

Environmental and Social Data Sheet

Overview

Project Name:	<i>IIFCL ENERGY SUSTAINABILITY & CLIMATE ACTION FL2</i>
Project Number:	<i>20170109</i>
Country:	<i>India</i>
Project Description:	The operation consists of a framework loan for the support of small to medium-scale capital investments in renewable energy. The framework loan is expected to fund photovoltaic (PV) and on-shore wind technologies.
EIA required:	Multi scheme project. Depending on the technical characteristics of the investments financed under the loan, sub-projects may be subject to an EIA.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The wind and solar energy investments targeted by the operation are expected to have limited social and environmental effects. Depending on their technical characteristics, some of the investments may be subject to a detailed environmental and social impact assessment study. The impacts and any proposed mitigation measures will be assessed individually by the financial intermediary and will be reviewed by the Bank ex-ante of approval. Projects with total investment costs greater than 50 MEUR will be assessed directly by the Bank and presented to the Board for approval. The financial intermediary's capacity to assess environmental and social impacts is deemed satisfactory; however, EIB's support in the allocation and monitoring process will be important.

The Framework Loan (FL) will focus on solar PV and onshore wind. Due to their technical characteristics, most of these investments, if located in the EU, would fall under Annex II of the EIA-Directive 2014/52/EU and would be subject to screening for an EIA on the basis of defined criteria or by decision of the competent authority.

Indian regulations related to environmental impact assessment (EIA) are defined by the Environmental Impact Assessment Notifications² which implement the relevant provision of Indian Environmental Law³. In certain issues the Indian regulations are less demanding than those in the EU. In particular for wind and solar projects which are the main focus of this operation an EIA screening by the competent authority is only required when the plant is impacting on forest land, a tribal area, or a site of nature conservation, or includes a high voltage overhead transmission line. In case an EIA is required the public consultation for the EIA is carried out by the State Pollution Control Board or the Union Territory Pollution Control Committee in a manner that would be acceptable in the EU.

In view of these shortcomings with respect to international standards, the Intermediary has implemented a comprehensive Environmental and Social Risk Management System (ESMS) based on the ADB Safeguard

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.

² Environmental Impact Assessment Notification-2006 S.O. 1533(E), 14/9/2006 and Environmental Impact Assessment Notification-2007 S.O. 945, 948, 1105, 1134, 1203, 1735, 1736, and 1737.

³ Environment (Protection) Act n° 29 of 1986, dated 23/05/1986, as amended in 1991.

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Policy Statement, which aims to identify and mitigate the environmental and social risks associated with the projects it finances. The ESMS is integrated within the overall credit risk management framework of the Intermediary's operations. Each project is subject to a review of potential E&S risks, beyond those of formal legal compliance. . This review is based on a categorization of projects as follows: projects with minimal or no adverse environmental and social impacts (Category C), projects with no significant or irreversible adverse environmental impacts (Category B) and projects with potential significant environmental and/or social impacts (Category A). Category A projects require further E&S studies and Category B projects might require it, depending on the risks identified in the screening. By applying this ESMS the Intermediary will improve the quality of the projects by undertaking supplementary studies and imposing mitigation measures that respond to any residual environmental and social risks. The ESMS applied by the Intermediary is therefore expected to ensure that the projects that are submitted for allocation will substantially comply with the Bank's E&S standards. The Bank will in any case be in a position to request additional studies or conditions given that all allocations will require ex-ante approval.

The majority of the projects submitted for allocation under this allocation will fall under Category B or C. Projects categorized as A will not be eligible.

EIB Carbon Footprint Exercise

Framework Loan operations are not included the EIB Carbon Footprint. However, large allocations under the Framework Loan that have GHE emissions above the methodology thresholds will be included. For the annual accounting purposes of the EIB Carbon Footprint, the project emissions from large allocations will be prorated according to the EIB loan allocation amount approved in that year, as a proportion of project cost.

Conclusions and Recommendations

- The Borrower shall ensure that the projects are in compliance with national legislation and the principles of European legislation as defined by the EIB's Environmental and Social Standards and Principles.
- The Bank's eligibility criteria and procedures for framework loan operations will apply. All allocations will require ex-ante approval by the Bank prior to authorising the on-lending of funds to final beneficiaries, after review for compliance with the Bank's social and environmental Standards and Principles. The Bank's requirements with regard to eligibility, including environmental and social criteria, will be incorporated in the finance contract. Appropriate safeguards and monitoring procedures shall be undertaken by the Intermediary in line with its ESMS to ensure that project implementation is satisfactory and complies with the requirements of the Bank.
- The Financial Intermediary will be required to verify that none of the schemes submitted for part-financing by the Bank will have a significant negative impact on any site of nature conservation.
- The finance contract will require the financial intermediary to provide to the satisfaction of the Bank all information necessary to confirm compliance with the Bank's eligibility criteria. Standard FL monitoring and reporting requirements will apply.
- Under these conditions, it is considered that the environmental procedures carried out for individual schemes will appropriately address environmental and social issues and ensure that the schemes to be part-financed under this Loan meet the Bank's requirements.