



## ENVIRONMENTAL AND SOCIAL HANDBOOK

The content of this Document is subject to continuous review and revisions. In particular, it may be reviewed without notice to reflect changes to the EIB's internal rules and processes in accordance with decisions with the EIB's governing bodies.

**Environment, Climate and Social Office**  
Projects Directorate

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**VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND  
PROCEDURES**

# **VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND PROCEDURES**

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### A. RATIONALE AND CONCEPTS

#### A.1 Introduction

1. The Environmental and Social Procedures and Practices Handbook (herein referred to as the “Handbook”) provides to EIB project teams advice on the planning and management of the environmental and social appraisal and monitoring of EIB operations in accordance with the established EIB environment and social policy framework. The Handbook is based on an approach to appraising, managing and monitoring environmental and social impacts, risks and opportunities in proportion to their significance. It describes the steps for determining the scope of the environmental, social and monitoring activities the EIB shall carry out for all operations in all regions throughout the project cycle. It also explains the role of specialised units or individuals who collectively ensure that the EIB’s activities respond to the highest possible standards. The practices and standards apply to all of the EIB’s operations.

2. The Handbook builds upon and reflects the EIB Statement on Environmental and Social Principles and Standards (EIB Statement), the ten Environmental and Social Standards (EIB E&S Standards), and other relevant and applicable instruments such as the EU Treaties, the Charter of Fundamental Rights of the European Union, the EU environmental *acquis*, international conventions and multilateral environmental and human rights agreements<sup>1</sup>.

3. The application of these procedures will vary according to the type of operation and EIB’s level of engagement in the underlying project. The procedures and practices also delineate EIB’s disclosure requirements in accordance with the requirements of the UNECE Aarhus Convention<sup>2</sup> (Aarhus Convention) on access to information, public participation in decision-making and access to justice in environmental matters as well as in accordance with the EIB Transparency Policy<sup>3</sup>.

#### A.2 Background

4. Sustainable Development has been a fundamental objective of the European Union since 1997. It was enshrined as Article 2 of the Treaty and is supposed to underpin all EU policies and actions as an overarching principle. The Sustainable Development Strategy, adopted by the European Council in June 2006 and revised in 2009, deals in an integrated way with economic, environmental and social issues (the “triple bottom line”) and lists the seven following key challenges:

- Climate change and clean energy;
- Sustainable transport;
- Sustainable consumption and production;
- Conservation and management of natural resources;
- Public health;
- Social inclusion, demography and migration; and,
- Global poverty.

5. The environmental and social policies, principles and standards, as well as the procedures and practices of the EIB, derive from and reflect the evolving EU approach and that of other international institutions towards the promotion of environmental sustainability, social development and human well-being, in the broader context of the goal of sustainable development. This is reflected in the objectives and targets of the EIB’s Corporate Operational Plan (COP)<sup>4</sup> and in its activities.

6. In terms of promoting social development and human well-being, EIB’s social standards and practices seek alignment with the policy objectives enshrined in several key reference documents issued and/or

<sup>1</sup>Such as the UN covenants and conventions on Human Rights, the ILO Conventions, as well as the UN Guiding Principles on Business and Human Rights.

<sup>2</sup>Aarhus Convention: <http://www.unece.org/fileadmin/DAM/env/pp/documents/cep43e.pdf>

<sup>3</sup>EIB Transparency Policy: [http://www.eib.org/attachments/strategies/transparency\\_policy\\_en.pdf](http://www.eib.org/attachments/strategies/transparency_policy_en.pdf)

<sup>4</sup>EIB’s Corporate Operation Plan (COP): [http://www.eib.org/attachments/strategies/cop\\_2013\\_en.pdf](http://www.eib.org/attachments/strategies/cop_2013_en.pdf)

endorsed by the EU. Namely, EIB social standards and practices align with the EU policy objectives relating to the respect for human rights, gender equality, decent work, stakeholder engagement and conflict prevention, as upheld in the Agenda for Change (European Commission, 2011), the European Consensus on Development (European Union, 2005), the Paris Declaration (2005), the Accra Agenda for Action (2008) and the Busan Partnership Agreement (OECD, 2011).

7. The respect and protection of human rights being central to the social sphere, EIB's social standards and the subsequent application of its social due diligence further align with the EU Strategic Framework and Action Plan on Human Rights and Democracy (2012), the UN Guiding Principles for Business and Human Rights (UNGPs), the Renewed EU Strategy 2011-2014 for Corporate Social Responsibility and the OECD Guidelines for Multinational Enterprises (2008). The EIB thereby commits to the promotion of robust and comprehensive human-rights-responsive due diligence processes, guided by a principled pragmatism.

### A.3 Roles and Responsibilities

#### ROLE OF THE PROMOTER

6. The promoter is responsible for achieving compliance with relevant legal standards and policies and managing the environmental and social impacts and risks associated with its project to this end. The promoter is responsible for providing the information required by the EIB to carry out its due diligence and for structuring the project to meet the EIB's environmental and social (E&S) standards and requirements. The promoter is also responsible for disclosing project-related environmental and social information, as well as carrying out any stakeholder engagement and consultation required, and/or verifying that any project-related stakeholder engagement and consultation activities carried out by third parties (e.g. host government agencies) meet the standards expected by the EIB. The promoter may be required to carry out supplemental studies to the satisfaction of the EIB.

7. Following the signing of the finance contract, it is the responsibility of the promoter to comply with the contractually agreed E&S standards and requirements to the satisfaction of the EIB, and to monitor the project's performance against these requirements as part of the promoter's environmental and social management system. The promoter will be required to provide periodic environmental and social reports to the EIB. The promoter will also facilitate monitoring missions carried out by the EIB or third-parties when required.

#### ROLE OF THE EIB

8. The EIB's role is to support sound operations that have been designed and structured so as to meet EIB E&S standards and requirements as well as international best practice. This includes:

- assessing the operation against the relevant legal framework;
- assessing the operation against EIB E&S principles and standards;
- advising and, where required, assisting the promoter in developing measures to manage the E&S impacts and risks of the operation consistent with EIB's standards;
- assessing the capacity of the promoter to implement all the E&S requirements;
- identifying opportunities to enhance E&S outcomes;
- assessing the E&S institutional capacity of the relevant national authorities and agencies and providing technical assistance, if needed;
- monitoring the operation's performance in accordance with the EIB's E&S standards throughout the duration of the loan; and
- disclosing information about its projects in accordance with the requirements of the Aarhus Convention and the EIB Transparency Policy.

#### ROLE OF THE PROJECT TEAM

9. The EIB Project Team (the Team), led by the contact person (from the Projects Directorate - PJ) and the loan officer (from the Operations Directorate - OPs)<sup>5</sup>, has the overall responsibility for the operation, including the environmental and social aspects. This includes:

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<sup>5</sup> For products that do not require PJ involvement, the Team is led by only a loan officer (e.g. global loans)

- the communication between the promoter and all relevant parties of the Team;
- obtaining, in a timely manner, environmental and social information and documentation that is sufficient to allow the Team to make a review and assessment of operation/project-related environmental and social issues, impacts and risks prior to submission to the Management Committee (MC) and the Board of Directors;
- liaising through the Article 19 process with the relevant services of the Commission;
- incorporating the findings of the assessment, to the extent possible, into the economic analysis (e.g. economic price of carbon, environmental and social externalities);
- structuring the project so as to meet the EIB E&S standards and requirements;
- defining project relevant E&S indicators to measure the impact of the project to be included in the Result Measurement Framework (REM)<sup>6</sup> and the Three Pillar Assessment (3PA)<sup>7</sup>, and
- ensuring that any specific E&S requirements that are set as conditions for lending (e.g. standards, monitoring requirements, management measures) have been incorporated into the legal documentation.

10. PJ and the respective EIB staff responsible for monitoring carry out periodic monitoring of the project's/operation's performance against the EIB's E&S standards and the defined contractual requirements. The EIB will also undertake the necessary monitoring missions to review the project against the environmental and social management plans (ESMP)/ environmental and social action plans (ESAP), the established indicators and will verify compliance of the project with the environmental and social conditions in the finance contract.

### ROLE OF ENVIRONMENT, CLIMATE AND SOCIAL OFFICE (ECSO) WITH RESPECT TO ALL OPERATIONS

11. ECSO supports the Teams in the environmental and social assessment of operations. Its level of intervention is determined by the level of E&S due diligence required, the significance and complexity of the potential impacts and risks identified at the Project Identification Note (PIN) stage. In the cases where an ECSO member is a full team member, s/he is responsible for structuring the assessment, agreeing on the E&S documentation with the promoter, assessing the E&S information provided to the EIB and discussing the necessary actions within the Team as well as with the promoter, drafting the Environmental and Social Data Sheet (ESDS) (Annex 1), agreeing with JU the conditions to be inserted in the finance contract, including the monitoring indicators required in the PJ Appraisal Report, and monitoring the E&S performance of the project during implementation.

12. If an ECSO specialist has been attributed as a team member to a project, the ECSO specialist will review the environmental and social monitoring reports and, as necessary, will participate in the monitoring missions to ensure project compliance with the environmental and social conditions. In these cases, the ECSO specialist will be responsible for signing off on the promoter's compliance with the environmental and social conditions.

### ROLE OF THE ENVIRONMENTAL ASSESSMENT GROUP (ENVAG)

13. The PJ members of ENVAG (ENVAGs) are specialists that work to ensure the quality and consistency of the environmental and social due diligence throughout the EIB project cycle and across sectors. Furthermore they assist ECSO develop policies and practices in the E&S fields and provide support in the implementation and awareness raising of the EIB's E&S standards and due diligence procedures.

14. At the time of attribution of the members of the Team - for all operations, with the exception of those categories of operations that are not subject to a PJ environmental and social due diligence (e.g. global loans) - the PJ Head of Department responsible for the operation also designates a representative of ENVAG with appropriate sector expertise who supports and provides advice to the Team on E&S matters. Following his/her review of the E&S aspects included in the PJ project documents, the ENVAG signs off on the formal PJ documents

<sup>6</sup> REM: <http://projects/horizontal-issues/rem-results-measurement-framework/>

<sup>7</sup>3PA: <http://projects/horizontal-issues/value-added-framework-vaf/3-pillar-assessment-faqs/>

15. The PJ Contact Person is responsible throughout the project cycle for timely and appropriate consultation on environmental aspects with the ENVAG representative attributed to the operation.

16. In particular, the ENVAG representative should review:

- the E&S risks highlighted in the PIN;
- the environmental and social form and content of the PJ Opinion for Appraisal (OA); and
- the environmental and social due diligence (ESDS and associated appendices) of the PJ Appraisal Report. ECSO will provide back-up support to individual members of ENVAG as required. The responsibility for the project appraisal and monitoring remains with the Project Team.

17. The name of the ENVAG will appear on the OA, the PJ Appraisal Report and the ESDS, thereby indicating that s/he has had the opportunity to review the E&S aspects of the project included in the aforementioned documentation.

### ROLE OF THE CIVIL SOCIETY UNIT

18. The role of the Civil Society Unit, within the EIB's Communication Department, is to manage relations with Non-Governmental Organisations (NGOs) and other Civil Society Organisations (CSOs). The Unit acts as an interface with civil society, in particular in coordinating replies to enquiries and requests for information and organising meetings and workshops with interested organisations.

19. The Civil Society Unit also has a coordinating and facilitating role when EIB staff corresponds and meet with local CSOs, notably when there is a particular interest among the local population in an EIB-financed project.

## A.4 Operational Context

### A.4.1 Environmental and Social Eligibility

20. The EIB makes long term loans and other investments for the development of projects in the EU Member States and other countries to which it is mandated by the EU in order to support EU policies, including environmental and applicable social policies. In addition, there may be a specific environmental reason for financing the project. In general terms – within the limits of any mandates that may apply – an investment is eligible for environmental reasons for EIB financing to the extent that it supports the objectives of the EU Treaties, the environmental and social *acquis* and the environmental priorities of the “Seventh Environmental Action Programme – Living Well within the limits of our Planet (2012-2020)”<sup>8</sup>. For projects outside the EU, the EIB financing is governed by decisions of the EIB's Board of Governors and by separate mandates and partnership agreements from the EU and the Member States<sup>9</sup>.

21. The environmental and social criteria, for the purpose of classifying lending, should be applied to all projects, whether within or outside the EU, that are expected to have a significant beneficial impacts on the environment and social well-being.

22. The environmental lending objectives of the EIB are stated in the latest EIB COP, which is available on the EIB's website.

23. The COP defines the following main areas for EIB projects to be eligible for EIB financing on environmental grounds. These then result in specific high priority areas for environment (see Table A):

- Tackling climate change, e.g. energy efficiency and renewable energy;
- Protecting nature and biodiversity;
- Reducing the impact of the environment on human health, e.g. the supply of safe drinking water and wastewater treatment, and improvements to air quality;

<sup>8</sup> Link to the 7<sup>th</sup> EAP: [http://ec.europa.eu/environment/newprg/pdf/7EAP\\_Proposal/en.pdf](http://ec.europa.eu/environment/newprg/pdf/7EAP_Proposal/en.pdf)

<sup>9</sup> Link to EU agreements:



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- Promoting the sustainable use and management of natural resources, e.g. waste management and watershed management; and,
- Improving the quality of life in the urban environment, e.g. urban transport and urban renewal.

**Table A: High Priority Areas for Environment**

<p><b>Environmental Protection</b></p> <ul style="list-style-type: none"> <li>- Promotion of efficient and sustainable natural resource management, incl. agribusiness, fisheries, forestry, water resources</li> <li>- Reduction of flood risk in compliance with the EU flood directive</li> <li>- Support to sustainable drinking water supply services, wastewater treatment, improving aquatic biodiversity; projects to meet EU environmental directive compliance backlogs</li> <li>- Avoidance of breach of EU solid waste directives and substantial reduction of pollution and/or recycling of waste from industrial processes; soil depollution; nuclear decommissioning</li> </ul>
<p><b>Renewable Energy &amp; Energy Efficiency</b></p> <ul style="list-style-type: none"> <li>- Renewable Energy (RE)</li> <li>- Energy Efficiency (EE)</li> </ul>
<p><b>Sustainable Transport</b></p> <ul style="list-style-type: none"> <li>- The development of cleaner, safer, more efficient means of transport including the “smart” management of transport systems</li> </ul>
<p><b>Economic &amp; Social Cohesion</b></p> <ul style="list-style-type: none"> <li>- All eligible projects located in a Convergence area</li> </ul>
<p><b>Climate Action</b></p> <ul style="list-style-type: none"> <li>- All eligible projects contributing to climate change mitigation</li> <li>- All eligible projects contributing to climate change adaptation</li> </ul>

24. Projects contributing to biodiversity and natural disaster and reconstruction projects are also considered to be high priority projects that can fall in any of the above-mentioned categories. These high priority areas do not preclude the financing of other environmentally eligible projects.

### A.4.2 Types of Operations

25. The EIB currently distinguishes between the following types of operation:

**Investment Loans (IL):** this covers all operations (whether single or multi-scheme, single or multi-promoter) where the information about the underlying investment expenditures is sufficient to analyse the project in one stage.

**Investment Programmes (IP):** are multi-scheme operations with one (or more) common features (e.g. one sector or objective, such as corporate R&D programmes or infrastructure programmes). Such investment programmes fall under the category of Investment Loan and do not therefore require a two-stage submission to the Management Committee or the Board.

**Framework Loans (FL):** are instruments for financing multi-component investments where, due to incomplete information being available at the appraisal stage, decisions concerning the financing of specific schemes have to be taken after approval of the overall operation by the Board. FLs can be single or multi-sector, single or multi-promoter, financially intermediated or coordinated through a central body.

**Structural Programme Loans (SPL):** are a subset of the FL category. SPLs are aimed at co-financing multi-scheme investments managed by public authorities included within an Operational Programme (OP)

to meet EU economic and social cohesion objectives and supported by grants from the EU Structural or Cohesion Funds.

**Global Loans (GL):** a line of credit to an intermediary financing institution or a EIB which then on-lends the proceeds ("sub-loans" or "allocations"), at its own risk, to finance small and medium-sized projects (not identified at the time of submission to the Board) being undertaken by private or public sector promoters.

**Loans to/for SMES:** *EIB Loans for SMEs* are lines of credit to an intermediary financing institution or a EIB in all regions of EIB operation, which then on-lends the proceeds ("sub-loans" or "allocations") to finance small and medium sized investments being undertaken by SMEs. As is the case for Global Loans (GLs), the intermediary financing institution assumes responsibility for assessing risk on individual sub-loans to SMEs.

**Mid-Cap Loans (ML):** Mid-caps are intermediate-sized companies with less than 3,000 employees on a consolidated basis, whose investment projects generally exceed the authorised ceiling on global loans but are of insufficient size to justify an investment loan. Mid-cap projects and programmes must comply with the EIB eligibility criteria set out in the Eligibility Guidelines. An allocation under a mid-cap loan is a simplified direct operation (investment loan). It is a line of credit to an identified intermediary financing institution/EIB, which on-lends the proceeds ("sub-loans" or "allocations"), normally at its own risk, for the financing of medium-scale projects promoted by mid-cap companies. A mid-cap loan differs from a direct investment loan in that it is intermediated and the project-related due diligence is summarised by the intermediary on designated forms. The mid-cap loan product does not require an "ex-ante" identification of the projects financed or the promoters involved.

**Funds:** an investment operation where the EIB invests equity in a fund which then makes investments in one or more projects.

**Mutual Reliance Initiative (MRI) Projects:** The MRI projects between AFD, EIB and KfW aims at streamlining co-financing relationships with a view to generating cost savings for promoters and borrowers and, in the longer run, the co-financing Partners, and at enhancing their visibility in providing development finance and implementing EU external policies. Under the MRI, the co-financing partners delegate parts of their project-related work to one of them, carrying the lead financier (LF) role at various stages of the project cycle for a given project.

### A.5 Environmental and Social Assessment – Guiding Principles

26. To all its operations and activities, the EIB applies a number of core environmental and social standards and processes that reflect international standards and best practice. All EIB-supported operations, independently of the form of financial commitment, i.e. lending, blending or advising, should:

- Comply with host country laws and regulations;
- Observe the Universal Declaration on Human Rights;
- Comply and/or align with the EU environmental *acquis*;<sup>10</sup>
- Observe the Charter on Fundamental Rights of the European Union;<sup>11</sup>
- Meet the requirements of applicable international conventions and agreements ratified by the host country;
- Comply and/or align with the EU social *acquis*;<sup>12</sup>
- Apply the European Principles for the Environment<sup>13</sup> (see Annex 2 for the Declaration);
- Apply the UN Guiding Principles on Business and Human Rights;<sup>14</sup>

<sup>10</sup> The "environmental *acquis*" is comprised of the main EU legal instruments, approximately 300 directives covering environmental protection, polluting and other activities, production processes, procedures and procedural rights as well as products, and cross-cutting issues (e.g. EIAs, access to information on the environment and combating climate change). Quality and related emissions standards are set for air, waste management, water, nature protection, industrial pollution control, chemicals and genetically modified organisms, noise and nuclear safety and radiation protection.

<sup>11</sup> [http://www.europarl.europa.eu/charter/pdf/text\\_en.pdf](http://www.europarl.europa.eu/charter/pdf/text_en.pdf)

<sup>12</sup> The "social *acquis*" is the part of the *acquis communautaire* that includes the body of laws, principles, policy objectives, declarations, resolutions and international agreements defining the social policy of the EU. <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/socialacquis.htm>

<sup>13</sup> European Principles for the Environment (EPE): [http://www.nib.int/about\\_nib/environmental\\_cooperation/epe](http://www.nib.int/about_nib/environmental_cooperation/epe)

<sup>14</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

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- Apply “best available techniques” (BAT), as appropriate;
- Apply best environmental and social management practices during project implementation and operation, including best practice standards and frameworks specific to the industry, sector and/or project country context; and
- Adhere to other specific international environmental and social standards and best practices, as identified to be applicable during project screening and appraisal, based on the particular project context and industry practices.

27. According to its own policy requirements, the EIB shall satisfy itself that projects to be financed (including related ancillary/associated infrastructure and facilities and the area of influence) comply with its environmental and social principles, standards and requirements, as framed in the EIB Statement of Environmental and Social Principles and Standards and its 10 E&S Standards, in particular that:

- Projects to be financed within the EU, Candidate and potential Candidate countries comply with the EU *acquis* for the protection of the environment and human well-being;
- Projects to be financed in third countries are assessed on the basis of EU environmental and social principles, standards and practices. In all cases, projects comply with applicable national and relevant international environmental and social legislation and conventions; and
- Projects in all regions satisfy the EIB environmental and social standards.

28. An overview of the EIB’s environmental and social standards, documentation and information requirements from the promoter and internal due diligence is given below in [Table B](#).

**Table B: Typology of EIB Environmental and Social Standards (TESS)**

	A	B	C	D	E	F
	30 day Rule	EIB Publication of the NTS	EIB Publication of the EIS	Compliance with EU Standards	Social Assessment required	Nature Declaration by the CA
Region of Application						
EU 28 (+EFTA)			NO*	YES	YES, selectively	
Candidate (Tur, FYROM)	NO			YES, subject to phasing		
Potential Candidate (W. Balkans)						
EU Neighbours and Partners		YES		YES		YES
Russian Federation				if practical and feasible		
ALA	YES		YES		YES	
RSA						
ACP						

Notes:

A The Non-Technical Summary (NTS) for all investment loans outside EU-28, Candidate and potential Candidate countries will, be made public for a minimum of 30 days before the project is presented to the EIB Board of Directors.

B For all projects requiring an EIA, the NTS (or equivalent document for projects outside the EU-28, Candidate and potential Candidate countries), will be made public, either on the EIB’s projects website or by a link to the website of the promoter.

C The Environmental and Social Impact Study (ESIS) (the written report from the Environmental and Social Impact Assessment) for all projects outside the EU-28 and requiring an ESIA, shall be made public either on the EIB’s projects website or by a link to the website of the promoter\*. Within the EU, it is a legal requirement of the promoter to make the EIS and NTS public.

D The projects shall comply with EU standards in Candidate and potential Candidate countries, subject to phasing where the project has been designed to meet the requirement of the relevant EU law by the date of accession or in accordance with any transition arrangements. This does not apply to the horizontal directives such as the EIA, SEA and Nature Directives which must be complied with. Outside the EU, Candidate and potential Candidate countries, the benchmark is EU standards. Where EU standards are more stringent than national standards, the higher EU standards are required if practical and feasible (i.e. affordability, local conditions, international best practice, etc.).

E The EIB will carry out a social assessment for all operations/projects outside EU-28, Candidate and potential Candidate countries and on a selective basis in operations/projects in the EU, Candidate and potential Candidate countries.

F Nature/ biodiversity Assessment will be carried out for all projects having an impact on sites of nature conservation (marine or terrestrial), protected species or areas of important biodiversity value, irrespective of their conservation status. In EU-28, Candidate and potential Candidate countries, Form A or equivalent declaration under the Habitats Directive is required for projects without significant impact on sites of nature conservation and Form B or equivalent declaration under the Habitats Directive for projects with significant impacts on sites of nature conservation, to be signed by the relevant authority responsible for monitoring sites of nature conservation. In all other countries, the EIB uses the same approach, with similar declaration from the relevant authority responsible for monitoring national and/or internationally protected sites and species.

## B. INVESTMENT LOANS AND FRAMEWORK LOANS

### B.1 Pre-Appraisal Stage

#### B.1.1 Introduction

29. All projects financed by the EIB shall undergo an environmental and social assessment which shall be scaled appropriately to the project context (i.e. considering the significance of potential and identified impacts and risks). There are three key aspects that need to be considered in the assessment:

- the E&S, climate and biodiversity impacts, risks and issues associated with the project, its ancillary/associated facilities/infrastructure and its area of influence,
- the capacity of the promoter to address and manage these in an adequate manner in accordance with the EIB's standards and requirements, and
- the role of third parties in achieving alignment with the E&S principles and standards (e.g. competent authorities, government agencies, etc.).

30. The E&S assessment is not a single action but an on-going and iterative process that takes place throughout the project cycle. Therefore, it is essential that the E&S issues are taken into account during identification, appraisal, implementation, monitoring and evaluation.

31. Effective identification and management of the E&S risks, impacts and opportunities are key pre-requisites to assisting promoters with the progress of their projects in a timely and efficient manner. Early screening of E&S issues and early attribution of an ECSO specialist, where needed, seeks to ensure the prevention of problems later in the due diligence process, which may cause significant delays for the project.

#### B.1.2 Attribution of PJ Staff and First Reaction

32. Once a project has been considered to be eligible for EIB financing, i.e. the project supports the EU 7<sup>th</sup> Environmental Action Plan,<sup>15</sup> contributes to EIB environmental and climate lending objectives in the COP (environmental priorities – See Table A) and under the defined external mandates and partnership agreements, PJ is requested to give up-stream feedback on environmental and social impacts and risks of potential projects.

33. At an early stage, prior to a project being formally identified in the EIB's data systems, PJ may be asked for a first reaction on a project. In these cases and upon reviewing the project, it may be necessary for PJ to highlight to Ops that it is recommended not to commence formal discussions with the promoter or to go to the appraisal stage. Should the reasons for such a recommendation include environmental and social impacts and risks, and since a Project Team will not have been formally identified, the PJ staff should discuss the matter with one of the Department ENVAG representatives and as needed with an ECSO E&S specialist. This first reaction to Ops may in some cases be a formal written document, in which case the wording should be discussed with an ENVAG representative.

34. Based on any available project documentation as well as on experience in the sector, the country and with the promoter, the following issues will assist PJ in determining whether the EIB should proceed to Project Identification Note (PIN) stage:

- Location/Policy based impacts and risks and induced impacts and risks:
  - a. Are there any E&S risks and impacts associated with this particular location or its proximity to other sensitive sites (e.g. in or near sensitive and/or valuable ecosystems and in or near sites which are priority areas for conservation; cultural heritage sites; densely populated areas where resettlement and pollution impacts may be significant; conflict-affected environments or weak governance areas).
  - b. Are there other developments directly associated with the proposed operation or which in combination will generate high impact?

<sup>15</sup> Link to EU 7<sup>th</sup> Environmental Action Plan: [http://ec.europa.eu/environment/newprg/pdf/7EAP\\_Proposal/en.pdf](http://ec.europa.eu/environment/newprg/pdf/7EAP_Proposal/en.pdf)

- c. What are the historical and current land uses associated with the site?
- Sector/activity based impacts and risks:
  - a. Are there specific environmental or social impacts and risks associated with this sector, of which one has to be particularly aware of or concerned with?
- Promoter risks:
  - a. Does the promoter have specific competency in management of impacts and risks?
  - b. Does the promoter have any corporate policy statements or procedures related to environmental and/or social performance or sustainable development?
  - c. What is the environmental and social track record of the promoter?
  - d. Was a legal case ever opened against the promoter for breach of environmental and social legislation?

35. Once a project has been formally identified and a Team allocated to the project, an initial analysis of the environmental and social issues and risks, for inclusion in the PIN, should be carried out using the screening process in Section B.1.3.

36. The PJ part of the Team, which usually includes an engineer and an economist, is attributed to a project by the Department Management. It is then responsible for carrying out the environmental and social due diligence. An ENVAG is also assigned to the project and should be consulted to ensure EIB environmental and social principles and standards are correctly applied, and to support the Team on particular issues, as needed. ECSO specialists provide back-up support to the Team and the ENVAG, as and when needed (e.g. a specialist from ECSO may be assigned to the Team). Should the project be complex in nature and have complex environmental and social issues, in particular related to involuntary resettlement, significant impacts on vulnerable groups and indigenous peoples, labour standards, biodiversity and climate change adaptation, then support of an ECSO specialist should be sought. For this purpose, the ECSO specialist may be formally assigned to the Team. For complex, high risk and contentious projects an external expert may be consulted to assist in the review of specific E&S aspects and impacts.

### B.1.3 Environmental and Social Screening and Project Identification Note (PIN)

37. Before the EIB proceeds with full due diligence, an E&S screening shall be carried out for all projects. The Project Team will establish the definition of the project including a description of the project assessment area, its ancillary/associated facilities/infrastructure as well as the project's area of influence. The Project Team, will then, to the extent possible, determine the potential E&S risks and impacts of concern, the nature and magnitude of the potential impacts and have a preliminary indication of the promoter's capacity to manage these issues.

38. The Team should obtain and review available assessment information such as the following:
- Previously prepared assessment reports (especially in the case of repeat operations);
  - Planning documents;
  - Project-related environmental and/or social studies;
  - Technical documentation related to pollution control and criteria, site and safety reports;
  - Applicable legal and regulatory framework and available permits and authorisations (see Section B.1.5);
  - Community engagement activities (information disclosure, dissemination, consultation, and other engagement activities and processes); and,
  - Information collected by Ops during preliminary discussions with the promoter.

39. Based on the above-mentioned documentation, the following screening checklist should be filled out by the Project Team, with eventual support of ECSO. This checklist will then assist the Team in highlighting any E&S risks and impacts in the PIN. In addition project teams have access to external, high quality databases, which specialise in the calculation, analysis and visualisation of global risks or in the case for protected areas and species to BISE, World Database on Protected Areas, the Integrated Biodiversity Assessment Tool, and DG ENV Natura 2000 Database, amongst others.

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**Table C: Checklist for the E&S screening at PIN stage<sup>16</sup>**

Environmental and Social Issues	Yes ✓	No or Not Sure X	Initial level of Risk (High, Medium or Low)
<b>E&amp;S Policy, Legislation and Standards</b>			
<u>EU policy:</u> <ul style="list-style-type: none"> <li>Is the project/operation consistent with EU environmental and social policy?</li> </ul>			
<u>Legal context and compliance:</u> <ul style="list-style-type: none"> <li>Is the project/operation likely to be consistent with EU/national/international environmental and social legal frameworks (i.e. international conventions ratified by the host country)?</li> </ul>			
<u>Consultation and disclosure under the EIA process?</u> <ul style="list-style-type: none"> <li>Has the screening decision been disclosed to the public?</li> <li>Has the NTS been disclosed to the public and consultation under the EIA process been carried out?</li> </ul>			
<u>EIB E&amp;S principles and standards:</u> <ul style="list-style-type: none"> <li>Is the project/operation likely to be consistent with EIB E&amp;S principles and standards?</li> </ul>			
<u>IFI E&amp;S standards, safeguards and operational policies:</u> <ul style="list-style-type: none"> <li>Is the project/operation likely to be consistent with IFI E&amp;S standards or safeguards and operational policies?</li> </ul>			
<b>Environment, Biodiversity, Climate Change</b>			
<u>Environmental impacts:</u> <ul style="list-style-type: none"> <li>Will the project have an impact on air, soil, water through emissions or similar?</li> </ul>			
<u>Transboundary impacts:</u> <ul style="list-style-type: none"> <li>Will the project impact a cross-border region (river, canal, lake, seas, forest, mountain range, etc.) which forms a boundary between or runs through 2 or more sovereign states in any way?</li> </ul>			
<u>Protected areas:</u> <ul style="list-style-type: none"> <li>Does the project include activities within or adjacent to protected and environmentally sensitive areas?</li> </ul>			
<u>Critical Habitats:</u> <ul style="list-style-type: none"> <li>Does the project involve significant conversion or degradation of critical habitats?</li> <li>Does the project impact on an area of critical habitat?</li> </ul>			<b>Note:</b> the project may be precluded from financing if the impacts on critical habitats are too significant as per EIB E&S Statement.
<u>Biodiversity:</u> <ul style="list-style-type: none"> <li>Will the project impact an area high in biodiversity or impact on a vulnerable, endangered or critically endangered species?</li> </ul>			<b>Note:</b> the project may be precluded from financing as per EIB E&S Statement
<u>Forestry:</u> Does the project involve: <ul style="list-style-type: none"> <li>the financing of commercial forestry?</li> <li>logging operations in tropical moist forest</li> <li>the purchase of logging equipment for use in tropical moist forest?</li> </ul>			<b>Note:</b> the project may be precluded from financing as per EIB Forestry Policy

<sup>16</sup> The term project refers to the "project" as in an investment loan or the underlying projects in an investment programme or framework loan.



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<u>Cultural heritage:</u> <ul style="list-style-type: none"> <li>Will the project adversely impact non-replicable cultural property (e.g. archaeological, historical or religious sites), sites with unique natural values or intangible cultural heritage (e.g. social practices, rituals and festive events)?</li> </ul>			
<u>Vulnerability to climate change:</u> <ul style="list-style-type: none"> <li>Will the outcome of the project and/or impact of the project on environment, communities or ecosystems be significantly affected by climate change projections?</li> <li>Do the projects for climate change in the lifetime of the project significantly increase the risks above (e.g. to the environment, biodiversity, forestry)?</li> </ul>			
<u>Climate change mitigation:</u> <ul style="list-style-type: none"> <li>Will the project have significant absolute or relative GHG emissions?</li> </ul>			
<b>Social</b>			
<u>Social assessment:</u> <ul style="list-style-type: none"> <li>Will the project/operation have significant adverse social impacts and risks?</li> </ul>			
<u>Involuntary resettlement:</u> <ul style="list-style-type: none"> <li>Will the project have any involuntary resettlement, either or both physical or economic?</li> <li>Will the project result in livelihood changes that can increase the pressure on available natural resources?</li> </ul>			
<u>Vulnerable groups and Indigenous Peoples (IPs):</u> <ul style="list-style-type: none"> <li>Does the project impact on indigenous peoples and, if so, have the particular rights of indigenous groups been considered (e.g. rights to lands, territories and resources, rights to FPIC, etc...)</li> <li>Will the project have adverse impacts on vulnerable groups?</li> <li>Have vulnerable groups amongst impacted stakeholders been identified and included in project planning and consultation and engagement activities?</li> </ul>			
<u>Labour Standards:</u> <ul style="list-style-type: none"> <li>Are there risks of forced or child labour?</li> <li>Is there any indication of child or forced labour in the supply chain?</li> </ul>			Project may be precluded from EIB financing as per EIB E&S Statement
<u>Occupational and public health, safety and security:</u> <ul style="list-style-type: none"> <li>Will the project have an impact (direct /indirect) on occupational and public health and safety?</li> </ul>			
<u>Stakeholder engagement:</u> <ul style="list-style-type: none"> <li>Has the project engaged adequately with project-affected stakeholders?</li> <li>Has a project grievance mechanism been established?</li> <li>Is an adequate accountability reporting in place?</li> </ul>			
<b>Other E&amp;S Issues</b>			
<u>Project boundaries:</u> <ul style="list-style-type: none"> <li>Are the project's ancillary/associated facilities/infrastructure and area of influence likely to pose any significant E&amp;S impacts and risks?</li> </ul>			

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<u>Environmental and social management:</u> <ul style="list-style-type: none"> <li>Is the environmental and social capacity/performance of the promoter to manage E&amp;S issues satisfactory?</li> <li>Does the promoter have an appropriate and effective management system in place?</li> </ul>			
<u>Supply chain:</u> <ul style="list-style-type: none"> <li>Are there any risks of adverse environmental and social impacts of the project's supply chain?</li> </ul>			
<b>Reputational Risk</b>			
<u>Stakeholder interests:</u> <ul style="list-style-type: none"> <li>Are there any major stakeholder interests in the project/operation?</li> </ul>			
<u>Risks:</u> <ul style="list-style-type: none"> <li>Is the project/operation likely to pose significant risks from an environmental, climate or social point of view?</li> <li>Is the EIB likely to be exposed to any reputational risk?</li> </ul>			

**Note:** All environmental and social issues must be screened; if in doubt, the analyst should err on the side of caution and include the issue under the heading "No or Not Sure". Where an issue then falls under "No or Not Sure", the environmental and social due diligence should focus on these matters. The Team should follow the precautionary principle as detailed in Article 191 of Treaty.

