



Instrumental Infrastructure.  
Instrumental Africa.

**AFRICA FINANCE CORPORATION**

**AND**

**AFC CAPITAL PARTNERS (ACP)**

**ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM**

**INFRASTRUCTURE CLIMATE RESILIENT FUND (ICRF)**

**September 2022 Addendum (Initially Published in May 2022)**

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**ABBREVIATIONS**

AFC	Africa Finance Corporation
ACP	AFC Capital Partners
BO	Business Originator
BoD	Board of Directors
BRIC	Board Risk and Investment
CAESMR	Client Annual Environmental and Social Monitoring Report
CESAP	Committee Client Environmental and Social Action Plan
CRO	Chief Risk Officer
DFI	Development Finance Institution
EIM	Early Investment Memorandum
EHS	Environmental Health and Safety
E&S	Environmental and Social
ESIA	Environmental and Social Impact Assessment
ESRO	Environmental and Social Risk Officer
ESDD	Environmental and Social Due Diligence
E&S Manager	Environmental and Social Manager
ESMS	Environmental and Social Management System
E&S Policy	Environmental and Social Policy
E&SR Procedures	Environment and Social Review Procedures
ESRS	Environmental and Social Review Summary
EXCO	AFC Executive Committee
FIM	Final Investment Memorandum
IFC	International Finance Corporation (subsidiary of World Bank)
ILO	International Labour Organization
IM	Investment Memorandum
INVESTCO	Corporation's Sub Investment Committee
NGO	Non-Governmental Organization (e.g. Greenpeace)
OECD	Organization for Economic Cooperation and Development
SEAH	Sexual Exploitation, Abuse and Harassment
Sub INVESTCO	Corporation's Sub Investment Committee
WB	World Bank



## 1. Introduction

AFC has emerged as the pre-eminent infrastructure solution's provider in Africa with unrivalled experience in identifying, developing, executing, and delivering transformational infrastructure projects on the continent. AFC Capital Partners (ACP) is the 100% owned Asset Management Subsidiary of AFC, created to mobilize and manage third party funds to unlock new sources of capital to fund the African Infrastructure investment gap estimated at USD 170 billion. ACP will leverage the scale and breath of AFC's investment track record to offer institutional investors with a unique access to attractive and de-risked investment opportunities in climate resilient infrastructure with strong returns.

Given the commitment of AFC through AFC Capital Partners (ACP), this document therefore presents the framework for the Environmental and Social Management System (ESMS) in ACP. It provides detailed policy and procedures to be followed in ensuring effective implementation of ESMS in all transactions and activities supported by the AFC/ACP Infrastructure Climate Resilient Fund (ICRF) facility across Africa.

The framework recognizes that investment activities involving project finance or project related corporate transactions may involve environmental and social risks and impacts. It therefore includes the guidance tools, templates and outlines of potential environmental and social documents that may be required for the sub-programme and/or projects to be supported by ICRF. In essence, the framework is to be applied to all sub-programmes and/or projects supported by the ICRF facility.

## 2. ICRF PROGRAMME CONTEXT

### 2.1 Rationale

At AFC Capital Partners, we believe that "Environmental, Social and Governance (ESG) considerations including climate change and human rights, are fundamental to long-term risk and return". As a fund manager, we are committed on delivering competitive returns for our investors, as well as seeking to create businesses that benefit society through economic and social development. We believe that working towards implementing high ESG standards at the companies in which we invest, is the best way to mitigate risk and an opportunity to create value.

### 2.2 Objectives of ICRF

The principal objective of the Infrastructure Climate Resilient Fund (ICRF) is to deploy capital to develop, construct and own low carbon and climate resilient infrastructure projects in Africa, and to achieve medium to long-term returns for the Investors. The fund will focus on investments in high quality sustainable infrastructure (i.e. roads, ports, bridges, rail, telecommunications, clean energy and logistics projects in Africa) with the aim of making these assets more resilient to the impacts of climate change, while being in accordance with the Paris agreement.

### 2.3 Investment Themes / Sectors

ICRF will focus on equity investments in climate resilient infrastructure investments in AFC's traditional infrastructure core sectors- including:

- 1) Climate-resilient Transport and Logistics (Ports, Roads, Bridges, Railways, Airports etc.)
- 2) Climate-resilient Energy Systems (resilient clean energy systems – generation and transmission lines)
- 3) Climate-resilient Economic zones (agro-parks, resilient industrial parks, socio economic infrastructure in urban and coastal areas, economic and technology-development zones,

high-tech zones, science and technology parks, free ports, enterprise zones, trade or export zones etc.)

4) Climate-resilient Telecommunication and Digital Infrastructure (internet, Connectivity, satellite, mobile services and payments, climate technologies)

Considering the above, the Green Climate Fund (GCF) investment will be earmarked to Climate resilient infrastructure investment, while the broader fund can investment in climate mitigation sectors such as renewable energy for investments.

## 2.4 Investment Strategy

ICRF will invest in greenfield and brownfield infrastructure, acquisition, and growth equity financing combined with concessional capital from international and multilateral sources such as the Green Climate Fund. Figure 1 below reflects the fund's strategy and structure.

The Fund will co-invest alongside AFC in opportunities that fit its climate mandate and investment criteria, hence benefitting from AFC's strong track record through this co-investment approach.

ACP will analyze investment-specific climate risks along with related resilience and adaptation considerations to incorporate into ICRF investment decision-making processes.

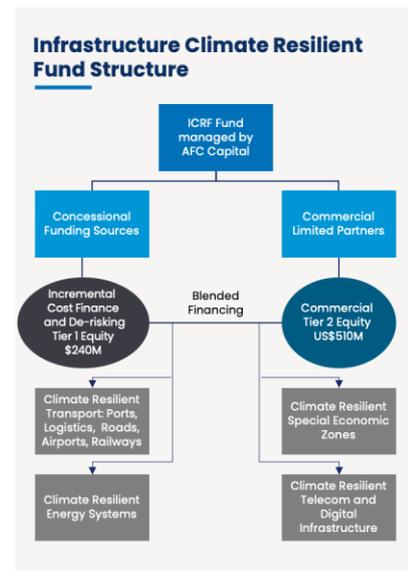
ICRF will hold a significant or majority interest in the Project Companies in which it invests and will seek to exit its investments after approximately seven to ten years of the respective Project Company's lifecycle. ICRF will invest up to 20% of its committed capital in project development.

ICRF will target projects that exhibit the following characteristics:

- i. Bankability: Ability to generate sustainable positive cash flows and offer returns commensurate with the risks associated with the investment (including technical viability, legal, financial, and climate risks).
- ii. Demonstrate potential to strengthen climate change resilience, as well as a commitment for Paris Alignment and best practice environmental and social standards. In this regard, ICRF investments will systematically integrate climate change risks into decision-making (ex-ante) and directly address identified risks, vulnerabilities, or effects while avoiding inadvertent increases in vulnerability of systems or social groups and avoiding placing assets or systems in harm's way. Each investment should:
  - reduce risk, exposure, or sensitivity to present and future climate change scenarios.
  - increase climate resilience with clearly outlined adaptation measures.
  - build problem-solving capacity to develop responses to identified risks, vulnerabilities, or effects; or address effects directly linked to climate change with adaptation measures.
  - Align with ICRF eligibility and investment criteria
- iii. Strong sponsors with deep pockets, solid experience, and track record, as well as technical expertise in the relevant sector and region, and with a commitment to integrate climate resilience in design, development, construction and operation of the targeted infrastructure
- iv. Credible, experienced, and independent Engineering, Procurement and Construction (EPC) and Operations and Maintenance (O&M) contractors.

