

## Environmental and Social Data Sheet

### Overview

Project Name:	CAM-SMES & MID-CAPS AGRI AND RURAL DEVELOPMENT
Project Number:	2019-0053
Country:	Morocco
Project Description:	Loan for SMEs & Mid-Caps to support investments in the bioeconomy, including agriculture, agro-industries and their upstream and downstream value chains
EIA required:	EIA may be required for selected investments
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The project comprises a credit line to a Financial Intermediary (FI) active in lending to MSMEs and Mid-Caps in the agri-food sector in Morocco. The project will target investments by these enterprises throughout agri-food value chains, from input supply and primary production, through post-harvest logistics, processing and distribution.

#### Environmental and Social Assessment

Sub-projects financed with proceeds supplied by the Bank may require the submission of an Environmental and Social Impact Assessment (ESIA). For any investment subject to an ESIA, according to national legislation or based on the application of the EIB Environmental and Social Standards, the FI will be required to ensure that an ESIA is carried out, including due public consultation at a level that is in line with EU/international standards, and that the EIB is provided with a copy of the non-technical summary of the ESIA. For sub-projects where a screening decision by the Competent Authority is required, the FI will be required to maintain records of such screening decision.

The FI will also be required to have adequate Environmental and Social Management System (ESMS) in place to address environmental and social risks that are typical for Micro, Small and Medium Enterprise (MSME) and Mid-Cap investments in the sector. TA to be provided in support of the project will support the FI in improvement of the ESMS currently under development, to adhere to EIB requirements, and will support the development of the FI's climate risk vulnerability screening of sub-project investments.

The ESMS will ensure that the FI follows in its respective business processes and operations a systematic approach to the identification and management of relevant environmental and social issues, and the risks inherent in the sub-projects to be financed. Sub-projects with significant negative environmental impacts, among others on areas with high biodiversity value, nature conservation areas, including bird migration routes, shall not be eligible.

<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 20,000 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.

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Any investments financed in sectors outside the agri-food sector will be governed by standard EIB environmental and social procedures for this type of intermediated lending operation.

### Conclusions and Recommendations

The FI will submit, to the satisfaction of the Bank an ESMS:

- integrating E&S considerations in compliance with: i) national legislation and EIB E&S Standards; ii) ILO Core Labour Standards; iii) the FAO Voluntary Guidelines on the Responsible Governance of Tenure; and iv) EIB lists of excluded and restricted activities as well as sector requirements (notably on livestock, greenhouses, irrigation, agri-input supply); into their respective credit and investment decision-making processes,
- including a Grievance Redress Mechanism, and
- including the organisational structure (roles and responsibilities) for the implementation of the ESMS.

The Bank will provide TA support to the FI to develop its ESMS capabilities, including the required establishment of acceptable grievance redress mechanisms (and attendant reporting), to the extent that they are not already in place. The FI will ensure that adequate financial and human resources required for the implementation of the ESMS are made available.

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