### 40. Some guidance on screening:

- Start as early as possible so that environmental, biodiversity, climate, and social risks, impacts and opportunities can be appropriately integrated into the project planning and implementation rather than being brought in at the last minute;
- Consider indirect effects: some important environmental, biodiversity, climate and social effects may be secondary or indirect;
- Consider cumulative impacts of the project with other existing or planned projects;
- Consider, where practical and feasible, the environmental and social impacts through the supply chain;
- Consider existing causes of environmental and social changes - underlying causes may include: increased environmental hazards, social conflicts, market failure, weak institutions, unclear property rights, inadequate knowledge. How will the project contribute to triggering, increasing or reducing these causes/trends?
- Consider impacts on different social groups: different groups in society may be impacted differently by the project. Varying socio-economic circumstances mean that there may be trade-offs.

### 41. Some criteria to measure the magnitude of impacts:

- Magnitude and spatial extent of the impact, absolute amount of resource or ecosystem affected, impact on structure and functions of the habitats; impact on populations of protected and/or listed species;
- Number of people affected;
- Intensity and complexity of impact;
- The nature and transboundary nature of the impact;
- Vulnerability and resilience of ecosystems and/or communities/people affected;
- Timing, duration and reversibility of impact and the speed of onset of the impact;
- Probability of occurrence of specific impact; and
- The cumulation of impacts with the impacts of other projects – so called in-combination effect.

## B.1.4 Opinion for Appraisal and Categorisation

42. Following the screening, a project is categorised according to its potential environmental and social impacts and risks. In order to assign the appropriate categorisation, the results of the screening process and the following points, at minimum, must be considered:



- What is the nature of the project (e.g. greenfield site, brownfield site, expansion of capacity, etc.)?
- Are there any significant environmental and social issues of concern (direct, indirect, regional, transboundary, cumulative or in-combination in nature, short-, medium- and long-term permanent or temporary)?
- Can the impacts be readily identified and assessed and mitigated?
- How will compliance with EIB's E&S principles and standards and requirements be assessed?
- Is the definition and/or scope of the project accurately described (e.g. ancillary/associated facilities/infrastructure included in the project)?
- What is the area of influence?
- Are there third party or supply chain issues?
- What are the legal compliance requirements of the project?
- Is the project part of a plan or a programme that would trigger the requirement for an SEA?
- What is the historical and current land use associated with the site?
- Are land acquisition, resettlement and/or economic displacement likely to take place?
- What are the social characteristics of the local population and what are the likely impacts on vulnerable groups if any?
- What kind of public consultation and/or stakeholder engagement is likely to be required (identification of stakeholders, disclosure of information and consultation)?
- What further assessment is required (e.g. SEA, EIA, SIA, ESIA, biodiversity/appropriate assessment/critical habitat assessment, vulnerability assessment, downstream impacts etc.)?
- What is the environmental and social reputation of the promoter?
- How satisfactory are the promoter's policies and capacity with respect to E&S issues and compliance with EIB standards?
- How satisfactory are the competent authority's policies and capacity with respect to E&S issues and compliance with EIB standards?
- Is the EIB exposed to potential reputational risks?
- Is an ECSO environment and/or social specialist required to assist in the due diligence and what should be their level of involvement?
- Will consultants or other third party services be required?
- Will a pre-appraisal mission be required?

43. The initial categorisation reflects the extent, significance and the complexity of potential impacts and risks of the project, its ancillary/associated facilities/infrastructure and its areas of influence, thereby determining the appropriate environmental and social assessment and due diligence requirements<sup>17</sup> for the selected operation. The final overall environmental and social impact rating will be assigned to the project following the Project Team's appraisal when all outcome requirements of the project have been analysed. This rating takes into account the residual environmental and social impacts after mitigation, remedy and compensation (See Section B.2.9). The E&S impact rating is not to be confused with the REM/3PA rating.

44. The screening analysis should lead to specific questions on environmental and social matters in the questionnaire sent to the promoter. The results of this analysis are recorded in the Opinion for Appraisal document (PJ OA). Normally the PJ OA text on environment and social issues will be used directly by Ops in their Agreement to Appraise and in the environment section of the Note to the Commission for Article 19 (see Section B.1.9). The Agreement to Appraise is an internal document used for appraisal authorisation by the EIB's Senior Management. As such, it contains project information including the environmental and social impacts and risks that have to be addressed during appraisal.

45. The initial project categorisation should be recorded in the PJ OA and subsequently confirmed (overall impact rating) in the PJ Appraisal Report, Appendix D1 – the Overall Environmental and Social Assessment Form, and the Appraisal Fact Sheet (AFS) in Serapis. At project completion, this categorisation will be reviewed. Table D illustrates the EIB project categorisation to be applied.

<sup>17</sup> The categorisation will also determine the level of active and consistent communication at both pipeline and project levels; the optimisation of human resource allocation – best deployment of staff and expertise; the extent of stakeholder engagement.

**Table D: EIB Initial Project Categorisation**

Categorisation	Definition
A	Minimal or no adverse impacts – Low risk.
B	Environmental and social impacts can be readily identified and mitigation and/or remedial measures can be put in place – Medium risk
C	There may be highly significant, adverse and/or long-term environmental and social impacts, the magnitude of which is difficult to determine at the screening stage– High risk.
D	Not acceptable in EIB terms.

46. The Team shall document the above information from paragraph 42, if available, for each project in the E&S section of the OA. It should include information on the key impacts, risks, issues and opportunities as well as the applicable EU directives, EIB E&S standards, the agreed E&S project standards when co-financing with other partners, and the nature of the due diligence required. It is good practice to estimate the timeframe for completing the due diligence.

47. When the EIB is co-financing in partnership with other IFIs that have developed, and apply their own E&S policies, adequate implementation of those policies may prove enough to meet the EIB standards, pursuant to EIB's own assessment. Such possibility does not relinquish the EIB's own environmental and social due diligence duty and any gaps between that and other lenders' shall be duly accounted for.

48. The PJ contact person should discuss their analysis of the environmental and social impacts and risks as well as the categorisation assigned to the project with the ENVAG in order to get their input, and guidance as necessary, on the environmental and social text of the PJ OA and prior to the appraisal mission. This will assist the Team in focussing the environmental and social section of the questionnaire on the key environmental and social documents, meetings, visits and information required to establish an understanding of the project impacts, risks and opportunities, approval processes, mitigation, monitoring and responsibilities. ENVAG should review the PJ OA and the Note to the Commission and sign-off on the E&S assessment of the project.

49. For specific environmental, social and climate issues, the Team may also consult one of the specialists in ECSO for mission, questionnaire preparation and back-up, as needed.

50. Where there is no PJ OA (i.e. when PJ writes immediately the PJ Appraisal Report), the PJ contact person, in consultation with the ENVAG should nevertheless review the environmental and social section of the PIN and the Note to the Commission.

## B.1.5 Screening for Legislative Compliance

51. The Team should identify the main legal requirements applicable to the project and any actual or foreseen legal issues.

52. PJ should record the main national, EU and international legal instruments<sup>18</sup> that are relevant to the project and identify any other actual or foreseen legal issues, for example, compliance issues (at both project and competent authority level), future legislation.

53. **Strategic Environmental Assessment:** In the EU, Candidate and potential Candidate countries, if the project results from a programme or a plan of which the first formal preparatory act is subsequent to 21 July 2004 or which began before that date but was not adopted or submitted to the legislative procedure by 21 July 2006, the relevant plan or programme may fall within the scope of the Strategic Environmental Assessment (SEA) according to the EU Directive on SEA 2001/42/EC (henceforth referred to as the SEA Directive).

<sup>18</sup> <http://www.ohchr.org/en/professionalinterest/Pages/InternationalLaw.aspx>; <http://www.ilo.org/global/standards/lang--en/index.htm>

54. Though the SEA Directive applies to plans or programmes fulfilling certain criteria included in their definition as laid down in the Directive, and modifications to them, the requirements and guidance of the SEA should be taken to include all relevant plans or programmes regardless of their formal title. Therefore it is important to verify if the plans or programmes have been screened to determine whether they are likely to have significant environmental effects, and, as a result, if an SEA has to be performed or not.

55. **Environmental (and Social) Impact Assessment:** The EIB requires that all projects in the EU, Candidate and potential Candidate countries, likely to have a significant effect on the environment, be subject to an EIA, according to the definitions and requirements of Directive 2011/92/EC (henceforth referred to as the EIA Directive).<sup>19</sup> Annex I of the Directive lists the types of project for which an EIA is mandatory and Annex II the types of project for which the need to carry out an EIA is determined by the competent authorities through a case-by-case examination and/or thresholds or criteria set.

56. With regards to projects in third countries for which a formal ESIA is required, the ESIA process and content must be consistent with the requirements of the EU EIA Directive. The ESIA, which includes public consultation and stakeholder engagement, is the responsibility of the promoter and the competent authorities. The full ESIA process should be completed and its findings and recommendations should satisfy the requirements of the EIB prior to Board approval.

57. **Habitats Assessment:** The EIB requires that a screening, according to the Habitats Directive Assessment, be carried out for all projects in the EU, Candidate and potential Candidate countries, likely to have an impact upon a European site or listed species, either alone or in combination with other plans and projects. Is the project likely to adversely affect a European Site or a species which is of importance in Europe, then the EIB requires that an Appropriate Assessment according to Articles 6 (3) and (4) be carried out and concluded by the competent authorities.

58. **Social Assessment:** Similarly, the EIB requires that all projects/operations, irrespective of the region, that are likely to have significant adverse social impacts, are subject to a social impact assessment (SIA)<sup>20</sup>. The impact assessment needs to be scaled to the project context and identify, assess and address project-related social impacts and risks according to the requirements spelled out in the EIB Social Standards (6 to 10). The assessment can also draw on the Guidance for assessing Social Impacts within the EU Commission Impact Assessment System<sup>21</sup> and the International Principles for Impact Assessment of the IAIA.<sup>22</sup> The SIA should be integrated into the ESIA process and the resulting ESIA study. The findings, recommendations and management plan must satisfy the requirements of the EIB.

59. **Environmental and Social Standards:** In the EU, as well as Candidate and potential Candidate countries, all operations supported by the EIB should comply with both national and EU environmental and social law.

60. The time-frames for completing transposition of EU law or reaching compliance with specific EU environmental legislation agreed between the EU and any Member State, Candidate, or potential Candidate countries through bilateral agreements and/or action plans (Accession Treaties and partnership agreements) should be considered, case-by-case, and a phased approach may be adopted for the project/operation. Where a phased approach is justified, the operation should be designed and planned in such a way as to facilitate upgrading to the EU standards by no later than the end of the negotiated transition period. It is important to note that no phasing is permitted for the horizontal directives: the SEA, the EIA and the two Nature directives.

61. In all other regions, all operations/projects should comply with national legislation, be consistent and aligned with EU environmental and social standards and should adhere to international best

<sup>19</sup> The EIA Directive provides for an integrated environmental and social assessment. Link to EIA Directive: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1985L0337:20030625:EN:PDF>

<sup>20</sup> IAIA definition and methodology for a Social Impact Assessment: <http://www.iaia.org/publicdocuments/special-publications/sp2.pdf>

<sup>21</sup> DG EMPL has produced Guidance for Assessing Social Impacts within the Commission Impact Assessment System: <http://ec.europa.eu/social/BlobServlet?docId=4215&langId=en>

<sup>22</sup> <http://www.iaia.org/publicdocuments/sections/sia/IAIA-SIA-International-Principles.pdf>

environmental and social practices. Where EU standards are more stringent than national standards, the higher EU standards are required if practical and feasible.

62. The EIB recognises that for a variety of reasons, including institutional capacity, technological capability, availability of investment funds and consumer ability and willingness to pay, for a particular project/operation the immediate achievement of EU requirements may not be practical and in some cases many not be desirable. When the case arises, it is incumbent on the promoter to provide an acceptable justification to the EIB for a deviation from EU standards, within the framework of the environmental and social principles and standards set out in the EIB Statement and the 10 standards. In such cases, provision should be made for a phased approach to higher standards.

63. All operations should also comply with the obligations of relevant environmental and human rights international conventions and agreements to which the host country and the EU - in the case of a Member State - is a party to.

64. The promoter is responsible for legal compliance whereas regulatory and enforcement tasks lie with the competent authorities.

### B.1.6 Screening for Social Issues

65. In order to identify the extent and complexity of the potential social impacts and risks, the Team should screen the project as early as possible. A key objective of the EIB, in the EU MS, is to enhance social cohesion and support investments that promote social inclusion in the interests of enhancing equity and equitable access to goods and services. Outside of the EU, the EIB operations contribute to the EU development goal of poverty alleviation and sustainable development. The EIB will also verify that operations are aligned with international conventions on human rights and that they do not result in human rights abuses. This is particularly relevant in situations where the legal and administrative environment may be weak and in potential conflict zones.

66. Project-related social issues are primarily examined in the assessment of projects outside the EU-28. The extent and complexity of social issues varies from project to project. Projects may have negative as well as positive social impacts. The EIB will ensure that the adverse social impacts of projects are mitigated and their positive social impacts are encouraged. Where the EIB is one of a number of financing partners, it may be possible to utilise their respective existing social safeguard policy frameworks, although the EIB may need to carry out its own due diligence for those standards that may not explicitly covered by the co-financiers .

67. The Team should take into account additional potential factors influencing social impacts and risks pertaining to the context of the project. These may include risks associated with operations in weak and conflict prone regions; in areas where the protection of biodiversity and ecosystem services may impact on livelihoods or health, a lack of rule of law, transparency and accountability; inequitable distributional outcomes; extreme poverty; complex social dynamics.

### B.1.7 Screening for Biodiversity

68. Project activities can be direct drivers of change to biodiversity and ecosystem services, either by causing changes in the natural environment, or as a result of social and economic changes that are known to affect the natural environment. In addition, project activities can be indirect drivers of change through changes in social, cultural and economic policies and practices. The following impacts are of particular importance and will need to be assessed:

- Conversion of natural or semi-natural habitats, the main cause of loss of biodiversity worldwide;
- Introduction or facilitated dispersal of invasive alien species; once introduced, these species can invade local ecosystems, ousting the indigenous plants and/or animals and changing these ecosystems;
- Fragmentation of natural habitat which interfere with ecological processes at a landscape scale, isolates living communities, and can lead both to loss of biodiversity and a reduction of the viability of ecosystems in the long term; and

- Installation of infrastructure which can lead to losses in population of vulnerable and endangered species (e.g. wind farms).

69. For effective integration of biodiversity considerations into EIB operations, all projects have to be screened for their potential impact on the biodiversity and ecosystems. The initial environmental and social assessment (which takes into account the location and scale of project activities, the type of technology used, and the project's proximity to areas that have important biodiversity and ecosystems) should flag any potential impacts and risks the project may have on biodiversity and their ecosystems and these should include:

- Potential impacts on protected areas and areas supporting protected species;
- Impacts on other areas (e.g. a threatened ecosystem, areas of important biodiversity value, areas which are priority areas for conservation) that are not protected but are important for biodiversity;
- Activities posing a particular threat to biodiversity (in terms of their type, magnitude, location, duration, timing, reversibility);
- Areas that provide important biodiversity and ecosystem services including extractive reserves, indigenous people's territories, wetlands, fish breeding grounds, soils prone to erosion, relatively undisturbed or characteristic habitat, flood storage areas, groundwater recharge areas, etc.;
- Areas traditionally used by local communities for natural goods or services;
- Areas of semi-natural habitats (e.g. extensively managed grasslands, wetlands or forests) which are particularly threatened by intensification of management or abandonment;
- Downstream and upstream ecosystems (e.g. water storage or dam); and,
- Potential impacts in the integrity of ecosystems.

70. If a project activity is inconsistent with international or national conventions, policies and/or laws, and the residual impacts on critical habitat/ecosystems are significant, the Team should consider not pursuing the project in its current design.

### B.1.8 Screening for Climate Mitigation and Adaptation

71. From an operational standpoint, the climate change-related part of the pre-appraisal process aims to make a preliminary determination on the following:

72. **Carbon Credit Potential Assessment:** Depending on the information available at pre-appraisal, the Project Team may conclude that a) the project has no potential to generate carbon credits; b) the potential of the project to generate carbon credits can only be assessed at a later stage; or c) the project has potential to generate carbon credits.

73. In the latter two cases, the Team is also requested to make the determination as to whether the project promoter may require technical assistance (TA) to prepare the CDM or JI component of the project.

74. **Vulnerability Assessment:** Depending on the information available at Pre-Appraisal, the project Team may conclude that the project a) is not vulnerable to climate change now or in the future; b) may be vulnerable to climate change now or in the future, but needs to be assessed in more detail; c) is definitely vulnerable to climate change now or in the future. This assessment may give an indication of a project being labelled at Appraisal as "Climate Action (Adaptation)" project, in part or entirely.

75. In general terms the vulnerability assessment is based on the evaluation of the following three elements:

- The climate risk in the region, country, sector activities or project sites face (where data is available); the capacity of the country/region to factor in these risks given its level of development or specific actions that it may have already undertaken; the capacity of the project promoter to manage climate risks; and,
- The extent to which the project may have adverse consequences on the vulnerability of natural ecosystems and human structures.



76. High risk projects in this sense would typically be projects in risk-affected sectors (e.g. agriculture, water, hydropower) or located in high risk areas (e.g. coastal areas), or related to livelihoods already close to the limit of tolerance (e.g. the Sahel).

77. Should the Team determine that the project may be vulnerable to climate change, the promoter is required to introduce climate change parameters into the preparation and design of the projects, and to identify and apply adaptation measures so as to ensure the sustainability of the project. In cases where projects are at high risk due to climate change or when they affect the vulnerability of a country or geographical area, the Project Team may require that the promoter implement design changes.

78. **Carbon Footprint:** The Team should determine, if possible, whether the project's absolute carbon footprint will be above or below 100kt of CO<sub>2</sub>-e emitted per year or the relative carbon footprint is larger than 20kt of CO<sub>2</sub>-e per year (plus or minus). Methodologies<sup>23</sup> have been developed and tested for the actual calculation of a project's footprint. In some cases this preliminary assessment may give an indication of a project being labelled at Appraisal as a "Climate Action (Mitigation)" project, in part or entirely.

### B.1.9 Request for the Opinion of the Commission – Article 19 Procedure

79. According to its policy requirements, and to facilitate a clearer assignment of responsibilities and a better exchange of environmental information, the EIB has agreed to inform the European Commission of certain issues regarding operations to be financed by the EIB. In particular, it has been agreed that environmental information will be shared with DG ENV on all operations.

80. This exchange of information is done through a note provided by the EIB for each and every operation, referred to as the Note to the Commission (as foreseen by Art. 19 of the EIB's Statutes). The environmental section of the Note to the Commission is normally taken directly from the PJ OA and should be to the point and factual. It should refer to both legal form as well as environmental substance.

81. The environmental text will be circulated to DG ENV, in line with Commission internal procedures, and it is important that legal, regulatory, as well as matters of substance are dealt with in a clear way. In particular, specific location references, names of nearby protected areas, assessment of alternatives, cumulative impacts assessment, public consultation and similar information are requested by DG ENV so as to assist them in identifying the project and giving useful feedback, if any, to the EIB.

### PROJECTS IN THE EU

For projects in the EU, the EIB should:

- Either confirm at the time of the Note to the Commission, on the basis of the EIB's prior environmental and social screening, that the operation complies with EU policy and legislation in the field of the environment; or
- Indicate that such a confirmation will be given at the time appraisal has been concluded and the operation is submitted to the EIB Board of Directors; or
- Exceptionally, indicate that such a confirmation will be given at a later date, but before disbursements for project components concerned. This would be the case when the EIB financing may include preparation of an environmental/social impact assessment or in the case of framework and multi-sector loans where the information only becomes available at a later date.

82. Reference should be made to the EU SEA Directive 2001/42/EC when applicable. Particular reference should also be made to the EU EIA Directive 2011/92/EU stating whether the project falls within Annex I or Annex II. Particular reference should be made when projects have, in addition, to comply with the EU Habitats 92/43/EEC and the EU Birds Directive 79/409/EEC. Reference should also be made to the Water Framework Directive, when applicable. Table E provides examples of text for use in the Note to the Commission.

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<sup>23</sup>EIB Methodologies for the Assessment of Project GHG Emissions and Emission Variations: [http://www.eib.org/attachments/strategies/eib\\_project\\_carbon\\_footprint\\_methodologies\\_en.pdf](http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf)

## VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND PROCEDURES

**Table E: Assessments of Compliance with EIA and Nature Directives<sup>24</sup> for information to the Commission**

Plan or programme falls under SEA Directive (or project derives from a plan or programme that falls under the SEA Directive).	<ul style="list-style-type: none"> <li>• The Competent Authority has decided on the basis of the screening that no SEA is required.</li> <li>• An SEA is required in compliance with the requirements of the EU SEA Directive 2001/42/EC.</li> <li>• Compliance with the SEA Directive 2001/42/EC has been verified and the status of the environmental studies, consultations and authorisations reviewed.</li> </ul>
Project falls under Annex I of EIA Directive.	<ul style="list-style-type: none"> <li>• An EIA is required in compliance with the requirements of the EU EIA Directive 2011/92/EU.</li> <li>• Compliance with the EIA Directive 2011/92/EU has been verified and the status of the environmental studies, consultations and authorisations reviewed.</li> </ul>
Project falls under Annex II of EIA Directive.	<ul style="list-style-type: none"> <li>• The Competent Authority has decided on the basis of Annex III of the EU EIA Directive 2011/92/EU, that a formal EIA is required. The required assessments and components as listed for Annex I projects should therefore be checked.</li> <li>• The Competent Authority has decided on the basis of Annex III of the EU EIA Directive 2011/92/EU that no EIA is required (but they may or may not require specific environmental studies). The decision was made available to the public. The basis of the screening decision has been reviewed.</li> </ul>
Project falls under Habitats and/or Birds Directives.	<ul style="list-style-type: none"> <li>• Compliance with the EU Habitats Directive 92/43/EEC, in particular Articles 6(3) and (4) of the Directives has been met, and appropriate assessment has been carried out for Natura 2000 areas as well as bird areas and the Competent Authority for Nature Conservation has recorded its assessment and conclusions.</li> <li>• The Competent Authority has decided that the project is not likely to have significant effect on a Natura 2000 site and therefore an appropriate assessment required by Art. 6 (3) of the EU Habitats Directive 92/43/EEC was not deemed necessary. The basis of the screening decision has been reviewed. The screening decision should be justified, recorded and made available to the public.</li> <li>• Provision of Article 5 of the Birds Directive and 12 of the Habitats Directive related to species protection need to be respected.</li> </ul>
Project falls under Art. 4(7) of the Water Framework Directive – exemptions for new modifications and new sustainable human development activities	<ul style="list-style-type: none"> <li>• Compliance with the Water Framework Directive, in particular the criteria for derogation laid down in Art. 4 (7) has been met and the studies assessing the impact of the modification/new activity on the status of water body verified.</li> <li>• The project does not entail new modifications to the physical characteristics of surface water body or alterations to the level of bodies of groundwater resulting in the failure to achieve the relevant environmental objectives, therefore the analysis for obtaining an Art. 4(7) derogation was not initiated.</li> </ul>

<sup>24</sup> Once this screening has been carried out by the EIB, this information should be passed to the Commission/DG Environment in the Note to the Commission.

83. EIB can only confirm compliance of the operation with Community policy and with legislation to the best of its knowledge. Amongst other things, its confirmation should be based on its appreciation of the principal features of relevant legislation and information provided by DG ENV (e.g. on infringement proceedings), knowledge about the promoter and any other relevant evidence. In all cases, it has been clarified with DG ENV that the “EIB cannot give assurance about the behaviour of the promoters once equipment is installed”.

### PROJECTS IN CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES

84. Particular reference should be made to the SEA and EIA Directives. The Team will carry out a quick gap analysis of relevant local legislation and procedure applicable to the particular project/operation against the relevant EU Directives such as the SEA, EIA, Habitats and Birds directives. Should any of the studies or procedures fall short of what would be required by the EU directives, the Team will ensure that extra steps are taken in order for the project/operation to comply with these directives.

85. All projects should meet the biodiversity requirements of the EIB, in this case with particular reference to the biodiversity assessment required outside of protected areas, the EU Nature Directives, and the international conventions ratified by the EU and the appropriate assessment carried out under Articles 6.3 and 6.4, which outside the EU will take account of local specificities and will apply the principles and approach to the biodiversity assessment.

86. For other EU directives, where the relevant requirements have not yet been fully transposed and implemented, national standards may be exceptionally accepted, subject to the EIB confirming - prior to a decision by the Board of Directors - that three requirements have been met:

- Immediate compliance with EU standards is not feasible for socio-economic reasons;
- Phased compliance with EU standards is consistent with agreed transition periods; and,
- The project is designed for future upgrading to EU standards.

### OUTSIDE THE EU, CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES

87. For all other countries, operations supported by the EIB are expected to follow the relevant EU environmental and social principles, standards and practices, taking into account such aspects such as affordability, local environmental considerations, and international best practice and with reference to such factors as the costs of application. Where there are gaps between national and EIB E&S standards and requirements, the EIB E&S standards will bridge these gaps.

88. In all cases, the Note to the Commission should also refer to the acceptability - or subsequent verification of the acceptability - of the operation to the EIB in terms of likely environmental and/or social impacts and proposed mitigation and compensation measures.

89. Further communication with DG ENV:

- In some cases it may be useful to follow up directly and informally with DG ENV on specific matters relating to a project, prior to writing the Note to the Commission. Typical situations where this would be useful are, for example, if a Commission opinion is required under Article 6 of the Habitats Directive, or if a complaint to the Commission is known to exist. If this informal discussion is expected to be useful, it should normally be done with the input from ENVAG and/or ECSO, and whilst keeping Ops informed.
- Occasionally, questions are raised by the Commission on environmental matters once they have received the Note to the Commission. Responses should be discussed carefully by the Project Team and ENVAG, with input from ECSO if needed. Issues raised by DG ENV can also be informally discussed with the relevant DG ENV desk officer responsible for the operation prior to sending the formal response.



### B.2 Appraisal Stage

#### B.2.1 Main task in the E&S Due Diligence

90. PJ carries out the following main environmental and social due diligence tasks:

- Defines the scope of the EIB project, wherever possible, including specific mitigation or compensation measures. The Team should discuss and agree with promoters, borrowers and intermediaries: the project definition, the assessment area, the environmental and social conditions (Section B.2.11), the environmental and social reporting in progress and completion reports from the promoter/borrower to the EIB (Section B.3.1).

#### ENVIRONMENTAL DUE-DILIGENCE

- Identifies the main environmental legal and regulatory framework relating to the project/promoter during implementation and during operation (for example SEA/EIA applicability, noise/emissions limits),<sup>25</sup> plus any actual or foreseen legal requirements or legal issues;
- Establishes whether an SEA is needed and ensures that the promoter, if applicable, is fully aware of its obligations in this regard;
- Identifies EIB procedural requirements and standards on environment that may differ from the country's legal requirements (for example application of the principles of the EIA Directive to projects financed by EIB in all countries). Where the EIB is co-financing, ensures coherence of its requirements with those of its co-financiers;
- Identifies and assesses potential E&S impacts and risks, both adverse and positive, associated with the proposed project/operation;
- Establishes whether the project/operation is also subject to other assessment procedures required by EU legislation (e.g. assessment required by Art. 4(7) of the WFD) and ensures that the promoter is fully aware of its obligations in this regard;
- Where an EIA/ESIA is required, confirms the boundary of the project and the area of influence to be covered by the EIA/ESIA. Confirms that the EIA/ESIA is in line with the EIA Directive. Confirms that the main stages of the EIA/ESIA have been completed to the satisfaction of the EIB and documented (screening, scoping, studies, impact assessment, public consultation and engagement, environmental management/action plan, planning/development consent/authorisation, and public informed of decision);
- Ensures that the findings of the EIA/ESIA, where required, are taken into account in the EIB appraisal and reflected in the work on risk assessment and mitigation, the cost-benefit analysis, the design and costing of the project and project management during implementation and operation;
- Reviews the environmental and social substance of the project using ESIA documents and additional studies or, where an ESIA is not required or is not yet completed, whatever sources of information are available, including appropriate site visits, if practicable; and,
- Considers whether and how to include environmental externalities in calculations of a project's ERR.

#### SOCIAL DUE-DILIGENCE

Compliance assessment:

- Identifies the main social legal and regulatory framework relating to the operation/promoter during both implementation and operation (e.g. expropriation laws, labour standards...). Carries out a gap analysis to define the areas of project non-alignment with EIB Social Standards and applicable EU environmental, health and safety<sup>26</sup> and social directives; and,
- Identifies the institutional set-up and responsibilities from the promoter, and all other relevant stakeholders (e.g. the national authorities/agencies responsible for revision and approval of the social documentation).

<sup>25</sup>EIB Sourcebook on EU Environmental Law : <http://www.eib.org/infocentre/publications/all/sourcebook-on-eu-environmental-law.htm>

<sup>26</sup>EIB Sourcebook on EU Environmental Law : <http://www.eib.org/infocentre/publications/all/sourcebook-on-eu-environmental-law.htm>

### Impact assessment:

- Verifies that the socio-economic baseline and assessment is adequate;
- Ensures that all social aspects of the project (not just those that are part of the social standards) have been integrated into the assessment, as triggered by the project/operation ([Section B.2.3](#));
- Where the EIB is co-financing, ensures that all EIB's social standards are part of the common assessment to be carried out with the partner financiers, and complements the due diligence if required; and,
- Ensures that the findings of the social assessment are taken into account in the EIB appraisal and reflected in the work on risk assessment and mitigation, the cost-benefit analysis, the design and costing of the project and project management during implementation and operation.

### BIODIVERSITY DUE-DILIGENCE

- For projects/operations located in the EU Member States as well as Candidate and potential Candidate countries, verifies that the biodiversity impact assessment for the project has been carried out in accordance with EIB biodiversity standards and requirements. Verifies that the assessment of impacts on European Sites has been carried out in accordance with the Habitats 92/43/EEC and Bird 79/409/EEC Directives, and that the applicable procedural requirements under Articles 6 (3) and (4) have been applied and the conclusions endorsed by the relevant authority responsible for the monitoring of such sites through the signing of Forms A or B or equivalent. Forms A/B are provided in [Annex 9](#) and their use is discussed in [Section B.2.4.1](#);
- Outside the EU, the EIB verifies that a biodiversity assessment has been carried out as part of the ESIA or separately, where necessary, to identify, mitigate and compensate significant adverse and residual impacts on biodiversity and ecosystems. In both instances, the Team clarifies what, protected areas, critical habitats, areas of important biodiversity value or priority areas for conservation are nearby or may be affected by the project/operation. The Team shall receive confirmation from the relevant authorities that such protected areas, critical habitats, areas of important biodiversity value or priority areas for conservation have not been significantly impacted upon; and,
- Provides, as part of the adaptive management plan, details and links to the methodology which is appropriate so that the biodiversity and ecosystems at the site are adequately assessed and monitored during the construction and operation.

### CLIMATE MITIGATION AND ADAPTATION DUE-DILIGENCE

- Determines the increase or reduction of greenhouse gas emissions resulting from the project (if above the thresholds) and identifies any specific effects on, or risks to, the project from predicted climate change impacts, as well as the need for adaptation. Where appropriate, follows up any climate change financing options that were identified at the OA stage. Details are in [Section B.2.4.2](#).

### STAKEHOLDER ENGAGEMENT AND PUBLIC CONSULTATION

- Reviews the stakeholder analysis and the stakeholder engagement plan developed for the project/operation;
- Reviews the consultation carried out under the EIA/ESIA process and stakeholder engagement plan and determines if further consultation and/or engagement is required by the promoter with direct and indirect stakeholders; and,
- Determines if any issues have been, or are being raised by direct and indirect stakeholders and how these are being dealt with in the project design, implementation and operation.

### DUE-DILIGENCE ON THE CAPACITY OF THE PROMOTER

- Assesses the commitment and the capacity of the promoter to manage identified impacts and define mitigation and remedial measures as needed; and,
- If in place, assesses the quality and adequacy of the promoter's E&S management systems and practices to avoid, minimise, mitigate or remedy/compensate for adverse impacts on the environment, workers and affected individuals and communities.

### ASSESSMENT OF THE INSTITUTIONAL CAPACITY

- Assesses the capacity and expertise of the prevailing institutional framework and set-up to deal with E&S issues; and,
- Assesses the capacity of the relevant national agencies in implementing and monitoring applicable measures of the ESMP.

### E&S MANAGEMENT/ACTION PLAN

- Identifies opportunities to improve E&S performance (e.g. community development programmes, resource efficiency programmes, etc...);
- Reviews the environmental and social management plan (ESMP), and assesses the environmental and social experience and competence of the promoter to implement and manage the project, including the mitigation measures for environmental and social impacts ([Annex 11](#)); and,
- Develops an Environment and Social Action Plan (ESAP), if needed, for monitoring purposes (which will be part of the ESMP), addressing all the gaps and non-compliance identified during appraisal containing specific tasks designed to close all significant gaps.

### E&S RATING

- Determines an overall environmental and social impact rating for the project ([Section B.2.9](#)), based largely on residual environmental and social impacts and risks to the project after mitigation. The rating shall also include the promoter's capability ([Section B.2.7](#));
- Takes into account the overall E&S sustainability in the evaluation of the overall quality and soundness of the project. For projects in the EU-28, includes the results of the assessment in the Three Pillar Assessment; and,
- For projects outside of EU-28, includes the appropriate E&S REM (Results Measurement Framework) rating taking into account the positive impacts of the project. In addition defines the project-specific E&S indicators and records them in the REM;

### MONITORING

- Where required, determines what physical environmental and social monitoring for both implementation and operation shall be carried out and by whom. The monitoring may be a requirement from an ESMP of an ESIA and other additional plans such as the biodiversity action plan (BAP) or resettlement action plan (RAP). Where this is not so, the EIB will have to determine what physical monitoring by the promoter or other entity it deems necessary to manage environmental and social impact measures; and,
- Determines what information, reports and visits will be necessary for the EIB to monitor the environmental and social aspects of the project implementation and/or operation ([Section B.2.10](#)).

