

## Environmental and Social Data Sheet

### Overview

Project Name:	INDIA SOLAR POWER
Project Number:	2015-0931
Country:	India
Project Description:	<i>The operation consists of a framework loan for the support of large, utility scale solar PV projects in India. Eligible projects may comprise the development, construction and operation of large solar PV plants and their associated electrical facilities and civil infrastructure.</i>
EIA required:	no, however ESIA's may be required for some of the underlying allocations
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

Through this operation the Bank will provide funding to the State Bank of India (SBI) who will on-lend to the promoters of the solar PV projects in India. Due to the nature of this operation, the sub-projects to which funds will be allocated, as well as their environmental and social impacts are not fully known at this stage.

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. The Bank's requirements with regard to eligibility, including environmental criteria, will be incorporated in the finance contract.

The main principles of social and environmental assessment practice enshrined in EU legislation, such as screening, scoping, independent review, public participation, disclosure and monitoring are present in Indian legislation. Prior to approving allocation requests submitted by the financial intermediary, the Bank will confirm that individual schemes comply with the Bank's environmental and social requirements and that an adequate environmental and social assessment has been carried out. Despite the lack of legal obligations under Indian law to conduct ESIA processes for solar PV plants, the Bank has defined a set of criteria based on which the promoter is required to either conduct a full ESIA, or a Rapid Environmental and Social Assessment (REA). According to these criteria any solar PV project that fulfils at least one of the following criteria will be required by the Bank to conduct a full ESIA: (i) total project area of 100 ha or more, (ii) connected to a high voltage transmission line of more than 15km, (iii) proximity to protected habitat where significant negative impacts cannot be excluded, (iv) physical or economic involuntary resettlement, or (v) no satisfactory REA or risk factors identified in the REA.

<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, 15 November 2016

The Financial Intermediary will be required to provide confirmation that none of the schemes submitted for part-financing by the Bank have a significant negative impact on any site of nature conservation importance, including sites protected under national legislation and international agreements to which India has subscribed.

### **Social Assessment, where applicable**

It should be noted that India has not subscribed to all International Labour Organisation (ILO) Conventions; in particular, ILO Conventions 87 (Freedom of Association), 98 (Collective Bargaining), 135 (Workers Representatives), 138 (Minimum Age) and 182 (Worst Forms of Child Labour) are not ratified.

Social assessment and development of a management plan for mitigation of social impacts (as applicable), compliance with national law and ILO Core Labour Standards that have not been ratified by the Government of India will need to be met by the promoters at the project level in accordance with the Bank's Environmental and Social Standards.

### **Public Consultation and Stakeholder Engagement**

It will be verified for each allocation that adequate public consultations and disclosures have been taken place and appropriate grievance redressal mechanisms are in place. The land acquisition and potential resettlement processes will be required to be reviewed to follow the Bank's Environmental and Social Standards and to implement the recommendations of the ESIA by an independent consultant.

## **Conclusions and Recommendations**

The solar PV investments targeted by the operation are expected to have negligible or limited social and environmental effects. Despite the lack of legal obligations under Indian law to conduct ESIA processes for solar PV plants, the Bank requires adequate environmental and social assessments and has defined strict criteria which trigger the requirement to conduct a full ESIA for solar PV projects to be financed under this operation. The social and environmental impacts and mitigation measures will be assessed individually by the financial intermediary and will be reviewed by the Bank as part of the ex-ante approval process. The financial intermediary's capacity to assess environmental and social impacts is deemed satisfactory. All schemes financed by the Bank will be compliant with national legislation and the Bank's environmental and social standards.

The loan 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. Under these conditions, it is considered that the due diligence procedures carried out for individual schemes will appropriately address environmental and social issues and ensure that the schemes to be financed under this loan meet the Bank's requirements.

The Bank's environmental and social requirements go beyond current practices in India and will therefore require the financial intermediary to request extra efforts from their borrowers and to fully internalize these standards. The Bank has supported SBI already in developing appropriate Terms of Reference for the required ESIA's and will closely follow compliance with environmental and social standards.

Due to Bank's involvement, the Promoters will agree to conduct environmental and social assessments for the full solar park in line with the Bank's requirements. This goes beyond the requirements by Indian law and is expected to substantially improve the environmental and social risk profile of the project. It also contributes to the transfer of good international PV development practices to the rapidly emerging Indian PV sector.