



Project Summary Information

March 13, 2025

Project Name	Green Energy Capacity Expansion
Project Number	P000788
AIIB member	Multicountry
Sector/Subsector	Energy/ Renewable energy generation
Alignment with AIIB's thematic priorities	Green infrastructure; Private capital mobilization
Status of Financing	Approved
Objective	To contribute to climate change mitigation in targeted members in Eastern Europe (Romania, Poland and Hungary) and Türkiye by increasing the capacity of renewable energy generation.
Project Description	<p>The proposed Project entails AIIB's investment in a MREL-eligible (Minimum Requirement for Own Funds and Eligible Liabilities), senior preferred bond issued by Kommunalkredit Austria AG ("KA"). The proceeds from AIIB investment will enable KA to scale-up its sustainable financing activities.</p> <p>Specifically, the investment will be directed towards mid-tier green infrastructure assets in the Bank's non-regional members (Romania, Poland and Hungary) as well as the regional member Türkiye. The financing of green infrastructure mainly encompasses renewable energy, accelerating the transition towards a low-carbon economy and supporting for development of a more sustainable energy systems in the targeted markets.</p>
Expected Results	The expected results may be measured by the following indicators: (1) Renewable generation capacity installed, supported by AIIB financing (MW); (2) Financed emissions (tons of CO2 equivalent per year); (3) Greenhouse gas emission avoided, supported by AIIB financing (tons of CO2 equivalent per year); (4) Overall amount of EU Taxonomy compliant investments, supported by AIIB financing (EUR million); (5) Number of renewable energy projects, supported by AIIB financing (number); (6) volume of renewable energy projects, supported by AIIB financing (EUR million).

Environmental and Social Category	FI
Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs), applies to this Project through implementation of European Environmental and Social Policies (EESP). The Project is assigned as Category FI under the ESP as it involves financing of investments through KA, a financial intermediary (FI).</p> <p>Environmental and Social Management System (ESMS). The investments financed under this Project will be undertaken in accordance with the ESMS of KA that will be used as the Environmental and Social (E&S) instrument for this Project. KA's ESMS encompasses policies and provisions including the corporate Sustainable Funding Framework, and is guided by international good practices including IFC's Performance Standards and the 10 Principles of the UN Global Compact. During its due diligence, AIIB has reviewed the scope and extent of the KA's ESMS, and confirms the functionality, implementation capacity, governance as well as a good level of integration of outcomes in the investment decision-making process by KA.</p> <p>Environmental and Social Aspects. E&S risks and impacts anticipated by the Project are related to small- to mid-size renewable energy infrastructure investments. E&S risks associated with these investments are related to construction, and operation health and safety, labor and working conditions, waste management. Land acquisition, stakeholder engagement, information disclosure and grievance redress will be implemented in compliance with AIIB's ESP. All land acquisition transactions conducted by private sector counterparties by law must follow willing buyer / willing seller principles. Due diligence on the application of the willing buyer/willing seller principles should confirm that functioning land markets exist, the transaction has taken place with the owner's informed consent, the transaction is legally recorded and that the seller was provided with fair compensation based on prevailing market values. Involuntary land acquisition and resettlement under the Project are not anticipated, given the nature of the subprojects anticipated. KA has a robust risk assessment process which factors E&S risk assessments into its investment decisions. Investments, which might expose KA to reputational risks, or where KA assesses that E&S risks are High and not sufficiently mitigated, such will be excluded from the subproject pipeline. Under KA's ESMS, each subproject is evaluated for potential ESG risks and impacts, including air/soil/water pollution, GHG emissions, circular economy, biodiversity from environment dimension, and its potential impacts on the areas of human rights, diversity and inclusion, occupational health and safety, land acquisition and resettlement, community health and safety, preservation of cultural property and heritage from social dimension. The ESG screening also includes a controversies screen to identify any public concerns or reputational risks associated with the project.</p>

	<p>Gender. KA is compliant with European and Austrian national legislation and applies gender-positive, inclusive, and non-discriminatory policies across all internal processes and investment decisions.</p> <p>Monitoring and Reporting Arrangement and Information Disclosure. During the Project implementation, KA will submit annual E&S monitoring reports of the sub-loan portfolio performance in a format agreed with AIIB. The monitoring reports are expected to cover the E&S performance as well as climate impacts made by the projects. In addition, KA is expected to comply with provisions of the EU Corporate Sustainability Reporting Directive (CSRD), alongside reporting requirements related to compliance with the EU Taxonomy. As part of existing corporate policies and risk assessment processes, KA will not invest in any investments, which provide inadequate disclosures on E&S, constitute significant environmental risks, adverse social impacts, any activities which are contradicting international or EU sanction regime, does not comply with national or EU regulations or which might expose KA to reputational risks.</p> <p>Grievance Redress Mechanism (GRM). KA has established a functional GRM for appropriate handling of grievances/complaints from both external and internal parties who may be adversely impacted by the Project. On a best effort basis, KA will require sub-projects to establish their own GRMs. KA's corporate GRM is also open to receive and handle such grievances/complaints.</p>	
Cost and Financing Plan	EUR 100 million	
Borrower	Kommunalkredit Austria AG	
Date of last disbursement (NSBF)	February 19, 2025	
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Date of Concept Decision	October 19, 2023	

Date of Appraisal Decision	December 14, 2023
Date of Financing Approval	January 31, 2024

Independent Accountability Mechanism	<p>AIIB's Policy on the Project-affected People's Mechanism (PPM) applies to this Project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through the project-level GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.</p>
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