### RECORDING

- Records the E&S due diligence at the time of appraisal using the E&S Data Sheet (ESDS) and the Forms D1, D2, D3 and D4. These working documents/forms provide a checklist of all the environment and social-related issues for due diligence during the appraisal stage of the project cycle. They also provide a framework in which to record in a transparent, consistent and coherent way the findings, conclusions and recommendations of the environmental and social assessment itself. The templates can also be applied as a working document at other stages of the project cycle; and,
- Records the overall E&S assessment, proposed finance contract conditions, and the progress and completion reporting requirements in the E&S Data Sheet and Flysheet and verifies that this has been correctly transposed by Ops into the financing proposal and draft Board Report.

### FINANCE CONTRACT CONDITIONS

- Ensures that the finance contract appropriately reflects, in substance, the environmental and social conditions approved by the Board and contains all relevant definitions, clauses and

reporting obligations to oblige the promoter to comply with EIB's standards, the ESIA, ESMP/ESAP, the RAP, the BAP and any other relevant document or plan.

### B.2.2 SEA and ESIA Assessment

#### THE STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA)

91. The SEA is a tool, which can be applied to higher levels of decision-making hierarchy than an EIA (which is more suitable for an individual project). The SEA is a process for analysing environmental and social consequences (positive and negative) of proposed policies, plans, major investment decision and other strategic interventions.

92. An SEA is therefore relevant for policies, plans and programmes that have the potential to significantly influence a geographic region or area, a particular sector, and/or particular biodiversity or ecosystem services within a region/area. In addition, where there is a major risk of cumulative impacts in a sector or a region/area arising from repeated projects of similar nature, it is appropriate to take a broader view and carry out a strategic level assessment.

93. At EU level, the SEA Directive 2001/42/EC<sup>27</sup> and the SEA Protocol to the Espoo Convention<sup>28</sup> set out specific obligations for carrying out an SEA for plans and programmes and, if appropriate, in the preparation of policies<sup>29</sup>. The above instruments do not prescribe who should carry out an SEA. SEAs are usually commissioned by a government authority or authorities and are predominantly funded by the government. In some circumstances, a particular industry or sector may commission or fund an SEA where it is seen to be an advantage to its strategic direction, mainly to facilitate an integrated approach in planning and investment strategies<sup>30</sup>.

94. It is important to keep in mind that the SEA is not an add-on process, but one linked with the on-going economic and social analyses underway, providing for a holistic approach in relation to environmental and social issues within a sustainability framework. An effective SEA cannot be performed in isolation or after the fact. The analysis of the environmental and social considerations should be undertaken on an iterative basis throughout the planning process and be fully integrated into the analysis of each of the options developed so that the alternative proposal can be compared. The final recommendations should be informed by the results of the SEA.

95. In the EU-28, Candidate and potential Candidate countries, if the project forms a part of a plan or a programme, the relevant plan or programme may fall within the scope of the SEA Directive (See Annex 5 on Criteria for the application of the SEA Directive).

96. An SEA is mandatory for plans and programmes, which are likely to have significant effects on the environment (including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors). There are cases when plans and programmes are automatically deemed to have such effects (see below). However the requirements and guidance of an SEA should be taken to include all relevant plans or programmes regardless of their formal title.

- plans and programmes prepared for agriculture, forestry, fisheries, energy, industry, transport, waste/water management, telecommunications, tourism, urban planning or land use and which set the framework for future development consent of projects listed in the EIA Directive; or
- plans and programmes that require an assessment under specific articles of the Habitats Directive 92/43/EEC.

<sup>27</sup> The SEA Directive: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:197:0030:0037:EN:PDF>.

<sup>28</sup> The protocol on Strategic Environmental Assessment to the UNECE Espoo Convention signed by 35 governments and the European Community back in May 2003 in Kiev, Ukraine, entered into force on July 2010.

<sup>29</sup> According to Article 13 of the SEA Protocol, "Each Party shall endeavour to ensure that environmental, including health concerns are considered and integrated to the extent appropriate in the preparation of its proposals for policies and legislation that are likely to have significant effects on the environment, including health".

<sup>30</sup> The SEA Directive's definition of "environment" includes not only the natural environment and the historic environment, but also some human effects such as health and material assets. It also requires a thorough analysis of a plan's effects including secondary, cumulative and synergistic effects.

97. For those plans and programmes referred to above which determine the use of small areas at local level, as well as for their minor modifications, the need for undertaking an environmental assessment is determined on a case by case analysis and/or by specifying certain types taking into account the criteria set out in Annex II of the SEA Directive (e.g. characteristics of plans and programmes and the characteristics of the effects and of the area likely to be affected).

98. For a plan or programme to fall under the scope of the SEA Directive, it also must be:

- prepared and/or adopted by an authority at national, regional or local level;<sup>31</sup> and,
- required by legislative, regulatory or administrative provisions. According to the relevant case-law, plans and programmes whose adoption is regulated by national legislative or regulatory provisions, which determine the relevant authorities for adopting them and the procedure for preparing them, must be regarded as “required” within the meaning, and for the application, of the SEA Directive<sup>32</sup>.

99. When the EIB receives an application for a project, which may form part of such a plan or programme, it should be clarified during appraisal whether the plan or programme has been screened by the relevant authority, as being subject to an SEA. This may involve discussions not only with the promoter but also with the competent authority and other bodies. Where an SEA is judged necessary on the basis of the above, it should be completed in all material aspects and its main findings and recommendations must satisfy the requirements of the EIB, prior to disbursement.

100. The SEA Directive defines “environmental assessment” as a procedure comprising:

- The preparation of an Environmental Report which identifies, describes and evaluates the likely significant effects on the environment of the plan/programme as well as the reasonable alternatives taking into account the objectives and geographical scope of the plan/programme;
- The carrying out of public consultation on the draft plan/programme and the accompanying environmental report with the relevant authorities and with the public. In the case of transboundary impacts, the applicable consultation in accordance with the requirements under the Espoo Convention should be carried out;
- The taking into account of the recommendations and conclusions of the environmental report and the results of consultation in the decision-making process; and
- The provision of information when the plan is adopted and showing how the results of the SEA have been taken into account, providing information on monitoring requirements.

101. Outside the EU-28, Candidate and potential Candidate countries, the SEA is a more flexible process. There is no template of procedures and methodologies such as those available in the application of the EIA. However there are a set of evolving principles that help describe the SEA process in the guidance developed by the OECD<sup>33</sup> and DG ENV<sup>34</sup> for example. In this context, the SEA Protocol under the Espoo Convention is also relevant. The SEA Protocol, which also applies to national plans and programmes, requires its parties to evaluate the environmental consequences of their official draft plans and programmes and basically provides for the same process as the SEA Directive.

102. Some examples of circumstances outside the EU-28, Candidate and potential Candidate countries where an SEA would be usefully applied are:

- Macro-policy initiatives;
- Sectoral investment programmes (e.g. sector-wide approaches in energy, transport, water resources);
- Sub-national strategic planning and policy formulation (e.g. coastal zone management, urban or industrial development plans, regional development plans);
- Programmes with numerous small-scale development or community projects (where individual appraisal would not be cost-effective); and

<sup>31</sup> First formal act of preparation after July 2004.

<sup>32</sup> C-567/10

<sup>33</sup> OECD's Good Practice Guidance for Development Co-operation: <http://www.oecd.org/dac/environment-development/37353858.pdf>

<sup>34</sup> EC's Strategic Environmental Assessment: <http://ec.europa.eu/environment/eia/sea-support.htm>



- Cumulative or in-combination impacts: situations where the effect of individual developments may be limited, but could be significant when considered together. The development concerned should be considered with other existing or proposed activities in the same sector, region or catchment (e.g. projects to be developed under a new economic zone).

103. An SEA should address the following considerations: (i) main objectives of the plan/programme and relationship with other relevant plans or programmes; (ii) the current state of the environment and the likely evolution thereof without the implementation of the plan/programme; (iii) environmental objectives which are relevant to the plan/programme; (iv) scope and nature of potential effects on the environment, including scope and nature of residual effect, (v) the need for mitigation or opportunities for enhancement, (vi) monitoring and follow-up, (vii) public and stakeholder concerns.

104. There may be a plan or programme proposal for which no strategic environmental assessment according to the SEA Directive will be required. These special cases are: (i) proposals prepared in response to a clear and immediate emergency where time is insufficient to undertake an SEA and (ii) national defence plans or programmes (iii) financial or budget plans and programmes.

105. The Team should confirm, in the ESDS and Appendix D1:

- Whether the project is part of a plan or programme that requires an SEA;
- That the critical stages of the SEA have been carried out. The corresponding documents – the environmental report, evidence of consultation, information on the decision when a plan/programme is adopted; and,
- For plans or programmes having been screened out, the basis for the relevant authority not to require an SEA.

### THE ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA)

106. The ESIA is a predictive tool that is normally applied at the early planning stages of development proposals in order to assess the environmental and social acceptability and what conditions, if any, should be applied to control potential risks and impacts so that the community and the relevant authorities can form a view on the project/operation. Although the focus is on biophysical issues, social, economic and cultural heritage (both tangible and intangible) impacts are also considered.

107. The ESIA, where required, plays a key role in the EIB due diligence as the EIB Environmental and Social Statement requires that all projects/operations, irrespective of location, comply with the process and content consistent with the requirements of the EU EIA Directive.

108. For purpose of an ESIA, projects are screened into a number of categories, according to the guidelines of the EU EIA Directive.

109. Within the EU, the E(S)IA is legally governed by the EU Directive on EIA. Outside the EU, the EIB refers to EU law as the benchmark of its ESIA requirements. The EU approach is determined by the scale, nature and location of the project and the policy, institutional and socio-economic framework that is in place.

110. There are four categories that result from screening against the EIA Directive requirements:

**Table F: Categories<sup>35</sup> for EIA Project Screening**

Category	Comments
Full E(S)IA	Annex I projects
Full E(S)IA	Annex II projects screened in (i.e. E(S)IA required)
E(S)A	Annex II projects screened out (i.e. E(S)IA not required)
E(S)A	All other projects

<sup>35</sup> When completing the ESDS for Investment Loans (multi-scheme projects), Investment Programmes, or Framework Loans, it is advisable to indicate that the ESIA category may vary by scheme. However if one component overall clearly is identified as requiring an ESIA, then it is preferable to indicate that the project requires a full SIA.

111. This screening is carried out for all Investment Loans, in most cases for individual components of Investment Programmes and Framework Loans and may be used selectively for other loan types.

112. However as indicated in the above Table, not all projects require a full ESIA in the sense defined by the EU Directive. Therefore according to the categories above, projects require:

- a full ESIA, including public consultation according to the requirements of the EIA Directive (the first two categories of Table E) and an ESMP to cover the needs of the EIB;
- a limited form of environmental and social assessment, scoping or very specific studies (not regulated or required by the EIA Directive); or even
- no environmental and social assessment but certain conditions may need to be adhered to for the other two categories.

113. Examples of projects by category, from experience gained in the EU are as follows:

- Projects requiring a full ESIA: All projects listed in Annex I of the EIA Directive 2011/92/EU (see Annex 3);
- Projects screened in (full ESIA) or screened out (ESA):<sup>36</sup> All projects listed in Annex II of the EIA Directive 2011/92/EU, (see Annex 4); also extensions to Category I projects; and
- Projects requiring a limited form of ESA: Renovation of buildings (non-historical), in-plant modernisation in non-polluting industry, rehabilitation of roads without widening, minor works within an existing port not linked to traffic increases, upgrading of computer equipment, most research and development activities, most investments in rolling stock and mobile equipment, renewal of water and sewage networks.

114. The promoter or the borrower is responsible for ensuring that an ESIA/EIA is carried out according to national and other applicable environmental law, with reference to the EU EIA Directive, the Habitats 92/43/EEC and Bird Directives 79/409/EEC, and the Water Framework Directive, where applicable, as well as the requirements of the EIB.

115. In the exceptional cases where the EIB project cycle does not coincide with the ESIA process, the ESIA process (granting of development consent or approval of the ESIA outside the EU) may not have been completed at the time of appraisal. However, if the ESIA is not complete, the Team must have sufficient information to carry out its own environmental and social due diligence and beyond this, formally, the ESIA process should be completed to the satisfaction of the EIB prior to submission of the project to the Board. In exceptional cases the finalisation of the ESIA process (e.g. multi-stage development consent procedure when an ESIA was carried out but the development consent was not yet granted and the need for an additional ESIA for the subsequent stages is still to be determined – see explanation below) can be a condition of loan signature or disbursement, normally by the EIB to the promoter, exceptionally by the promoter to the individual scheme (e.g. in the case of an investment programme).

116. In the EU and Candidate, potential Candidate countries, in order to determine whether an ESIA process has been completed or not at the time of appraisal, the following should be taken into account:

- The ESIA process is completed when, according to the EU EIA Directive, a development consent is granted, the term “development consent” remaining a Community concept which falls exclusively within Community law;
- The EU EIA Directive defines only a single type of consent – the development consent – namely the decision by the competent authority or authorities which entitles the developer to proceed with the project while the term “project” refers to works or physical interventions;
- There are Member States where the development consent may be part of a combination of several distinct decisions, where the national procedure authorises the developer to start works;
- A distinction should be made between the one stage and multi-stage development consent procedure, and as a consequence, in a consent procedure comprising several stages, the ESIA must, in principle, be carried out as soon as possible, in order to identify and assess all the effects which the project may have on the environment;

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<sup>36</sup> Referring to the precautionary principle, for projects outside the EU, Annex II projects tend to be more screened “in” than “out”. Even if the project would fall under Annex II if located in EU and the relevant authority of the project country would screen out the project, the EIB may nevertheless require that an ESIA be carried out for the project as a condition for providing finance.

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- In the case that the granting of consent comprises more than one stage, and it becomes evident that in the course of the second/further stage that the project is likely to have significant effects on the environment by virtue inter alia of its nature, size or location, an additional environmental impact assessment may be required to be carried out.

117. In certain cases the EIB may finance the ESIA through the loan, or under technical assistance, in order to facilitate project preparation and design. But the EIB itself does not carry out an ESIA.

118. For projects under Annex II of the EU EIA Directive that have been screened out by the relevant authority, in all cases but particularly outside the EU-28, the EIB must determine whether it agrees with the decision, issued by the authority, not to require an ESIA. In determining the need to carry out an ESIA, the criteria laid down in Annex III of the EU EIA Directive should be considered. Should the EIB determine that an ESIA would normally have resulted from the application of the criteria in the EIA Directive, then the completion of a full ESIA or the remaining steps to complete an ESIA must be a condition of the EIB's financing of the project. In this instance, it may also be necessary for the Team to identify and agree with the promoter the specific steps and the requirements for technical assistance, consultants or other environmental/social experts to assist with the process. In addition, the Team may give concrete suggestions on public participation and stakeholder engagement that it would expect to take place (see Standard 10). In these instances, early discussion with ENVAG and with Ops is required so as to present a clear picture to the promoter of the EIB's requirements.

119. The EIB requires the promoter to make any environmental and social studies, in local language, available to the public in a suitable form and place, reinforced by the EIB's disclosure requirements with respect to its website Project List. Refer to Section D for details.

120. The following are guiding principles for the ESIA

- The assessment is not restricted to "site-specific" environmental and social impacts and risks but takes into account the project's ancillary/associated infrastructure and area of influence;
- The assessment must examine reasonable alternative courses of action and their environmental and social significance, even if the promoter does not have the power to implement these alternatives;
- Alternative courses of action include the option of doing nothing;
- The assessment must be a real analysis and not merely dispose of alternatives in favour of a decision that has already been reached;
- Greater plans must be assessed in addition to the sequence of single phases that execute them;
- Projects must not be segmented in ways that disguise the scale of environmental and social impacts and retract the viability of alternatives to the total project;
- Projects must be assessed in the light of technologies available in the time-frame of the project's construction;
- The environmental and social impacts are not to be disregarded merely because they are difficult to identify or quantify;
- The assessment must take a "hard look" at the environmental and social consequences of the project; and
- The finding must be presented in clear language and methodologies explained.

121. PJ should confirm, in the ESDS and the Overall Environmental and Social Assessment Form (D1):

- Whether the project requires an EIA/ESIA;
- For projects requiring a full EIA/ESIA, that the critical stages in the ESIA process have been carried out. The corresponding documents - the EIS, the NTS, evidence of consultation and consents - should be obtained and placed on file; and
- For projects having been screened out, the basis for the relevant authority not to require an ESIA, which should be on the basis of the criteria detailed in Annex III of the EU EIA Directive.

### B.2.3 Appraising Social Issues

122. The EIB has the obligation to make the rights and provisions of the EU Charter and the UNGPs as effective as possible in the context of its operations. For so doing, it is to be guided by the principle of



proportionality, a human rights mitigation hierarchy and the notion of access to remedy. Contrary to an environmental mitigation hierarchy, a human rights mitigation hierarchy is premised on the principle of remedy<sup>37</sup> rather than compensation. It is therefore guided by considerations of likelihood, severity and frequency of human rights impacts, accordingly ordering the prioritisation of mitigation measures.

123. Based on the information gathered during the screening phase, the Team needs to further appraise and record the social issues relevant to the project/operation. At minimum, the Team shall appraise the core issues set out in the five Social Standards (i.e. Standards 6 to 10 – see Volume I). Depending on the context and type of project/operation, the Team may also need to assess other relevant issues necessary for the carrying out of a comprehensive social appraisal. These may relate to, for example, governance, transparency and capacity issues; conflict potential and sensitivity related to access to resources or allocation of project benefits; exacerbated inequalities; and complex institutional environments and social dynamics.

124. In line with the five Social Standards, the below summarises the key social aspects to be addressed during appraisal. The Team will fill out Form D3 accordingly (see Annex 13 – Social Impact Form).

### INVOLUNTARY RESETTLEMENT

125. On the basis of the initial screening and in line with Standard 6, should project activities and/or associated facilities entail physical and/or economic displacement, the Team will determine, in consultation with the promoter, the approach (i.e. the production of a resettlement policy framework/plan according to which resettlement will be dealt with, or an approved course of action for the displacement of small numbers of people or where no physical displacement takes place), implementation and monitoring arrangements to be adopted for handling the involuntary resettlement. These respective agreements should be clearly recorded by the Team in the project documentation.

126. This implies that the Team should typically request the receipt of a satisfactory resettlement policy framework/plan during appraisal (i.e. prior to Board approval). This is especially important in cases where:

- (1) there are identified gaps between national land-acquisition, expropriation and compensation standards and practices and EIB Standard 6;
- (2) the institutional responsibilities regarding resettlement are unclear or complex with several different governmental or non-governmental agencies involved in the process;
- (3) there is a risk of underestimating the scope of the required resettlement; and/or
- (4) no sufficient resources, i.e. budget, time and/or competent staff, are set aside for resettlement planning and implementation.

127. In cases where the screening process and discussions with the promoter have revealed a satisfactory approach and capacity to handle involuntary resettlement, the appropriate conditionality can be set for the receipt of a satisfactory resettlement action plan (RAP). However should a resettlement policy framework (RPF) be required, this should be prepared and consulted upon to the satisfaction of the EIB, prior to Board approval.

128. In line with Standards 6 and 10, for a RPF/RAP to be satisfactory to the EIB, the RPF/RAP will need to have been *inter alia* subject to prior informed consultation and participation with all relevant stakeholders, be publicly disclosed by the promoter (disclosure in full on the promoter's website) and endorsed by the relevant public authority as legally required. The RPF/RAP also requires the establishment of an adequate grievance and redress mechanism open to stakeholders affected by the involuntary resettlement, i.e. project-affected persons and members of host communities.

129. Moreover, in line with Standard 7, for a RPF/RAP to be satisfactory to the EIB, the RPF/RAP(s) is to duly address the case of vulnerable groups impacted by involuntary resettlement within the context of the EIB operation.

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<sup>37</sup> A focus on the materiality of risk to affected persons, i.e. risk to rights-holders, constitutes a cornerstone principle that calls for sound and meaningful stakeholder engagement and guaranteed access to remedy.

130. When to request a RAP: A RAP, or abbreviated RAP (in instances where project-affected people are less than 200), is typically required for all components of EIB-financed operations that result in involuntary resettlement. It may also be required in cases of involuntary resettlement which result from other activities that are (a) directly and significantly related to the EIB-assisted project; (b) necessary to achieve the project's objectives as set forth in the project documents; or (c) carried out, or planned to be carried out, contemporaneously with the project.

131. When to request an RPF: In projects where exact project design and respective footprint and associated impacts have not been determined (e.g. segments of a road design takes place in stages) or several sub-projects are involved (e.g. Investment Programmes, Framework Loans or other intermediated financing), the Team may want to consider that the promoter submits an RPF. An RPF will eventually evolve into a precise and specific RAP. Requiring an upfront RPF may be especially useful in the context of weak legal and organisational capacity.

132. When resettlement has taken place prior to the EIB's involvement, all relevant information in relation thereto should be requested and reviewed by the Team during appraisal, as part of the E&S due diligence process.

133. No involuntary resettlement or forced evictions shall take place before the promoter has addressed the involuntary resettlement in a manner consistent with these Standards and satisfactory to the EIB.

### RIGHTS AND INTERESTS OF VULNERABLE GROUPS

134. On the basis of the initial screening and in line with Standard 7, the Team will determine, in consultation with the promoter, the approach to be adopted to appropriately manage the potential adverse impacts resulting from project activities and/or associated facilities on vulnerable groups, including on indigenous populations and minorities. Where relevant and feasible, such an approach should also seek to promote inclusive development and benefit-sharing.

135. Types of harmful impacts

- Land invasions by external groups;
- Adverse health impacts of in-migration;
- Exclusion from receipt of development benefits;
- Increased divisions within minority groups;
- Unequal receipt of royalties in favour of particular groups; and
- Creation of dependent communities.

136. Types of benefits to enhance minority interests

- Provision of better educational and health facilities;
- Creation of particular employment opportunities;
- Development of indigenous technical knowledge and cultural programmes; and
- Community development work to increase self-sufficiency and sustainability (provision of micro-finance, development of indigenous crafts).

137. Particular attention is to be given to vulnerable groups' cultural rights to maintain control over ancestral territory and to secure access to culturally appropriate sustainable livelihoods. A focus on, for instance, indigenous groups, like the focus on women, is of particular importance in the wider EU policies supporting social inclusion, non-discrimination and the rights of indigenous peoples expressed in the UN Human Rights Conventions.<sup>38</sup>

138. Special attention is to be paid to the rights and interests of vulnerable groups especially in :

- (1) situations where governance is poor or protection of minority rights is weak;
- (2) potential conflict or post-conflict zones; and/or
- (3) areas where the influx of workers (during construction and, especially, during operation) or the tourist development focuses on distinct local cultural features.

139. Based on the initial screening, where potential adverse impacts on vulnerable groups are present and/or relevant additional information is required, the Team should request the receipt of a satisfactory social assessment. When projects involve indigenous populations, a social assessment duly tailored to

<sup>38</sup> For information on the UN Permanent Forum on Indigenous Issues see: <http://www.un.org/esa/socdev/unpfii/index.html>.

the cultural and socio-economic specificities and sensitivities of indigenous communities would need to be provided by the promoter to the satisfaction of the EIB.

140. Where the EIB operations and/or components thereof impact or threaten the customary rights and interests of indigenous peoples or ethnic minority groups, the development of an ethnic minority development plan or an indigenous peoples development plan is deemed necessary and should be duly followed up. The Ethnic Minority Development Plan (EMDP) or Indigenous Peoples Development Plan (IPDP) may be free-standing or a component of a broader social management plan in cases where indigenous communities co-exist in the same area with other affected communities.

141. The EMDP or IPDP shall ensure that appropriate arrangements for mitigating adverse impacts on indigenous peoples or ethnic minorities are put in place and that their customary claims are fairly addressed. This is a particularly difficult area often complicated by the approach of the respective state in the pursuit of either assimilation and integration policies, or the recognition of the rights of minority groups. Where the EIB is one of the co-financing, partners it may be possible to build on the other lenders' existing social safeguard policy frameworks.

142. In line with both Standards 7 and 10, local priorities will be determined in direct informed consultation with minorities and/or their representatives. The development of appropriate consultation and participation mechanisms with vulnerable groups will be one feature that the Team will wish to see in place. Assurances over the timely disclosure of the EMDP/IPDP, including outputs linked to the Free Prior Informed Consent process, should be provided.

143. The promoter is expected to publicly disclose the final draft of the IPDP to the affected Indigenous Peoples' communities in an appropriate form, manner, and language. Once adopted and agreed upon by the Indigenous Peoples and the EIB alike, the promoter will make these documents available to the affected Indigenous Peoples' communities in the same manner as the earlier final draft documents.

144. The appropriate conditionality will be included in the finance contract for the receipt of an acceptable IPDP. If an Indigenous Peoples' Planning Framework (IPPF) is required, this document should ideally be submitted prior to Board Approval. The promoter will also have to provide assurances that funding for the implementation of the IPDP will be secured.

### LABOUR STANDARDS

145. Where the screening process determines that additional information is needed and/or reveals significant labour-associated risks, whether concerning workers directly contracted by the promoter and/or workers contracted by primary contractors and/or first-tier suppliers, the Team is to carry out a more comprehensive labour assessment of the promoter's current employment policies and labour practices as well as of the agreed mitigation and monitoring requirements.

146. The labour assessment should, at minimum, include a review of the promoter's human resources policies, their adequacy, and the management capacity to implement and monitor these, including for primary contractors and first-tier supplier, as well as relevant management systems and procedures. This information is usually included in a comprehensive ESIA. If further information is required, the EIB may consult relevant stakeholders such as workers organisations, government agencies, local government officials, and civil society organisations among others, to ensure the appropriate local support for the project.

147. When relevant, based on the specific risk profile, an assessment may be further required to include the descriptions and analysis of:

- The workforce (numbers, skills, types of jobs, composition);
- Current working conditions (hours, physical amenities, forms of discrimination, attitudes of staff as well as health and safety and privacy standards for company provided facilities) and terms of employment (including entitlement to wages, overtime arrangements and compensation, leave, illness absences, benefits, training, capacity building and skills development; freedom of association and collective bargaining rights, staff representation and organisation), the national labour regulations, including decent work country programmes;
- The state of compliance with the International Labour Organisation's Core Labour Standards, and national employment and labour laws;

- Types of employment relationships (wage levels, contracts, status of temporary workers, outsourcing, disciplinary procedures and dismissals, policies for dealing with retrenchment);
- The promoter's policy for dealing with contractors and supply chain;<sup>39</sup>
- The promoter's approach to sustainability and social responsibility reporting;
- General conditions in the sector or the surrounding environment that might pose risks of non-compliance with existing laws (e.g. corruption, rule of law);
- The way by which information relating to the human resources policy is documented and disseminated to all workers; and
- The grievance and redress mechanism available to workers (and their organisations, where they exist) to raise workplace concerns.

148. Based on this assessment, the Team should exercise an informed judgement as to the appropriateness of any proposed operation. If necessary, the Team should recommend areas where improvements are needed and identify appropriate mitigation measures to address perceived inadequacies, as well as indicators for measuring and reporting on improvements (e.g. improved working conditions, support for vulnerable groups, provisions for worker welfare, representation). Special attention may need to be given to the ways that contractors and/or suppliers treat their labour force.

149. Arrangements for ensuring minimum acceptable standards should be agreed between the EIB and the promoter before disbursement and inserted to the satisfaction of the EIB into the project ESMP and ESMS (see Standard 1 and Annex 11).

150. If the identified risks (either during the appraisal or the monitoring phase) are moderate to significant, the promoter may be further asked to undertake an independent labour audit. The exact scope of this labour audit will be discussed and agreed with the EIB (during appraisal or monitoring phase, as deemed necessary).

151. In cases where the risk of labour rights and standards violations is high or where the EIB appraisal established a steep learning/compliance curve ahead for the promoter, the promoter should be required to directly undertake a labour audit by commissioning an independent third-party specialist.

152. In the instances where the EIB is in partnership with other IFIs, the due diligence on labour standards can be based on an examination of the assessments carried out by other IFIs.

### OCCUPATIONAL AND PUBLIC HEALTH, SAFETY AND SECURITY

153. All projects located in EU, Candidate and potential Candidate countries will be designed and will operate in compliance with the applicable EU requirements as laid down in the different EU Directives on Occupational and Community Health and Safety as well as with relevant international standards and best practices,<sup>40</sup> unless the national standards and requirements are more stringent than those contained in EU legislation.

154. Projects outside of the EU, Candidate and potential Candidate countries will be designed and will be operated in compliance with EU Occupational and Community Health and Safety requirements, where practical and feasible. However the promoter will adhere to international best practice and to any obligations and standards to which the host country is party to. Where EU standards are more stringent than national standards, the higher EU standards are required if practical and feasible. However any deviation from EU standards will have to be duly justified by the promoter.

155. Mindful of the above, during appraisal, the Team is to agree with the promoter on (i) the level of comprehensiveness of the assessment of the health, safety and security risks and (ii) how occupational and public health and safety requirements will be best addressed and managed as part of the promoter's overall ESMP, both in terms of managing the promoter's own activities as well as that of its primary

<sup>39</sup> Where low labour costs are a factor in determining competitiveness and securing supplies, the EIB should assure itself wherever possible that minimal standards apply to its supply chain, especially those related to child and forced labour and to the circumstances governing downstream marketing activities.

<sup>40</sup> Such as ILO's Guidelines on occupational safety and health management systems, the EU's decent work agenda, the OSH Framework Directive as well as the UN Guidelines on Business and Human Rights.

contractors and first-tier suppliers. The effort devoted to planning and managing environment health and safety will be in proportion to the risks and complexity associated with the project/operation.

156. During appraisal, the Team will assess all necessary health and safety management plans (including emergency prevention, preparedness and response and disease prevention and containment plans, traffic management and security management plans) included in the overall project ESMP. Where the operation financed is likely to involve significant numbers of labourers arriving on site from beyond the local context, the ESMP will also need to comprise an influx management plan.

157. The Team will further assess the environmental and social management system (ESMS)<sup>41</sup> upon which the implementation of the ESMP rests. The ESMS should govern the promoter's own and out-sourced/supplied activities. The ESMS should be supported by a qualified person/team to supervise the implementation of all health and safety management plans, monitor the effectiveness of mitigated risks and remedies, and identify any new risks and impacts as they arise throughout the project.

158. In line with Standard 10, the Team will further assess the way by which the promoter has identified, informed and consulted affected/potentially affected stakeholders within the project's area of influence on the health, safety and security risks and impacts arising from project activities as well as on the proposed health and safety management plans. In line with Standard 7, due attention should be paid to assess the way by which vulnerable groups in the local population have been consulted. The Team will also assess the adequacy of the grievance and redress mechanism open to all project workers and members of the public in cases of violations of their rights falling within the scope of Standard 9.

159. Where the screening determines that the nature of the operation entails significant and/or cumulative public health risks and that the ESIA is not fit to adequately analyse or to propose satisfactory mitigation measures, the promoter will be required to undertake an environmental, social and health impact assessment (ESHIA).

### STAKEHOLDER ENGAGEMENT

160. The purpose of public consultation and stakeholder engagement in the EIA process, and more generally throughout the lifecycle of the project, is to allow the promoter to identify and address public<sup>42</sup> concerns and issues, and to provide the public with an opportunity to receive information and contribute meaningful input into the project assessment, development and implementation.

161. The EU EIA Directive and the UN Convention on Transboundary EIA – the Espoo Convention – provide the framework for engaging in the consultation process of the public concerned in the territory of any Member State or party to the Convention likely to be significantly affected, in the case of projects that are likely to have transboundary effects on the environment of another country.

162. The choice and form of consultation will depend on the nature, issues and complexity of the project as well as on the interests of different stakeholders. The interests of those most likely to be significantly impacted by the project should be addressed during the public consultation associated with the ESIA, public hearings, via the media, or be drawn to the EIB's attention by the promoter, a civil society organisation, or a government body.

163. For projects located in the EU-28, especially in the case of complex and/or sensitive projects, it is recommended that a Stakeholder Engagement Plan (see Annex 6) be developed as part of the ESIA process. Such a Plan would include the regulatory requirements for public consultation and disclosure under the EU EIA Directive. Beyond the regulatory requirements for public consultation and disclosure, further consultation and engagement with project-affected communities and other relevant stakeholders may be required.

164. For projects located outside the EU 28, including in Candidate and potential Candidate countries, a Stakeholder Engagement Plan, including a grievance mechanism, is mandatory as part of the ESIA

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<sup>41</sup> Health and Safety management plans are a part of the ESMS (see Standard 1).

<sup>42</sup> The EU EIA Directive defines the term "public" as: "one or more natural or legal persons and in accordance with national legislation or practice, their associations, organisations or groups", and "public concerned" as: "the public affected by, or having an interest in, the environmental decision-making procedures referred to in Article 2(2); for the purposes of this definition, non-governmental organisations promoting environmental protection and meeting any requirements under national shall be deemed to have an interest".



process. In line with Standards 7 and 10, where the EIB operation and/or components thereof impact or threaten the customary rights and interests of indigenous communities, the Team is to ascertain that a satisfactory FPIC process has been carried out.

165. During appraisal, stakeholders' concerns or complaints should be established through EIA/ESIA documents, i.e. stakeholder engagement report and discussions with the promoter. If necessary the mission should be organised to include meetings with concerned parties and understand better their issues regarding the project. Such meetings should be arranged through or in cooperation with the promoter, if possible. There may also be positive stakeholder opinions regarding the project and appropriate meetings may be held with such groups as well in order to get both views.

166. Once it has been established what the main concerns are, the promoter should be asked to explain how these will be dealt with in terms of mitigation or compensation measures and how these will be monitored during project implementation and operation.

167. The promoter should clarify if any legal proceedings are on-going against the project as part of the EIA process or separately. If complaints have been made to the EU Commission then the service, having received the complaint may be contacted to determine at what stage their analysis of the complaint has reached.

168. If there are significant third-party concerns about the project or related issues, then this should be discussed with ENVAG, the assigned social development specialist and ECSO to determine how to follow up the concerns. The civil society organisations (CSO) unit handles formal NGO-EIB communications, including complaints to EIB, on individual projects.

169. If the proposed project or the project promoter is subject to a negative campaign, it should be noted in the Overall Environmental and Social Assessment Form and the ESDS.

170. When reviewing the public consultation process carried out for the project/operation, the Team should verify that:

- Engagement with the stakeholders and relevant authorities has begun early in the process;
- That timeframes for consultation are proportionate and realistic to allow stakeholder sufficient time to provide a considered response;
- That the time required for public consultation is commensurate to nature and impact of the project/operation (e.g. the diversity of interested parties or the complexity of the issues);
- That the capacity of the groups being consulted to respond is taken into consideration;
- That information has been disseminated and presented in a way that is accessible and useful to all stakeholders with a substantial interest in the project/operation.
- That consideration has been given to more informal ways of engaging stakeholders such as web-based forums, focus groups, surveys – rather than always reverting to a written consultation and public meetings; and,
- That sufficient information has been made available to stakeholders to enable them to make informed comments. Relevant documentation should be easily accessible.