Figure 1: ICRF Investment Strategy

### Investment Strategy



## 2.5 OVERVIEW OF ACP

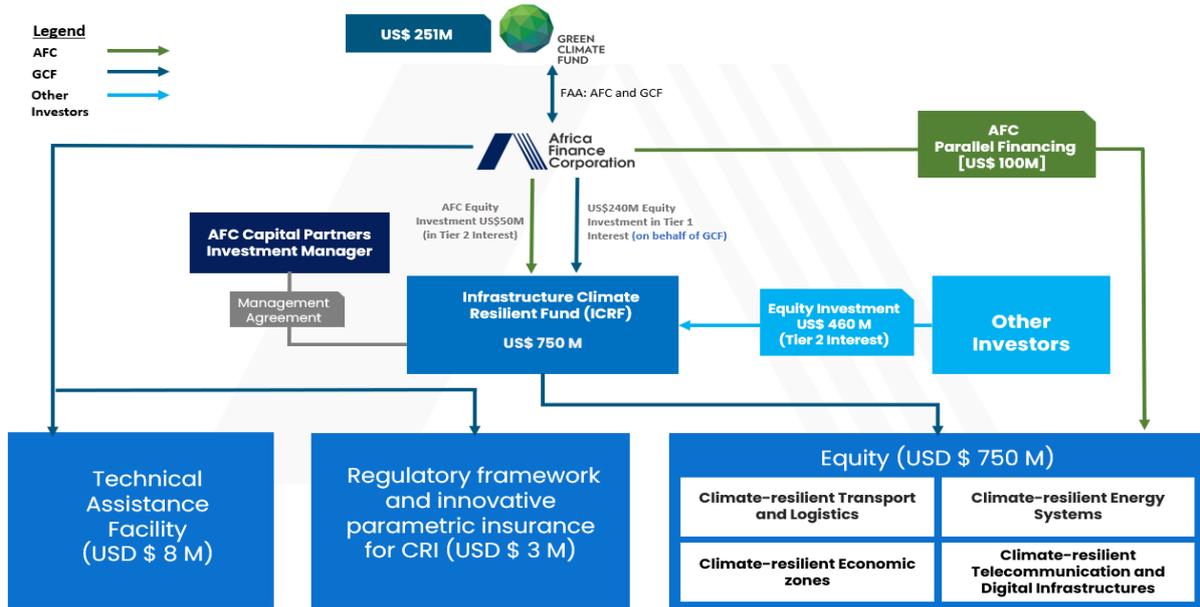
- Mandate

AFC Capital Partners proposition integrates the impact of Climate Change as a core investment thesis in its unique offering ACP will create various investment vehicles using fund structure guided by sustainable investment themes that align strongly with AFC Mandate and investor interest and evolving trends on the continent, with the aim to mobilize 3rd party funds including leading sovereign wealth funds, pension funds, insurance companies, and development finance institutions. The ICRF fund will drive infrastructure projects across the African continent and will be managed by AFC Capital Partners (ACP), the asset management subsidiary of one of Africa's leading infrastructure solutions providers – the Africa Finance Corporation. Africa is today one of the most promising markets in the world: Africa has experienced significant growth momentum in recent years and business climate improvements have transformed a multitude of African economies. Despite setbacks from the Covid -19 pandemic, the continents' growth prospects remain bullish supported by (i) Rich and diverse natural resource base; (ii) Rapid urbanization and demographic growth; and (iii) Rapid digitalization, among other factors. Africa contributes only 4% to global Green House Gas emissions but is overburdened by the severe impacts of climate change. With over 2/3 of African countries in coastal areas, the impact of high temperature, hurricanes, sea rise, and other climate risks have a significant impact on the returns of infrastructure investments due to increased cost.

This is a major opportunity for you to invest with AFC Capital Partners in a unique offering – Africa's First Infrastructure Climate Resilient Fund (ICRF). ICRF integrates climate risks in its offering and supports the building of climate resiliency in AFC core strategic sectors, namely: Transport and Logistics, Power, Telecom, and Economic Zones. This unique structure is supported by two funds: (i) concessional finance funded by GCF with first loss equity and (ii) commercial equity supported by leading investors such as commercial institutional investors, pension funds, sovereign wealth funds, IFIs, DFIs. This unique offering supports the

development of strong infrastructure assets that are climate resilient while offering strong returns for investors.

**Infrastructure Climate Resilient Fund Structure Flow of Funds**



**2.6 ACP/ICRF Capital Structure**

ICRF will blend commercial and concessional equity capital to deliver attractive returns for institutional investors. The Fund will have a capital structure with two tiers of investors:

- A. Tier 1: non-commercial investors such as Green Climate Fund (GCF), Foundations, and other philanthropic investors that have committed significant pools of capital to climate resilience financing for emerging market countries including Africa.
- B. Tier 2: Commercial investors including Sovereign Wealth Funds, Pension Funds, Insurance companies and DFIs

**2.7 Blended Finance Strategy**

Infrastructure assets that are climate resilient have the benefits of longevity and durability in the face climate risks, as well as lower maintenance costs, all of which can enhance long term return prospects. However, the integration of climate resilience in the design and construction of Infrastructure assets would typically require an estimated premium of 9-27% which is required to make infrastructure low carbon and climate- resilient.

The concessional equity tranche which has lower return requirements will:

1. compensate the incremental finance required for adaptation and climate resilient measures, hence support the overall return objective of the Fund, and
2. de-risk the participation of institutional investors to mobilize funding at scale. The concessional equity tranche (Tier 1) will be subordinated to the commercial equity tranche (Tier 2) in the waterfall structure – hence offering a first loss shield to the later.

## 2.8. ICRF Programme with the Green Climate Fund (GCF)

The GCF ICRF programme is structured around three components:

### Programme Outcomes:

AFC will play a catalytic role in promoting the development of climate resilient infrastructure through its investment, expertise, and strong partnerships at the country and regional levels. The regional program is organized into three mutually reinforcing components: scaling blended finance through demonstrative effect of resilience measures and de-risking residual climate risk by climate risk parametric insurance embedded in infrastructure investments, improving climate risk assessments and strengthened regulatory framework. These outputs will lead to improved access of vulnerable people and communities to climate-resilient infrastructure services and infrastructure assets (all-weather roads, bridges, power supply, ports, telecommunication, digital) able to withstand climate hazards.

This proposal seeks USD 240M in Equity and USD 11M in Grant funding from the Green Climate Fund to deliver three (3) outcomes:

**Outcome 1: Blended finance is mobilized at scale to accelerate CRI investments in the beneficiary African countries** for infrastructure programme assets made resilient and able to withstand climate hazards and for improved access of vulnerable people and communities to climate-resilient infrastructure services (all-weather roads, bridges, power supply, ports and logistics, special economic zones, telecommunication, and digital infrastructure services)

**Equity investment into ICRF:** The objective is to leverage private and institutional capital at the fund level and at the project level to accelerate investments into climate resilient infrastructure projects in Africa, thanks to GCF's catalytic first-loss capital position (please refer to Figure 2 on ICRF Strategy).

**Outcome 2: Improved climate risk assessments and adaptation solutions for CRI; improved capacity for scaling up CRI in Africa** for infrastructure programme assets made resilient and able to withstand climate hazards and for improved access of vulnerable people and communities to climate-resilient infrastructure services (all-weather roads, bridges, power supply, ports and logistics, special economic zones, telecommunication, and digital infrastructure services)

AFC will use USD 8 M for technical assistance (TA) to create capacity and deploy climate risk assessment and adaptation solutions with climate innovations for CRI Asset Classes. Also, ICRF will identify and bridge gaps in the technical capacity and infrastructure for collecting, processing, and disseminating data on climate hazards and climate change, and its impact on infrastructure in the participating countries.

**Outcome 3: Strengthened regulatory framework and innovative climate risk parametric insurance (CRPI) is mainstreamed for the long-term viability of CRI investments in Africa**

USD 3 million for TA is set aside to support ICRF's efforts in policy dialogue and regulatory framework development as well AFC's support in developing innovative solutions for climate risk parametric insurance tailored for Africa infrastructure. AFC will promote stakeholder engagement and public/private sector dialogue to strengthen the regulatory

framework and support the mainstreaming of innovative climate risk parametric insurance (CRPI) for the long-term viability of CRI investments in Africa.

