

Public Consultation on the EIB Group's Environmental and Social Framework

Webinar on **Standard 1 – Environmental and Social Impacts and Risks**

Thursday, 24 June 2021

Summary of Discussion

Objective

The European Investment Bank (EIB) is hosting a series of 13 webinars in the context of the public consultation on the EIB Group Environmental and Social Sustainability Framework (ESSF), open from 3 June to 6 August 2021. The overall objective of the webinars is to facilitate dialogue with stakeholders on the EIB Group Environmental and Social Policy (hereinafter “the Policy”) and Standards.

On 24 June 2021, the EIB hosted a webinar on Standard 1 - Environmental and social impacts and risks. The Standard outlines the promoter’s responsibilities with regard to the process of assessing the potential environmental, climate and social impacts and risks associated with a project, and developing and implementing procedures for managing and monitoring these impacts and risks throughout the EIB’s project cycle.

Introduction

The EIB welcomed the 127 webinar attendees (105 external, 22 EIB Group staff) and explained the webinar housekeeping rules and arrangements to ensure an effective discussion, noting that participant statements would not be attributed to individuals or organisations in the summary report and any comments made during the discussion would not be considered as formal contributions. The EIB invited participants to submit their written contributions to the public consultation by 6 August 2021 on the public consultation [website](#).

The EIB delivered a [presentation](#) on Standard 1: Environmental and social impacts and risks. It summarized the background to the public consultation, the ESSF currently in force, and the main changes to the Standard under consideration. The floor then opened for discussion.

Discussion

The first question addressed the role of the EIB within the Standards, in particular **the requirements that the promoter conduct an Environmental and Social Impact Assessment (ESIA) before a final decision, and the requirement to ensure meaningful public participation**. The EIB panel explained that the Standards are designed to clarify the role of the promoters. The EIB’s role is described in the Policy, supplemented by internal procedures. Environmental Impact Assessments (EIA) and ESIA’s are routinely assessed during due diligence and inform the decision on project conditions and monitoring. The EIB stressed its ability to ask for further information in the ESIA. The Bank explained that public participation was highlighted in paragraph 16 of Standard 1, which cross-references Standard 2 on Stakeholders Engagement.

A participant considered that **Human Rights Impact Assessment (HRIA) should be part of EIB’s toolbox** and proposed that there should be a **specific screening of human rights risks**. The panel explained that it screens projects against environmental and social risks as part of its risk-based approach.

Specific human rights criteria are under consideration. The Bank will invite participants to further discuss the EIB's approach to human rights in the ESSF webinar scheduled for Monday, 28 June.

A participant commented that the Standards need to consider **the potential for upstream impacts** as well as the need **to include animal welfare** in the Standards. The EIB explained that it considers Strategic Impact Assessment the right instrument to address the upstream impact. Animal welfare is to be discussed as part of Standard 4, on Biodiversity and ecosystems.

A participant commented on the EIB's role **in the screening** and review of **the risk categorization and decision of the relevant authority** for projects inside the EU. The Policy lacks clarity about whether and how the EIB would review or amend the decision or request a different approach, especially for Annex II projects. Outside the EU, for the determination on the need of an ESIA, the provision of the Standards leaves the decision to the promoter. The participant considered that EIB should amend the provision to make the decision over whether to conduct an ESIA a joint decision of the EIB and the promoter and publicly communicate the outcome. The EIB panel explained that in the EU, the screening decision is carried out by the competent authority. The EIB asks its clients to provide the EIB with this decision, in order to review it and to assess whether it is well justified. The EIB can request additional studies or assessments if deemed necessary. Outside the EU, the Bank encourages promoters to carry out a screening based on the criteria listed in the Annex 1A of the Standard and to ensure that any decision on the need of an ESIA is based on an analysis carried out against these criteria. The promoter's determination as well as the information listed in Annex 1 B should be provided to EIB for the latter to be able to carry out its own screening (that might confirm the promoter's determination or decide otherwise) as clearly described in the EIB Environmental and Social Practices and Procedures.

A participant noted that the sections **on Strategic Environmental Assessment (SEA)** and **on corporates have disappeared from the Standards**. The panel clarified that SEA is still there while taking note of the suggestion that the language could be strengthened, and that corporate loans were addressed in the Policy and in the financial intermediary Standard (Standard 11).

A participant asked how **external parties can monitor compliance**. The EIB panel replied that in Standard 2 there is a specific section on monitoring where promoters are encouraged to use external monitoring/third party monitoring/participatory monitoring whenever possible.