171. The Team will review the results of the stakeholder identification and the Stakeholder Engagement Plan, assess the adequacy of the project grievance mechanism and assess the adequacy of the planned stakeholder engagement during project implementation. Continuous stakeholder engagement is expected throughout the lifecycle of the project, as laid out in the Stakeholder Engagement Plan.

### B.2.4 Appraising the effects of biodiversity and climate change in the EIA

172. Climate change and biodiversity loss are amongst the most important environmental challenges we face today. Both are complex and cross-cutting issues, which impact nearly all human activity. However climate change and biodiversity issues are not effectively integrated into practice as these issues are not yet fully incorporated into the formal requirement or EIA/ESIA procedures. Due to their complexity– particularly when considered in terms of ecosystems – both biodiversity and climate change



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do not lend themselves to simple or quick analysis. The following points highlight the specific issues to look out for in an EIA/ESIA so as to make certain that climate change and biodiversity have been integrated into the EIA/ESIA process. The assessment should:

- Consider climate change scenarios at the outset of the EIA, including the extreme climate situations and “big surprises” that may either adversely affect implementation and operation of the project or may also worsen its impacts on biodiversity and other environmental factors.
- Analyse the evolving environmental baseline trends, including trends in key issues over time, drivers for change, thresholds and limits, areas that may be particularly adversely affected and the key distributional effects.
- Take an integrated and “ecosystems” approach to planning and investigate relevant thresholds and limits.
- Look for opportunities for enhancement and ensure proposed projects are consistent with wider relevant policy objectives, policies and priority actions for climate change mitigation and adaptation and biodiversity conservation, protection and sustainable use.
- Assess alternatives that make a difference in terms of climate change and biodiversity impacts using a hierarchical approach (i.e. that review the need for the project, the process for its implementation, locations, timings, procedures, etc. and enhance ecosystem services).
- Consider alternative approaches that result in no net loss to biodiversity and/or seek to restore biodiversity; and consider the context of different climate change scenarios and climate impacts, and possible alternative futures.
- Use vulnerability assessment to help assess the evolution of the baseline environment and identify the most resilient alternative(s).
- Assess climate change and biodiversity cumulative effects, as these effects can be particularly significant for these issues. Causal chains/network analysis can be particularly helpful in trying to understand the interactions and associated cumulative effects between specific elements of the project and aspects of the environment.
- Seek to avoid adverse impacts: the EIA Directive establishes a clear hierarchy in the way in which impacts should be first avoided and then mitigated (reduced or remedied).
- Monitor the effectiveness that adaptive management has been built into the project, supported by the EIA process, and whether it is being delivered.

*Source: EU Guidance on Integrating Climate Change and Biodiversity into the EIA*

### B.2.4.1. Biodiversity Assessment

#### GENERAL PRINCIPLES

173. The EIB recognises the significant value of biodiversity in terms of ecological services, economic and social values and that protecting biodiversity and ecosystems are key elements in supporting sustainable development.<sup>43</sup>

174. Acknowledging that its projects may have a potential impact on biodiversity and ecosystems, the EIB has taken a balanced approach to managing its operations in order to avoid and minimise any negative impacts on biodiversity and ecosystems by applying the precautionary principle<sup>44</sup> and by enhancing positive impacts on biodiversity and ecosystems whenever practicable, so as to secure favourable economic, environmental and social outcomes.

175. The EIB's approach and commitment to nature and biodiversity are grounded in the principles and practices contained in the EU Nature Biodiversity Policy, namely the EU Biodiversity Strategy, the Birds (79/409/EEC) and Habitats Directives (92/43/EEC), and in international treaties and conventions ratified by the EU, such as the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Bonn Convention on Migratory Species (CMS) and the Ramsar Convention on Wetlands amongst others.

<sup>43</sup> The legal basis for the conservation and sustainable use of biodiversity at the EU level is provided by Article 191 TFEU, which states that Community policy on the environment shall contribute to “preserving, protecting and improving the quality of the environment”, based inter alia on the precautionary principle.

<sup>44</sup> The Precautionary Principle states that “where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation” (The Rio Declaration (1992) and the Preamble of the Convention on Biological Diversity (1992)).

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176. The EIB promotes, to the extent possible, the integration of biodiversity and ecosystem services into the impact assessment process. This “biodiversity-inclusive” impact assessment should be applied to projects/operations through the ESIA and to plans and programmes through the SEA.<sup>45</sup> See Standard 3 on the Biodiversity Assessment Thought Process.

177. Therefore, for the effective integration of biodiversity into EIB operations, all projects, irrespective of their location, have to be screened for their potential impact on biodiversity and ecosystems. The initial environmental and social assessment, which takes into account the location and scale of project activities, the types of technology used, and the project's proximity to areas that have important biodiversity values,<sup>46</sup> should flag any potential impacts and risks the project may have on biodiversity and ecosystems.

The following table provides basic questions to assist in the screening and identification of biodiversity and ecosystem concerns:<sup>47</sup>

Main concerns related to:	Key questions that could be asked at the screening stage of the ESIA
<b>Degradation of ecosystem services</b> (including impact on processes important for creating and / or maintaining ecosystems)	<ul style="list-style-type: none"> <li>• Will the proposed operation directly or indirectly lead to serious damage or total loss of ecosystem or land-use type, thus leading to a loss of ecosystem services? Will it affect the exploitation of ecosystems or land-use type so that the exploitation becomes destructive or unsustainable?</li> <li>• Will the proposed operation damage ecosystem processes and services, particularly those on which local communities rely?</li> <li>• Is the operation in any way dependent on ecosystem services?</li> <li>• Can increased supply of ecosystem services contribute to the operation's objectives?</li> <li>• Will the proposed operation result in emissions, effluents, and/or other means of chemical, radiation, thermal or noise emissions in areas providing key ecosystem services?</li> <li>• As regards processes important for creating and/or maintaining ecosystems:</li> <li>• Will the proposed operation change the food chain and interactions that shape the flow of energy and the distribution of biomass within the ecosystem?</li> <li>• Will the proposed operation result in significant changes to water level, quantity, quality, and or the environmental flow?</li> <li>• Will the proposed operation result in significant changes to air quality or pollution?</li> </ul>
<b>Loss and degradation of habitats</b> (including the Natura 2000 network, habitat fragmentation and isolation)	<ul style="list-style-type: none"> <li>• Will the operation lead to damage or loss of protected habitats or habitats of protected species? If so, what is the scale and character of damage? Can this damage be minimised?</li> <li>• If habitats are lost or altered, are there alternatives available to support the species populations concerned?</li> <li>• Will the proposed operation adversely affect any of the following: protected areas; threatened ecosystems outside protected areas; migration corridors identified as being important for ecological or evolutionary processes; areas known to provide important ecosystem services; or areas known to be habitats for threatened species or priority areas for conservation?</li> <li>• Will the proposed operation involve creating linear infrastructure and</li> </ul>

<sup>45</sup> Convention on Biological Diversity (2006): Voluntary Guidelines on Biodiversity-Inclusive Impact Assessment.

<sup>46</sup> Areas of important biodiversity include amongst others world heritage sites, key biodiversity areas, biodiversity hotspots, high conservation value areas, alliance for zero extinction areas, and areas where the assessment has determined that the biodiversity value is important and significant.

<sup>47</sup> This initial screening table has been adapted from the EU Guidance on Integrating Climate Change and Biodiversity into Environmental Impact Assessment, 2013, page 32: <http://ec.europa.eu/environment/eia/pdf/EIA%20Guidance.pdf>

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	<p>lead to habitat fragmentation in areas providing key and other relevant ecosystem services or create barriers to movement of fauna?</p> <ul style="list-style-type: none"> <li>• How seriously will this affect habitats and corridors, considering that they can also be adversely affected by climate change?</li> <li>• Is the habitat traditionally used by local communities for natural goods or services?</li> <li>• Are there opportunities to establish or further develop green infrastructure as a part of the operation to support the operation's non-environmental and environmental goals (e.g. adaptation to climate change or increasing connectivity of protected sites)?</li> </ul>
<b>Loss of species diversity</b> (including species protected under the Habitats Directive and the Birds Directive)	<ul style="list-style-type: none"> <li>• Will the proposed operation have direct or indirect negative impact on the species of Community interest listed in Annex II and/or Annex IV or V, in particular, priority species from Annex II of the Habitats Directive or on the species covered by the Birds Directive?</li> <li>• Will the proposed operation have direct or indirect negative impact on species listed in the IUCN Red Lists of Threatened Species and Ecosystems, the OSPAR List of threatened and Declining Species or the host country national red lists?</li> <li>• Will the proposed operation cause a direct or indirect loss of a population of a species identified as priority in National Biodiversity Strategies and Action Plans (NBSAPs) and/or other sub-national biodiversity plans?</li> <li>• Will the proposed operation alter the species-richness or species composition of habitats in the project footprint and area of influence?</li> <li>• Will the proposed operation affect sustainable use of a population of a species?</li> <li>• Will the proposed operation surpass the maximum sustainable yield, the carrying capacity of a habitat/ecosystem or the maximum allowable disturbance level of populations, or ecosystem?</li> <li>• Will the proposed operation increase the risk of invasion by alien species?</li> </ul>
<b>Loss of genetic diversity</b>	<ul style="list-style-type: none"> <li>• Will the proposed operation result in the extinction of a population of a particularly rare species, declining species or a species identified as one of Community interest or national interest, in particular of priority species from Annex II of the Habitats Directive, IUCN and OSPAR lists?</li> <li>• Will the proposed operation result in the extinction of a population of a particularly rare species, declining species or those identified as priorities in NBSAPs and/or sub-national biodiversity plans?</li> <li>• Will the proposed operation result in the fragmentation of an existing population leading to (genetic) isolation?</li> </ul>

Source: Adapted from the EU Guidance on Integrating Climate Change and Biodiversity into EIA

178. To assess the potential significant impact on habitat and species, the Team will be guided by the International Union for Conservation of Nature (IUCN)<sup>48</sup> classification of protected areas and species, the management regulations applicable to them as well as sector recommendations/guidelines from established institutions and organisations such as Conservation International, Fauna Flora International, the CBD, and Birdlife International. The areas of biodiversity importance can be found on the A-Z Areas of Biodiversity Importance developed by UNEP-WCMC.<sup>49</sup> The Team may also use the Integrated

<sup>48</sup> International Union for Conservation of Nature (IUCN): <http://www.iucn.org>

<sup>49</sup> UNEP A-Z Areas of Biodiversity Importance: [http://www.unep-wcmc.org/a-z-areas-biodiversity-importance\\_531.html](http://www.unep-wcmc.org/a-z-areas-biodiversity-importance_531.html)

Biodiversity Assessment Tool<sup>50</sup>, the World Database on Protected Areas<sup>51</sup> and the Biodiversity Information System for Europe (BISE).<sup>52</sup>

179. When the screening carried out by the Team has identified that there are potential adverse impacts on biodiversity and ecosystems (primary and secondary effects), the Team must verify that the promoter has applied the mitigation hierarchy, in particular avoidance and minimisation of impacts so as to ensure that there is no net loss<sup>53</sup> of biodiversity in order to maintain the integrity and natural functions and processes of the ecosystems, as well as their resilience. The mitigation hierarchy is applied in order of priority as follows:

- Avoid
- Minimise
- Restore on-site
- Compensate and/or offset (off-site or on-site)

180. Generally the “higher” the priority of the ecological value, the more protective the mitigation measures (Guidance on the mitigation hierarchy is in Annex 7). The Team will review how the mitigation hierarchy was considered and applied by the promoter<sup>54</sup>. The EIB may request that further specific studies be undertaken by experts in the field, in consultation with national and local authorities as well as affected communities. In the case of Natura 2000 sites, biodiversity compensation/offsets have to be preceded by the application of requirements specified in the Habitats Directives (impact assessment, analysis of alternatives, test of “imperative reasons of overriding public interest”). In other cases, biodiversity offsets should only be used for residual impacts, after all avoidance and minimisation measures have been considered. Since the outcome of offsets cannot be guaranteed, they may not be possible for certain natural features that are highly vulnerable and irreplaceable. Should offsets be required, the Business and Biodiversity Offset Programme (BBOP)<sup>55</sup> is one set of internationally recognised methodology that can be applied.

181. Compensation and offset measures may include:

- Restoring impacted areas with species consistent with local ecological conditions;
- Offsetting biodiversity losses through the creation of ecologically comparable areas elsewhere that are managed for biodiversity; and,
- Financial or in-kind compensation to direct users of biodiversity.

182. In areas where the intended project may modify the habitat, the promoter must ensure minimal degradation of habitat. Opportunities to enhance habitat and conserve biodiversity must be sought as part of the operational stage. If the proposed project impacts is located in or adjacent to a protected, legally sensitive biodiversity area or a priority area for conservation or impacts on it, the promoter shall consult protected area managers and potentially affected local communities and ensure the project is consistent with defined protected area management plans.

183. The promoter will be responsible for carrying out a detailed biodiversity assessment of all impacts, mitigation measures, monitoring and reporting plan, if no alternative is feasible, duly approved and signed by the relevant authority for Nature.

184. If quantifiable, the economic value of the likely impact of the project on biodiversity and ecosystems, where significant, should be as far as practical internalised into the Economic Rate of Return (ERR) calculation of the project.

185. Whenever a project has been screened for its potential vulnerability to climate change, the inter-linkages between climate change and biodiversity (e.g. issues related to adaptation) should be assessed. The project must address specific criteria or quantifiable links the project is having with regards to adaptation.

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<sup>50</sup> Integrated Biodiversity Assessment Tool (IBAT): <https://www.ibatforbusiness.org>

<sup>51</sup> World Database on Protected Areas (WDPA): <http://www.wdpa.org/>

<sup>52</sup> Biodiversity Information System for Europe (BISE): <http://biodiversity.europa.eu/>

<sup>53</sup> The concept of No Net Loss is implicit in the EU Habitats Directive

<sup>54</sup> Mitigation measures should be designed to maintain the coherence of the ecosystem and favour impact avoidance and prevention over reduction and compensation.

<sup>55</sup> Business and Biodiversity Offsets Programme (BBOP): <http://bbop.forest-trends.org/>

186. A sensitivity analysis of the project with respect to adaptation<sup>56</sup> may be carried out. Analysis of adaptation of a project needs to distinguish between projects building in adaptive capacity and anticipatory adaptation whereby capacity is transformed into positive action. Adaptation decisions must be within the context of the project and be site specific and cognisant of the ecological status of the area.

187. If there is scope within the contract for some form of hazard impact mapping using remote sensing and satellite imagery for mitigation monitoring, this should be built in.

188. Where a significant impact is likely, the project should be monitored during implementation and operation, as appropriate. This monitoring plan should include a remediation plan for long term biodiversity stabilisation and promotion on the project site and importantly in the secondarily affected adjacent areas.

189. The conclusions of the biodiversity assessment should be recorded in the ESDS as well as in the Overall Environmental and Social Assessment Form (D1), i.e. whether a nature conservation site or an area with important biodiversity has been identified, whether or not there may be a significant effects on the site/area as well as the type of site, how the mitigation hierarchy was applied. A map should be obtained to confirm the location of the project in respect of any conservation site.

### PROJECTS WITHIN THE EU, CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES

190. In addition to the assessment described above, for all projects in the EU, Candidate and potential Candidate countries, the promoter is required to consider the potential effects on a designated and/or in the process of being designated Natura 2000<sup>57</sup> site, applying the assessment procedures under EU legislation (particularly the assessments required under art. 6(3) and art. 6(4) of the Habitats Directive 92/43/EEC). The assessment required is applicable for plans and projects individually or in combination with other plans or projects and will follow a stage-by-stage approach taking into account the recommendations provided by the relevant EC guidelines and international good practice, the information provided in Standard 3 being also relevant.

191. The Habitats Directive applies to classified SPAs, and to SACs as well as to the sites which have been identified as potential Natura 2000 sites (even if they have not been officially designated). However, as a matter of policy, projects affecting non-designated areas of high biodiversity value are to be considered the same way, i.e. as if they had been designated. These measures aim to maintain or restore the extent and quality of rare habitat types and to ensure that rare species can survive and maintain their populations and natural range on a long-term basis.

192. The stages and recommendations proposed by the EC relevant guidelines<sup>58</sup> could be summarised as the following:

- Stage one; Screening – the process which identifies the likely impacts on a Natura 2000 site of a project or a plan, either alone or in combination with other projects or plans, and considers whether these impacts are likely to be significant;
- Stage Two: Appropriate assessment – the consideration of the impact on the integrity of the Natura 2000 site of the project or plan, whether alone or in combination with other projects or plans, with respect to the site's structure and function and its conservation objectives. Additionally, where there are adverse impacts, an assessment of the potential mitigation of those impacts;
- Stage Three: Assessment of alternative solutions – the process which examines alternative ways of achieving the objectives of the project or plan that avoid adverse impacts on the integrity of the Natura 2000 site;
- Stage Four Compensation: Assessment where no alternative solutions exist and where adverse impacts remain – an assessment of compensatory measures where, in the light of an assessment of imperative reasons of overriding public interest (IROPI), it is deemed that the project or plan should proceed (in certain cases a prior European Commission opinion about the project may be required).

<sup>56</sup> IPPC definition of adaptation: an adjustment in ecological, social or economic systems in response to observed or expected changes in climatic stimuli.

<sup>57</sup> Member States have an obligation to apply all nature legislation not only in territorial waters but also in waters where sovereign rights are exercised.

<sup>58</sup> Managing Natura 2000 Sites – The provisions of Article 6 of the "Habitats" Directive 92/43/EEC



193. The appropriate assessment (AA) is not the same as an EIA under the provisions of the EIA Directive 2011/92/EC. In many cases, projects that will be subject to an AA will need an environmental study to be prepared. The study will address all the significant environmental effect. It will be appropriate to use the information assembled in the study when carrying out the AA under the Habitats Directive. In view of this it would be helpful if the relevant study clearly identified, under a specific subject heading, the likely significant effect on the important habitats and/or species.

194. However, the EIA and the AA have different approaches to decision making:

- The environmental study informs the decision (its findings must be “taken into consideration”), whereas
- The development consent can only be issued if the competent authority has followed the stages prescribed by the Habitats Directive.

195. Following the nature screening process and the determination of whether an AA is required or not, Forms A/B or equivalent will have to be completed and signed by the competent Authority for Nature. No further assessment under the Habitats Directive is required should the screening process determine that a project of a type does not impact a conservation site either on its own or in combination with other plans or projects. However, due to the fact that often the relevance of biodiversity information provided in the EIA studies is not made explicit and that the timing of biodiversity input is often too late in the impacts assessment process to influence the project, the promoter is required to submit to the EIB a declaration and the supporting assessment (or Form A) from the competent authority for nature that the project will have no impact on any nationally or internationally classified conservation sites.

196. Forms A/B are a confirmation that the competent authority, based on the environmental study, other relevant information, consultation with experts and stakeholders has been satisfied in carrying out its AA and that it can:

- Identify the likely significant effects i.e. what the effects of the project are likely to be, either alone or in combination with other projects, and how these affect the site's conservation objectives;
- Consider how to avoid and then mitigate the effects i.e. if the proposal adversely affects the integrity of the site, the competent authority must consider how the scheme has been modified to the conditions proposed avoids the effects;
- Determine adverse effect on integrity of site, either alone or in combination with other projects;
- Decide whether the project would adversely affect the integrity in view of the site's conservation objectives,
- Consider whether there are any alternative solutions to the project proposal;
- If there are no alternative solutions, consider whether there are imperative reasons of overriding public interest for the project to go ahead; and
- Consider the compensatory measures put forward in the development consent and consult the Commission.

197. Forms A/B (or equivalent) are non-statutory forms, developed by the Commission and adopted by the EIB in fulfilment of its agreements with DG Environment. They provide a checklist for the assessment of projects in compliance with Article 6 of the Habitats Directive. The relevant competent authority for nature may provide an alternative declaration that also meets the requirements of the Directive. The EIB shall check that the requirements of the Directive have been met and where required, should be provided prior to Board approval and no later than first disbursement.

198. When assessing the impact of a project on Natura 2000, existing shadow lists (i.e. lists of potential Natura 2000 sites necessary to be designated) should be consulted and information from nature conservation NGOs as well as DG Environment should be obtained, as the provisions and requirements of both Directives apply even if there is no official (national) designation or classification of a qualifying site. Early consultation with ENVAG and ECSO may be necessary.

### PROJECTS IN THE REST OF THE WORLD

199. The CBD specifically requires that the EIA consider impacts on biodiversity (Article 14, CBD). The biodiversity screening process will determine whether a detailed biodiversity and ecosystem assessment



is required to ensure that projects take into account the conservation of biodiversity for legally protected areas under international<sup>59</sup> and local law, for sites that are officially proposed as nature reserves or conservation sites and for unprotected areas which are known to be of high conservation value, whether or not these habitats have been previously disturbed. The biodiversity assessment should be based on the mitigation hierarchy and should take into account the views, roles and rights of groups, including Indigenous Peoples groups, NGOs and local communities, affected by the projects involving natural habitats and to involve such people to the extent possible in the management of the site.<sup>60</sup>

200. In addition, an assessment of the promoter's ability to implement necessary conservation and mitigation measures is required. The promoter will then prepare a biodiversity action plan,<sup>61</sup> acceptable to the EIB, highlighting the issues and the mitigation measures that will be put into place, such as avoiding and reducing the negative impacts on the loss of habitat and establishing and maintaining an ecologically similar protected area.

201. If the environmental and biodiversity assessments indicate that a project would significantly alter or degrade or convert natural habitats, the promoter has to:

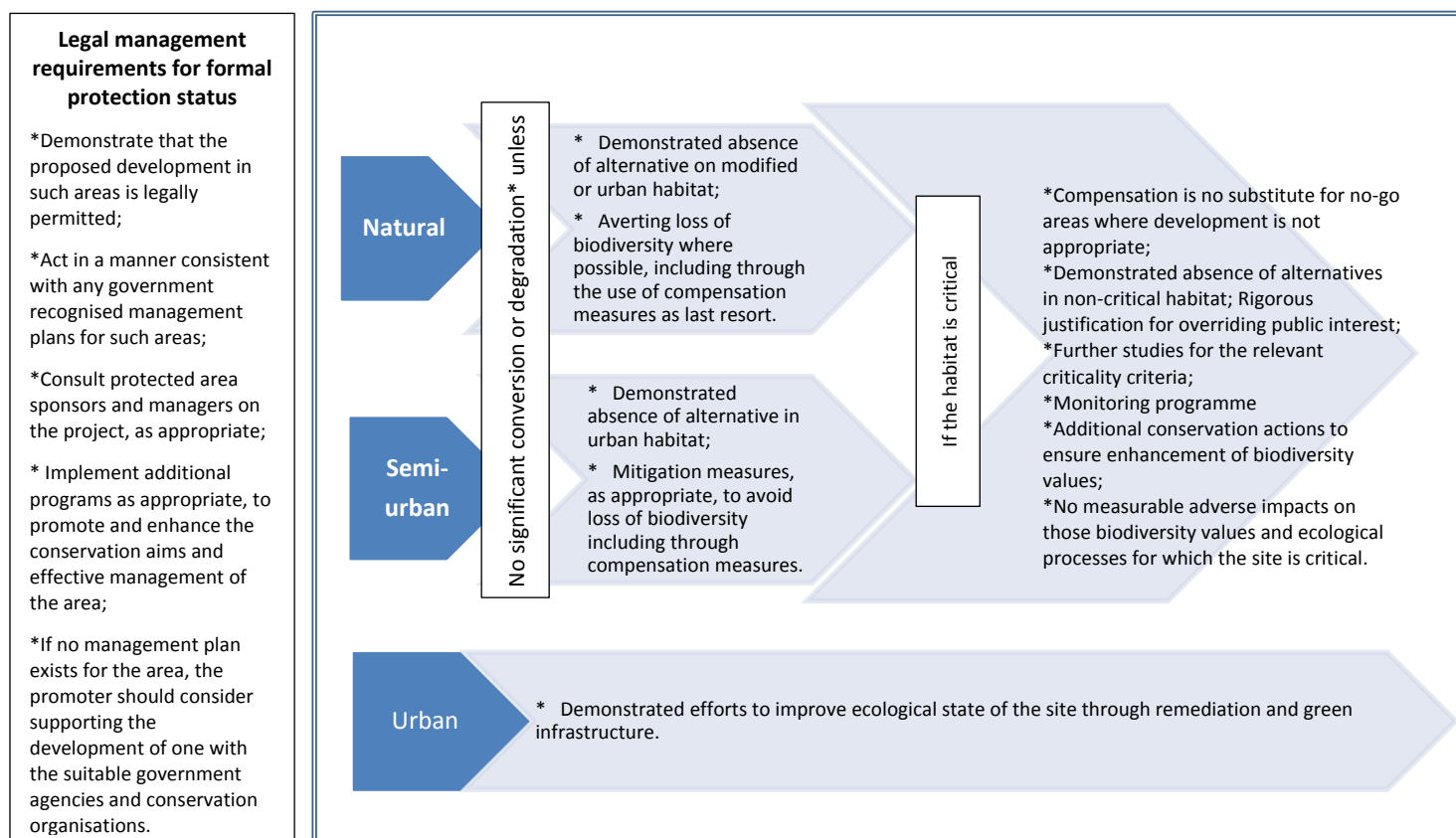
- Demonstrate that there are no alternatives within the region to develop the project on project areas that are not critical;
- Demonstrate that all measures to fully avoid, minimise impacts and restore on-site the biodiversity have been duly considered,
- Conduct stakeholder consultation to establish the views of stakeholders on conversion/degradation;
- The project does not lead to significant residual impacts on identified biodiversity values or ecological processes
- The project does not lead to a net reduction on the global and/or national/regional population of any Critically Endangered or Endangered species over time (mainly IUCN Red List);
- Mitigation measures will be designed to achieve no net loss, where feasible, includes (i) protection of areas within the concession ("set asides"); (ii) measures to minimise habitat fragmentation (corridors); (iii) habitat restoration; and (iv) biodiversity offsets/compensation.
  - A biodiversity monitoring and evaluation programme based on a biodiversity adaptive management plan is developed.

<sup>59</sup> Convention on Biological Diversity [www.biodiv.org](http://www.biodiv.org); Ramsar Convention [www.ramsar.org](http://www.ramsar.org); Bonn Convention [www.cms.int](http://www.cms.int).

<sup>60</sup> As information about biodiversity is rarely complete, stakeholder involvement may identify additional, unofficial resources and help ensure that all relevant biodiversity concerns are noted.

<sup>61</sup> In countries outside the EU, Forms A and B may be used as guidance for drawing up the biodiversity action plan. Forms A and B are in [Annex 9](#).

Figure 1: Summary of the requirements for areas with formal protection status and by habitat category



\* significant conversion or degradation is (i) the elimination or severe diminution of the integrity of a habitat caused by a major and/or long term change in land or water use; or (ii) a modification that substantially minimizes the habitat's ability to maintain viable populations of its native species)

## When is an Assessment Not Required

202. A project that requires an ESIA will de facto require a biodiversity assessment. However, an activity not requiring an ESIA but involving construction works or an intervention in the natural environment may still require a separate biodiversity assessment. The requirements detailed in the Section General Principles apply to all types of investments, including Framework and Global Loans. However, certain types of projects do not, in general raise nature conservation issues and, therefore do not require a biodiversity assessment:

- Certain types of investments in urban areas (e.g. civil works in appropriately zoned locations);
- Investments in moveable assets, e.g. train sets, computers, etc.; and,
- Investments involving rehabilitation of existing fixed assets.

## B.2.4.2 Climate Assessment

203. The Appraisal stage of the EIB Project Cycle provides the PJ Team with an opportunity to carry out an in-depth assessment of a project's characteristics related to climate change.

204. The EIB operations in the field of climate change aim at making the EIB's lending portfolio more climate friendly both in areas of mitigation and adaptation. There are three interlinked components to the EIB's approach:

### VULNERABILITY ASSESSMENT

205. The PJ Team may include in the questionnaire to the promoter specific questions directed to clarify a) the vulnerability to climate change of the project and/or b) whether the project may upset the resilience to climate change of the area where the project takes place. In cases where the assessments reveal that the project is at high risk of climate change, design or management changes may be required from the promoter.

### CARBON FOOTPRINT

206. The EIB is committed to support the EU leadership role in combating climate change and recognises the need for an appropriate response. Measurement of the carbon footprint of the projects it finances is part of the EIB's commitment towards this objective. A systematic assessment of the absolute and relative carbon emissions of all new single scheme investment loans is carried out and the carbon footprint is calculated for projects above the thresholds mentioned in section B 1.9. A carbon footprint methodology has been developed, tested and mainstreamed.

### COST OF CARBON

207. The economic value of the likely impact of the operation on climate change, where significant, should be as far as practical internalised into the Economic Rate of Return (ERR) calculation of the operation.

### CLIMATE ACTION IDENTIFICATION

208. As a result of the above assessment and/or the sector/project type, the financing may be identified in part or all as "Climate Action (Mitigation or Adaptation)".

### CARBON CREDIT POTENTIAL

209. In cases when at Pre-appraisal the assessment regarding the project's potential to generate carbon credits has been inconclusive, the PJ Team may include in the Questionnaire to the promoter specific questions to clarify the carbon credit issue. These questions may concern regulatory, additionality or methodological aspects of the potential carbon component of the project. The Team can seek the assistance of a PJ/ECSO climate change expert at this stage both in the assessment of the carbon credit potential and in the preparation of the questions to the promoter.

#### B.2.5 Site visits

210. Depending on the nature of the project and the information received from the promoter, the social development specialist and/or environment specialist from ECSO may require a site visit to the project at this stage. This may be in addition to an earlier visit made at the pre-appraisal stage. Specific objectives for such visits should be defined and communicated to the promoter so that the necessary arrangements can be made.

#### B.2.6 Request for additional studies

211. Based on the desk review of available documentation and the appraisal mission, the Team will determine if the promoter is to carry out additional studies in order to comply with EIB E&S standards. Additional studies are often needed to address larger issues such as transboundary issues, cumulative impacts, threats to critical habitat or ecologically sensitive areas, natural resources or legally protected area, development of a RAP and indigenous peoples.

212. In the eventuality where a promoter lacks adequate financial resource, TA funds could be sought to finance the necessary E&S supplementary studies.

### B.2.7 Environmental and Social Capacity of the Promoter

213. The environmental and social capacity of the promoter is reviewed to determine whether the promoter has the capacity and capability to manage the environmental and social aspects, including impacts and risks, arising from its activities within the policy and legal context in which it operates. For operations in all regions, the EIB will assess the capacity and capability of promoters to identify and manage environmental and social impacts and risks.

214. The environmental and social performance of the promoter in terms of assessing and addressing (avoiding, minimising, mitigating and compensating/remedying) project impacts shall be tracked over time. In addition, the Team can use the information regarding a particular project to inform the EIB due diligence and appraisal processes for other projects carried out by, or related to, the same promoter.

215. The capacity assessment shall be based on evidence, obtained from the promoter and other reliable sources. Previous EIB experience will also be relevant.

216. The environmental and social capacity of the promoter should be considered *for example* in terms of the following parameters:

- Does the promoter have a sound approach to environmental and social issues? What is the level of understanding and competence to identify and address environmental and social impacts?
- Does the promoter have a clear policy commitment on environmental protection, efficient use and management of natural resources, management of social issues and respect for human rights, as well as sustainable development? Is the policy commitment agreed by its board? What are the objectives and targets?
- Does the promoter have in place due diligence steps to implement the policy commitments? That is, provision for: assessment of project's environmental and social impacts, integrating and acting upon findings, monitoring and reporting? Does the promoter ensure access to effective grievance resolution and remedy for project-related adverse impacts, for example, through a project-level grievance mechanism that meets the UN Guiding Principles on Business and Human Rights effectiveness criteria?<sup>62</sup>
- Does the promoter adhere to internationally recognised standards and frameworks, e.g. EMAS,<sup>63</sup> ISO 14001<sup>64</sup>/ AA1000<sup>65</sup>/Extractive Industry Transparency International (EITI)<sup>66</sup>/World Commission on Dams<sup>67</sup>/Global Compact<sup>68</sup>/Equator Principles<sup>69</sup>/UNEP FI<sup>70</sup>/UN Guiding Principles on Business and Human Rights and international human rights standards?
- What resources (expertise, capacity, and systems) are available to implement the promoter's environmental and social policies and procedures?
- Have lines of responsibility and accountability been clearly established?
- Are the environmental and social due diligence provisions of the promoter sufficient (i.e. proportionate to the severity of impacts and significance of risks) for the type of operations financed by the EIB?
- Does the promoter have a good track record on environmental and social issues? Does the Promoter report on its environmental and social performance? Does an independent third party validate the report?
- What resources (expertise, capacity, systems) are available to implement its environmental and social policies and procedures?
- Does the EIB have previous experience with the promoter? Are there any relevant environmental and social compliance issues concerning the promoter (past or present)?

<sup>62</sup> UN Guiding Principles on Business and Human Rights effectiveness criteria

<sup>63</sup> EMAS: [http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm).

<sup>64</sup> ISO 14001: [http://www.iso.org/iso/catalogue\\_detail?csnumber=31807](http://www.iso.org/iso/catalogue_detail?csnumber=31807)

<sup>65</sup> AA1000: <http://www.accountability21.net/default.aspx?id=228>

<sup>66</sup> EITI: <http://www.eiti.org/>

<sup>67</sup> World Commission on Dams: <http://www.dams.org>.

<sup>68</sup> Link to Global Compact: <http://www.unglobalcompact.org/>.

<sup>69</sup> Link to Equator Principles: <http://www.equator-principles.com/>.

<sup>70</sup> Link to UNEP FI: <http://www.unepfi.org/>.

### Box A: Actions that can be taken by the Promoter to Demonstrate Environmental and Social Capacity.

#### Before and During Appraisal

- Providing a copy of its environmental, social, corporate report or any other relevant published report and other documentation;
- Evidencing and describing its internal environmental and social management system;
- Making a general assessment of the likely environmental and social impacts of the project, and proposed measures to avoid, minimise, mitigate and compensate/remedy any potential project-related impacts;
- Undertaking an EIA/ESIA, where applicable;
- Undertaking appropriate consultation and stakeholder engagement;
- Developing and implementing a comprehensive stakeholder engagement plan for the project life-cycle, developed in dialogue with impacted individuals and communities, as well as other relevant stakeholders;
- Undertaking any studies that may be required on specific social issues;
- Agreeing with the EIB appropriate environmental and social performance indicators; and
- Developing the required environmental and social management/action plan, in consultation with impacted individuals and communities, as well as other relevant stakeholders.

#### During Implementation and Operation

- Reporting on the environmental and social impacts of the project on a regular basis, including any breach of environmental and social legislation, regulation and relevant international standards and frameworks;
- Fulfilling any environmental and social conditions as stipulated in the finance contract; and,
- Periodically evidencing that the project is being implemented in accordance with the environmental and social management/action plan, including information about the effectiveness of environmental and social management measures.