ICRF targeted sectors are transport, clean energy, economic zones and telecoms. The programme will reach 50,365,051 direct beneficiaries and 144,054,723 indirect beneficiaries. The programme will favorably affect women as the most vulnerable population groups to climate change and the largest segment of the populations in the targeted countries. Following conclusive due diligence based on their national process, the National Designated Authorities (NDA) of nineteen (19) African countries have issued a no-objection letter, confirming the programme truly reflects one of the key priorities of their countries, including their NDCs.

## **2.9. ICRF GCF IMPLEMENTATION ARRANGEMENTS**

### **2.10. ROLES AND RESPONSIBILITIES OF AE AND EE**

#### **ACCREDITED ENTITY**

AFC, in its role of AE will oversee the program implementation and will ensure that relevant GCF policies are passed down to the Fund level and portfolio company-level. Specifically, it will dedicate full-time team members to monitor EE's compliance with FAA and AMA obligations, including retro-active policy compliance to the GCF's policies, to analyze quarterly and annual performance reports, to disburse GCF equity proceeds and represent the GCF on ICRF Advisory Board. It will assess achievement of program, targeted outcomes, and results as per log-frame / the Integrated Results Management Framework (IRMF), while commissioning independent interim and final evaluation reports as per GCF's requirements.

The GCF will enter into Funded Activity Agreement (FAA) with the AFC, which will detail key implementation arrangements, commercial terms, and legal obligations, including obligation of AE to pass down GCF policies to ICRF. These key terms will be summarized in the Term Sheet.

The AE on behalf of GCF shall channel funds to ICRF. AFC will enter into Share Subscription Agreement with ACP in respect of GCF equity investment and its own commitment in ICRF. The Subscription Agreement will detail terms of investment, in line with the FAA signed between GCF and AFC.

ICRF consists of 2 investor classes: Concessional Investors "Tier 1", and Commercial Investors "Tier 2". Investors in the Tier 2 Class benefit from first loss capital protection provided by Investors in the Tier 1 Class. The Tier 2 Class shall target investors with appetite for commercial risk adjusted returns, which would not have participated in the Fund without capital protection offered by GCF.

AFC acting as the AE will invest GCF's fund commitment in the Tier 1 Class of ICRF by absorbing higher risk in the underlying ICRF fund performance and thereby providing the required capital protection to de-risk and mobilize commercial investors (including AFC's commitment into the Fund from its own balance sheet resources) under the Tier 2 Class.

AFC, as Tier 2 shareholder of the ICRF Fund: AFC will also participate as a Tier 2 shareholder in the ICRF and benefit from capital protection provided by Tier 1 shareholders.

## EXECUTING ENTITIES

The Outputs and Activities of the ICRF will be implemented by the Executing Entities as follows:

<u>Outputs</u>	<u>Activities</u>	<u>Responsible Executing Entity (ies)</u>
<p><b>Outcome 1 - Blended finance is mobilized at scale to accelerate CRI investments in the beneficiary African countries</b> for infrastructure programme assets made resilient and able to withstand climate hazards and for improved access of vulnerable people and communities to climate-resilient infrastructure services (all-weather roads, bridges, power supply, ports and logistics, special economic zones, telecommunication, and digital infrastructure services)</p>		
Output 1.1 - ICRF is fully operational and raised capital at the fund level	1.1.1 Implement the legal structure of, and form, the ICRF and related entities. Consummate first closing with the GCF.	<p>AFC will establish the ICRF fund and related entities for implementation. AFC, on behalf of GCF, will invest 240M in Tier 1 class units.</p> <p>The General Partner is also an EE for Output 1.2. The General Partner is an entity to be formed by the Accredited Entity, which is expected to be a limited liability company under Mauritius law. The General Partner will be owned, directly or indirectly, by the Accredited Entity. The General Partner shall appoint ACP to perform the day-to-day management and operation of the Partnership (including portfolio management and risk management) pursuant to the Management Agreement.</p> <p>ACP is the Investment Manager of the ICRF.</p>
	1.1.2: Fundraise US\$[510] million of additional capital for the junior and senior tranches.	ACP

Output 1.2: Co-investments - ICRF investments in sub-projects	1.2.1: Deal origination, due diligence and execution of investments in sub-projects	ACP
	1.2.2: Portfolio management	ACP
	1.2.3 Reporting to investors and GCF	ACP is responsible for investors reporting. AFC will report to GCF in its capacity as AE.
	1.2.4: Exit assets, return capital plus profit to investors, close out the ICRF	ACP
<p><b>Outcome 2 - Improved climate risk assessments and adaptation solutions for CRI; improved capacity for scaling up CRI in Africa</b> for infrastructure programme assets made resilient and able to withstand climate hazards and for improved access of vulnerable people and communities to climate-resilient infrastructure services (all-weather roads, bridges, power supply, ports and logistics, special economic zones, telecommunication, and digital infrastructure services)</p> <p>AFC and ACP will sign a technical assistance agreement based on which: ACP will procure all the services required in compliance with AFC procurement standards. All procurements will be approved by AFC. AFC will be responsible for the financial management of GCF grant funding and payments to the selected consulting firms / consultants.</p>		
Output 2.1 - Strengthened climate risk assessments and adaptation solutions for ICRF investments in CRI	2.1.1 Procurement of technical firms for detailed climate risk assessments, engineering assessments of climate adaptation solutions for each ICRF projects	AFC and ACP
	2.1.2 Climate risk assessment of sub-projects pipeline for ICRF investments	AFC and ACP
	2.1.3 Enhancing climate adaptation measures in ICRF's investments with the integration of climate resilience options	AFC and ACP

	2.1.4 Support to EPCs and project sponsors in the tender process of specialized firms/consultants to support the implementation of adaptation measures to enhance the climate resilience of the sub-projects	AFC and ACP
	2.1.5 Overseeing construction and implementation of ICRF projects to ensure adaptation solutions are deployed and implemented (EPC Management of the adaptation elements)	AFC and ACP
	2.1.6 Refinement and continuous development of ICRF Climate Assessment Methodology and Approach	AFC and ACP
2.2 Output - Improved capacity for scaling up CRI in Africa	2.2.1 Capacity building event for ICRF programme incl. detailed climate risk assessment, adaptation solutions for CRI Asset Classes	AFC (in collaboration with ACP)
	2.2.2 Lessons learned are captured from ICRF CRI investments and roadmap is created for replication across the Continent	AFC (in collaboration with ACP)
	2.2.3 Issue publication - knowledge sharing about de-risking methodologies for CRI Asset Classes based on ICRF programme	AFC (in collaboration with ACP)
<b>Outcome 3 - Strengthened regulatory framework and innovative climate risk parametric insurance (CRPI) is mainstreamed for the long-term viability of CRI investments in Africa</b>		

