Early Warning System

AIIB-000835

Hungary: OTP Green Energy Capacity Expansion Bond Investment

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Quick Facts

Countries	Croatia, Hungary, Serbia
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-04-17
Borrower	OTP Bank Plc.
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million

Project Description

According to the Bank’s website, the objective of this project is to increase the capacity of renewable energy generation and improve energy efficiency in targeted countries (Croatia, Hungary, and Serbia).

The Project constitutes an up to USD200 million AIIB investment into MREL-eligible Senior Preferred bond(s) to be issued by OTP Bank. Proceeds from the issuance(s) will be allocated to eligible loans to support climate change mitigation in Croatia, Hungary and Serbia under OTP's Sustainable Finance Framework.

Early Warning System Project Analysis

The Project is assigned Category FI under the ESP as it involves financing through a financial intermediary.

ES risks and impacts anticipated by the Project are related to small- to mid-size energy efficiency and renewable energy investments and, more specifically, to construction and operation, health and safety, labor and working conditions, pollution prevention, biodiversity, and waste management. Land acquisition (potential resettlement) issues, stakeholder engagement, information disclosure, and grievance redress will be implemented with the Bank's ESP. Moreover, OTP's ESRMF screens out subprojects with high ES risks, all category A activities per AIIB ESF definition as well as hydro will be excluded.

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

An up to USD200 million AIIB investment into MREL-eligible Senior Preferred bond(s) to be issued by OTP Bank.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- OTP Bank Plc (Financial Intermediary)

Private Actors Description

OTP Bank Group is the largest commercial bank of Hungary and one of the largest independent financial service providers in Central and Eastern Europe, with banking services for private individuals and corporate clients.

Contact Information

PROJECT TEAM LEADER

Asian Infrastructure Investment Bank

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BORROWER

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

Bank Documents

- Project Summary (July 17, 2024) [Original Source]

Other Related Projects

- AIIB-001034 Multi-Country: OTP Green Energy Capacity Expansion Bond Investment II