### B.2.8 E&S Management Plans (ESMP)

217. Environmental and social management<sup>71</sup> define the agreed programmes, standards and actions to be carried out by the promoter in order to achieve and maintain compliance with EIB E&S standards. The ESMP is a key tool to address the environmental or social impacts that have been identified during due diligence, and to ensure that projects comply with national laws, relevant international standards and frameworks and meet the EIB E&S standards. Components of such plans may include a resettlement action plan, a livelihood restoration framework, a biodiversity action plan, an indigenous peoples plan, a community development plan, a cultural heritage management plan and/or other specific plans and agreements.

218. Underlying projects that do not require an EIA/ESIA may not have an ESMP. In these cases, specific actions will be included in the environmental approvals and/or as stand-alone conditions in the finance contract and agreements.

219. The Team shall ensure a sufficient level of detail is included into the management plans and agreements to allow, as part of the finance contract, on-going monitoring and assessment of the implementation and effectiveness of the activities stipulated in the plans. This includes information on: allocation of responsibility for implementation of actions to specific persons, assignment of overall responsibility to senior management, allocation of financial and other resources, timelines, intended outcomes and measurement indicators. Some management plans may have substantial costs associated with them, and it is important that these costs are taken into account when assessing the overall structure and viability of the operation (e.g. with respect to certain biodiversity or cultural heritage compensation measures) and agreed between the Team and the promoter. The implementation of the ESMP will be integrated into an environmental and social management system (ESMS).

<sup>71</sup> Sometimes the ESMP is also referred to as the environmental and social action plan by other institutions

## B.2.9 Final Environmental and Social Impact Rating

### B.2.9.1 Assessing and addressing environmental and social impacts

220. When assessing and addressing environmental and social impacts the following parameters need to be included: scope, scale, remediability. The severity of the impacts needs to be assessed according to these parameters following which the identification of risks based on likelihood of occurrence should be added. This will determine the significance and potential consequence of the risks to the operation:

- Adverse impacts need to be considered independently of positive contributions, including compensation for environmental impacts;
- All impacts need to be addressed but the actions can be prioritised according to the severity of the impacts.

### B.2.9.2 Residual Environmental and Social Impact Assessment

221. The residual impacts are those adverse environmental and social impacts caused by the operation and related activities that will remain after mitigation and impact management measures have been applied. The categories in [Table H](#) should be used when assessing each type of environmental or social impact.

**Table H: Criteria for Assessing the Residual Environmental Impact (Form D2)**

Acceptability of degree of residual impacts, ex ante, measured in absolute terms			
Positive or no negative residual impacts	Minor negative residual impacts	Major negative residual impacts	Not acceptable, due to major negative residual impacts - a project of this type will usually have been "screened-out" before full appraisal.
I	II	III	IV

222. Appendices D2/D3 should be completed for all projects or groups of similar sub-projects (except where the project involves a large number of individual schemes of different types) and should consider in detail the environmental and social impact (both temporary and permanent effects) of the project in terms of:

- Areas of impact (location, construction, operation and products in terms of air, water, land, health, human rights, flora & fauna and cultural heritage);
- Main impacts and emissions (direct/indirect, timing and location);
- Mitigation and remedial measures. Compensation and/or remedial measures should be included;
- Scale/significance of residual impacts; and,
- Comments/project risks (including technical/economic/political issues).

223. The information contained in Appendices D2/D3/D4 should be taken into account in judging the overall acceptability of the project ([Section B.2.9.3](#)). The residual impact summaries in D2 and D3 are only a part of the assessment of the project. However, the findings in D2 and D3 may be linked to either loan conditionality and/or monitoring requirements for significant adverse impacts.

### B.2.9.3 Project Environmental Risk

224. Following the full assessment of environmental and social issues, the Team may determine that there remain potential environmental and social effects or public concerns that require further assessment



and resolution, thereby determining the potential risk a project may still pose during construction and operation.

225. “High Project Risks” refer to the possibility that, either the project and/or stakeholders (and perhaps also the EIB) could be at risk for reasons of an environmental or social nature. The “Environmental and Social Risk Rating” is a qualitative judgement.

226. The environmental and social risk rating of a project should be determined according to the possibility of unanticipated changes in environmental and social factors (e.g. natural events, policy, changes in the law, civil activity) constituting a risk either to the project (e.g. in terms of cost, timing and environmental and social impacts) and/or to the EIB (e.g. in terms of reputation) during either construction and/or operations. A “high” rating signifies a project with a high risk.

227. Where risk is determined to be medium or high, methods to monitor the implementation of the mitigation, remedial and compensation measures established in the environmental and social management plans should be detailed.

228. Many environmental and social risks cannot be quantified easily. Risk mitigation efforts to address them should be focussed on the development of an effective stakeholder engagement process (which is carried out throughout construction and operation of the project) which brings the perspectives of the different stakeholders together (in particular the project-affected people). Effective community and public participation is one way of ensuring that all relevant perspectives are included and generally results in more informed risk assessment and better project planning and design as well as operational efficiency.

229. Risks to a project may also arise from direct or indirect impacts of climate change. Direct impacts are for instance damage to infrastructure from increased frequency and intensity from extreme weather events. An example of an indirect impact is the change of availability of water resources due to changes in the ecosystem and the water balance of the area.

230. Reputational risks to the EIB as a result of proposed projects in sensitive sectors and countries will need to be addressed through the development of an appropriate outreach strategy for distributing and obtaining relevant information and for responding to concerned stakeholders and shareholders.

231. The level of environmental and social risk is part of the overall acceptability of the project in environmental and social terms. In deciding the level of risk posed by a project the following questions may be considered by the team:

- The success of attempts to minimise effects through the selection of site, the technology, the facility design, or through the use of reasonable mitigation and impact management;
- How effectively the promoter can, or is prepared to, manage any negative effects or resolve issues and address concerns;
- The significance of any residual impacts;
- How commitments to future actions are accepted by government agencies, NGOs, the community and affected project stakeholders; and,
- Whether additional studies and analysis are likely to provide tangible results.

### B.2.9.4 Final Overall Environmental and Social Rating

232. The overall environmental and social assessment should indicate the acceptability of the project for EIB financing. It should summarise the findings and conclusions of the environmental and social assessment, including the residual impacts identified in Appendices D2 and D3, legal compliance, significant environmental and social issues, environmental and social management, , etc.

233. The acceptability of the project in these terms may change during the period of the project cycle.

234. The overall assessment should also consider the perceived degree of environment and social-related risk associated with the project (Section B.2.9.2).

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235. The Environmental and Social Impact Rating for the project as given in Appendix D1 and as presented in the AFS, should be determined as A, B, C, or D. This rating is largely derived from the impact ratings from D2 and D3 but may be downgraded should there be a major concern, for instance, concerning the environmental or social risk or promoter capability. See Table I.

**Table I: Criteria for Assessing the Overall Environmental and Social Impact Rating**

<u>E&amp;S Impact Rating</u>	<u>Residual Impacts</u>	<u>Risk Rating</u>	<u>Global Impact*</u>	<u>Comments</u>
<b>A</b> Acceptable, insignificant residual impacts; low risks, neutral or positive global impacts.	<b>Insignificant</b>	<b>Low</b>	<b>Neutral or positive</b>	An operation of this type may require specific environmental and social loan conditions and /or monitoring
<b>B</b> Acceptable; medium residual impacts; low to moderate risks, low adverse global impacts.	<b>Medium</b>	<b>Moderate</b>	<b>Low adverse impact</b>	An operation of this type will generally attract environmental and social loan conditions; it will also require a high degree of monitoring for environmental and social reasons.
<b>C</b> Acceptable; high residual impacts; moderate to high risks; moderate to high adverse global impact.	<b>High</b>	<b>High</b>	<b>Moderate adverse impact</b>	
<b>D</b> Not acceptable; very high residual impacts; very high risks; high negative global impact..	<b>Very High</b>	<b>Very High</b>	<b>High adverse impact</b>	An operation of this type will usually have been “screened-out” before full appraisal.

\*The global impact is to be used as a basis for the sustainability and REM ratings and takes into account the beneficial, positive aspects of impact and aspects of the project. The REM and Three Pillar E&S Sustainability ratings are separate from the Overall E&S Impact Rating.

### B.2.10 Identification of Monitoring Requirements

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236. The extent and type of monitoring carried out by the EIB on the underlying projects individual projects varies according to different types of operations. In addition, the different operations require different reporting from the promoters and intermediaries to the EIB. For each operation, the conclusions of the environmental and social assessment should result in identification of the information that the EIB will require during the implementation of the operation, underlying projects, sub-projects, allocations or fund investments.

237. For all investment loans and for all large sub-projects in framework loans, the monitoring requirements for each project should be identified at appraisal and agreed with Ops and the promoter/intermediary. This should include decisions on what environmental and social information will be required by the EIB, who is to provide it and how often. In cases where the borrower is not the promoter or where environmental and social mitigation or reporting will be performed by an independent third party, this should be taken into account when determining the monitoring information requirements of the EIB.

238. The Team should define the format, actions, resources and schedules for monitoring environmental and social issues and should align its own requirements with these so as to receive the most appropriate and useful environmental and social monitoring information and reporting. The emphasis should be on the EIB receiving adequate information to establish that actions to address any identified adverse environmental and social impacts, including actions to mitigate, remedy and/or compensate have been implemented as required, and have been effective in addressing the impacts identified.

239. Monitoring requirements may include:

- Key performance indicators and/or baseline indicators which will be monitored by the promoter or an independent third party, to assess the project's environmental and social impact and performance, including data input for REM and the Three Pillar Assessment;
- Monthly and annual environmental and social reporting by the promoter to the EIB including contents, format performance indicators and aspects of the ESMP/ESAP that require progress reports;
- Particular additional requirements for monitoring of activities and outcomes associated with the management of impacts with a high significance rating such as payment of compensation to vulnerable groups, or impacts on sensitive ecosystems;
- The promoter evidencing efforts to involve local individuals and communities, civil society or other relevant stakeholders (including government actors) in monitoring;
- For very large complex projects, procedures for an independent panel of E&S experts, for independent monitoring of project implementation.

240. Specific monitoring requirements must be designed to address the environmental and social impacts identified during due diligence including any emerging impacts identified throughout the course of EIB-support to the operation.

241. When considering what monitoring will be carried out by the promoter, with reporting to the EIB, and what monitoring should be done by the EIB directly, or by consultants, one aspect of the decision should be the promoter's capability and past performance on environmental and social matters. Another aspect would be the identification of an operation for which potential environmental risks are relatively high, for instance due to the regulatory framework, or other specific risks.

242. For investment and framework loans, the Team, having decided on what monitoring has to be done by the EIB itself and the extent of reporting to the EIB on project implementation and monitoring (including environmental and social due diligence) that will be made the responsibility of the promoter, will assign to each project at appraisal, a Category A or B.

### CATEGORY A AND CATEGORY B (EX C.12.1)

243. In accordance with PJ monitoring procedures, PJ assigns to all projects one of two monitoring categories – A or B – reflecting both the level of risk of the project not being realised in-line with assumptions made at appraisal and/or the expected level of effort required by PJ to perform post signature due diligence. The monitoring category A or B is chosen by the Team based on what frequency

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of project reporting it deems appropriate to require from the promoter, taking into consideration the project, promoter, risks, and any relevant issues.

244. Category A - a project completion report will be required from the promoter to the EIB. Monitoring for these projects is in general delegated to promoters and the EIB will rely on the promoter's information for its own reporting on environmental and social impact managements.

245. Category B - project progress reports will be required from the promoter to the EIB, plus a project completion report. Normally the EIB will also expect to carry out physical monitoring of the project by one or more visits for Category B projects, and this may include on-site follow up of environmental and social impact management. Framework loans, requiring identification and appraisal of components after signature of the framework agreement, are also assigned monitoring Category B as environmental and social information will be submitted to the EIB for individual sub-projects.

246. Any project that has no environmental or social (or other) matters requiring regular reporting during implementation will be given Category A. All Category A projects will require a project completion report from the promoter and this will include coverage of all relevant environmental and social impact management.

247. A project with a competent experienced promoter, that will not require regular progress reporting to the EIB, may have a specific environmental and social condition, which once achieved would no longer require the project to be actively followed up. This project could have a loan condition that must be fulfilled such as provision of a particular report, Form A or an environmental consent, but still be categorised as Monitoring Category A.

248. Any project deemed by the Project Team to require reporting to the EIB on environmental, social and other matters, on a regular basis<sup>72</sup> during implementation will be given Category B.

249. All Category B projects will require from the promoter the regular reporting on the fulfilment of the potential conditions, plus a project completion report and all these reports should include coverage of all environmental and social impact management steps planned, implemented and monitored as part of the environmental and social management plan, as well as any other significant environmental and social impacts arising throughout the project lifecycle.

250. If the project is foreseen to involve one or a number of the following features or environmental social impacts this may contribute to a project being given monitoring Category B:

- a large number of environmental and social conditions;
- a weak environmental and social management capacity of the promoter;
- weak regulatory framework associated with compliancy issues regarding the environmental and social legislation;
- An environmental and social management plan containing several and/or complex measures; and,
- any special undertaking needing follow-up.

251. In all cases, whatever monitoring category is chosen, the promoter should promptly inform the EIB in case of "significant changes" that may imply non-compliance with EIB environmental and social policy and standards, and/or that may negatively impact the project implementation and expected outcomes from an environmental and social point of view.

252. Once all the monitoring and reporting requirements are clarified, they should be clearly identified in the Appraisal Report and will then be itemised in the Finance Contract. See following section on loan conditions.

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<sup>72</sup> The frequency of reporting will be determined as part of the appraisal and could be annual, quarterly, or in some unusual cases monthly. In cases where there will be external technical assistance consultants, or in other situations where a regular report is already to be provided to other parties involved in the project, efforts should be made to align the EIB's requirements with this other reporting.

253. Where investment loans or framework loans are signed with intermediary borrowers the monitoring requirements will be itemised in the finance contract and project agreements signed with the promoter.

### B.2.11 Environmental and Social Finance Contract Conditions

254. EIB procedures are derived from the premise that promoters are fully responsible for implementing projects financed by the EIB, including all environmental and social aspects, such as studies, EIA/ESIA processes, the implementation of environmental and social management measures and monitoring the success/effectiveness of these measures after implementation.

255. The EIB's role is to satisfy itself that the promoter has met the EIB E&S requirements and to monitor and verify that the project is being implemented in accordance with the conditions attached to its financing. At the appraisal stage, the EIB must therefore determine, and recommend to the Board of Directors, the level of checking on environmental and social impact management of the promoter that should be undertaken by the EIB and how this should be controlled.

256. There are, in general, three stages where these checks could be made and these are covered by three different types of control by the EIB:

- Conditions for signature - meaning these environmental and social matters must be completed to the satisfaction of the EIB prior to signature of the finance contract between the EIB and the borrower. Non-compliance with this condition would block signature of the finance contract;
- Conditions for disbursement - meaning these environmental and social matters must be completed to the satisfaction of the EIB prior to any funds being disbursed by the EIB on either the whole operation or a part of the operation.<sup>73</sup> Non-compliance with this condition would block disbursement of the EIB's funds; and,
- Particular undertakings - meaning these environmental and social matters must be completed to the satisfaction of the EIB during the implementation and sometimes operation of the project. Non-compliance with these conditions would be an important consideration should the promoter wish to receive further funding from the EIB on a subsequent project, but could also in an extreme case result in the EIB recalling its funds from an operation.

257. In determining the contractual conditions, the EIB needs to take into consideration who will be party to the contract i.e. borrower, promoter, guarantor, fund manager or other. The proposed conditions for environmental and social matters must be appropriately worded and related to the roles and responsibility of the party signing the document. It is therefore important to discuss these matters during appraisal, with the promoter and other parties, to ensure that all parties have understood where the responsibilities lie. For example, are the mitigation measures being implemented and monitored by the borrower or by the promoter, or perhaps by the city or region? In general, PJ, in discussion with Ops, should propose contractual conditions whilst making clear what controls and conditions are related to which parties and JU should then word them accordingly in the appropriate document.

258. Specific finance contract conditions, in addition to the general conditions that are part of the Master Finance Contract wording should be composed to target: a) legislative compliance, such as ESIA completion, or Habitats Directive assessments, subsequently, b) project implementation and completion requirements, including all mitigation and compensation measures, and, finally c) reporting required by the EIB as part of its monitoring of environmental and social impact management.

259. For investment loans, a project cannot be submitted to the Board of Directors for approval until all aspects of the EIA/ESIA process and in the case of involuntary resettlement the RPF have been completed to the satisfaction of the EIB, nevertheless, if this is not the case, the EIB should have received sufficient information to allow PJ to complete its environmental and social due diligence. Under exceptional circumstances, where it is neither possible nor material for the full ESIA process to be

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<sup>73</sup> If a disbursement condition is to apply to only part of an operation, then the operation must be clearly defined as being in separate tranches or parts. It must also be verified that the part of the operation not covered by the environmental and/or social disbursement condition is a standalone part, not dependent in any way on the satisfactory completion of the environmental and/or matters covered by the disbursement condition on the other tranche.

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completed at this stage, Board approval may be given subject to the EIA/ESIA being completed prior to signature, prior to disbursement or subject to an appropriate finance contract condition.<sup>74</sup>

260. The Nature Conservation Forms A/B or equivalent, where applicable, should be received with a copy of the development consent and at the latest prior to Board approval. Where Form A or B or equivalent, confirming that the procedures under the appropriate assessment have been carried out, is still outstanding at signature, the confirmation should be received prior to first disbursement.

261. Where adverse environmental or social impacts and risks are anticipated, the ESMP/ESAP for mitigating and managing the E&S impacts shall be written into the finance contract.;

262. PJ should make it clear, when drafting the environmental and social conditions, what is required and why and also at whom the condition is aimed - promoter, borrower, Environmental Authority, Ministry etc.

263. In some cases, environmental and social conditions will need to be separate legal agreements in order to be applicable to the third party who will fulfil the environmental and/or social condition.

264. Environmental and social clauses do not just lead to the protection of the environment and project-affected people but also reduce the risk and protect the interests of the EIB. Monitoring is therefore required of those conditions.

265. The EIB's Finance Contract contains environmental and social undertakings for a typical Investment Loan.:

266. If required, additional contractual conditions or undertakings may be proposed by Team adapted to the project, which take account of certain legislation that the Team feels it necessary to draw to the borrowers' attention. In particular, beyond the EU, the Candidate and potential Candidate countries, such undertakings may reflect the principles and standards of the EIB to assess projects. They might, for instance, be in the fields of:

- Standards/best practice: Reference to standards set within legislation or statutory guidance. This may include reference to BREF<sup>75</sup> (Best Available Technology Reference) notes in respect of IED (Industrial Emissions Directive), water standards and emissions to air, regional or sectorial best practice standards and such standards under EITI, FLEGT, etc.
- Measures of environmental and social mitigation, remedy and compensation that the EIB deems necessary to ensure the impact of the project is acceptable.
- Environmental and social management issues: Including reference to Environmental Management Systems (e.g. EMAS, ISO 14001, AA1000 /Global Compact/Equator Principles/UNEP FI/UN Guiding Principles on Business and Human Rights)<sup>76</sup> and/or any project-specific environmental and social management plan, for instance, resulting from the ESIA.
- Social and human rights issues: The Team will ensure that the relevant social standards (Standards 6-10), in order to protect the rights of the project-affected communities and people are being adhered to. The Team will ensure that the appropriate arrangements for effective consultation and engagement with stakeholders, including grievance mechanism are put in place.
- Natural and physical aspects of the environment: Including compliance with the EU Nature legislation and the EIB's standards on biodiversity and climate.
- EIB standards: Reference to particular aspects of EIB environmental and social standards that the Team may wish to draw particular attention to, e.g. biodiversity, climate change.
- Matters arising from EIB assessment: In particular related to incomplete studies, public consultation and permits/authorisations.

267. Examples of specific environmental or social disbursement conditions or undertakings:

<sup>74</sup> Where there is a sub-component in the Project which is unrelated to the EIA, or which consists of the financing of the EIA itself, then a disbursement for this could be made prior to the EIA being completed. This disbursement should be limited to 50% of the total costs of components not covered by, or dependent on, the EIA completion.

<sup>75</sup> Link to Best Available Technology Reference Documents (BREF): <http://www.sca.com/en/Pages/Glossary/Best-Available-Technology-Reference-Documents/>

<sup>76</sup> Link to UNEP FI: <http://www.unepfi.org/>.



- Appointment of independent environmental and/or social consultants to review the environmental and social impact studies to date and recommend any further actions necessary to ensure completion of an ESIA to EIB standards, or appointment of a panel of E&S experts, and/or independent engineer;
- Completion of public consultation and implementation of stakeholder engagement to the satisfaction of the EIB;
- Incorporation of all impact management measures identified in the ESIA into the project design and construction contracts; and,
- Receipt of amongst others of the:
  - Environmental and social management/action plans;
  - Management plans for nature conservation areas or areas of important biodiversity (biodiversity action plans);
  - Appropriate assessment in line with Articles 6.3 and 6.4 of the EU Habitats Directive (Forms A/B);
  - Plans to monitor and mitigate downstream impacts on a recipient;
  - Environmental and social management plans;
  - Stakeholder engagement plans and evidence of their implementation and effectiveness;
  - Evidence of the establishment of environmental and social management systems;
  - Health and safety plans in critical industries;
  - Resettlement policy framework or resettlement action plans;
  - Indigenous Peoples development plans;
  - Monitoring reports on the implementation and effectiveness of the environmental and social management plans of promoters;
  - Livelihood restoration plans;
  - Monitoring reports on the progress in achieving social inclusion in socially complex projects;
  - Monitoring reports on the compliance with ILO core labour standards; and
  - Community development plans.

268. Environmental and social information concerning the operation as well as reporting requirements to be delivered to the EIB are incorporated in the Master Finance Contract.

269. Details of the reporting requirements for the project are defined in Appendix A.2 of the Appraisal Report for inclusion into the finance contract. The standard template should be adapted to the reporting requirements of each project with regards to environmental and social information required by the EIB for each project.

### B.3 Monitoring

#### B.3.1 Follow-up during Implementation and during Operation

270. Monitoring aims at ensuring compliance of the operation with the EIB's approval conditions and monitoring plan and verifying that the expected outputs and impacts are actually delivered throughout the project cycle, as required to fulfil the EIB's obligations and meet its objectives. In particular, physical monitoring aims at verifying the actual implementation and initial operation of the underlying project itself. Specific environmental and social indicators may be chosen for this purpose and detailed in the REM as well as in the ESDS and Appendix D1.

271. On top of the general requirements, environmental and social requirements include evidence on:

- Compliance with applicable environmental and social legislation;
- Respect of contract conditions and undertakings related to the environment and social matters;

and,

- Implementation of agreed impact management measures.

272. Close follow up of environmental and social actions that are required as part of the finance contract (in particular those related to disbursement conditions) is essential, since it is at this stage that the EIB can have most impact in ensuring that any outstanding environmental and social issues are thoroughly and correctly followed by the promoter, in compliance with the EIB's requirements. Where these issues are particularly sensitive, or where the Team deems it requires specialist support, this can be provided by ENVAG and ECSO, such as a review of environmental or social impact studies or other specific documentation submitted by the promoter or borrower.

273. The promoter shall provide:

- During project implementation, evidence to the EIB that any specific environmental and social conditions/undertakings have been fulfilled;
- Regular promoter progress reports including general and specific information requested such as results of environmental and social monitoring (noise, dust, health, traffic etc.) and implementation of impact management measures and stakeholder engagement activities (monitoring category B projects);
- Information to the EIB in case of any complaint or litigation about environmental and/or social issues, even if not addressed to the EIB; and,
- At completion, a report on environmental and social legal compliance and implementation of impact management measures including the effectiveness of implementation of the ESMPs.

274. For all projects where an on-site EIB mission is performed, it shall include the collection wherever possible of evidence of compliance with environmental and social requirements from the promoter, project stakeholders, civil-society and relevant governmental authorities. Projects with significant implementation problems including non-compliance with the environmental and social requirements shall be included in the Project Watch List and reported to the Management Committee.

275. If a project includes the implementation of mitigation measures, then it should not normally be considered complete until these measures are implemented, even if the remainder of the project is complete. The EIB's monitoring should continue until all mitigation and compensation measures, as detailed in the ESMP, are implemented, i.e. may continue after the promoter provides the "Project Completion Report". When appropriate, the reports should refer to evidence of compliance with post construction, completion, decommissioning and rehabilitation requirements.

276. Environmental and social aspects of the project shall be summarised when the EIB Project Completion Report is completed. The environmental and social section shall summarise due diligence issues such as compliance with environmental and social covenants and reporting requirements, completion and effectiveness of the impact management and should in addition, where required, add further information to focus on aspects important for the EIB internal learning process.

## B.4 Specific Operations

### B.4.1 Investment Programmes

277. The E&S approach to investment programmes can be compared to the approach taken for framework loans (see B-4.2) however with specificities of an investment loan. Investment programmes are designed for networks such as for transport, electricity and gas transmission/distribution. Even though these programmes may not require an SEA in accordance to the EU SEA Directive, an SEA is recommended to determine whether important environmental and social impacts and risks are likely to arise from implementing the programme. The focus should be on identifying consideration areas at a strategic or conceptual level, rather than evaluating quantitative, detailed environmental and social impacts and risks, as in a project-level assessment.

278. For investment programmes the due diligence on the capacity and capability of the promoter to manage the environmental and social aspects, including impacts and risks, arising from its operations is critical. This will include an assessment of the adequacy and effectiveness of the environmental and social system the promoter has in place.

279. For investment programmes outside the EU, the selected approach needs to be particularly justified and substantiated on the grounds of a comparable or stronger environmental and social framework being in place to credibly achieve similar objectives as in the EU.

280. The promoter undertakes not to allocate the EIB's funds to programme components that require an E(S)IA until the E(S)IA and/or the necessary social (such as an RPF), biodiversity assessments as well as stakeholder engagement plans have been finalised and approved or endorsed by the relevant competent authorities. Once the E(S)IA is made available to the public, an electronic copy of all E&S documents must be placed on the website of the promoter and maintained until completion of reporting as required in Appendix A2, or made accessible to interested parties via a web-link on the EIB website. Such web-link is to be provided to the EIB before signature of a finance contract.

281. The promoter undertakes to ensure that all programme components will undergo a biodiversity screening according to the requirements of the EIB and in the EU, Candidate and potential Candidate countries in accordance with the EU Habitats and Birds Directives. Should a component have a potential impact on a site of nature conservation, the undertaking is extended to inform the relevant authority and implement the procedures under Articles 6(3) and (4) of the Habitats Directive.

282. The promoter shall store and keep up to date all documents relevant for the programme supporting the compliance with the provisions of EU environmental legislation, including Habitats and Birds Directives (Form A/B or equivalent declaration by the competent authority), permits and environmental and social approvals and, where required, social studies, and shall promptly upon request deliver such documents to the EIB.

283. In view of the nature, complexity and duration of the project, the promoter undertakes to timely provide detailed annual progress reporting, including update on the status of environmental and social approvals, as required in Appendix A2. The following documents should be in EIB's files:

- Sample E(S)IA, biodiversity assessment, RPF, if available at appraisal,
- Environmental and Social approvals, permits, development consent, if available at appraisal
- Web link to the promoter's project website (make sure the link "links" properly to the right information);
- Monitoring information from progress and completion reporting as per A2.

284. The ESDS will state that the environmental and social due diligence has followed the programme lending approach according to the EIB's procedures and standards, i.e. the due diligence focussed on the promoter's capacity and capability to implement the programme in line with EIB environmental and social standards and requirements.

285. It is important to review at least 2 E(S)IAs and the RPF (if required) to get a feeling of the promoter's work quality in this regard, discuss any gaps with the promoter and to record the assessment.

### B.4.2 Framework loans

286. The EIB pre-appraisal for framework loans<sup>77</sup> starts with an assessment of the approach and capacity of the promoter/intermediary and the context in which it operates, followed by an assessment whether the projects, known at the time of pre-appraisal involve any environmental and social impacts and risks which will require special considerations according to the definition and criteria of EIB E&S standards and requirements and the relevant EU Directives. In such cases, the PJ contact person should discuss these potential issues with the ENVAG and ECSO. Typically at the time of pre-appraisal, there is only limited information, if any, on individual schemes. In this case the screening should focus on the type of scheme planned to be included in the framework loan.

287. At appraisal, an environmental and social assessment will be carried out overall for all schemes within a framework loan that are expected to have a significant impact on the environment and on human

<sup>77</sup> For Framework Loan Procedures inside the EU please see Note to CD 2009-1347 from 21/10/2009: <https://ged.beilux.eib.org/ged/ged.dll/open/37605248>

rights, according to the definitions and criteria contained in the relevant EU Directives and the EIB environmental and social standards and requirements.

288. Typically at the time of the PJ Appraisal for framework loans, there is only limited information, on individual investments. Therefore there is a need to follow-up the initial appraisal with an E&S assessment of individual sub-projects (allocations). In such cases, environmental and social information on individual projects should be presented by the promoter/intermediary in a standard form ("fiche" or "list"), agreed with the EIB.

289. Where provided, such information is designed to provide the EIB with the necessary environmental and social information, as specified in the finance contract (normally as an information requirement in Schedule A.2 of the finance contract). In addition to such information, the EIB may request supporting documents. It may also use the results of its assessment to request one project be replaced by another.

290. However, when evaluating the environmental and social impacts and risks associated with the framework loan the Team should consider amongst others, a number of factors:

- The nature of the proposed operation under the framework loan;
- The financing arrangements (e.g. whether or not there is European Commission co-financing, whether or not the promoter is engaged with other IFIs?);
- The policy, institutional and legal framework of the host country (e.g. implementation and enforcement of national, EU and international environmental and human rights law, national climate adaptation strategies);
- Does the operation/programme have a sectoral/regional focus or any particular exposure that present increased environmental, social and/or climate risks?
- The nature, size and complexity of the project (e.g. whether or not either an ESIA is required or a site of important biodiversity value is likely to be affected, the project involves involuntary resettlement or impacts on vulnerable groups);
- What are the current environmental and social policies and procedures/systems of the promoter and track record, if any?
- The environmental and social management capacity and approach of the promoter (e.g. adoption of environmental and social management practices, such as ISO 14000/EMAS/UN Guiding Principles on Business and Human Rights); and,
- Does the EIB have current or past projects with the promoter?

291. In the EU, Candidate and potential Candidate countries, the task of verifying environmental obligations, such as ESIA, Forms A/B or their equivalent in natural reserve/protected areas is normally delegated to the promoter, who for each scheme is responsible to verify compliance with all EU and national laws. The key due diligence documents for EIB purposes, such screening decision by the relevant authorities for Annex II projects, screening for the appropriate assessment under the Habitats Directive (such as Forms A/B or equivalent), the NTS and ESIS where appropriate and all environmental permits should be placed on EIB files.

292. Upon finalising the assessment, the Team will be able to determine:

- if there is a need for additional requirements for sub-projects other than those already stated;
- if there is a need for training to strengthen the environmental and social and/or human resources management capacity of the promoter; and,
- the nature of the reporting and monitoring requirements.

293. Where the EIB relies upon the environmental and social assessment of the promoter/intermediary, the EIB's environmental and social due diligence should focus on this process and the promoter/intermediary's competence to carry it out. This due diligence should take account of the promoter's track record on environmental and social management, its capacity to evaluate an EIA/ESIA to EIB requirements, where required, and to implement the recommendations and mitigation measures from EIA/ESIAs. The due diligence should also take account of whether the host country, through its competent authorities, has a good record of EIA implementation and enforcement according to EU principles and practices. The EIB verifies that the method and content of the promoter's assessment is satisfactory and meets the objectives of the EIB.

294. The ESDS and the Overall Environmental and Social Assessment Form D1 are filled out for Framework Loans and the Residual Environmental and Social Impact Assessment D2 and D3 respectively, selectively for individual projects or groups of projects. D2 and D3 are applicable for large schemes incorporated into framework programmes and those frameworks where all or some of the schemes are of similar types. It is not practical to complete D2 and D3 where there is a large mix of schemes by size and nature. The ESDS should contain information on:

- The nature of due diligence studies undertaken;
- A summary characterisation of key significant environmental and social impacts, relevant safeguard standards triggered, mitigation and monitoring measures and timeframe for achieving compliance with relevant EU directives or EIB E&S standards;
- The nature and significance of the residual impacts;
- A statement on conformity with EIB's environmental and social principles and standards established under relevant EU environmental and social legislation.

295. For guidance on completion of the ESDS, Forms D1, D2 and D3 see [Section D](#) Project Documentation for the social assessment: see [Section B.2.3](#) Appraising Social Issues.

### ROLE OF THE PROMOTER

- The promoter will undertake to ensure compliance of the sub-projects with appropriate EU, national and/or international environmental and human rights laws;
- Compliance with applicable EU, national and/or international environmental human rights legislation as well as EIB environmental and social practices and standards will be made a condition for each sub-project under the framework loan;
- All sub-projects financed under a framework loan will be required to comply with the relevant national legal framework, to be acceptable in environmental and social terms to the EIB and in line with EU environmental and social policy and law as well as EIB environmental and social standards; and,
- Following the special EU procedures for structural programme loans (SPLs), the task of verifying environmental obligations, such as EIA, Forms A/B or their equivalent in sites of Community importance, special protection areas (SPAs) or and/or special area of conservation sites (SACs) reserve areas is delegated to the Member State and more precisely to the certifying officer, who for each measure is responsible for verifying compliance with EU environmental legislation. However the EIB reserves the right to carry out ad hoc reviews to verify the quality and substance of the documentation. Where climate issues are identified as relevant and included in the FL documentation, reporting on climate elements may be required.

### B.4.3 Structural Programme Loans

296. Apart from the general provisions on framework loans, the specific aspects of the environmental and social assessment of an SPL are as follows:

297. For environmental due diligence purposes, the EIB will align with Commission procedures and the E&S screening and appraisal will focus on the type of investment planned to be included in the SPL. For schemes falling within the "Major Project" definition according to the relevant Structural Funds regulations, it will accept the judgement of the Commission that the scheme complies with EU environmental law based on standard forms completed by the Competent Authority of the Member State and forwarded by the European Commission's Regional Policy Directorate-General (EC DG REGIO) to the EC's Environmental Directorate-General (DG ENV) for scrutiny. For all other schemes, the EIB will rely on the Member State and the EC process and systems, unless there is evidence to the contrary, based on the Commission's positive assessment of the environmental policy, legal and institutional framework of the Member State.

298. The task of verifying environmental obligations, such as EIA, Forms A/B or their equivalent in SCAs/SPAs and sites of Community importance, is normally delegated to the Member State and more precisely to the certifying officer, who for each sub-project is responsible for verifying compliance with all EU requirements and requesting the payment of Community grants. The key due diligence documents for EIB purposes, such as Forms A/B, the NTS where appropriate and all environmental permits and



development consents should be either placed on EIB files or ready access to their location elsewhere must be confirmed (e.g. Commission/promoter/certifying officer files).