<p>AFC and ACP will sign a technical assistance agreement based on which: ACP will procure all the services required in compliance with AFC procurement standards. All procurements will be approved by AFC.</p> <p>AFC will be responsible for the financial management of GCF grant funding and payments to the selected consulting firms / consultants.</p>		
Output 3.1 - Standards and construction codes are enacted and applied	3.1.1 Procure consortium of legal, policymaking, and climate expert firms for improving regulatory framework for CRI, CRPI, and capacity building in the programme States	AFC (in collaboration with ACP)
	3.1.2 Capacity building and engagement with key proponents, public and private sector participants, civil societies to identify the regulatory gaps for investments in CRI Asset Classes	AFC (in collaboration with ACP)
	3.1.3 Create a work group from the consortium of legal and policymaking firms for new CRI Asset Classes and construction codes implementation	AFC (in collaboration with ACP)
	3.1.4 Create and share recommendation reports for improving regulatory framework for CRI Asset Classes per country	AFC (in collaboration with ACP)
	3.1.5 Support regulatory, standards and policy making process for CRI Asset Classes to implement the recommendations according to each country needs	AFC (in collaboration with ACP)
	3.1.6 Report on regulatory framework support for CRI Asset Classes	AFC (in collaboration with ACP)
	3.1.7 Issue publication - knowledge sharing about lessons learned and recommendations on	AFC (in collaboration with ACP)

	strengthening regulatory framework for CRI Asset Classes in the programme countries	
Output 3.2 - Strengthening fiscal incentives for CRI are supported	3.2.1 Procure fiscal regulatory framework and policymaking firms for promoting fiscal incentives for CRI Asset Classes in the programme countries 3.2.2 Capacity building and engagement with key proponents, public and private sector participants, civil societies	AFC (in collaboration with ACP)
	3.2.3 Create and share recommendation reports for improving fiscal policy for CRI Asset Classes	AFC (in collaboration with ACP)
	3.2.4 Support legal regulatory and policy making process to implement the recommendations on fiscal policy according to each Country needs	AFC (in collaboration with ACP)
Output 3.3 - Innovative CRPI is mainstreamed for the long-term viability of infrastructure investments in Africa	3.3.1 Feasibility study on the development of CRPI in Africa;	AFC (in collaboration with ACP)
	3.3.2 CRI design and development for CRI in Africa, stakeholder engagements;	AFC (in collaboration with ACP)
	3.3.3 Engagement with donors to sponsor CRPI for ICRF projects and others	AFC (in collaboration with ACP)
	3.3.4 Support capacity building activities (training) for key stakeholders of CRPI	AFC (in collaboration with ACP)

### **2.11. Forms of investments**

ICRF's investment in a suitable project will primarily be in the form of Equity investments. The Fund may also involve quasi-equity, subordinated debt, convertible debt, options/warrants, hybrid securities and/or a combination of these instruments. The form of the funding provided will be structured to match the specific requirements of the project.

### **3.0 Approach to Environmental and Social Risk Management**

Africa Finance Corporation (AFC) and AFC Capital Partners (ACP) are committed to identifying, managing and monitoring on an on-going basis environmental and social (E&S) risk in all areas of its business activities. In practice, this means applying the standards set out by the globally recognized ESG frameworks as well as those standards developed by other relevant international institutions to sharpen the E&S risks management practice in AFC and ACP's decision-making process.

AFC and ACP recognize that the failure to identify and manage E&S risks can represent a serious threat to AFC/ACP's reputation and its business. Thus, adherence to the E&S Risk Management framework represents a fundamental objective for AFC and ACP, to minimize the risk of damage to the business and reputation as well as avoidance of legal implication by association. Adherence to the E&S framework also provides significant benefits to the AFC and ACP, its clients and all stakeholders.

### **3.1 Purpose the Framework**

Under the overall guidance of the Boards of AFC and ACP and direct auspices of Chief Executive Officer of ACP and Chief Risk Officer of AFC, the purpose of E&S framework is to articulate the AFC and ACP guidelines and procedures for supporting clients in ensuring their sub-programme and/or projects under ICRF are carried out in an environmentally friendly and socially acceptable manner. It is developed on the basis of AFC and ACP engagement with the African Development Bank, Green Climate Fund as well as association with other development financial institutions on their interpretation of environmental and social management framework as related investment in the infrastructure climate resilient. It is an integral document, which encapsulates how AFC and ACP operationalizes the protection of Natural resources and environment sustainability as well as drives socio-economic and development nexus issues. The ICRF ESMS includes detailed annexes including the: Resettlement Framework (Annex 11); Indigenous Peoples Management Framework (Annex 15) and Biodiversity Management Framework (Annex 16).

In so doing, the framework will contribute to the AFC and ACP stride in charting forward its' corporate sustainability stewardship. In this regard, the framework is focused on the management of E&S risks and provides the detailed principles, policies and procedures that need to be followed relevant stakeholder within AFC and ACP.

### **3.2 Implementation of E&S Risk Framework**

The implementation of the framework as set out by thrust of the AFC and ACP E&S management is by creating a profound linkage between a healthy investment, transition to low carbon and green economy and the pursuit of long-term infrastructure climate resilient fund (ICRF) through a strategic integration of environmental, social and governance factors in the decision-making process of AFC and ACP.

The linkage is reflected in the AFC and ACP strategic business model and it recognizes that climate change is affecting the nature and locations of projects in across all thematic sectors of investments in AFC, including the Transport (roads, bridges, seaports and airports, Energy (endowment, supply chain, energy transmission, distribution and transfer, energy infrastructure siting etc.) and Telecommunications. Thus far, AFC and ACP is committed to helping its clients, from the public and private sectors alike, to decarbonize the supply-chain, promote energy efficiency, reduce waste and carbon intensity, cut greenhouse gas emissions, while contributing to the implementation of the country's Interim Nationally Determined Contribution (INDC) strategy.

Inspired by the above vision, AFC and ACP appreciate that there is a broader range of significant E&S risks in the ICRF programme activities beyond ensuring compliance. Thus, through the eight IFC Performance Standards on Environmental and Social Sustainability, it has set out a comprehensive E&S framework entailing how the programme is going to help identify E&S risks, elicit information on relevant issues, formulate solution through the corrective action plan, ascertain capacity adequacy to response to the risks and document implementation effectiveness consistent with the agreed E&S action plan.

The implementation linkage is also aimed at facilitation critical interventions for promoting equal and non-discriminatory labour and working conditions, conducive occupational health and safety, serene community safety and security, improving the rights of disadvantaged and displaced people as well as guaranteeing social protection for women, children, persons with disabilities, youth and minorities to ensure their voice can be heard through a multistakeholder participation and inclusion process. In this regard, AFC/ACP through the ICRF programme is committed to the realization of human rights articulated in the Universal Declaration of Human Rights.

Furthermore, and in line with the AFC standard, ACP is committed to reflect E&S considerations across all its activities, which range from the climate related policy engagement as well as thought leadership and advisory services.

At the project level, the framework will translate into promoting the sustainable management of natural and living resources, low carbon and green business opportunities. Thus, ICRF supported project will strive to:

- Avoid or mitigate adverse impacts to people and the environment
- Conserve or rehabilitate biodiversity and natural habitats and promote the efficient and equitable use of natural resources and ecosystem services.
- Promote worker and community health and safety
- Ensure conducive labour and working conditions
- Engage with diverse stakeholder and stride to guarantee the rights of minorities and disadvantage people in a manner consistent with the globally recognized frameworks for gender and guidelines for involuntary resettlement.

In light of the above, implementation of the AFC/ACP E&S framework will convert the commitment into practical, project-level interventions. While this Framework will not by itself guarantee sustainable development outcomes, its proper implementation will ensure the application of standards to the scope of ICRF supported sub-programmes and projects.

### **3.3 ESMF Implementation and Monitoring Budget**

Costs of the implementation of preventive, control or mitigation and/or corrective measures of each of the impacts identified are included as part of the implementation activities of the Programme.

We present the description of the individual posts that will likely be needed for the implementation and monitoring of the ESMF through the programme. These posts will need to be reviewed and validated by AFC, which will also provide the set of stakeholders targeted by and eligible to receive technical assistance (TA). These include a number of sub-projects that will only be specified once the screening of the sub-projects is conducted. A change in the number of Programme countries or other Programme specifications is also expected to have implications on the implementation budget.