A further question was asked about how **significant and general adverse impacts and risks** are defined. The EIB explained that it refers to impacts on their livelihood and severity. The EIB panel explained that significant impacts are linked to the EU legal framework and its risk categorization in Annex I and II of the EIA in the EU and the ESIA outside EU. All Annex I projects are considered by default as likely to have significant impact while for Annex II projects a case by case determination is needed. Significance is difficult to qualify in the Standard as it depends on the nature, location, size and other criteria that are listed in Annex 1A of the Standard. In the Standards, the EIB has however tried to strengthen this screening stage.

A participant asked how to **ensure that "do good" projects**, for example, climate or green projects, do no harm and respect the human rights of vulnerable groups such as indigenous peoples. For the EIB, this is the central question behind the environmental and social Standards, because all EIB financing has to contribute to the Bank's public policy goals. The Standards are guided by the principle of doing no harm. Standard 1 is the umbrella Standard as the entry point for the assessment of the environmental and social impacts and risks, and other Standards that may apply on specific aspects as they are triggered. Standard 7 covers impacts on indigenous peoples and vulnerable groups.

Another participant asked how the information recorded could be translated to **lessons learned for other projects**. The panel explained that it has several sources of lessons learned. The main one is the continuous monitoring of its projects. An additional source of lessons learned is the EIB Group Complaints Mechanism. All these elements feed into the internal revision of the Bank's procedures as well as the regular training for its staff.

A participant asked about **EIB's experience with how clients outside EU** approach environmental and social responsibilities and how this has been reflected in the Standards. The EIB panel noted that outside the EU, the Bank often works in a context of weak institutional capacity of the public sector and low capacity of the promoters. In the appraisal, it takes into account both the location of the project, as well as the sector, promoter capacity, their track record, any legacy issues, and any known reputational issues. All of this is taken into account for due diligence. The Standards put much more emphasis on social issues outside the EU, where a risk- based approach is followed and adheres to the principles of EU legislation.

A representative noted that the EIB wanted to move from going beyond "doing no harm" to "doing good" and asked **how the Standards help promoters go beyond "no harm"**. The EIB noted that on the "do good" in the Standards, references to the promotion of equitable access to benefits, promotion of women, vulnerable groups, and others are now strengthened. The Bank encourages promoters to highlight not only the mitigation measures reducing the environmental impact, but to highlight the positive aspects of the projects in terms of environmental and social outcomes

On this, a representative noted that the Policy **due diligence was vaguely articulated** and only stated that EIB will do no harm "to the best of its knowledge." The panel took note of this comment; this part of the Policy may need to be strengthened.

A participant asked if clients outside the EU are required to show **equivalence with EU legislation and if this has to be disclosed**. The EIB panel explained that the requirement is to comply with EIB Standards, which include and integrate the relevant EU requirements, where relevant.

Monitoring was also a topic raised by various representatives, who asked that **the EIB's requirements for auditing, monitoring** of impacts, offsets and effectiveness of project completion should be publicly available. The panel underlined that if the outcome of the EIA/ESIA process was to require certain monitoring, this would be part of the due diligence and for the promoter to monitor. Promoters report to the EIB on how they implement their projects and this is presented in the Environmental and Social Completion sheet and published in the Public Register.

On monitoring, another representative asked if **reporting indicators were decided together with the promoters**. The EIB panel explained that it had output and outcome indicators that it included in its reporting requirements. A number of indicators were standard, but others had to be approved and endorsed by the promoter. Such monitoring indicators were decided in coordination with them. The Bank also assesses whether the promoter has the capacity to report on the indicators and, if not, how it can support them.

A participant noted that there was a tension between, on the one hand, the obligation to follow EU regulations and, on the other hand, the different regulations of peer institutions. Was there a **way to relate the EIB Standards with other emerging large initiatives** like OECD and others? The EIB panel noted that the Standards are based on the EU framework, but seek to anticipate and align in particular with the EU Taxonomy. In parallel with the EU platform, there is the international platform for sustainable finance that includes OECD and other peer institutions.

Several participants noted that the procedures have not been disclosed for public consultation and asked if the Bank **will disclose procedures for public consultation**. The EIB panel explained that the procedures were under revision and a revised version would be available, once the framework was approved. They are not part of the consultation process. The procedures of 2013 were made available and added to the consultation website.

A representative commented that EIB must **extend the consultation period and improve the process**. Safeguards are vital and must not be rushed. The panel informed that the EIB has received a letter asking for an extension to the consultation period, which it will review.

Concluding remarks

The EIB thanked participants for their constructive participation, which allows the review of the ESSF to benefit from the expertise of a wide range of individuals and organisations. The EIB reiterated the invitation to submit written contributions by 6 August 2021 on the public consultation [website](#). After this date, the EIB will start publishing the written contributions received. 15 working days ahead of the Board of Directors meeting during which the revised ESSF will be discussed, a draft revised EIB-ESSF, reasoned responses to the contributions and a draft consultation report will also be published.