299. Where the EIB relies upon the environmental assessment of the certifying officer, the EIB's environmental assessment should focus on this process and the certifying officer's competence to carry it out. This assessment should take account of the capacity to evaluate an EIA to EIB requirements, where required, and of the promoters' track record of environmental management, including implementing the recommendations and mitigation measures from EIAs. The assessment should also take account of whether the host country, through its Competent Authorities, has a good record of EIA implementation, public consultation and enforcement according to EU principles and standards. The EIB verifies that the method, content and quality of assessment is satisfactory and meets the objectives of the EIB. Where climate issues are identified as relevant and included in the SPL documentation, reporting on climate elements may be required.

300. The ESDS as well as the Overall Environmental and Social Assessment Form D1 are completed for all SPLs and the Residual Impact Assessment Sheet D2 selectively for individual or groups of projects. D2 is applicable for large schemes incorporated into SPLs and those SPLs where all or some of the schemes are of similar types. It is not practical to complete D2 where there is a large mix of schemes by size and nature.

### B.4.4 Mutual Reliance Projects

301. In the specific cases of projects co-financed under the Mutual Reliance Initiative (MRI) when the lead financier is the Agence Française de Développement (AFD) or the Kreditanstalt für Wiederaufbau (KfW), the level of due diligence with regards to environmental and social standards shall be agreed upon within the PrepCom Meeting prior to Appraisal. Depending on the nature, complexity and potential E&S issues of the project, it is advisable that the ENVAG and/or a social development specialist be present at the PrepCom meeting so as to ensure that any additional E&S requirements for the EIB are addressed and incorporated into the Lead Financier's appraisal. More information on the MRI can be accessed on <http://www.eib.org/infocentre/events/all/the-mri-effective-partnering-for-growth-development.htm>.

302. Following appraisal, the Lead Financier is required to provide all information which is deemed material by the EIB for its decision-making process. The Project Team will have to fill out the ESDS as well as the REM sheet. Together with the Lead Financier, the E&S conditions that would be required to be included in the Finance Contract should be discussed and aligned.

## C. INTERMEDIATED FINANCING

### C.1 Introduction

303. Intermediated financing projects generally follow the same project approval process as investment and framework loans. However, the nature of environmental and social due diligence is different, as outlined below.

### C.2 Mid-Cap Loan (ML)

304. The EIB pre-appraisal starts with an assessment of the approach and capacity of the intermediary and the context in which it operates. An environmental and social screening should be carried out for all schemes, known at the time of pre-appraisal within the ML that are expected to have a significant environmental and/or social impacts and risks, according to the definitions and criteria contained in the EIB E&S standards and requirements and in the relevant EU directives. Typically at the time of the EIB pre-appraisal for MLs there is only limited information, if any, on individual investments. In this case the screening should focus on the type of investment planned to be included in the ML.



305. In the case of Mid-Cap Loans, approval of individual allocation between EUR 25m and 50m is the responsibility of the EIB's services, based on a fiche submitted by the intermediary, which includes environmental and social information.

306. The assessment of the intermediary focusses on the on the capacity and capability of the intermediary to manage the environmental and social aspects, including impacts and risks, arising from its operations. This will include an assessment of the adequacy and effectiveness of the environmental and social system, the intermediary has in place. The assessment of the project portfolio follows the same requirements as for framework loans.

307. The EIB retains the right to ask for additional environmental and social information or to do a partial or an in-depth appraisal of any sub-project if judged necessary.

### ROLE OF THE INTERMEDIARY

- In the EU, Candidate and potential Candidate countries, the intermediary will undertake to ensure compliance of the projects with appropriate national and/or EU and international environmental and human rights laws;
- Outside the EU, Candidate and Potential Candidate countries, the intermediary will undertake to ensure compliance of the projects with appropriate national and/or international environmental and human rights conventions and agreements ratified by the host country as well as EIB E&S standards;
- Compliance with applicable EU, national and/or international environmental and social legislation and guidelines and EIB E&S standards will be made a condition for the project; and,
- The underlying projects will be required to comply with the relevant national legal framework, to be acceptable in environmental and social terms to the EIB and aligned with EU environmental and social principles and standards, as well as EIB environmental and social standards. Where climate issues are identified as relevant and included in the ML documentation, reporting on climate elements may be required.

## C.3 Global Loans

308. Generally, the schemes to be financed under global loans (GLs) are not known at the time of submission to the Board, and GLs are not normally appraised by PJ. The Board of Directors approves the GLs and/or global authorisations on the basis of the objectives sought (e.g. financing of SMEs, infrastructure, the environment, etc.) and the project selection criteria (e.g. regions concerned, excluded sectors, etc.), which are then reflected in the contract(s) signed.

309. On the request of Ops, PJ may carry out an environmental and social review of a particular GL operation, including an assessment of the environmental social risk management capacity of the intermediary. It may also carry out an environmental and social review of a particular sub-project (allocation) when requested by Ops. All projects financed through financial intermediaries are covenanted to comply with appropriate environmental and social legislation; within the EU, EU legislation, outside the EU, national legislation, with reference where appropriate to alignment with EU legislation and EIB environmental and social standards.

310. The appraisal and approval of GL allocations is generally the responsibility of the intermediary institution. If PJ carries out an assessment of a GL then D1 should be completed.

311. When evaluating the environmental and social risks associated with a GL, the following should be considered:

- What is the nature of the FI's business (e.g. SME, Microfinance)?
- What are the typical subprojects and what are their amounts?
- Does the FI have a sectoral/regional focus or any particular exposure that present greater environmental and social risks?
- What are the current environmental and social policies and procedures of the FI and track record?
- Does the EIB have current or past projects with the FI?
- What are the FI's current human resource management policies and practices?

- Are there any other international institutions engaged with this FI?
312. Based on the above mentioned information the EIB will decide:
- If there is a need for additional requirements for sub-projects;
  - If there is a need for training to strengthen the environmental and/or social capacity of the FI;
  - If there is a need for technical assistance to the FI to set up an E&S assessment and management system;
  - The nature of the reporting and monitoring requirements.
313. Specific monitoring requirements must be designed to address the environmental and social impacts identified during the due diligence including any emerging impacts identified during the course of EIB-support to the operation. Where climate issues are identified as relevant and included in the GL documentation, reporting on climate elements may be required.

### ROLE OF THE INTERMEDIARY

- The financial intermediary shall undertake to promote compliance of the sub-projects with relevant national and EU law;
- In the EU, candidate and potential Candidate countries, compliance with EU, national and international environmental and human rights legislation will be made a condition for each sub-project under the global loan, as well as EIB environmental and social standards;
- In the rest of the world, all sub-projects financed under the proposed loan will by conditions in the loan contract be required to comply with the relevant national legal framework, to be acceptable in environmental and social terms to EIB and in line with EU environmental and human rights principles and standards;
- In the case of microfinance, all sub-projects will comply with internationally accepted standards such as the Universal Standards for Social Performance Management<sup>78</sup>; and,
- The borrower/promoter has a proven track record of good environmental and social management, including the capacity to evaluate an E(S)IA, where required, according to the environmental and social assessment principles, standards and practices applied by the EIB.

## C.4 Funds

314. EIB may participate as an investor in funds, premised on the assumption that a significant portion of the underlying investments made by that fund into individual companies (and the projects it finances) would be eligible for EIB finance under the term of its mandate or if the investment had otherwise been made directly by the EIB.
315. Therefore, in addition to, and separately from, any role it may have, as an investor in the decision-making process of the fund, the EIB will need to validate this underlying assumption.
316. At the request of Ops, PJ may carry out an environmental and social due diligence of a particular fund operation, including an assessment of the environmental and social risk management capacity of the promoter and/or fund manager. It may also carry out an environmental and social assessment of a particular sub-project investment when requested by Ops. All projects financed through funds are covenanted to comply with appropriate environmental and social legislation; within the EU, EU legislation, outside the EU, national legislation with reference where appropriate to EU legislation as well as the EIB's environmental and social standards and requirements. The EIB should reserve the right to receive supporting environmental and social documents on request (e.g. copies of E&S procedures and policies, NTS/ESIS, resettlement action plan, indigenous peoples plan, etc.).
317. If PJ is part of the team and carries out an assessment of the fund then D1 should be completed.
- The fund manager will undertake to ensure that all portfolio investments comply with national, EU and international environmental and social legislation, including in particular compliance with EU EIA Directive 1997/11/EC, amended by Directives 97/11/EC and 2003/35/EC, the EU Habitats

<sup>78</sup> <http://www.sptf.info/sp-standards-2>

Directive 1992/43/EC and sector specific environmental Directives as well as EIB E&S standards;

- In countries outside the EU, the principles and standards of the EU Directives on environment should be followed (with the necessary procedural adaptations);
- EIB will require a description of how the fund will appraise investment opportunities on environmental and social aspects. The EIB will verify that all procedures are consistent with the requirements set out in the EIB's 10 Environmental and Social Standards; and,
- Details of the due diligence procedures to be carried out by the fund prior to authorising allocation of funds for individual investments will be determined during appraisal.

318. Due diligence is carried out on the level of environmental and social risks associated with a fund's investment policy. Depending on the level of risk, the following due diligence will be carried out:

- Assessment of the E&S risk assessment tools of the fund and internal capacity to identify and manage these risks;
- Presence of an environmental and social management system(ESMS) in place which includes integrating E&S risk assessment into the financial institution's overall credit and risk management process;
- Assessment of the E&S procedures that are to be implemented throughout the transaction appraisal and monitoring process to understand the E&S risks associated with client/investee operations.

319. According to the level of potential environmental and social risk in its portfolio, the Team may require the fund to:

- Establish and maintain an ESMS;
- Designate an ESMS Officer;
- Report annually to EIB; and
- Comply with EIB's environmental and social policies.

320. The Team may also identify potential opportunities to help the financial institution enhance positive environmental and social outcomes which may include technical assistance. It is important to note, that where climate issue are identified as relevant and have been included in the Fund documentation, reporting on climate elements may be required.

### C.5 Request for the Opinion of the Commission – Article 19 Procedure

321. For intermediary financing operations, Ops should confirm the use of contractual obligations in the intermediaries to verify conformity by the final beneficiaries with the relevant environmental and social standards (EU for projects in the EU, Candidate and potential Candidate countries, EU or national, with EU standards as the benchmark for outside of the EU Candidate and potential Candidate Countries).

322. In all cases, the Note to the Commission should also refer to the acceptability – or subsequent verification of the acceptability – of the project to the EIB in terms of likely environmental and social impacts and proposed impact management measures.

## D. DISCLOSURE AND PROJECT DOCUMENTATION

### D.1 Disclosure of Information and Documents

323. The EIB has a Transparency Policy that is in line with international best practice and transparency standards of other EU bodies and institutions. As an EU body, the EIB has a particular responsibility to be open and transparent towards its shareholders, the EU Member States and, ultimately, towards the citizens of the EU.

324. The Policy gives the public the right to request disclosure of all information and documents held by the EIB. At the same time, the Policy ensures the protection of confidential information that the EIB holds from its clients and project partners.

325. The principle of openness of EU institutions, bodies, offices and agencies is laid down in Article 1 of the Treaty on the European Union and Article 15(1) of the Treaty on the functioning of the European Union (TFEU). In addition, as an EU body, the EIB has to comply with specific EU regulations, such as Regulation (EC) No 1367/2006 on the application of the provision of the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters to Community institutions and bodies.

### D.1.1 Website Publication

326. In line with the EIB Transparency Policy, the EIB discloses on its website advance information on projects it considers for financing, on a Project List, the so-called “project pipeline”, with associated project summaries. The project summaries provide short descriptions of the projects, as well as the potential environmental, social impacts of the projects.

327. Although the publication on the Project List is the responsibility of Ops and SCC/COM (specifically the webmaster), Ops will send a draft website text to the PJ Contact Person, who must review it prior to publication. The environmental and social sections of the text for the website, generally taken from the Note to the Commission, will be updated if more information is available at this stage. Revised wording needs to be checked with ENVAG, and if applicable, with the social development specialist assigned to the Project Team.

328. Short and clear text should be used as much as possible. Specific confirmations regarding legal compliance should be made where appropriate and the following examples give suggestions of typical wording. Where the project’s environmental and social aspects need more detailed explanation on substance, text should be added to clarify the environmental and social impacts expected, mitigation and/or monitoring to be carried out, limits or emissions if relevant. However, this additional text should be brief and to the point.

### INVESTMENT LOANS

(a) Projects with minimal environmental and social impacts:

- The project has positive impacts and no significant adverse environmental and/or social impacts.

(b) Projects with adverse environmental or social impact:

- Environmental and/or social impact studies will be carried out as required and measures to avoid, reduce, mitigate and remedy will be included in an ESMP and effectiveness monitored and reviewed at regular intervals;;
- An ESIA will be carried out in accordance with applicable legislation in line with the EU EIA Directive; or,

The project will have significant adverse environmental and/or social impacts. The EIB will ensure that appropriate measures are taken to protect the environment and the rights of the project-affected people and avoid, reduce, mitigate, compensate and remedy the impacts. The promoter has identified all relevant environmental and social impacts and risks and has developed and ESMP to manage the impacts, according to EIB E&S standards and requirements.

(c) Reference to EU legislation:

- The project promoter where applicable is required to respect the requirements of the EU Directive 2001/42/EC concerning the Strategic Environmental Assessment (SEA) of plans and programmes;
- The project falls within a plan or a programme subject to the EU SEA Directive 2001/42/EC, which requires a SEA;
- Compliance with the EU SEA Directive 2001/42/EC will be verified during appraisal and the status of any environmental studies and public consultations will be reviewed;
- The project promoter is required to respect the requirements of the EU EIA Directive 2011/92/EU;

## VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND PROCEDURES

- The project falls under Annex I of the EU EIA Directive 2011/92/EU which requires an EIA;
- Compliance with the EU EIA Directive 2011/92/EU will be verified during appraisal and the status of any environmental studies and public consultations will be reviewed;
- Compliance with the EU Habitats Directive 92/43/EEC, in particular Articles 6 (3) and (4), of the Directive, which require an assessment of the impacts of the investment on habitats and species of community importance ;
- The project promoter is required to comply with the EU Birds Directive 79/409/EEC, for the protection of wild birds and their habitats, which requires an assessment of the impacts of the investment on the bird species and their habitat;
- The project falls under Annex II of the EU EIA Directive 2011/92/EU, and the Competent Authority has decided on the basis of Annex III of the Directive that an EIA will be required. The screening decision will be verified during appraisal; and,
- The project falls under Annex II of the EU EIA Directive 2011/92/EU, and the Competent Authority has decided on the basis of Annex III of the Directive that no EIA is required. The screening decision will be verified during appraisal.

### (d) Reference to EU, national and international legislation:

- The project complies with relevant EU and national environmental legislation; and,
- The project's compliance with all applicable EU and national environmental and social legislation as well as the applicable principles of international Conventions ratified by the EU and the host country, will be verified during appraisal.

### FRAMEWORK LOANS

- The promoter will undertake to ensure compliance of the sub-projects with relevant national, EU, national and international law as well as EIB E&S standards and requirements;
- Compliance with EU, national and international environmental and social legislation as well as EIB E&S standards and requirements will be made a condition for each sub-project under the framework loan;
- All sub-projects financed under the framework loan will be required to comply with the relevant national legal framework, to be acceptable in environmental and social terms to the EIB and in line with EU environmental and social policy and law as well as EIB environmental and social standards; and
- Following the special EU procedures for Structural Programme Loans, the task of verifying environmental obligations, such as the EIS, Forms A/B or their equivalent in sites of Community importance, special protection areas (SPAs) or and/or special area of conservation sites (SACs) reserve areas is delegated to the Member States and more precisely to the certifying officer, who for each measure is responsible for verifying compliance with EU environmental legislation.

### MID-CAP LOANS

- The promoter will undertake to ensure compliance of the project with relevant national, EU and international law;
- Compliance with EU, national and international environmental and social legislation and guidelines will be made a condition for the project; and,
- The project will be required to comply with the relevant national legal framework, to be acceptable in environmental terms to EIB and in line with EU environmental policy and law and EIB environmental and social standards.

### GLOBAL LOANS

- The financial intermediary will undertake to promote compliance of the sub-projects with relevant national, EU law and EIB E&S standards and requirements;
- Compliance with EU, national and international environmental and social legislation will be made a condition for each sub-project under the Global Loan;
- All sub-projects financed under the proposed loan will by conditions in the loan contract be required to comply with the relevant national legal framework, to be acceptable in environmental

and social terms to EIB and in line with EU environmental and social policy and law EIB environmental and social standards; and

- The borrower/promoter has a proven track record of good environmental and social management, including the capacity to evaluate an E(S)IA, where required, according to the environmental and social assessment principles, standards and practices applied by the EIB.

### FUNDS

- The fund manager will undertake to ensure that all portfolio investments comply with national, EU and international environmental and social legislation, including in particular compliance with the EU EIA Directive 2011/92/EU, the EU Habitats Directive 1992/43/EC, sector specific environmental directives and/or any other EIB E&S environmental and social standards and requirements.;
- EIB will require that the fund's documentation include a description of how the fund will appraise, manage and monitor investment opportunities on environmental and social aspects. The EIB will ensure that all fund procedures comply with the requirements set out in the EIB's environmental and social standards and ,
- Details of the due diligence procedures to be carried out by the fund's investment committee prior to authorising allocation of funds for individual investments will be determined during appraisal.

### D.1.2 Disclosure of E&S Documents

329. The PJ will need to inform Ops as soon as possible if they consider the project to have significant adverse environmental and/or social impacts as, as this will affect the timing of publication and Board Presentation.

330. Requests from the public for access to the NTS/E(S)IS are handled by the Communications Department in accordance with procedures in the EIB Public Transparency Policy. Any requests from third parties outside the EIB should therefore be passed to the Communications Department.

331. The EIB releases project-related environmental and social information to members of the public in accordance with its Transparency Policy.

332. All public sector projects are included on the Project List on the EIB's website prior to Board approval, as are all private sector projects when there has been a call for international tender published in the Official Journal of the European Union and/or which have been subject to an environmental and social impact assessment (ESIA). EIB exercises disclosure according to a presumption towards transparency. However, certain private sector projects are not published before Board approval and, in some cases, not before loan signature, to protect justified commercial interest.

333. For all projects on the Project List, both in the EU and outside the EU, where an ESIA is required (according to applicable EU and/or national legislation or as a prerequisite for the EIB's financing or at the initiative of the promoter), the EIB makes the NTS (or equivalent) of the study of the ESIA available to the public, where possible through electronic links in the EIB's Project List, to the promoter's website.

334. For projects on the Project List, outside the EU, where an ESIA is required, the environmental and social impact study (ESIS) of the ESIA will also be made available in the same way.

335. PJ should identify as early as possible in the project cycle, whether an ESIA is required or, if outside EU, would have been required by EU law.

336. The promoter shall prepare both an ESIS and an NTS for any project that requires an ESIA according to EU, national legislation and/or EIB environmental and social requirements.

337. The promoter is responsible for making the documents available to the public in a language appropriate for local consultation and stakeholder engagement. The required documents should be provided as early as possible to the EIB, i.e. when the documents are provided to the Competent Authority and made available to the public.



338. **For framework loans**, the promoter will supply NTS or ESIS documents where applicable for all sub-schemes, for review and EIB website publication. However, in the context of FL in the EU, the requirements to supply environmental documents to the EIB may be waived in certain circumstances, however a link to the promoter's website where all the documents are stored shall be provided:

- a) The borrower/promoter has a proven track record of good environmental management, including the capacity to evaluate an EIA, where required, according to the environmental assessment principles and practices applied by the EIB;
  - b) The host country through its competent authorities has a good record of EIA implementation and enforcement, according to the principles and practices of EU law;
  - c) Where a waiver is justified, the borrower/promoter should be required to undertake not to allocate EIB resources to any scheme before a satisfactory EIA including public consultation has been carried out, where required. The borrower/promoter should also undertake to make the EIA documentation publicly available, again according to EU and national requirements; and,
  - d) Similar considerations apply to schemes located in or impacting on nature conservation areas or sites of Community importance, which may require an impact analysis. Again, should a waiver be justified, the borrower/promoter is required to arrange for completion of Forms A/B, or an equivalent, an appropriate before allocation of EIB funds.
- e)

339. **For SPLs**, when EIB environmental due diligence is aligned with the Commission, the verification of any NTS, EIS and other environmental documents is not normally carried out by the EIB nor are these documents published on its own website. However, if the due diligence is not aligned, then the procedures for framework loans apply.

340. **For mid-cap and global loans** and for **funds** the EIB normally delegates the verification of any NTS and ESIS and other environmental and social documents to the intermediary or fund manager and does not publish such documents on its own website but requires the intermediary or fund manager to do so.

341. Ops is responsible for obtaining the NTS (and ESIS where applicable). Once received these should be sent directly to the webmaster by PJ as soon as they are received and once the PJ contact person has verified that they are the correct documents. This should be done by email, addressed to "webmaster" and copied to Ops to ensure they are informed that the documents are now with the webmaster. The email "subject" must contain the project or framework title and SERAPIS<sup>79</sup> number.

342. A link to the NTS or ESIS on the promoter's website is the first choice for website publication. If this is not possible, the promoter/intermediary should be asked for a digital version and this should be stored in GED (Electronic Documents Management System) with specific naming convention given in Box C below and the GED link sent to the webmaster. If a paper copy is the only available version, this should be sent to the webmaster. The promoter will have to be advised to maintain and manage the link to the website until full implementation of the ESMP and the E&S conditions in the finance contract,

343. Where the NTS or ESIS is for a sub-project or scheme under any type of loan with multiple components, then information must be provided to the webmaster to clearly define the sub-project, scheme or allocation covered by each document.

### Box C: GED Naming Convention for Environment Documents

The final environmental documents for each project, sub-project or allocation should be stored in GED, in the Knowledge Centre under the respective operation or project in Lending Operations; "folder 5 - Supporting Documents".

The documents should be stored in this subfolder with the following naming convention:

Operation N° ENVIRO NTS Free text  
or  
Operation N° ENVIRO EIS Free text

<sup>79</sup> SERAPIS (Système Efficace et Rapide d'Accès aux Prêts et aux Informations de Support) is the web-based Front Office working tool of the EIB.

## VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND PROCEDURES

Example for an NTS: 20070123 ENVIRO NTS Toscana Bridge  
Example for an EIS: 20071234 ENVIRO EIS Rome Metro line 10, final version

If many separate documents make up the NTS or EIS, then a new subfolder should be created using the same naming convention, and the documents stored in that subfolder<sup>80</sup>.

344. Timing of publication and any scanning or translation required is the responsibility of the Communications Department (SCC/COM).

345. Outside the EU there are timing requirements for publication:

### Box D: 30-day Rule

The Non-Technical Summary (NTS) and the Environmental and Social Impact Study (ESIS) for all investment loan projects (excluding multi scheme projects (programmes)) located outside the EU-28, Candidate and potential Candidate countries, and requiring an ESIA, will be made publicly available at a minimum of 30 days before the project is presented to the Board.

For “projects with significant adverse environmental and social impacts, which may have undue difficulties during project implementation and/or operations, which may pose high risks to the EIB and which may attract significant external scrutiny adversely affecting the reputation of the EIB, the EIB would aim for a longer lead-time. Sectors that are most associated with such projects include large dams, nuclear, extractive industry projects, certain forms of waste plants and long pipelines.

If the project will be presented to the Board under written procedures, the 30-day rule should count back from the cut-off date for Board approval.

It should be noted that the EIB project cycle differs in some detailed respects from that of other MFIs, such as EBRD, in that loan negotiation and the subsequent signature normally take place after approval by the Board of Directors. This allows for public consultation either side of Board discussions and explains the different pre-Board consultation periods applied by the different MFIs (generally 30 days for EIB cf. 60-120 days for other MFIs). Obviously, any significant change in project design (e.g. as a result of enhanced mitigation) must be agreed by an appropriate level of the EIB’s decision making bodies, and disbursement should not take place until the EIB is satisfied with the content of the ESIS and ESMP where required.

## D.2 Project Documentation

### D.2.1. PJ Appraisal Report – PJ Environmental and Social Due Diligence

346. The PJ environmental and social due diligence is recorded in the Environmental and Social Data Sheet (ESDS) of the PJ Appraisal Report: Environmental and social impacts and risks should be based on the findings and judgements in Forms D1/2/3. The environmental and social content of the ESDS shall be reviewed by ENVAG but remains the responsibility of the PJ Project Team. ENVAG should initial the ESDS as well as the flysheet to confirm that consultation has taken place.

347. For a project that is "eligible" on environmental grounds: the contribution of the project to Community environmental policy objectives should be indicated. This information should be included in the Flysheet and in the section on Value Added in PJ Appraisal Report.

<sup>80</sup> The subfolder must first be stored in the Working Area and a request should be made to the Livelink team to move the subfolder to the Knowledge Centre. Once in the Knowledge Centre, a link can be sent to the Webmaster. If in addition to the NTS or EIS documents, the EIB receives other documents relating to the EIA process e.g. notes on public consultations, then a similar convention can be used as follows: **Operation nr ENVIRO EIA Free text example 20080123 ENVIRO EIA public consultation Jan 2008**

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348. PJ should verify where appropriate, the application of the SEA Directive and compliance with the EIA Directive, including a clear statement as to whether the project falls under Annex I or II of the EIA Directive. Any other EU law compliance aspects should also be summarised.

349. The ESDS shall contain a description of the environmental and social impacts of the project as well as proposed measures to manage such impacts in accordance with the standard EIB mitigation hierarchy. Both positive and negative environmental and social impacts should be considered.

350. Where practical, the economic value of any environmental and social external costs and benefits should be included, where they are likely to have a major influence on the project financing decision.

351. There should be an indication of the eligibility of the project for climate change financing and its climate change impacts, if significant.

352. There should be an indication whether the project has an impact on protected nature conservation sites, protected species or on areas of important biodiversity, including information on assessments carried out in compliance with the Habitats Directive Article 6 or any other international convention. The location of any nearby or affected protected areas or species should be indicated on the Map (Appendix B of the PJ Appraisal Report)

353. Environmental management capability of the promoter and arrangements for environmental and social management (such as EMAS<sup>81</sup>, ISO<sup>82</sup> 14001, AA1000<sup>83</sup> /Global Compact<sup>84</sup>/Equator Principles<sup>85</sup>/UNEP FI<sup>86</sup>, UN Guiding Principles on Business and Human Rights<sup>87</sup>.) should be assessed. Past experience on EIB projects or recent past projects implemented by the Promoter would be relevant in this assessment.

354. The PJ environmental and social due diligence should conclude with a judgement about overall acceptability of the project in E&S terms (overall E&S impact rating).

355. The main findings and conclusions (specifically the overall E&S rating and the conditions) of the environmental and social due diligence shall also be reflected in the PJ Appraisal Report Flysheet (see below) and in the Appraisal Fact Sheet. The main findings and the overall E&S Impact Rating must be consistent.

356. The PJ Environmental and Social due diligence should be written in two sections as follows (Box E):

- Key issues (paragraph 5 of the Board report). A summary of all the key issues needed for Board decision
- ESDS. This should contain further details on key issues, and other background information.

357. Key Issues

The key issues to be covered briefly are the following items:

- Environmental and social situation with/without the project (quantify and value, to the extent possible);
- Compliance of the project with EU principles, practices, standards and law) where appropriate - indicate any actual or anticipated (e.g. due to higher standards) compliance issues, if any;
- Significant climate change or biodiversity issues;
- Screening category for EIA/ESIA;
- Environmental and social impact(s) (both negative and positive); and proposed measures to manage these (including cost, if known); and,

<sup>81</sup> EMAS: [http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm).

<sup>82</sup> ISO 14001: <http://www.iso.org/iso/en/iso9000-14000/index.html>

<sup>83</sup> AA1000: <http://www.accountability21.net/default.aspx?id=228>.

<sup>84</sup> Global Compact: <http://www.unglobalcompact.org/>

<sup>85</sup> Equator Principles: <http://www.equator-principles.com/>

<sup>86</sup> UNEP FI: <http://www.unepfi.org/>.

<sup>87</sup> UN GPBHR: [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

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- For projects specifically outside the EU, any significant social issues and their proposed treatment to include:
  - Involuntary resettlement;
  - Rights and interests of vulnerable groups;
  - Labour standards;
  - Occupational Health and Public Health, Safety and Security; and
  - Stakeholder engagement.

358. Any supporting information on environmental and social matters may be included in the E&S Data Sheet, together with other information such as:

- Environmental and social management capability of the promoter and arrangements for environmental and social management;
- Environmental and social performance indicator(s) and monitoring arrangement; ; or
- Significant impacts identified (environmental, social, financial, technical, etc.), if any.

### Box E: Examples for ESDS and the Key Issues for the Board Report

Even though the ESDS is the only document that pulls together and summarises EIB's environmental and social due diligence, it is a document that is written for the general public and therefore should present a succinct overview and analysis of the environmental, social and climate risks and impacts associated with the project, its associated/ancillary facilities and its area of influence. It describes and explains the key measures identified to manage those risks and impacts and concludes on the acceptability of the project in E&S terms taking into account the residual impacts and the positive effects of the project.

Each "issue" paragraphs should be a concise summary highlighting any specific impacts, risks or opportunities and how these will be managed. The text is not to be written in future tense but is to reflect the current status of the project, thereby avoiding any ambiguity. The recommended length of a standard project in the EU is 2 pages and for projects outside the EU, an ESDS can be up 4 pages long.

#### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The text, to be identical to point 5 of the Board report, should indicate key issues - both positive and negative - of the project, residual risks and opportunities, adequacy of action/management plans and results of stakeholder engagement, and highlight any areas of non-compliance with applicable legal framework and/or EIB E&S standards and how these issues are being addressed. The paragraph would also include a recommendation to the effect that the project is acceptable for EIB financing.

#### Environmental and Social Assessment

Environmental and Social Assessment: Before going into the details of the E&S impacts and mitigation it is important to summarise the E&S assessment carried out by the promoter as well as the due diligence carried out by the EIB. Mention:

For all regions:

- The project components and if there are any associated facilities and the area of influence of the project,
- When did the EIB first engage with the project and how it continued to engage with the project (site visits, regular conference calls with promoter and lenders, communication with stakeholders, government agencies, specialists and civil society organisations, other IFIs,
- When, if required, the E(S)IA(s) was or will be (in the case of multi-component projects) carried out and by whom,
- Whether any international conventions were triggered such as the Espoo Convention with regards to transboundary impacts,
- If there were any additional specific studies carried out such as biodiversity/appropriate assessments,

- When the ESIA process was completed for the national permitting process,
- If the EIB is co-financing with other institutions, against which standards is the project being reviewed?
- State how the promoter performed or is performing against the project standards required by the EIB.

In the EU, Candidate and potential Candidate countries:

- If a project has been screened out according to the EU EIA Directive and does not require an EIA, mention the screening decision, the basis for the screening decisions and the date this decision was made public. These decisions may come with certain conditions and can be specified with the related impacts in the Section on Environmental Impact and Mitigation,
- Whether the project is part of a plan or programme and if an SEA was carried for that particular plan or programme, this is particularly relevant for projects in the EU,
- Whether an Appropriate Assessment under the Habitats/Birds Directives was required and the conclusion of the Competent Authority for Nature.
- Whether compensation measures were required under the Appropriate Assessment and whether the Commission was informed and has agreed to the measures,

Outside the EU

- Which of the social standards has been triggered by the project,
- The documents and studies produced under the ESIA (this includes the stakeholder engagement plan, ESMP/ESAP, RPF/RAP, labour audits) and their implementation status.

Environmental and Social Impacts

In this section, the following four aspects of the ESIA process should be summarised for all regions. As they pertain to both environmental and social issues they are described prior to going into the E&S details:

- Strategic Environmental Assessment
- Assessment of alternatives
- Cumulative impacts assessment
- Trans-boundary impacts (if the project entails activities that may cause adverse effects, if the affected communities, regions, countries have been informed and consulted and the conclusions of the agreements)

Environmental Impact and Mitigation

In this section describe the key environmental risks and impacts of the project and the key mitigation measures as well as key aspects of the Environmental and Social Impact Study. If the mitigation measures for all phases of the project have been captured in an ESMP/ESAP then it is sufficient to describe how the ESMP/ESAP or similar document addresses the mitigation measures and how these will be managed.

As in Annex D2 it is worth, when going through the impacts to differentiate between impacts during construction and impacts during operation and post-construction.

Going through the main significant issues, risks and impacts indicates to the general public that EIB has been satisfied that all material environmental and social issues associated with the project have been identified, whether any gaps were identified and how these would be closed out and, that the status of compliance with EIB E&S standards is understood.

Though not exhaustive, sector and region dependent here is a list of environmental issues to address in this section:

- Environmental impacts during construction, post-construction and operation,
- Noise
- Vibration
- Ambient air quality which includes dust
- Water quality

- Erosion control
- Hazardous waste management
- Pest Management
- Environmental Health and Safety (including training in EHS)
- Construction ESMP, if applicable

If there are significant impacts on biodiversity, cultural heritage and vulnerability of the project to climate change these need to be treated separately from the “standard” environmental impacts.

**Cultural heritage:** mention the state of the area in terms of cultural heritage significance, the assessment carried out, if the competent authority responsible for cultural heritage and the relevant stakeholders have been consulted, the outcomes of the consultation, mitigation measures put in place and the implementation of a chance find procedure and programme. Mention if there is any intangible cultural heritage and how the impacts have been addressed and will be managed.

**Biodiversity assessment:** In the EU, Candidate and potential Candidate countries, describe the impacts and the mitigation measures, the process of the appropriate assessment as well as the decisions taken by the competent authority for nature. If compensation measures are required, describe the overriding public interest process, the communication with the Commission and the consultation with the relevant authorities and relevant stakeholders.

Outside of the EU, Candidate and potential Candidate countries, describe the impacts on biodiversity, the process for managing the impacts (application of the mitigation hierarchy) and the biodiversity action plan to be implemented if required. Should compensation or offsets be required, , describe the compensation measures and/or the offset and the plan developed to implement the compensation measures and/or the offset as well as the consultation process required t – i.e. in the case of impacts on Indigenous Peoples then free prior informed consent may be required.

**Vulnerability of the project to climate change:**

**Environmental and Social Management Systems:** In this section first describe the ESMP/ESAP and then the system to be put into place to implement it.

- ESMP/ESAP (can be a stand-alone document): describe how the proposed mitigation measures to address issues arising from the relevant stages of the project (pre-construction, construction, operation, decommissioning, reinstatement) and from the ESIA process, from the EIB due diligence have been structured to ensure compliance with national law and regulations, EIB requirements and mention that the ESMP/ESAP is for the duration of the project and a living document and that the promoter commits to its implementation through the finance contract. The ESMP defines specific mitigation tasks or measures or corrective actions to be undertaken, has an indicator for completion and provides deadlines for completion for each task.