Cost Item	Basis for Calculation	Approximate Cost (USD)
Hiring an E&S specialist during the lifetime of the Programme. As the lead institution, the position could be based within AFC as a full-time position, or part time allocation. The specialist will be responsible for leading and consolidating ESMF implementation and monitoring across the project stakeholders. He/She will ensure that the indicators, templates and reports are produced on time and gaps addressed.	Estimated at USD 3,000 per month over the ten-year Project Implementation Period	360,000
Technical assistance for strengthening E&S risk management systems and skills: The objective of this activity is to develop improved E&S risk management systems within the targeted entities. The activity could also leverage AFC's internal expertise and existing guidelines on ESMF development and trainings. Specific activities may include: <ul style="list-style-type: none"> <li>• Gap analysis: to identify the status and needs for improvement.</li> <li>• Provision of technical support (external consultancies, trainings) to investment institutions to enhance their ability to invest in CRI projects including the development of a credit scoring tool that includes E&amp;S safeguards. This includes consideration for gender and youth equity issues through development of gender action plans and policies, selection criteria for projects so that men, women, youth and vulnerable in the target regions are adequately engaged etc.</li> <li>• Independent audits to assess the adequate implementation of ESMS: This could be covered as part of the projects mid and end term evaluation and includes costs of professional services and travel costs.</li> </ul>	Estimated at 1 million over the ten years of Project Implementation	10,000,000
Technical costs for some project developers to be able to carry out ESAs and/or feasibility studies	Estimated at 100,000 per year and Programme country (currently 15 countries)	15,000,000.
<b>TOTAL</b>		<b>25,360,000</b>

### 3.4 Risk Categorization for ICRF supported project

Given the magnitude of risks and impacts associated to the activities during construction, operation and decommissioning of CRI, ICRF supported projects are likely to fall under Category A and B. However, the supported projects are not yet specified, and the final E&S risk categorization and associated E&S assessment requirements will be assigned by the AFC team once the selection will be specified.

### Potential Environmental and Social Impacts of Proposed Sub-projects

This section identifies the potential E&S impacts that could arise from the activities of the sub-projects either during the construction, operational, or decommissioning phases. The

highlighted impacts listed in the Table<sup>1</sup> below are broad and envisaged as cutting across most of the sub-projects, as the latter have not been fully specified at this stage, and therefore their potential E&S risks and impacts cannot be fully assessed. The specific potential impacts for each sub-project will be provided in E&S assessment section of its feasibility report. Similarly, more detailed potential environmental and social risks of each sub-project will be assessed during the preparation of the specific sub-project ESIA or ESMP. Proposed mitigation measures to avoid, reduce or compensate the impacts of such activities will be identified in these reports.

### **Cross Cutting Potential E&S Impacts**

Typical sub-projects' activities to be implemented are broadly categorized into:

- Construction phase (including pre-construction)
- Operation phase
- Decommissioning phase

The Table below presents the potential E&S risks and impact by project phase for projects in the 4 sectors targeted by the Programme.

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<sup>1</sup> This table is largely based on the generic table provided in the World Bank's ESMF for "Turkey Climate and Disaster Resilient Cities Project" for comparable climate-resilient infrastructure projects, and adapted for the specificities of the 4 sectors targeted by the Programme

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
Construction	Traffic	Interruptions in transport and transport safety	Positioning clear warning and information signs around the construction zone. Imposing time constraints (e.g. 7AM to 5PM) for works. Considering disabled, women, children and people with special needs while locating and marking alternative roads (roundabouts) Traffic Management Plan will be prepared for all construction sites	Included in construction costs	Contractor
Construction	Air Quality	Dust emissions	Close or cover trucks for the transport of materials. Spraying water on the ground where dust is generated, disposing of excess material and cleaning the location upon the finalization of works. Protective covers or curtains for zone where the largest amounts of dust are generated. Air Quality Management Plan will be prepared if required	Included in construction costs	Contractor
Construction	Air Quality	Exhaust gases from equipment and vehicles	Restricting works during daytime (e.g. 7AM to 5 PM). Air Quality Management Plan will be prepared if required	Included in construction costs	Contractor
Construction	Noise and Vibration	Increase in noise and vibration levels	Restricting works during daytime (e.g. 7AM to 5PM). Establish schedules and/or other forms of specific limitations for works. Noise and Vibration Management Plan will be prepared if required	Included in construction costs	Contractor
Construction	Soil Environment	Soil contamination from spill outs of fuel, lubricant, etc.	Periodic examination of the condition of vehicles and other machinery and equipment used in the course of the performance of works. Compliant warehousing of fuel and lubricant, and in case of a spill out, isolation and cleaning of the location. Soil Management Plan will be prepared if required	Included in construction costs	Contractor
Construction	Soil Environment	Topsoil loss, deposit of excavated soil, erosion, landslides or sedimentation	The provisions of specific regulation on the control of excavation soil, construction and/or demolition wastes shall be complied during land preparation and construction phase of the project. Soil Management Plan will be prepared if required	Included in construction costs	Contractor
Construction	Soil Environment	Damage to road cover	Public roads and streets will be backfilled and recovered	Included in construction costs	Contractor
Construction	Water Resources	Changes in Groundwater Levels Due to Water Abstractions from Wells for Construction Water Requirements;	Mitigation and monitoring (humidity, ecology and shallow groundwater) of potentially critical habitats Baseline monitoring and post-licence monitoring of levels in the shallow monitoring wells and existing abstraction well levels and yields. Requirements for both to be set in cooperation with the Regulator. A communication plan for existing local water users within the predicted impacted area to identify alternative sources of water (i.e. existing bowser	Included in construction costs	Contractor / Municipality

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
		Changes in Reservoir Levels Due to Water Abstraction; Changes to Flow Regimes Due to Work in or Near Water Courses; Water quality	fed water points and reticulated wells) and to help Project Affected People (PAP) understand that hand dug wells in the zones identified may not be able to be used during the abstraction period. Adoption of the water management philosophy to promote efficient water use, reuse and disposal. Site specific assessments to identify any local water users dependent on access to local water supplies, identified and communicate to PAP with regarding any potential changes in flow regime. Where construction during periods of flow is unavoidable, construction activities that lead to changes in flow regimes should minimize impacts on the natural drainage regime, unless a hydrological and ecological assessment shows it is feasible to do otherwise. Flow will be diverted (e.g. through use of coffer dams) and redirected into same watercourse further downstream. An individual risk assessment will be completed on a case-by-case basis. Discharges will occur in the same catchment as the abstraction that supplies the water, unless a hydrological and ecological assessment shows it is feasible to do otherwise. Water Resources Management Plan will be prepared if required.		
Construction	Water Resources and Wastewater	Water quality and domestic wastewater generation	Works in periods of extreme rainfall and rainy seasons will be managed, as far as it is practicable, to limit the generation and mobilization of suspended solids into the water environment. Where possible, there will be no construction near seasonal rivers and smaller streams when there is flow. If unavoidable, flow will be diverted (e.g. through use of coffer dams) and redirected into same watercourse further downstream. An individual dynamic risk assessment will be completed by the EPC contractor on an individual case basis. A construction waste management plan will be produced if required Suspended solids management/control will be implemented if required Discharge of wastewater, residues or other waste into groundwater or into surface water will be avoided. Water Resources Management Plan will be prepared if required.	Included in construction costs	Contractor
Construction	Water resources	Periodic interruptions in water supply to neighboring population	Scheduling interruptions in water supply in cooperation with the Water Supply Company and informing the population with the objective of minimizing the negative effect on the population. Water Resources Management Plan will be prepared if required.	Included in construction costs	Contractor

