL INVESTMENTS
Project Number: 2018-0011
Country: Cyprus
Project Description: The Operation consists of an EIB Lending facility for the financing of projects in the wider areas of energy efficiency and renewable energy. The facility will blend with ESIF allocations through setting up a financial instrument for financing new investments in the above-mentioned areas.

EIA required: Some of the sub-schemes may exceptionally 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

Environmental Assessment

The operation is a Framework Loan provided to the Republic of Cyprus through the Ministry of Finance, which will channel the resources to a financial instrument set up as a Fund of Funds (as defined by the EU Common Provisions Regulation 1303/2013/EU) together with the resources drawn from the 2014-2020 Operational Programme (OP). The Fund of Funds will extend loans to financial intermediaries (e.g. commercial banks operating in Cyprus) to finance energy efficiency (building renovation, industrial facilities and SMEs) and renewable energy investments (solar PV and Wind farms). The subprojects will be predominantly small-scale renewable energy plants and energy efficiency measures in buildings. In particular, investments in the renewable energy sector will be mainly small-scale solar photovoltaic approved under the Ministry of Energy, Commerce and Industry's "Programme for the production of electricity from RE sources" and to a lesser extent wind farms (if any). The final beneficiaries will be private individuals, public and private entities, enterprises and/or SPVs.

The Ministry of Finance via the Directorate General for European Programmes, Coordination and Development (DG EPCD) is the coordinating authority of the operation, and EIB's promoter, whereas intermediary financial institutions selected through an open public procurement procedure (Call of Expression of Interest) will do the financing of the underlying projects (subprojects). The Call of Expression of Interest will contain EIB criteria and requirements including the EIB E&S standards.

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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Following the call and the selection of the financial intermediaries, a consultant will carry out an additional in-depth assessment of the capacities and internal processes of the financial intermediaries. Based on the results of the assessment the Bank may provide technical assistance to the financial intermediaries and/or promoter at implementation stage.

The financial intermediaries shall be contractually obliged to ensure that all investments must comply with the relevant EU Environmental Directives (e.g. EU EIA 2014/52/EU amending 2011/92/EU, Habitats 92/43/EEC, Birds Directive 2009/147/EC amending 79/409/EEC) and EIB's Environmental and Social Standards 2013. Only projects that receive environmental authorisations (where applicable), as well as licences (including building permits) and are in compliance with EIB's E&S Standards, can receive financing from the Energy Fund of Funds and thus be implemented.

Eligible sub-projects in the building sector will be consistent with the Energy Performance Building Directive (2010/31/EU).

Conclusions and Recommendations

Overall, the supported investments are expected to bring about positive environmental impacts, notably by generating energy savings and promoting the small-scale application of renewable sources of energy for own consumption by the final beneficiaries, thus reducing greenhouse gas emissions.

Under the allocation procedures, all underlying subprojects including their compliance with EIB standards will be reviewed by the EIB either ex-post for subprojects with investment cost below EUR 25m or ex-ante for any project above EUR 25m project cost.

Investments located inside migratory flight paths having significant impacts on migratory birds are excluded from EIB financing. Furthermore, underlying projects, which are located within or with a significant impact on a site of nature conservation (Natura 2000, Ramsar or other nature conservation site) are not eligible for allocation. All projects will be permitted and licensed. Where applicable, the Promoter will be requested to deliver the EIA studies to the Bank before the funds are allocated. For buildings requiring an Energy Performance Certificate, the Bank will also be provided with the corresponding information.

Under these conditions, the Operation is acceptable for EIB financing in E&S terms.