- Environmental and Social Management Systems: The capacity of the promoter to manage the E&S risks and the implementation of the ESMP/ESAP have to be briefly described here, what kind of actions within the organisational structure and system he/she is planning on taking, what kind of system is required (policy, hiring or appointment of key E&S staff), PIU required, etc. Also mention if the promoter is putting in place a management system that is accredited by internally recognised certification systems/organisation.

**In the EU:**

- Within the EU the ESMP is currently not a requirement under the EU EIA Directive (however as soon as the revised EU EIA Directive comes into force, the ESMP will be a requirement). Therefore it is important to note that the mitigation measures or corrective actions are included in the EIS or in the permit issued by the consenting authority and to determine how the promoter will monitor the implementation. With regards to environmental management systems, review the systems the promoter has in place, the corporate policy statements or procedures related to sustainable development if any and whether the promoter is certified under any of the international accredited certification schemes.



### EIB Carbon Footprint Exercise

If the project is not included in the Carbon Footprint Exercise, delete this section including this heading. In this case any emissions information may, if wished, should be included in the above section Environmental Assessment. In the section on Environmental Assessment, there is an option to highlight other emissions savings information that is currently outside the scope of the carbon footprint exercise e.g. savings gained through the use of the product (such as double glazed windows).

If the project is included:

- Estimated annual emissions of project in a standard year of operation: – absolute (gross) and relative (net) figures in kT CO<sub>2</sub>e/year. (Text style should target a non-technical audience, e.g. "estimated emissions savings are xxx tonnes of CO<sub>2</sub> equivalent per year" rather than "relative emissions = -xxx tonnes CO<sub>2</sub>e/yr".) Include definition of boundary related to these emissions and an explanation of choice of baseline.
- Include the following sentence in the text: 'For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost'.

### Social Assessment

The social assessment is applicable to all regions outside of the EU. However certain aspects such as occupational health and safety and stakeholder engagement apply as well to EU MS.

Land acquisition and involuntary resettlement and loss of livelihood: mention the direct and land take and if this is permanent or not as well as what it will be used for and the number of potentially affected households and/or businesses. Describe if a RFP, RAP or RAPs have been produced to avoid, reduce, mitigate, and remedy the negative social impacts and to strengthen the positive impacts on the communities in the project area. If the RAP is still to be developed, describe the RPF process as well as the national institutional process and any gaps the project has to fill to ensure compliance with EIB standards, the key principles used in formulating the RPF and the measures that will be taken to compensate the project-affected persons/households for their losses, including the implementation of a grievance and redress mechanism. Mention whether the RPF is acceptable in form and substance to the EIB.

Vulnerable Groups and Indigenous People: Based on the social assessment mention whether any indigenous peoples or vulnerable and minority groups were identified and how they were adversely affected by the project. Mention whether the impacts on these individuals and groups required a supplementary study or an indigenous peoples plan and which mitigation and compensation measures and support to the various groups have been included in the ESMP and the RAP. At this point, community development programmes can be mentioned, if any.

Occupational Health and Safety: In the EU this usually falls under the category of environmental health and safety and the associated EHS management plans. Both EHS and occupational health and safety can be combined. In addition to the establishment of EHS plans, describe how the construction activities could potentially have negative impacts on the workers and how these issues will be captured in the Construction ESMP. Give an indication of the type of E&S clauses on the contracts of the contractors and sub-contractors. If there is the presence of a workers' camp, mention the potential impacts and management issues to deal with social and health consequences of migrant workers coming into the communities

Labour and Working Conditions: State whether the country has subscribed to ILO core labour standards and if not how at project this will be addressed. Describe employment conditions with respect to working hours, compensation policies etc., the implementation of a comprehensive HR policy and procedure promoting a non-discriminatory and equal opportunity working environment and hiring policies. It is good to mention training programmes and how the project will promote local access to employment, if applicable and if the promoter has a policy addressing supply chain issues.

Community Health, Safety and Security: Based on the location of the project, its activities during construction and operation, describe the likely impacts on the surrounding communities and the programme of measures to attenuate the impacts, strengthen and improve health for example and

provision of sensitisation and training to the local community. Community development programmes can also be mentioned here. . If there are security arrangements, mention the potential impacts and how the security issues are dealt with within the context of the project.

### Public Consultation and Stakeholder Engagement

#### In the EU:

- Mention the public consultation carried out under the EIA process, (publication, date of consultation meetings and quality) and also whether the promoter has held separate information and consultation with different stakeholders either through the EIA process and/or appropriate assessment stage.

#### Outside the EU:

- A Stakeholder Engagement Plan including grievance mechanism is a requirement. Describe the plan, the stakeholder analysis and the engagement processes, including all formal consultations (dates, at which stage of the project, stakeholders consulted, type of consultation) carried out under the plan so far as well as summarise the main issues raised to date through the engagement and consultation activities. . Explain how project information was disseminated, and how stakeholder views, in particular those of project-affected individuals and communities have influenced the design and the formulation and implementation of the ESMP/ESAP, the level of project support or opposition among the affected communities and what on-going community engagement and communication strategies are in place.

For all regions, state where the key documents are disclosed (promoter's website, EIB website).

Conclusion: the conclusion should state the acceptability of the project to the EIB in terms of E&S issues taking into consideration the E&S impacts, the management plans, the capacity of the promoter to implement the ESMP/ESAP, any residual impacts, and the if the project has overall positive benefits.

359. The PJ Appraisal Report includes a front page, or Flysheet, the PJ Opinion, for submission to the Management Committee.

360. Any environmental and/or social conditions should be consistent with the identified remaining environmental and social risks and the proposed environmental and social mitigating measures and clearly stated in the Flysheet as well as in the E&S Data Sheet.

361. The Flysheet to the PJ Appraisal Report summarises the key issues detailed in the Key Issues to be included in Point 5 of the Board Report and the E&S Data Sheet and forms part of the information submitted to the Management Committee with the Ops.

362. Financing Proposal: it should give the environmental and social impact rating (with an explanation where thought necessary, particularly in the case of a C rating) and should incorporate reference to any significant environmental issues under the headings of:

- "justification", where, for instance, a project contributes to the implementation of EU policy;
- "conditions", where any environmental condition is necessary to ensure project success and/or compliance with EIB environmental and social requirements; and,
- "other comments", for instance, in respect of outstanding environmental studies, authorisations, etc.

363. The Technical Description of the Project included in the Appraisal Report (Appendix A.1) should normally define the project to include all mitigation and compensation measures and the costs of these should be included in the total project costs.

364. The information requirements on environmental matters listed in Appendix A.2 of the Appraisal Report should be as project specific as possible so as to focus the reporting from the Promoter on the key environmental issues and risks, and the implementation and results of any mitigation carried out.

## E. ANNEXES

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## Annex 1 – Environmental and Social Data Sheet

*Complete as attachment to Board report (i.e. not a numbered annex).*

*Drafting should be clear and objective.*

*The document will be made available to the public (on request) by SCC/COM.*

*Please ensure consistency of project description provided for in the present Environmental & Social Data Sheet with the one of the Board report.*

## Environmental and Social Data Sheet

*(Further guidance is contained in the Environmental and Social Practices Handbook)*

### Overview

Project Name: same as info in Serapis  
Project Number: idem  
Country: idem  
Project Description: same as info in Serapis (please check/update in line with description in Board Report)

EIA required: yes/no delete as necessary

*(If EIA required by EU law or by the EIB, ensure that NTS (and EIS for outside EU) is on EIB website or provide [here](#) the necessary explanatory information, such as condition for 1<sup>st</sup> disbursement, other...)*

Project included in Carbon Footprint Exercise<sup>1</sup>: yes/no delete as necessary

*(Details for projects included are provided in section: “EIB Carbon Footprint Exercise”)*

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

*The text, to be identical to point 5 of the Board report, should indicate the major impacts - both positive and negative - of the project, as well as any noteworthy issues and confirm that such issues have been/are being addressed. It would also include a recommendation to the effect that the project is acceptable for EIB financing.*

Key E&S Contractual Conditions that have been included in the Report to the Board of Directors need to be properly reflected here.

*The indication “NA” should be avoided in all cases. Standardised texts will be proposed for cases with very limited or no environmental implications.*

### Environmental and Social Assessment

#### Environmental Assessment

*For example*

- *Compliance with applicable Environmental Legislation (national, EU and International), including SEA and EIA legislation, where appropriate.*
- *Environmental Impacts - both positive and negative; and, for the latter, proposed mitigation and compensation. Remaining impacts, if any, and why acceptable.*
- *Biodiversity issues, if any, and proposed mitigation and compensation/offsets of adverse impacts. Remaining impacts, if any, and why acceptable.*

<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.

- *Climate change mitigation - sector issues, energy efficiency and emissions savings (for projects or other financing, e.g. FLs, fund, not included in the EIB Carbon Footprint Exercise) and carbon credit potential. Any necessary follow-up. Climate change adaptation (climate risk profile, risk assessments undertaken and results.*

**EIB Carbon Footprint Exercise** *If project not included, delete this section including this heading (in this case any emissions information may, if wished, be included in the above section Environmental assessment)*

*If project is included:*

- *Estimated annual emissions of project in a standard year of operation: – absolute (gross) and relative (net) figures in kT CO<sub>2</sub>e/year. (Text style should target a non-technical audience, e.g. "estimated emissions savings are xxx tonnes of CO<sub>2</sub> equivalent per year" rather than "relative emissions = -xxx tonnes CO<sub>2</sub>e/yr".) Include definition of boundary related to these emissions and an explanation of choice of baseline.*
- *Include the following sentence in the text: 'For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost'.*
- *Option to highlight other emissions savings information that is currently outside the scope of the carbon footprint exercise e.g. savings gained through the use of the product (such as double glazed windows), avoidance of transport emissions.*

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

*For example*

- *Involuntary Resettlement - short description of issues and measures adopted/proposed follow-up*
- *Rights and Interests of Vulnerable Groups - short description of issues and measures adopted/proposed follow-up*
- *Labour Standards - description of key issues at regulatory and/or project level, and measures adopted/proposed follow-up*
- *Occupational and Community Health and Safety - description of key issues at regulatory and/or project level, and measures adopted/proposed follow-up*

### **Public Consultation and Stakeholder Engagement, where required**

*For example*

- *Consultation carried out under the EIA process or equivalent - possible shortcomings, mitigants and follow-up*
- *Consultation related to nature assessment, resettlement action plan, indigenous peoples plan, etc. - possible shortcomings, mitigants and follow-up*
- *Meetings with project-affected people and civil society organisations, public administrations, etc. Conclusions, if any.*

### **Other Environmental and Social Aspects**

*For example*

- *Summary of E&S management arrangements*
- *Specific E&S monitoring arrangements: identification of any E&S performance indicators*

## Annex 2 – Overall Environmental and Social Assessment Form (D1)

### Overall Environmental Assessment

<b>Project Operation n°</b>			
<b>Type of EIB financing</b>			
<b>Promoter</b>			
<b>Enviro. Capacity</b>			
<b>Project Description</b>			
<b>SEA carried out</b>	▼	Comment	
<b>EIA Screening</b>	▼	<b>Enviro. Eligibility Code</b>	▼
<b>EIA Stages</b>	<i>Documents obtained</i>		
<b>"A" &amp; "B" Projects</b>	<i>Studies (incl. non-technical summary)</i> <i>Consultation (public, enviro. authority, transboundary)</i> <i>Planning consent or authorisation granted (permit, etc.)</i> <i>Public informed of decision</i> 3rd Party concerns Comments	▼ ▼ ▼ ▼ ▼	▼ ▼ ▼ ▼ ▼
<b>"C" Projects</b>			
<b>Environmental Legal Framework</b>	National		
	EU		
	International		
<b>Social Assessment</b>	Comment		
<b>Nature Conservation Sites</b>	<u>Significant effect</u> ▼ If no <u>significant effect</u> , Form A ▼ Type of site ▼	For EU/Accessing/Accession/Candidate countries: If <u>significant effect</u> , Form B ▼ Map ▼	
<b>Climate Change Aspects</b>	CCFF ▼	CCTAF ▼	Carbon Funds ▼
<b>Site Visit and any other Observations</b>			
<b>Major Project Risks</b>	Risk rating ▼		
<b>Overall Assessment</b>	▼		
<b>Enviro. Monitoring</b>	Required ▼	Performance indicator(s)	
<b>Conditions</b>			
<b>Stage</b>	▼	<b>ENVAG Member</b>	▼
<b>Completed by</b>		<b>on</b>	



## Annex 3 – Annex I of the EIA Directive 92/2011/EC

### PROJECTS SUBJECT TO ARTICLE 4 (1)

1. Crude-oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
2. (a) Thermal power stations and other combustion installations with a heat output of 300 megawatts or more;  
(b) Nuclear power stations and other nuclear reactors including the dismantling or decommissioning of such power stations or reactors<sup>1</sup> (except research installations for the production and conversion of fissionable and fertile materials, whose maximum power does not exceed 1 kilowatt continuous thermal load).
3. (a) Installations for the reprocessing of irradiated nuclear fuel;  
(b) Installations designed:
  - (i) for the production or enrichment of nuclear fuel;
  - (ii) for the processing of irradiated nuclear fuel or high-level radioactive waste;
  - (iii) for the final disposal of irradiated nuclear fuel;
  - (iv) solely for the final disposal of radioactive waste;
  - (v) solely for the storage (planned for more than 10 years) of irradiated nuclear fuels or radioactive waste in a different site than the production site
4. (a) Integrated works for the initial smelting of cast iron and steel;  
(b) Installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
5. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos: for asbestos-cement products, with an annual production of more than 20 000 tonnes of finished products, for friction material, with an annual production of more than 50 tonnes of finished products, and for other uses of asbestos, utilisation of more than 200 tonnes per year.
6. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are:
  - (a) for the production of basic organic chemicals;
  - (b) for the production of basic inorganic chemicals;
  - (c) for the production of phosphorous-, nitrogen- or potassium-based fertilisers (simple or compound fertilisers);
  - (d) for the production of basic plant health products and of biocides;
  - (e) for the production of basic pharmaceutical products using a chemical or biological process;
  - (f) for the production of explosives.
7. (a) Construction of lines for long-distance railway traffic and of airports<sup>2</sup> with a basic runway length of 2 100 m or more;  
(b) Construction of motorways and express roads<sup>3</sup>;  
(c) Construction of a new road of four or more lanes, or realignment and/or widening of an existing road of two lanes or less so as to provide four or more lanes, where such new road or realigned and/or widened section of road would be 10 km or more in a continuous length.

<sup>1</sup> Nuclear power stations and other nuclear reactors cease to be such an installation when all nuclear fuel and other radioactively contaminated elements have been removed permanently from the installation site

<sup>2</sup> For the purposes of this Directive, 'airport' means an airport which complies with the definition in the 1944 Chicago Convention setting up the International Civil Aviation Organisation (Annex 14 of the DIRECTIVE 2011/92/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment).

<sup>3</sup> For the purposes of this Directive, 'express road' means a road which complies with the definition in the European Agreement on Main International Traffic Arteries of 15 November 1975.

8. (a) Inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1 350 tonnes;  
(b) Trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1 350 tonnes.
9. Waste disposal installations for the incineration, chemical treatment as defined in Annex I to Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste<sup>4</sup> under heading D9, or landfill of hazardous waste, as defined in point 2 of Article 3 of that Directive.
10. Waste disposal installations for the incineration or chemical treatment as defined in Annex I to Directive 2008/98/EC under heading D9 of non-hazardous waste with a capacity exceeding 100 tonnes per day.
11. Groundwater abstraction or artificial groundwater recharge schemes where the annual volume of water abstracted or recharged is equivalent to or exceeds 10 million cubic metres.
12. (a) Works for the transfer of water resources between river basins where that transfer aims at preventing possible shortages of water and where the amount of water transferred exceeds 100 million cubic metres/year;  
(b) In all other cases, works for the transfer of water resources between river basins where the multi-annual average flow of the basin of abstraction exceeds 2 000 million cubic metres/year and where the amount of water transferred exceeds 5 % of that flow.  
In both cases transfers of piped drinking water are excluded.
13. Waste water treatment plants with a capacity exceeding 150 000 population equivalent as defined in point 6 of Article 2 of Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment<sup>5</sup>.
14. Extraction of petroleum and natural gas for commercial purposes where the amount extracted exceeds 500 tonnes/day in the case of petroleum and 500 000 cubic metres/day in the case of gas.
15. Dams and other installations designed for the holding back or permanent storage of water, where a new or additional amount of water held back or stored exceeds 10 million cubic metres.
16. Pipelines with a diameter of more than 800 mm and a length of more than 40 km:  
(a) for the transport of gas, oil, chemicals;  
(b) for the transport of carbon dioxide (CO<sub>2</sub>) streams for the purposes of geological storage, including associated booster stations.
17. Installations for the intensive rearing of poultry or pigs with more than:  
(a) 85 000 places for broilers, 60 000 places for hens;  
(b) 3 000 places for production pigs (over 30 kg); or  
(c) 900 places for sows.
18. Industrial plants for the production of:  
(a) pulp from timber or similar fibrous materials;  
(b) paper and board with a production capacity exceeding 200 tonnes per day.
19. Quarries and open-cast mining where the surface of the site exceeds 25 hectares, or peat extraction, where the surface of the site exceeds 150 hectares.
20. Construction of overhead electrical power lines with a voltage of 220 kV or more and a length of more than 15 km.

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<sup>4</sup> OJ L 312, 22.11.2008, p. 3

<sup>5</sup> OJ L 135, 30.5.1991, p. 40

21. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200 000 tonnes or more.
22. Storage sites pursuant to Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide<sup>6</sup>.
23. Installations for the capture of CO<sub>2</sub> streams for the purposes of geological storage pursuant to Directive 2009/31/EC from installations covered by this Annex, or where the total yearly capture of CO<sub>2</sub> is 1,5 megatonnes or more.
24. Any change to or extension of projects listed in this Annex where such a change or extension in itself meets the thresholds, if any, set out in this Annex.

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<sup>6</sup> OJ L 140, 5.6.2009, p. 114.

Annex 4 – Annex II of the EIA Directive 92/2011/EC

PROJECTS SUBJECT TO ARTICLE 4 (1)

1. AGRICULTURE, SILVICULTURE AND AQUACULTURE
  - (a) Projects for the restructuring of rural land holdings;
  - (b) Projects for the use of uncultivated land or semi-natural areas for intensive agricultural purposes;
  - (c) Water management projects for agriculture, including irrigation and land drainage projects;
  - (d) Initial afforestation and deforestation for the purposes of conversion to another type of land use;
  - (e) Intensive livestock installations (projects not included in Annex I);
  - (f) Intensive fish farming;
  - (g) Reclamation of land from the sea.
2. EXTRACTIVE INDUSTRY
  - (a) Quarries, open-cast mining and peat extraction (projects not included in Annex I);
  - (b) Underground mining;
  - (c) Extraction of minerals by marine or fluvial dredging;
  - (d) Deep drillings, in particular:
    - (i) geothermal drilling;
    - (ii) drilling for the storage of nuclear waste material;
    - (iii) drilling for water supplies;with the exception of drillings for investigating the stability of the soil;
  - (e) Surface industrial installations for the extraction of coal, petroleum, natural gas and ores, as well as bituminous shale.
3. ENERGY INDUSTRY
  - (a) Industrial installations for the production of electricity, steam and hot water (projects not included in Annex I);
  - (b) Industrial installations for carrying gas, steam and hot water; transmission of electrical energy by overhead cables (projects not included in Annex I);
  - (c) Surface storage of natural gas;
  - (d) Underground storage of combustible gases;
  - (e) Surface storage of fossil fuels;
  - (f) Industrial briquetting of coal and lignite;
  - (g) Installations for the processing and storage of radioactive waste (unless included in Annex I);
  - (h) Installations for hydroelectric energy production;
  - (i) Installations for the harnessing of wind power for energy production (wind farms);
  - (j) Installations for the capture of CO<sub>2</sub> streams for the purposes of geological storage pursuant to Directive 2009/31/EC from installations not covered by Annex I to this Directive.
4. PRODUCTION AND PROCESSING OF METALS
  - (a) Installations for the production of pig iron or steel (primary or secondary fusion) including continuous casting;
  - (b) Installations for the processing of ferrous metals:
    - (i) hot-rolling mills;
    - (ii) smitheries with hammers;
    - (iii) application of protective fused metal coats;
  - (c) Ferrous metal foundries;
  - (d) Installations for the smelting, including the alloyage of non-ferrous metals, excluding precious metals, including recovered products (refining, foundry casting, etc.);
  - (e) Installations for surface treatment of metals and plastic materials using an electrolytic or chemical process;
  - (f) Manufacture and assembly of motor vehicles and manufacture of motor-vehicle engines;
  - (g) Shipyards;
  - (h) Installations for the construction and repair of aircraft;
  - (i) Manufacture of railway equipment;
  - (j) Swaging by explosives;

- (k) Installations for the roasting and sintering of metallic ores.
5. MINERAL INDUSTRY
    - (a) Coke ovens (dry coal distillation);
    - (b) Installations for the manufacture of cement;
    - (c) Installations for the production of asbestos and the manufacture of asbestos products (projects not included in Annex I);
    - (d) Installations for the manufacture of glass including glass fibre;
    - (e) Installations for smelting mineral substances including the production of mineral fibres;
    - (f) Manufacture of ceramic products by burning, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain.
  6. CHEMICAL INDUSTRY (PROJECTS NOT INCLUDED IN ANNEX I)
    - (a) Treatment of intermediate products and production of chemicals;
    - (b) Production of pesticides and pharmaceutical products, paint and varnishes, elastomers and peroxides;
    - (c) Storage facilities for petroleum, petrochemical and chemical products.
  7. FOOD INDUSTRY
    - (a) Manufacture of vegetable and animal oils and fats;
    - (b) Packing and canning of animal and vegetable products;
    - (c) Manufacture of dairy products;
    - (d) Brewing and malting;
    - (e) Confectionery and syrup manufacture;
    - (f) Installations for the slaughter of animals;
    - (g) Industrial starch manufacturing installations;
    - (h) Fish-meal and fish-oil factories;
    - (i) Sugar factories.
  8. TEXTILE, LEATHER, WOOD AND PAPER INDUSTRIES
    - (a) Industrial plants for the production of paper and board (projects not included in Annex I);
    - (b) Plants for the pre-treatment (operations such as washing, bleaching, mercerisation) or dyeing of fibres or textiles;
    - (c) Plants for the tanning of hides and skins;
    - (d) Cellulose-processing and production installations.
  9. RUBBER INDUSTRY
    - Manufacture and treatment of elastomer-based products.
  10. INFRASTRUCTURE PROJECTS
    - (a) Industrial estate development projects;
    - (b) Urban development projects, including the construction of shopping centres and car parks;
    - (c) Construction of railways and intermodal transshipment facilities, and of intermodal terminals (projects not included in Annex I);
    - (d) Construction of airfields (projects not included in Annex I);
    - (e) Construction of roads, harbours and port installations, including fishing harbours (projects not included in Annex I);
    - (f) Inland-waterway construction not included in Annex I, canalisation and flood-relief works;
    - (g) Dams and other installations designed to hold water or store it on a long-term basis (projects not included in Annex I);
    - (h) Tramways, elevated and underground railways, suspended lines or similar lines of a particular type, used exclusively or mainly for passenger transport;
    - (i) Oil and gas pipeline installations and pipelines for the transport of CO<sub>2</sub> streams for the purposes of geological storage (projects not included in Annex I);
    - (j) Installations of long-distance aqueducts;
    - (k) Coastal work to combat erosion and maritime works capable of altering the coast through the construction, for example, of dykes, moles, jetties and other sea defence works, excluding the maintenance and reconstruction of such works;
    - (l) Groundwater abstraction and artificial groundwater recharge schemes not included in Annex I;
    - (m) Works for the transfer of water resources between river basins not included in Annex I.

### 11. OTHER PROJECTS

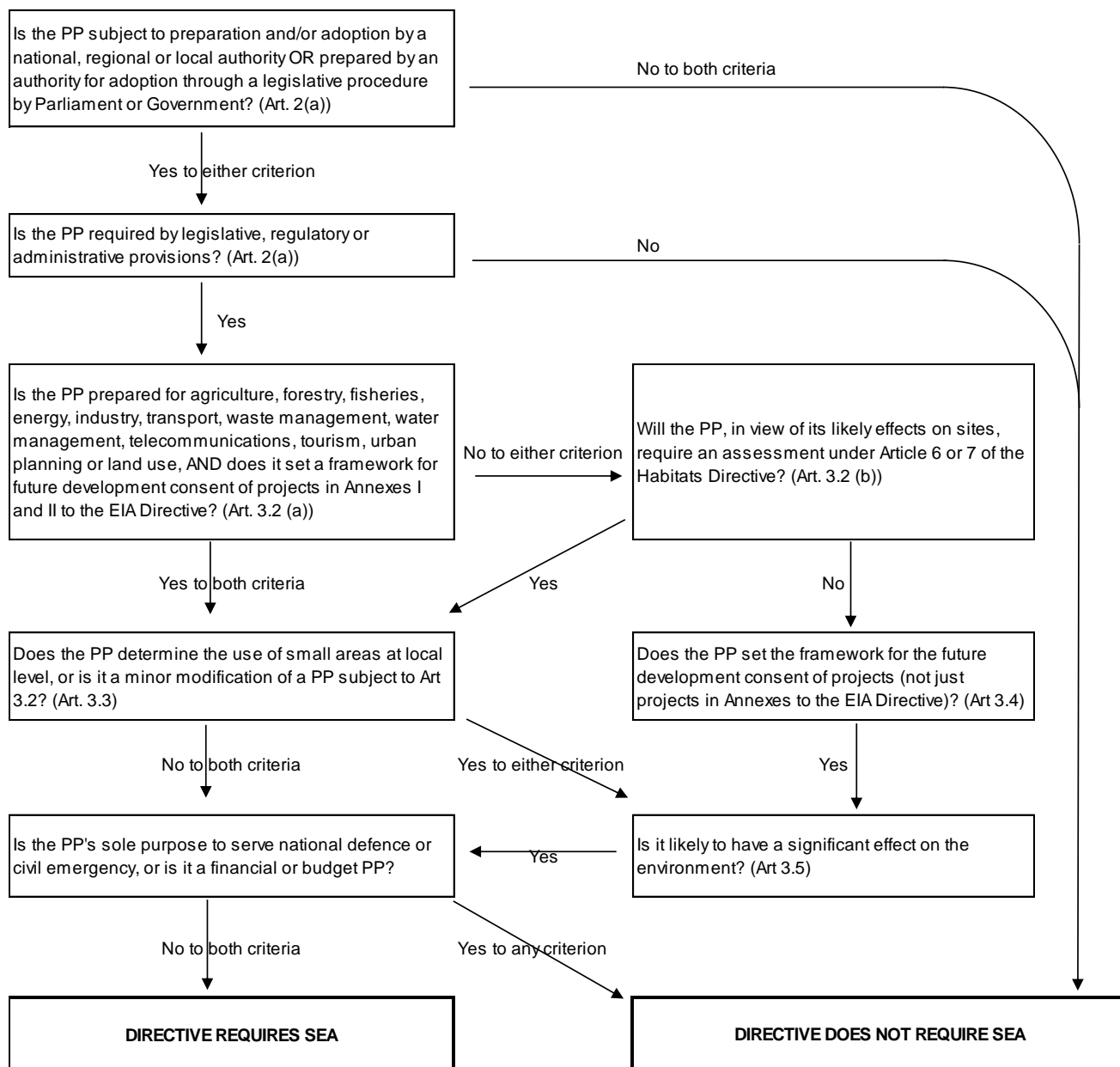
- (a) Permanent racing and test tracks for motorised vehicles;
- (b) Installations for the disposal of waste (projects not included in Annex I);
- (c) Waste-water treatment plants (projects not included in Annex I);
- (d) Sludge-deposition sites;
- (e) Storage of scrap iron, including scrap vehicles;
- (f) Test benches for engines, turbines or reactors;
- (g) Installations for the manufacture of artificial mineral fibres;
- (h) Installations for the recovery or destruction of explosive substances;
- (i) Knackers' yards.

### 12. TOURISM AND LEISURE

- (a) Ski runs, ski lifts and cable cars and associated developments;
- (b) Marinas;
- (c) Holiday villages and hotel complexes outside urban areas and associated developments;
- (d) Permanent campsites and caravan sites;
- (e) Theme parks.



## Annex 5 – Criteria for Application of the SEA Directive to Plans and Programmes



## Annex 6 – Stakeholder Engagement Plan

### **Suggested Table of Contents**

#### **1.0 Introduction**

- 1.1 Project Description
- 1.2 Public Consultation and Project Design, Construction and Operations
- 1.3 Project Purpose and Objectives
- 1.4 Total Project Cost and Associated Financiers and Lenders

#### **2.0 Public Consultation Regulations and Requirements**

- 2.1 Local Regulations and Requirements
- 2.2 International Best Practice

#### **3.0 Previous Public Consultation and Disclosure Activities**

- Summarize all public consultation and information disclosure activities to date. This should include the types of information disseminated, the locations and dates of meetings, descriptions of those individuals/groups involved.
- An overview of issues discussed, how they were responded to and how they were communicated back to the concerned publics.

#### **4.0 Stakeholders**

- Provide an inventory of key stakeholder groups who will be informed and consulted about the project.
- Account for inter- and intra- social dynamics across all stakeholders, identifying under-represented and vulnerable groups.

#### **5.0 Stakeholder Engagement Plan**

- 5.1 Goals of the Plan
- 5.2 Methods for Information Dissemination and Public Consultation
- 5.3 Information Disclosure and Public Consultation
  - 5.3.1 Issues Scoping
  - 5.3.2 ESIA Review
  - 5.3.3 Construction and Operations

#### **6.0 Schedule and Timetable**

- Provide a schedule detailing when public consultation and information disclosure will occur, with which stakeholder groups, at what stages of the project's process/project cycle, and through what formats.

#### **7.0 Resources and Responsibilities**

- Indicate budgets allocated to the realisation of all activities foreseen in the Plan
- Indicate management and expert staff devoted to, and responsible for, the public consultation and disclosure programme.

#### **8.0 Grievance Mechanism**

- Describe how the operation- affected people can bring their concerns to the project authority and how they will be considered and addressed.

#### **9.0 Monitoring and Reporting**

- Identify where and when the results of public consultation and information disclosure will be reported. This should include at a minimum reporting on the results of consultations at the draft ESIA stage and annual monitoring reports.

## Annex 7 – Mitigation Hierarchy<sup>1</sup>

### LEVEL 1: AVOID

#### Principles

- The first priority for application of mitigation measures is to avoid impacts on environmental values and associated components occurring within the footprint and area of influence – before considering “minimise”, “restore on-site”, and/or “offset”.
- Mitigation measures to “avoid” impacts are particularly important for higher priority environmental values and associated components.
- Avoidance may be a required measure for environmental values and associated components in some circumstances, including where legal requirements to avoid impacts have been established.

#### Considerations

- To what degree or extent can the impacts of the proposed project be avoided?
- Can the impacts on the environmental values and associated components be fully avoided (“avoid”) or only partially avoided (“minimised”)?

#### Procedures: Ways to Avoid Impacts

Determine the specific procedures to avoid impacts from the list of categories below when planning a project or activity:

1. Location,
2. Means,
3. Timing, and,
4. Not proceeding with the proposed project.

**Location:** Altering or adjusting the location of a project or activity to fully avoid impacts on one or more environmental values and associated components.

#### Considerations:

- Is there an alternative location for the proposed project or activity?
- Is it practicable to relocate?

**Means:** Avoiding impacts on environmental values and associated components within the footprint and area of influence of a project through application of alternative project methodologies (including tools, techniques, actions, or measures).

#### Considerations:

- Can alternative development approaches or alternative technology be used to avoid impacts on environmental values and associated components?
- Can the promoter collaborate with another developer in the same area to reduce the project footprint?
- Can the promoter use existing roads or other infrastructure to avoid impacts on environmental values and associated components?
- Will a measure to fully avoid impacts on one environmental value or associated component impact another one?

**Timing:** Avoiding impacts on environmental values and associated components on the footprint and area of influence of a project or activity through application of alternative timing of the project or specific elements of the project.

#### Considerations:

- Can project-related activities (e.g., construction) be rescheduled to fully avoid impacts on the environmental values and associated components in the footprint and area of influence of a project or activity?

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<sup>1</sup> Adapted from Draft Policy for Mitigating Impacts on Environmental Values, Ministry of Environment, British Columbia

## VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND PROCEDURES

- Can short-term timing measures be used, e.g., to avoid sensitive periods within a season, or within a diurnal period through use of instream work windows?
- Can the frequency of activity be modified to allow for hydrologic recovery in a watershed?

**Not proceeding with the proposed project:** Fully avoiding impacts on environmental values and associated components on the site of a project by not proceeding with the proposed project as proposed.

### **Considerations:**

Avoiding impacts on environmental values and associated components by not proceeding with the proposed project should be considered when the answer to any of these questions is yes:

- Is the environmental value rare, and the reversibility of the impact and/or replaceability of the value, unlikely?

### **Rationale for Moving from Avoid to “Minimise” and/or “Restore On-Site”**

Document the reasons for the need to move from “avoid” to “minimise” and/or “restore on-site”, including addressing the following questions:

- How were measures to avoid impacts on environmental values and associated components considered?
- Why was it deemed not practicable to avoid impacts on environmental values and associated components?
- What impacts on environmental values and associated components in the footprint and area of influence could not be avoided? Identify these.
- What unavoidable impacts will need to be considered under:
  - Minimise; and/or,
  - Restore on the site of the impacts (i.e., within the footprint/permit area)?

## **LEVEL 2: MINIMISE**

### **Principles**

“Minimise” may be appropriate after all measures to fully avoid impacts on environmental values and associated components have been duly considered.

### **Considerations**

Measures to minimise should consider the scope, scale, and duration of the impacts on environmental values and associated components within the footprint and area of influence.

- Although avoid and minimise are two distinct steps within the mitigation hierarchy, they are often considered at the same time. See the first three considerations outlined above for avoid (i.e., for location, means, and timing). These same considerations generally apply when considering ways to minimise, i.e., partially avoid impacts.
- Guidance may be available in the form of land-use plans and other higher-level plans, park plans, strategic restoration plans, or best management practices. These documents may help to establish whether restoration is suitable, and may provide guidance for establishing restoration objectives for the site.

### **Procedures: Ways to Minimise Impacts**

Can the impacts of the proposed project or activity only be partially avoided (i.e. minimised)?

The considerations and mechanisms for minimising are very similar to those for avoiding impacts. See above, under “Avoid” for descriptions the three main categories of measures to minimise, i.e.:

1. Location,
2. Means, and
3. Timing.

## **LEVEL 3: RESTORE ON-SITE**

“Restoration” is treated as a separate level or step in the mitigation hierarchy. Compared with “minimising” impacts, measures to “restore on-site” differ largely in timing, in that restoration activities may be implemented or completed at a future date. While planning for restoration, and implementing

some restoration measures, may begin at the present time, the impacts on environmental values and associated components will persist until the restoration is completed.