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
Construction	Ecosystems	Damage to ecosystems and vegetation	Minimizing the areas requiring the removal of vegetation, and upon finalization of works, replace/restore removed vegetation. Special measures if needed to avoid damage to protected trees or species. Biodiversity Management Plan will be prepared if required.	Included in construction costs	Contractor
Construction	Cultural Heritage	Discovery of artifacts or other cultural and historical items of value	Discontinuing all works. Contact responsible authorities. Organizing all necessary measures to protect the location. No works to proceed until official notification is received. Chance Finds Procedures will be prepared prior to construction works.	Included in construction costs	Contractor
Construction	Waste Management	Excavated and removed material is harmful to environment if it is not disposed of adequately. Especially if the material or waste is dangerous or might be dangerous (such as, for example, asbestos and cement pipes, pieces of profiles etc.)	All non- waste and excavated material generated in the course of construction has to be deposited in the landfill and in a manner that is not harmful to the environment. Stone, soil and other materials that may be reused shall be utilized in the procedure of project realization. Materials that cannot be used and hazardous waste should be removed in compliance with entity level regulations. Waste Management Plan (including municipal, hazardous and non-hazardous wastes) will be prepared if required	Included in construction costs	Contractor
Construction	Waste Management	Transportation management of waste (both hazardous and non-hazardous) to the appropriate landfills/disposal sites	Wastes generated should only be temporarily stored on site in the temporary storage area that is maintained/equipped with appropriate precautions according to the type of wastes, when needed, and wastes should be transported to licensed disposal facilities with licensed transport vehicles appropriate to the type of waste. Information related to the operations in this context should be recorded and records should be kept. Waste Management Plan (including municipal, hazardous and non-hazardous wastes) will be prepared if required	Included in construction costs	Contractor
Construction	Community Health and Safety	Access to common resources or services may be interrupted due to construction works	Time schedule for all construction works should be communicated with local communities prior to construction. Alternative and secure means to access resources and services should be introduced. Community Health and Safety Management Plan will be prepared if required.	Included in construction costs	Contractor
Construction	Community Health and Safety	Community health and safety	The construction area should be fenced to prevent trespassing. Necessary signage and lighting equipment shall be established. Traffic safety shall be established through appropriate management measures. Community should be informed about transfer of large machinery and equipment. If necessary,	Included in construction costs	Contractor

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
			emergency drills should be implemented with the participation of the emergency authorities in the area. Design and the construction work of the projects should be in line with the WBG guidelines including the life and fire safety provisions.		
Construction	Labour	Labour Influx	For sub-projects that may have labour influx issues, camp sites should be arranged to properly accommodate workers and meet their needs within the camp site. Workers must be provided with relevant trainings as needed. Workers will sign and receive a training on the Code of Conduct. Nearby communities will be consulted regarding the locations of the work camp.	Included in construction costs	Municipality/Contractor
Construction	Labour	Use of child and forced labour	Mapping project supply chains, assessing their risks, mitigating risks through engagement with suppliers, monitoring project supply chains, and investing in prevention, as well as remediation, when cases are found.	Included in construction costs	Contractor
Construction	GBV/SEA/SH	Gender Based Violence/Sexual Exploitation and Abuse/Sexual Harassment (GBV/SEA/SH)	Information on GBV/SEA/SH service providers should be shared during public consultations. The project GRM should be designed to receive GBV/SEA/SH grievances anonymously and ensure they are addressed in a confidential manner. Relevant project staff should be trained in order to refer GBV survivors to existing identified service providers and ensure that they are provided services promptly. The Code of Conduct for workers will include the prohibition of GBV/SEA/SH.	Included in construction costs	Contractor/ Municipality
Construction	Occupational Health and Safety.	Construction works can cause accidents that may threaten the health and safety of workers if measures are not taken.	The workers shall be informed about job descriptions, responsibilities and risks about OHS. The workers will be provided working conditions in accordance with the Labour Law (such as wages, working hours, payment for overtime hours, period of rest, social security benefits). The workers will be provided with the necessary personal protective equipment and information on works and occupational safety through regular trainings. Before the construction works starts, a Risk Assessment Report shall be prepared for all works to be carried out and necessary measures shall be taken to avoid related risks. "Emergency Response Plans" shall be prepared for possible accidents and emergency situations (i.e., fires, earthquakes, floods, etc.) events and emergency teams shall be established and drills and training shall be carried out in line with the emergency scenarios. OHS Management Plan will be prepared to outline all the actions and procedures for ensuring OHS for all workers	Included in construction costs	Contractor/ Municipality
Construction / Operation	Vulnerable Groups	Identification of vulnerable groups	Certain groups that may be considered vulnerable (people with disabilities, waste pickers, elderly, and certain groups with livelihood dependencies in	Included in ESA study	Municipality

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
		impacted by the sub-projects	the project region such as communities of IP) should be identified. Their engagement in project planning and implementation should be ensured through consultations as required in the Stakeholder Engagement Plan. Certain vulnerable groups (i.e. waste pickers) might be earning income from the project affected area/land. Ensure that they are informed about the project and can continue to generate income.	costs	
Construction / Operation	Citizen Engagement / support from civil-society and local communities	Lack of effective engagement of the citizens and/or support from civil-society and local communities will reduce the positive impacts and benefits of the sub-project	Engagement activities to facilitate effective engagement among stakeholders, will seek to identify the needs and priorities of beneficiary groups to improve access to effective infrastructure services.	Included in project budget	Municipality
Construction / Operation	Involuntary Resettlement	Negative impacts on livelihoods of project affected people	Design works to minimize the involuntary land take Preparation of a Resettlement Plan Compensate losses resulted from involuntary resettlement In case of people with special needs (elderly, women, children etc.) or disabled who could be negatively impacted from the construction, ensure that temporary measures for accessibility is put in place	Included in resettlement budget	Municipality
Construction / Operation	Contextual risks	Flooding, landslides, earthquakes	Avoidance of vulnerable locations when selecting sites for sub-projects	Included in project budget	Municipality
Operation	Water Resources	Poor operation may result in inadequate water quality released to the general population	Establish emergency procedures for notification and alerting the public	Included in the operating costs	Operator
Operation	Chemicals	Environmental safety hazards from chlorine storage and use	Establish continuous chlorination control and monitoring, chlorination equipment maintenance procedures, storage procedures, and emergency response procedures. Chlorination plant should have ambient monitoring and locked. Accessible only to authorized staff.	Included in the operating costs	Operator
Operation	Chemicals	Chlorine and other process chemicals leaks and spills	Establish safe delivery/storage/handling procedures in accordance with material safety data sheets (MSDSs). Immediately contain and clean-up any spilled material.	Included in the operating costs	Operator

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
Operation	Sludge Management	Process sludge (filtration and flocculation processes)	Sludge to be disposed on site approved by municipality. Sludge Management Plan will be prepared if required.	Included in the operating costs	Operator
Operation	Waste Management	Transportation management of waste (both hazardous and non-hazardous) to the appropriate landfills/disposal sites	Wastes generated should only be temporarily stored on site in the temporary storage area that is maintained/equipped with appropriate precautions according to the type of wastes, when needed, and wastes should be transported to licensed disposal facilities with licensed transport vehicles appropriate to the type of waste. Information related to the operations in this context should be recorded and records should be kept.	Included in the operating costs	Operator
Operation	Occupational Health and Safety	Training	The workers shall be informed about job descriptions, responsibilities and risks about OHS. The workers will be provided working conditions in accordance with the Labor Law (such as wages, working hours, payment for overtime hours, period of rest, social security benefits). The workers will be provided with the necessary personal protective equipment and information on works and occupational safety through regular trainings. Before the operation, a Risk Assessment Report shall be prepared for all works to be carried out and necessary measures shall be taken to avoid related risks "Emergency Response Plans" shall be prepared for a possible accident and emergency, and emergency teams shall be established and drills and training shall be carried out in line with the emergency scenarios. The workers shall be made aware of accessible GRM.	Included in the operating costs	Operator
Operation	Community Health and Safety	Community health and safety	The operations should be engaged without posing risk to the community safety. The facility should be fenced to prevent trespassing. If necessary, emergency drills should be implemented with the participation of the emergency authorities in the area.	Included in the operating costs	Operator
Operation	Community Health and Safety	Community conflict	Consultation on risks and adverse impacts of the project and create opportunities to receive affected communities view on project establishment of grievance mechanism to collect and provide timely resolution of affected communities' concerns and grievances regarding of the client's environmental and social performance. Transparent public disclosure to inform each phase of the project through web-site, notice boards, telecommunication tools and public meetings. Establishing well designed and structured public questionnaire to receive feedback from affected communities	Included in the operating costs	Operator

Phase	Topic	Risk / Impact	Mitigation Measures	Costs	Institutional Responsibility
De-commissioning	Community Health and Safety	Health and safety impacts related to the destruction of physical infrastructures, and removal of debris	A clear and comprehensive Decommissioning Plan will be set up for each sub-Project, and be aligned with the results of the consultations with affected parties, local applicable laws etc. A sufficient Decommissioning budget will be set aside, and the operator will be held accountable for fully implementing the Decommissioning Plan.	Decommissioning budget	Operator
De-commissioning	Environmental impacts	Damage to ecosystems, habitats, water bodies etc.	The Decommissioning Plan will include sufficient provisions to mitigate any impacts to ecosystems and natural resources, including the prevention of long-term or cumulative impacts, if necessary through construction of additional physical infrastructure. In that case, the construction of additional infrastructure will be subject to the same ESIA, licensing etc requirements as any other infrastructure construction.	Decommissioning budget	Operator
De-commissioning	Social impacts	Community and social impacts related to the repartitioning of the Project sites	The Decommissioning Budget will contain a budget line for independent confirmation of the safety of the Project site for differing uses. If applicable and confirmed for safety, the site will be subjected to a regular reallocation process, taking into account traditional usage claims etc.	Decommissioning budget	Operator
De-commissioning	Waste Management	Transportation management of waste (both hazardous and non-hazardous) to the appropriate landfills/disposal sites	Planned treatment of waste is required prior to shipment off-site. Wastes should be transported to licensed disposal facilities with licensed transport vehicles appropriate to the type of waste. Information related to the waste removal operations should be recorded and records should be kept.	Decommissioning budget	Operator
De-commissioning	Air Quality	Dust emissions	Should any ground disturbance or demolition be required which will result in deposited dust, the mitigation measures implemented during the construction phase will be applied during decommissioning.	Decommissioning budget	Contractor
De-commissioning	Noise and Vibration	Increase in noise and vibration levels	Should any ground disturbance or demolition be required which will result in increased noise and vibration levels, the mitigation measures implemented during the construction phase will be applied during decommissioning.	Decommissioning budget	Contractor
De-commissioning	Water Resources and Wastewater	Water quality and domestic wastewater generation	Should any work be required which will result in impact on water quality and domestic wastewater generation, the mitigation measures implemented during the construction phase will be applied during decommissioning.	Decommissioning budget	Contractor

### **\*Sexual exploitation and abuse (SEA)/Sexual harassment (SH)**

In compliance with the GCF Board decision B.BM-2021/18 adopted in September 2021, the ICRF ESMS incorporates the risk assessment and management on sexual exploitation, sexual abuse and sexual harassment (SEAH) as part of the E&S due diligence for the proposed programme and sub-programme and/or projects, namely as part of:

#### **PS 1: Assessment and Management of Environmental and Social Risks and Impacts**

As part of the social risks, issues of sexual exploitation and abuse (SEA)/sexual harassment (SH) may arise in the context of infrastructure projects in all the sectors targeted by the ICRF Fund that involve major civil works. Gender-based violence: women routinely experience sexual harassment and intimate partner violence in target countries, and the risk of gender-based violence may increase during the realization of infrastructure projects in target sectors. This risk will be assessed and mitigated through implementing mitigation and response approaches and the adoption of internal prevention and response mechanisms in compliance with the AE and GCF policies and practices. **SEAH considerations will be an integral part of the ES screening and risk categories, due diligence, assessment, and management plan.**

At project level, in case where substantial risks have been identified, the project sponsors would typically prepare, adopt, and implement a stand-alone Gender-Based Violence Action Plan (GBV Action Plan), to assess, manage, and monitor the risks of gender-based violence (GBV) and sexual exploitation, abuse and harassment (SEAH). The Grievances Redress Mechanism (GRM) will also address any grievance related to the sexual abuses, sexual exploitation, and sexual harassment issues in ensuring labour and working conditions effectiveness and safeguarding against SEAH. These interventions are expected to efficiently complement the gender action plan, empowering local women and men and aim to create a safe environment at the project site and in communities.

**PS 2: Labour and Working Conditions** - The PS 2 seeks to protect the fundamental human rights of workers. It is applicable to the direct project workers, project contract and subcontract workers as well as project supply-chain workers. The compliance requirement will include provision of clear information and documentation regarding the workers' rights, wages, and conditions of employment amongst others. **The PS 2 in the contexts of ICRF will also seek to strengthen the Grievances Redress Mechanism (GRM) to address any grievance related to the sexual abuses and sexual exploitation, and sexual harassment issues in ensuring labour and working conditions effectiveness.** Sexual exploitation, sexual abuse (SA), sexual harassment (SH) including sexual exploitation of children are included in the list of "**Designated Categories of Offences**".

**PS 4: Community Health, Safety and Security** - The PS 4 addresses the health, safety and security risks and impacts on project affected communities and the corresponding responsibility of clients to avoid or minimize such risks and impacts with particular attention to people who because of their **particular circumstances, may be vulnerable. In this regard, the requirement amongst others is for the project sponsor to establish guidelines to safeguard against Sexual Abuse, Sexual Harassment, and Sexual Exploitation, formulate measures to address infrastructure and equipment design and safety, hazardous materials management and safety, Ecosystem services as well as emergency preparedness and response amongst others.**

#### **PS 5: Land Acquisition and Involuntary Resettlement**

Similarly, the scope of PS 5 in the context of ICRF, will also seek **to strengthen the Grievances**

**Redress Mechanism (GRM) to address any grievance related to the Sexual Abuses and Sexual Exploitation, and Sexual Harassment issues**, in ensuring effectiveness in the land acquisition and involuntary resettlement matters.

### 3.5 Applicable Standards and Scope

AFC's E&S Risk Management Policy and System is based on the following best practice standards:

1. The Equator Principles;
2. International Finance Corporation Performance Standards;
3. World Bank Group's Environmental, Health, and Safety Guidelines;
4. African Development Bank Integrated Safeguards System;
5. The Green Climate Fund Revised Environmental and Social Policy (as per Board decision B.BM-2021/18 adopted in September 2021), including GCF's requirements on addressing Sexual Exploitation, Sexual Abuse, and Sexual Harassment.

By adhering to these standards AFC/ACP remain committed to promoting E&S sustainability in its project financing and direct equity investments in infrastructural projects and project development financing. Therefore, the framework is applicable to all debt and equity transactions financed by AFC. For transactions in which AFC/ACP is providing financing to a customer through an intermediary.

In specific situations, the IFC Performance Standards (PS) on Environmental and Social Sustainability will be leveraged to help establish the applicable guidelines for the ICRF programme throughout the programme lifecycle, including the following:

**PS 1: Assessment and Management of Environmental and Social Risks and Impacts** -The PS 1 is applicable to all transactions with environmental and/or social risks and/or impacts. Sponsors of eligible transactions will be required to conduct a process of environmental and social assessment and maintain an ESMS. Where ICRF is jointly financing a project with other financial institutions, AFC/ACP will cooperate with such agencies and the client to agree on a common approach for the assessment and management of environmental and social risks and impacts of the project, where the common approach will enable the project to achieve objectives materially consistent with the Performance Standard 1.

In so doing, the satisfactory compliance requirements will include the ability to:

- Identify risks and impacts,
- Develop and implement management programme,
- Establish proper organizational capacity and requisite competency,
- Formulate emergency preparedness and response,
- Engage diverse stakeholders,
- Develop external communication and grievance mechanisms,
- Prepare ongoing reporting on Affected Communities, as well as
- Monitor and review progress.