Restoration focuses on establishing appropriate composition, structure, pattern, and ecological processes necessary to make terrestrial and aquatic ecosystems sustainable, resilient, and healthy under current and future conditions.<sup>2</sup> In simpler terms, restoration attempts to make up for what was lost as a result of impacts on ecological systems.

“Restoration” is considered broadly here, as encompassing a continuum of degrees or stages of restoration, covering the various terms in different statutes and other legal mechanisms, e.g., “restoration”, “rehabilitation”, “remediation”, and “reclamation”. Measures to remedy impacts on environmental values and associated components range from measures that immediately stabilise the site of the impacts, to measures that bring a site back to full ecosystem structure and function as existed prior to the project or activity, or historically. Restoration measures are carried out within the footprint of the project or activity, specifically within the area of the permit or other form of authorisation.<sup>3</sup>

### Principles

- An ecosystem is considered “restored” when it contains adequate biotic and abiotic resources to continue to develop without further assistance, sustaining itself structurally and functionally. The ecosystem is resilient to environmental stress and disturbance, and its biotic and abiotic elements interact and flow with contiguous ecosystems. The many features of restored ecosystems are context-dependent.
- Restoration can be conducted at a wide variety of scales; however, it should be approached from a landscape perspective to ensure the suitability of flows, interactions and exchanges with contiguous ecosystems.
- Restoration measures must be well-planned and implemented, and then monitored for effectiveness, using a scientific approach.
- Monitoring and evaluation are integral to keeping a restoration project in check and assessing whether it is achieving what it set out to do. Properly-planned restoration projects attempt to fulfil clearly stated goals that reflect important attributes of the restored ecosystems.
- Costs of planning, implementing, and monitoring the restoration measures are the responsibility of the proponent.

### Considerations

- Although it is best to replace what was taken away as a result of disturbance, this is not always possible or practicable.
- Restoration targets represent the point of advancement along the ecological trajectory intended for restoration. It is anticipated that the restored ecosystem will emulate the attributes of the desired benchmark or policy or management target, which drives restoration goals and planning.
- It is usually much more expensive to restore environmental values than it would be to conserve them (by avoidance) or by minimising impacts. Where restoration will be needed and appropriate, thought should be given early in the project design and planning process to determine what will be needed to achieve restoration objectives.
- Guidance may be available in the form of land-use plans and other higher-level plans, park plans, strategic restoration plans, or best management practices. These documents may help to establish whether restoration is suitable, and may provide guidance for establishing restoration objectives for the site.
- More specific considerations include the following questions:
  - Are transformer (or ecosystem engineer) species involved?
  - How can restoration replace the pre-existing biomass at the site?
  - How can restoration bring back the site productivity?
  - Ecological resources adjacent to the damaged site may contribute to effective restoration. Restoration work that is well-planned in advance of work on the project or activity can facilitate this.
  - What are the temporal considerations that will affect restoration?

<sup>2</sup> US Forest Service 2010

<sup>3</sup> Restoration measures implemented *off-site* may be used as environmental offsets, for example, at a location, where another, previously-conducted project or activity has impacted a component associated with an environmental value.

- Recovery of habitat for some species (e.g., species suited to conditions) may take decades to centuries to achieve. In these situations, it is particularly important to consider the temporal effects of climate change, invasive non-native species, and altered successional pathways that may have resulted from past management (e.g., grazing, fire exclusion, timber harvest, and road access).
- Is restoration to a pre-existing or historic condition possible? Consider the technical feasibility given the impacts of invasive species, changing climate, etc.

### Procedures

Restoration success can be evaluated using the nine attributes of restored ecosystems listed below. Each attribute should demonstrate the appropriate trajectory of ecosystem development towards the restoration goal(s) or restoration target as identified in the specific plan, but does not need to be fully expressed. Restoration takes time, and not all attributes can be measured readily, while most ecosystem functions can only be measured indirectly.

- Assemblage of species: The ecosystem contains a characteristic representation of species and the degree of community structure that occurs in the restoration target;
- Indigenous species: The ecosystem contains native species to the greatest practicable extent;
- Functional groups: The ecosystem contains the functional groups necessary for the continued development and/or stability of the system. This can include the potential for functional groups to colonise naturally;
- Sustainable populations: The ecosystem is capable of sustaining reproducing populations of the species necessary for its continued development and/or stability along the desired trajectory;
- Function: The ecosystem functions normally for its stage of development and signs of dysfunction are no longer present;
- Integration: The ecosystem is integrated into the larger ecological landscape, interacting through biotic and abiotic flows and exchanges;
- Ecological Integrity: Threats to the ecosystem's health and integrity have been eliminated or reduced as much as possible;
- Resiliency: The ecosystem is sufficiently resilient. The system can endure appropriate levels of stress in the local environment and maintain health and integrity;
- Self-sustaining: The ecosystem is self-sustaining, and can persist indefinitely under existing environmental conditions, similar to the restoration target. This does not negate the fact that ecosystems are dynamic: species composition, structure, and function evolve, and periods of environmental stress and disturbance occur naturally. Restoration focuses on re-establishing the successional trajectory that will sustain the ecosystem into the future.

Additional attributes can be added based on specific restoration goals. For example: where appropriate, restored ecosystems will support local social and economic interactions. Most importantly, restoration can be evaluated based on the success of creating ecosystems that provide the appropriate structures and functions that will ensure sustainability.

### Rationale for Moving to “Offset”

Following consideration of “minimise” and “restore on-site”, document the reasons for the need to move to offsetting, including addressing the following questions:

- Have the impacts on environmental values and associated components at all scale levels (spatial and temporal) been considered?
- How were measures to “minimise” impacts on environmental values and associated components, or to “restore on-site” the impacted environmental values and associated components, considered?
- Why was it deemed not practicable to minimise all impacts on environmental values and associated components, or to fully restore environmental values and associated components on the site of the impacts?
- What are the residual impacts on environmental values and associated components on the footprint and area of influence? (Identify and describe these.)

### LEVEL 4: OFFSETS – GENERAL

Offsetting is the last step in mitigation, to be taken only after measures to avoid and minimise impacts, and/or restore on-site the environmental values and associated components, have been duly considered.



## VOLUME II: EIB ENVIRONMENTAL AND SOCIAL PRACTICES AND PROCEDURES

Offsetting is the responsibility of the person whose project or activity impacts environmental values and associated components. The principles and considerations were developed to address the general questions below in thinking about offsetting impacts on environmental values and associated components:

- What are offsets, generally?
- How much offsetting is appropriate or needed?
- Which offset measures – which conservation mechanisms – will achieve the best outcomes in making up for environmental values and associated components that have been impacted?  
Conservation mechanisms are:
  - Restoration (in the broad sense) implemented off-site (or potentially through additional measures on-site);
  - Land securement, e.g., land acquisition, land lease, and conservation covenants; and
  - Other types of conservation mechanisms
  - Who will implement the offset measures, and where?

### What are Offsets?

#### Principles (General)

- “Offset” may be appropriate after all measures to fully avoid, minimise and restore on-site have been duly considered and where residual impacts remain;
- Offsets deliver tangible, measurable, on-the-ground conservation outcomes for environmental values and associated components;
- Offsetting measures will be designed to obtain the best result for environmental values and associated components in the shortest timeframe practicable, considering the effort and resources expended;
- Offsets will deliver conservation outcomes that are additional to what otherwise would be achieved through existing natural resource management programs or activities;
- Offsets need to be legally secured for the duration of the offset commitment;
- All offsetting-related costs are the responsibility of the promoter whose project or activity results in the impact on the environmental values and associated components; and,
- For large projects or offset funds with multiple contributors, a governance structure is needed to oversee strategic delivery of offsets over time to achieve the best conservation outcomes.

### Considerations (General)

Selection of offsetting measures should first consider like-for-like and on-site or in-proximity offsetting. Implementation of offsets should minimise the time-lag between the occurrence of the impact on the environmental values and associated components and the delivery of the offset measures.

### How Much Offset?

#### Principles (Offset Amount)

- Determining the ecological equivalency (i.e., between the environmental values and associated components that will be impacted and the offset that would make up for the impact) is the basis for deciding on the type and amount of offsetting needed;
- Ecological equivalency must be evaluated within one environmental value and its associated environmental associated components;
- The offset should address the nature and extent of the residual impact(s) remaining after “minimise” and “restore on-site”;
- The offsetting needed to mitigate residual impacts will increase in accordance with either the degree of uncertainty of the effectiveness of the offset measures, the risk to the environmental value or both; and,
- The amount of funds for offsetting will include the full costs of implementation for the duration of the offset.

### Considerations (Offset Amount)

- Considerations for ecological equivalency and amount of offsetting:
  - The environmental values and associated components that will be impacted;
  - The nature and extent of the impacts (scope, scale, and duration) and the associated residual impacts;
  - How the proposed offset will be equivalent to the impacted environmental values and associated components (using the same measurement unit); and,

- Uncertainty and risk associated with the offsetting measures taken. For example, as the uncertainty of the effectiveness of the offsetting measure(s), or the time over which they are delivered, increases, additional degrees or levels of offsetting measures needs to be implemented to buffer against these uncertainties.

### **Which Offset Measures (Conservation Mechanisms) Will Deliver the Best Outcomes?**

#### **Principles (Best Outcomes)**

Offset measures that will deliver the best outcomes will be determined based on an assessment of feasibility of recovery or protection of the impacted environmental values and associated components; uncertainty of implementation of the offset measures; and methodological uncertainty for different actions and their potential positive contribution to the environmental value.

#### **Considerations (Best Outcomes)**

Like-for-like:

- A like-for-like offset is an action that improves outcomes within the same environmental component as the one that is impacted;
- In the case of habitat or ecosystems, the offset will result in structure and function as close to the impacted habitat or ecosystem as possible; and,
- Any deviations from like-for-like should outline the associated assumptions and describe uncertainties.

#### **On-site or off-site:**

- Locating offsets on areas with similar ecological capability will aid in attaining longer-term equivalency for a functioning ecosystem. In some instances, current suitability will be low. However, over the longer term, those sites provide the best opportunity to provide a similar function.
- Ensure that the offset location contributes to a functioning ecosystem, providing similar ecosystem goods and services as the soon to be impacted site at both the site level and within the landscape context.
- When determining the location where the conservation offset measures will be applied, consider the potential impacts of the offset on other environmental values located at the potential offset site.

#### **General considerations:**

In determining which specific offsetting measures to use, consider the following:

- The expected environmental effectiveness of the offsetting measure(s);
- The cost-effectiveness of the offsetting measure(s);
- The likelihood of the offsetting measures being successfully implemented; and,
- Other social and political factors, including potential jurisdictional issues, local communities and indigenous groups concerns, lack of public support or stakeholder conflicts.

### **Who Will Implement the Offset Measures?**

#### **Principles**

Depending on the circumstance, the promoter or another party may actually implement the offsetting measures. In all cases, the promoter is responsible for all costs of offsetting. Promoters whose project impacts environmental values or associated components may implement offset measures themselves.

#### **Considerations**

In determining whether the promoter will carry out the offsetting or provide an in-lieu payment, consideration should be given to whether the party responsible for offsetting will have:

- The capability to see the offsetting measures through to the “end”, the point at which conservation outcomes expected for which the offset was intended will be achieved; and,
- The ability to fund effective management and monitoring of the footprint and area of influence for the duration of the offset, and monitoring to determine effectiveness of the offsetting measures.

In situations when a party other than the promoter will actually physically carry out the offsetting measures:

- The promoter will provide an in-lieu payment in accordance with the planning regulation (e.g. UK, Germany); and

- The 3rd party will apply the offsetting funds to carry out offsetting measures through conservation mechanisms implemented (e.g. Germany):
  - on-site (within the footprint and area of influence of the impacts on environmental values and associated components); and/or off-site (at a location other than the footprint and area of influence of the impacted environmental values and associated components).

### Land Securement

Land securement may be considered as offsetting measures to make up for impacts on environmental values and associated components by providing substitute areas of land (e.g., wildlife habitat).

Land securement may be achieved by various means, e.g.:

- Land acquisition: Lands may be acquired (e.g., by purchase, exchange, or donation) to the extent necessary to offset impacts on environmental values and associated components resulting from project.
- Land Lease: Lands may be leased to the extent necessary to offset impacts on environmental values and associated components resulting from a project.
- Rezoning and transfer of development rights.

### Principles

- The purpose of land securement is to secure capable and/or suitable habitat for the environmental values and associated components that would otherwise be threatened by activities outside the footprint of the proposed project;
- The amount of land to be acquired for an environmental offset should be commensurate with the impact of the proposed project and its residual impacts on environmental values and associated components;
- Consultation with Indigenous Groups and with local communities and conservation groups is required where acquisitions involve a land exchange which will result in government land being transferred to private ownership (this is specifically for projects outside of the EU);
- Determine who (promoter, national agency) is responsible for the costs and payments, including for administration and on-going maintenance, and monitoring to ensure effectiveness of the offset;
- Land will not be expropriated for use as an environmental offset;

### Considerations

- Partnerships may be useful to increase the conservation benefit of the land securement, but do not negate the promoter's responsibility for offsetting costs;
- Consultation with local communities and Indigenous groups may lead to other assessment requirements such as traditional use studies or archaeological assessments;
- Properties should be independently valued by accredited appraisers. This may require timber valuation, for example, as well as land appraisals;
- Technical requirements to meet legal agreements may include environmental site assessments, archaeological assessments.

### Procedures

- Determine the land securement budget based on ecological equivalency and valuation methodology for the residual impact. Document all assumptions and uncertainty related to methodology used.
- Identify potential lands and partners that may contribute to an improved conservation outcome.
- Determine if land surveys are required (e.g., when subdivision of a property is required, if boundaries are not well enough defined, if easements or right of ways are involved, or any trespass needs to be resolved).
- Complete all required assessments on lands identified for securement.
- Complete technical assessments as required.
- Determine whether or not there are consultations requirements with local communities and Indigenous groups or accommodation requirements and complete those requirements.
- Determine if there are other stakeholder interests in the lands proposed for securement and complete consultation requirements if appropriate.
- Complete legal transactions.

### Conservation Covenants

The use of a conservation covenant is less desirable as it does not fully address offsetting and is difficult to enforce, e.g., when situations such as sale of the land arise. There are other legal tools to apply on private land.

### Considerations

- Lands for conservation covenants need to include higher-value areas (e.g., wetlands, riparian, or other features) of ecological significance.
- The land placed into a conservation covenant will be deemed as part of the offsetting to meet the needed level (amount) of mitigation.
- As with all offsets, all of the legal, maintenance, or other costs incurred are the responsibility of the proponent.
- Where possible, management responsibility for conservation covenants should be assigned to a conservation organisation.

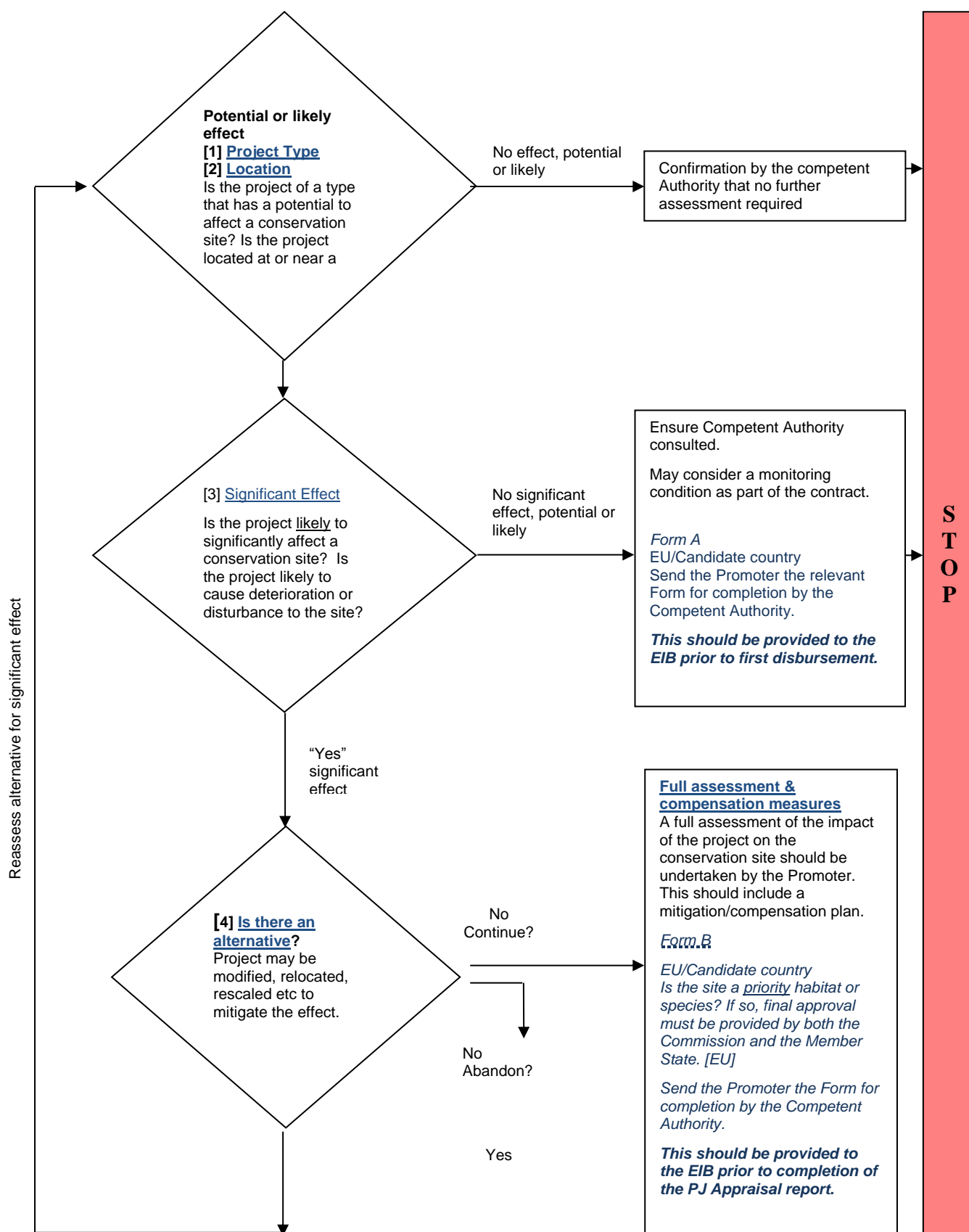
### Procedures

- The promoter needs to determine the level of contribution of the conservation covenant to the offsetting target. This needs to be acceptable to the competent authorities.
- Where a covenant is proposed, the proponent should obtain conservation organisation participation.
- The promoter should obtain an agreement-in-principle with the partner conservation organisation.
- The parties will sign-off on the contract.
- A performance bond may be necessary.
- Signing and fencing may be required as deemed appropriate.
- Encroachments on land covenants are to be dealt with immediately by the promoter
- Maintenance of the land under conservation covenant is the responsibility of the landowner (e.g., fence repair).
- Covenants should allow for the competent authority and 3rd-party entry onto land for monitoring and other activities relevant to the use and effectiveness of the covenant as an environmental offset.

## Annex 8 – Step-by-Step Guide for the Biodiversity Assessment

The general approach to biodiversity assessment in the EU has been developed by DG ENV for the EIB and is outlined in the flowchart. Key steps are indicated (shaded) as well as additional requirements for projects in the EU (*italics*). Links to the Environmental Summary (D1) are highlighted in underlined text. The PJ assessment should be modulated. Most projects will require little additional work. Only where the effect of the project is likely to be significant is additional input necessary.

## Biodiversity Assessment - Overview





## Annex 9 – Declaration Forms for Sites of Natural Conservation (Forms A and B)

If a project will potentially have significant negative impacts on sites included or intended to be included in the Natura 2000 Network then the promoter is required to attach a copy of Form B or equivalent, duly signed by the Competent Authority responsible for monitoring Natura 2000 sites, including information on projects significantly affecting Natura 2000 sites as notified to the Commission (DG ENV) under Directive 92/43/EEC.

If the project will not potentially have significant negative effects on sites included or intended to be included in the Natura 2000 Network, then the promoter is required to attach a copy of Form A part I of an appropriate assessment required by Article 6(3) was not deemed necessary or Form A part II or equivalent, if an appropriate assessment under Article 6(3) was carried out and duly signed by the Competent Authority responsible for monitoring Natura 2000 sites.



**PART II**

**Form A – Assessment of Effects on NATURA 2000 - No risk of significant effect**

**DECLARATION BY THE AUTHORITY RESPONSIBLE FOR MONITORING  
SITES OF NATURE CONSERVATION IMPORTANCE<sup>1</sup>**

Responsible Authority.....

Having examined<sup>2</sup> the project application .....

which is to be located at .....

we declare that following an appropriate assessment required by Article 6(3) of Directive 92/43/EEC, the project will not have significant effects on a site of nature conservation importance<sup>1</sup>.

Please provide a summary of the conclusions of the appropriate assessment carried out according to Article 6(3) of Directive 94/43/EEC:

--

Please provide a summary of the mitigation measures required for the project:

--

A map at scale of 1.100.000 (or the nearest possible scale) is attached, indicating the location of the project as well as the site of nature conservations importance.

Signed:

Name and Position:

Organisation (Authority responsible for monitoring NATURA 2000 sites)

Official Seal:

<sup>1</sup> This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas, sites of the Emerald Network, or others as relevant.

<sup>2</sup> Taking into account the requirements of Art. 6(3) of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

**Form B - Risk of significant effect**

**INFORMATION FROM THE AUTHORITY RESPONSIBLE FOR MONITORING  
SITES OF NATURE CONSERVATION IMPORTANCE<sup>1</sup>**

Responsible Authority.....

Having examined<sup>2</sup> the project application .....

(title).....

which is to be located at .....

provides the following information to be sent to the European Commission for (tick the appropriate box):

information (Art. 6(4).1) ☐

opinion (Art. 6(4).2) ☐

Country:

Competent national Authority:

Address:

Contact person:

Tel., fax, e-mail:

Date:

<sup>1</sup> This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas, sites of the Emerald Network, or others as relevant.

<sup>2</sup> Taking into account the requirements of Art. 6(4) of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

1. PROJECT

Name of the plan/project:

Promoted by:

Summary of the plan or project having an effect on the site:

Description and location of the elements and actions of the project having potential impacts and identification of the areas affected (include maps):

Name of the site affected:

This site is (please tick):

☐ a site identified by the national Competent Authority as qualifying under Art. 4(1) and (2) of the Birds directive (79/409/EEC) (Special Protection Area equivalent to Natura 2000)

☐ a site identified by the national Competent Authority as qualifying under Art. 4 (1) of the Habitats directive (92/43/EEC) (Special Area of Conservation equivalent to Natura 2000)

☐ For European Union Member States only, does the site concern a priority habitat or species?

☐ yes    ☐ no

☐ a site listed in the latest inventory on Important Bird Areas (IBA 2000) or (if available) in an equivalent more detailed scientific inventories endorsed by national Authorities

☐ a wetland of international importance designated under the Ramsar Convention or qualifying for such protection

☐ a site to which the Bern convention on the conservation of European Wildlife and Natural Habitats (Art. 4) applies, in particular a site meeting the criteria of the Emerald network

are        areas protected under national nature conservation legislation

Summary of the project having an effect on the site :

## 2. ASSESSMENT OF NEGATIVE EFFECTS<sup>3</sup>

Name and code of Natura 2000 site(s) affected:

Please tick as appropriate

- ☐ a **SPA** under the Birds Directive
- ☐ A **SCI/SAC** under the Habitats Directive
- ☐ **Hosting** a **priority** habitat/species
- ☐ **Priority** habitats/species are **affected**
- ☐ A wetland of international importance designated under the **Ramsar Convention** or qualifying for such protection
- ☐ A site listed in the latest inventory on **Important Bird Areas** (IBA 2000) or (if available) in an equivalent more detailed scientific inventory endorsed by national authorities
- ☐ A site to which **the Bern Convention** on the conservation of European Wildlife and Natural Habitats (Art.4), in particular a site meeting the criteria of the **Emerald Network**
- ☐ Areas protected under national nature conservation legislation

Site's conservation objectives and key features contributing to the site integrity:

Habitats and species that will be adversely affected (e.g. indicate their representativity, if applicable their conservation status according to Art.17 on national and biogeographic level and degree of isolation, their roles and functions in the site concerned).

Importance of the site for the habitats and species that will be affected (e.g. explain the role of the site within the national and biogeographical region and in the coherence of the Natura 2000 network).

Description of adverse effects expected (loss, deterioration, disturbance, direct and indirect effects, etc.), extent of the effects (habitat surface and species numbers or areas of occurrence affected by the project), importance and magnitude (e.g. considering the affected area or population in relation to the total area and population I the site, and possibly in the country) and location (include maps).

Potential cumulative impacts and other impacts likely to arise as a result of the combined action of the plan or project under assessment and other plans or projects.

Mitigation measures included in the project (indicate how these will be implemented and how they will avoid or reduce negative impacts on the site).

<sup>3</sup> NB: focus on the adverse effects expected on the habitats and species for which the site has been proposed for the Natura 2000 network. Include all the information that may be relevant in each case, depending on the impacts identified for the species and habitats affected.



3. ALTERNATIVE SOLUTIONS

Identification and description of possible alternative solution, including the zero option (indicate how they were identified, procedure, methods)

Evaluation of alternatives considered and justification of the alternative chosen (reasons why the competent national authorities have concluded that there is absence of alternative solutions)

4. IMPERATIVE REASONS OF OVERRIDING PUBLIC INTEREST

Reason to carry out this plan or project in spite of its negative effects:

- ☐ Imperative reasons of overriding public interest, including those of a social or economic nature (in the absence of priority habitat/species)
- ☐ human health
- ☐ public safety
- ☐ beneficial consequences of primary importance for the environment
- ☐ other imperative reasons of overriding public interest

Description and justification and why they are overriding<sup>4</sup>:

<sup>4</sup> Different level of detail may be required depending on whether the notification is submitted for information or for opinion.

5. COMPENSATORY MEASURES<sup>5</sup>

Objectives, target features (habitats and species) and ecological processes/functions to be compensated (reasons, why these measures are suitable to compensate the negative effects)

Extent of the compensatory measures (surface areas, population numbers)

Identification and location of compensation areas (including maps)

Former status and conditions in the compensation areas (existing habitats and their status, type of land, existing land uses, etc.)

Expected results and explanation of how the proposed measures will compensate the adverse effects on the integrity of the site and will allow preserving the coherence of the Natura 2000 network.

Time schedule for the implementation of the compensatory measures (including long-term implementation), indicating when the expected results will be achieved.

Methods and techniques proposed for the implementation of the compensatory measures, evaluation of their feasibility and possible effectiveness.

Costs and financing of the proposed compensatory measures.

Responsibility for implementation of compensatory measures.

Monitoring of the compensatory measures, where envisaged (e.g. if there are uncertainties concerning the effectiveness of the measures), assessment of results and follow-up

<sup>5</sup> Different level of detail may be required depending on whether the notification is submitted for information or for opinion.

## Annex 10 – Proposed Questions for Promoters to Address Social Issues

### 1. Population Movements

- Is the proposed investment likely to involve any significant involuntary resettlement and/or significant migration in/out of the project area?
- Is significant land or other asset acquisition likely? If so, is compensation proposed and on what basis? Is it adequate to restore livelihoods?
- Has the promoter, where appropriate, prepared a Resettlement Action Plan and consulted with affected populations?
- Where appropriate, has the promoter developed action plans for managing especially the in-migration of official and casual or contract labour?

### 2. Vulnerable Groups, Minority Rights, Women

- Will the proposed investment have particular impacts on vulnerable groups (these include women, minorities resident in the area, and indigenous peoples)?
- What form are such impacts, if any, likely to take (e.g. restricted access to resources, discrimination against particular groups by default rather than design, exacerbation of relationships of inequality)?
- Is there an appeals procedure in place?
- Is there an action plan where impacts are obvious and direct?
- Has the promoter worked with local governments and civil society organizations where such issues exist?

### 3. Labour Standards

- Does the promoter have policies that respect adherence to the ILO's Core Labour Standards?
- What is the promoter's policy when it comes to labour recruitment and retention?

### 4. Occupational and Community Health and Safety

- Does the promoter have a policy in place for ensuring the health and safety of its workforce?
- Is HIV/Aids a significant issue in the project area, and if, so, what measures are in place that seek to address it?
- Does the promoter have an 'outreach' programme that seeks to promote the health and well-being of the communities likely to be significantly affected by the project (e.g. are their anti-pollution measures in operation, are there health initiatives to tackle communicable diseases, do surrounding communities have access to the health facilities provided to workers)?

### 5. Public Consultation and Participation

- Does the promoter have a policy and/or programme of action for engaging local communities and affected civil society organizations?
- Are there arrangements in place to ensure regular and comprehensive information flows between local communities and the promoter?
- Does the promoter subscribe to international voluntary reporting initiatives, such as the UN's Global Reporting Initiative<sup>225</sup>

<sup>225</sup>

Link to Global Reporting Initiative: <http://www.globalreporting.org/>.

### Annex 11 – Environmental and Social Management Plan

While it is important to identify environmental issues (scoping), and then to analyse and quantify in detail (ESIA), this effort is of little value unless the management and mitigation measures are implemented on the ground through a well formulated Environmental and Social Management Plan (ESMP). An ESMP can follow a decision based on scoping or after a full ESIA.

The aims and objectives of the ESMP are:

- To provide a detailed action plan for the implementation of the recommendations made in the impact assessment report;
- To provide goals and targets for environmental control that are measurable and auditable;
- To provide a basis on which the prospective contractor can accurately price for environmental management in the tender document;
- To specify particular roles, responsibilities and time scales;
- To provide a basis for monitoring compliance; and
- To provide a site management tool.

A meaningful ESMP cannot be developed until the design and layout of the project have been finalised. The specified actions within the ESMP must relate to definite project activities and not concepts or vaguely stated alternatives. In other words, both the impact assessment and project stages must be aligned at the same level of detail. It is essential to include the signed off and approved SMP in the invitations to tender for construction, otherwise it is both difficult and expensive to get the contractor to implement any of the required environmental management measures retrospectively.

#### Checklist for an ESMP

##### General

Preamble setting out:

- The structure of the document
- Useful contacts
- A summary of applicable legislation and permits
- Table showing applicable quality standards, guidelines and limits of acceptable change
- Glossary of terms
- List of abbreviations
- Background information on the project and affected environment

Relevant environmental policy of the proponent and contractor

Specification of roles and responsibilities

Reporting structure (organogram) and frequency

A statement as to whether the ESMP forms part of a larger management system, e.g. ISO 14001

##### Layout

For each impact identified in the impact assessment report, the EMP must provide the following:

- A management objective
- The management action to achieve the objective
- The target, standard, guideline to be achieved
- The person responsible for carrying out the action
- The frequency of the action (if repeated) or the date for completion of the action.

Separate sections must be devoted to each stage of project execution:

- Construction
- Commissioning
- Operations
- Decommissioning
- Closure

### Content

The ESMP should include:

- Code of conduct, induction and environmental awareness training programmes;
- Specified ESMP compliance auditing programme, including checklists;
- Specified programme for ESMP review and update;
- Document distribution and control methodology;
- Schedule of incentives and penalties that will be applied;
- Procedures to be followed for corrective actions, complaints and environmental incidents;
- Specific plans to control a range of environmental issues by area of activity ;
- Resettlement plan (if required);
- Compensation plan (if required);
- HIV/AIDS awareness and prevention plan;
- Health and safety awareness programme for the local community;
- Emergency procedures for a range of identified risks; and
- Public communication and disclosure plan.

### Monitoring Programme

For each element to be monitored e.g. water quality, the ESMP should specify:

- What has to be monitored e.g. pH, SO<sub>4</sub>, NO<sub>3</sub>, PO<sub>4</sub>, Fe, Mn, EC and suspended solids;
- Where the monitoring stations should be e.g. provide map and precise coordinates of all sampling points;
- Who is responsible for monitoring e.g. Environmental Control Officer or external consultancy;
- Monitoring frequency e.g. monthly.

The ESMP should provide monitoring/sampling protocols, chains of custody and the accredited laboratories that will be used for specific analyses.

The ESMP should include an outline of the monitoring report formats to be used.



Annex 12 – Residual Environmental Impact Assessment (D2)

Residual Impact Assessment

<b>Project</b>	0				
<b>Operation n°</b>	0				

AREAS OF IMPACT	MAIN IMPACTS / EMISSIONS	MITIGATION MEASURES	ACCEPTABILITY (of residual impacts)				COMMENTS / PROJECT RISKS
			I	II	III	IV	
<b>Location</b>							
Air			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Water			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Land			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Humans			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Flora, Fauna and Other Natural Assets			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cultural Heritage			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Construction</b>							
Air			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Water			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Land			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Humans			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Flora, Fauna and Other Natural Assets			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cultural Heritage			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Operation</b>							
Air			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Water			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Land			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Humans			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Flora, Fauna and Other Natural Assets			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cultural Heritage			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Products</b>							
Air			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Water			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Land			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Humans			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Flora, Fauna and Other Natural Assets			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cultural Heritage			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Annex 13 – Social Impact Form (D3)**

**SOCIAL ASSESSMENT SUMMARY<sup>1</sup>**

**Residual Impact Assessment**

<b>Project</b>	
<b>Operation n°</b>	20080196

Nr.	Area of impact	Acceptability	With Conditions	Comments on project risks
1	Population Movements - including resettlement and migration. (see SAGN 1)	<input type="checkbox"/>		
2	Vulnerable Groups - including women, minorities and indigenous peoples. (see SAGN 2)	<input type="checkbox"/>		
3	Compliance with ILO core labour standards and impacts on employment. (see SAGN 3)	<input type="checkbox"/>		
4	Attention to occupational and community Health & Safety. (see SAGN 4)	<input type="checkbox"/>		
5	Outreach - consultation & participation with shareholders and stakeholders. (see SAGN 5)	<input type="checkbox"/>		

<sup>1</sup> This summary sheet should be completed with reference to the Social Assessment Standards, following discussions with the promoter (and others if necessary) about the 5 principal issues.

## Annex 14 – GHG Footprint Assessment

GHG Footprint Assessment				
Please consult the EIB Carbon Footprint Manual for guidance when completing the footprint calculation				
Section 1				
PROJECT INFORMATION				
Project				
Operation n°	20080196			
Section 2				
ABSOLUTE EMISSIONS				
Description of source	Activity data	Units	Emission factor	Absolute Emissions kt CO2e/a
			Absolute Emissions	0
Section 3				
BASELINE EMISSIONS				
Description of source	Activity data	Units	Emission factor	Baseline Emissions kt CO2e/a
			Baseline Emissions	0
			Relative Emissions	0
Section 4				
CALCULATION JUSTIFICATION				
e.g. explanation of baseline choice, calculation inputs or reference to a more detailed calculation if necessary				