SEAH considerations will be an integral part of the ES screening and risk categories, due diligence, assessment and management plan (see Annex 4B).

**PS 2: Labour and Working Conditions** - The PS 2 seeks to protect the fundamental human rights of workers. It is applicable to the direct project workers, project contract and subcontract workers as well as project supply-chain workers. The compliance requirement will include provision of clear information and documentation regarding the workers' rights,

wages, and conditions of employment amongst others. The PS 2 in the contexts of ICRF will also seek to strengthen the Grievances Redress Mechanism (GRM) to address any grievance related to the sexual abuses and sexual exploitation issues in ensuring labour and working conditions effectiveness.

**PS 3: Resource Efficiency and Pollution Prevention** -The PS 3 set out the requirements to address resource efficiency, including energy use, water use and raw material. It also includes pollution prevention and management of hazardous and non-hazardous wastes throughout the project lifecycle consistent with GIIIP. The compliance requirement will include the review of prevailing conditions as well as application of technically and financially feasible resource efficiency. It will also include the measures for pollution prevention that are best suited to avoid or where avoidance is not possible, minimize adverse impacts on human health and the environment.

Furthermore, the application of PS 3 also includes assessment of climate related risk and the inventory of greenhouse gases (ghg) emissions for the Scope 1,2 and 3 by investments in line with the Paris Agreement. This involves using the Joint Impact Model (JIM) as a tool for ghg data collection and analysis, in consultation with NDC committee and other relevant stakeholders. It also involves the application of standard set by the Partnership for Carbon Accounting Financials (PCAF) framework in ensuring effective monitoring strategies to decarbonize the investments.

**PS 4: Community Health, Safety and Security** - The PS 4 addresses the health, safety and security risks and impacts on project affected communities and the corresponding responsibility of clients to avoid or minimize such risks and impacts with particular attention to people who because of their particular circumstances, may be vulnerable. In this regard, the requirements amongst others is for client to establish guidelines to safeguard Sexual Abuse and Sexual Harassment, formulate measures to address infrastructure and equipment design and safety, hazardous materials management and safety, Ecosystem services as well as emergency preparedness and response amongst others.

**PS 5: Land Acquisition and Involuntary Resettlement** - Performance Standard 5 recognizes that project related land acquisition and restrictions on land use on one hand, can have adverse impacts on communities and persons that use the land. On the other hand, it also acknowledges that involuntary resettlement (either physical or economic displacement) as a result of project related land acquisition and/or restrictions on land use can materially inconvenience and cause long term hardship and impoverishment for the affected community and persons (Please refer to Annex 11). It therefore requires the client to demonstrate properly managed land acquisition process in a manner that ensure direct involvement of client in any resettlement activities that ensure cost-effective, efficient, timeliness as well as innovative approaches to improving livelihoods of those affected by resettlement. Similarly, the scope of PS 5 in the contexts of ICRF will also seek to strengthen the Grievances Redress Mechanism (GRM) to address any grievance related to the sexual abuses and sexual exploitation issues in ensuring effectiveness in the land acquisition and involuntary resettlement matters.

**PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources** - Performance Standard 6 reinforces AFC and ACP realization that project can traverse over a long distance with rich biodiversity and sensitive ecosystem that require careful and sustainable management. In so doing, this PS is partly guided by the United Nations Convention on Biological Diversity and partly by the benefits to be derived by people through ecosystem services. It requires client to sustainably manage and mitigate impacts

on biodiversity and ecosystem services throughout the project's lifecycle.

**PS 7: Indigenous Peoples** – AFC and ACP are committed to engaging the indigenous people who might be affected by the sub-programme and projects supported by ICRF. In so doing, ACP will apply a multistakeholder participatory process to identify and engage in meaningful consultation with diverse groups among the indigenous people. The engagement process will follow the tenet of free prior informed and consent. The process will take cognizance of the guidelines developed by the internationally recognized ESG frameworks such as Green Climate Fund, IFC Performance Standards and the Equator Principles.

**PS 8: Cultural Heritage** -The importance of cultural heritage cannot be overemphasized in the project lifecycle. Therefore, the Performance Standard 8 reinvigorate the need for consistence with the conventions concerning the protection of the World Cultural and Natural Heritage. The PS aims to ensure that client protect cultural heritage in the course of their project activities. The PS is partly based on the Convention on Biological Diversity as well as the United Nations World Heritage Convention. It requires client to demonstrate credibility; effective conservation plan; adequate capacity; awareness, information sharing, disclosure and transparency; as well as active involvement of the community.

Given the analysis of IFC PSs, the PS 1 establishes the overarching importance of systematic approach to the development and/or appraisal of the environmental and social framework. It outlines the need for policy formulation, risks and impacts identification, management structure, organization capacity, emergency preparedness and response mechanism, monitoring and review framework, stakeholder engagement process as well as the modality for reporting and information disclosure throughout the project lifecycle. AFC/ACP will review all ICRF sub-programme/projects in the environmental and social sensitive sectors for E&S risks and impacts of the project in accordance with PS 1.

On the other hand, PS 2-8 set out the obligations of the client in identifying and addressing environmental and social risks and impacts that may require particular attention. These Standards establish objectives and requirements to avoid, minimize, reduce and mitigate risks and impacts, and where significant residual impacts remain, to compensate for or offset such impacts.

An overview of AFC/ACP Approach to managing E&S risks is as follows:

- When national standards in countries where AFC/ACP invests are below international standards, AFC/ACP will collaborate with clients to attain international standards (or if appropriate Equator Principles standards over time).
- AFC/ACP will not invest in activities that are listed on the AFC/ACP Exclusion list.
- E&S Risk assessment is integrated into the entire investment process, from pre-investment to exit.
- If appropriate, AFC/ACP will engage with stakeholders directly, but usually through representatives of companies in which we have invested.
- Our investments will have appropriate structures that provide appropriate oversight in the areas of audit, risk management and potential conflicts of interest. AFC/ACP has a zero tolerance to bribery and other improper payments to public officials, in

accordance with the U.S. Foreign Corrupt Practices Act, the Organization for Economic Cooperation and Development (OECD) Anti – Bribery Convention and similar laws in other countries.

- AFC/ACP will encourage entities in which it has invested to educate their supply chain in managing their E&S risks in accordance with global best practice.
- To ensure resources for managing E&S risks are used efficiently and effectively, investments are rated / categorized for E&S risks. Categorization into “A” High Risk, “B” Medium Risk and “C” Low Risk categories is dependent on the presence of adverse impacts and whether these impacts are site specific, diverse or unprecedented.
- The AFC/ACP Environmental and Social Risk Management Officer will support customers in their effort to comply with AFC/ACP’s policy. This support may include identifying consultants to support the customer.

### **3.6 Potential E&S Risks and Impacts of ICRF Supported Projects and Mitigation**

The environmental and social risks and impacts, which ICRF will take into consideration in its due diligence are mainly project finance and project related corporate transactions. The target sectors to be supported by ICRF are sensitive to the environmental and social standards. The sectors are also susceptible to the sea level rise and extreme weather conditions related to the climate change.

The coverage scope of the targeted sectors is across African continent with diverse climatic and vegetation features. The sectors activities carry significant environmental footprints and social impacts, therefore ICRF is rated as Category A on the AFC E&S classification system. The system is in line with the globally recognized ESG frameworks such as the IFC Performance Standards and the Equator Principles as well as the AfDB Integrated Safeguards System.

The classification recognizes the ICRF programme will be implemented in areas with ecological sensitive, rich biodiversity and diverse socio-cultural background. Therefore, the key E&S related issues will include E&S management capacity, Health and safety; Labour and working condition, Pollution prevention and resource efficiency (waste, water and energy); Community health, safety & security, Land acquisition; as well as the biodiversity issues.

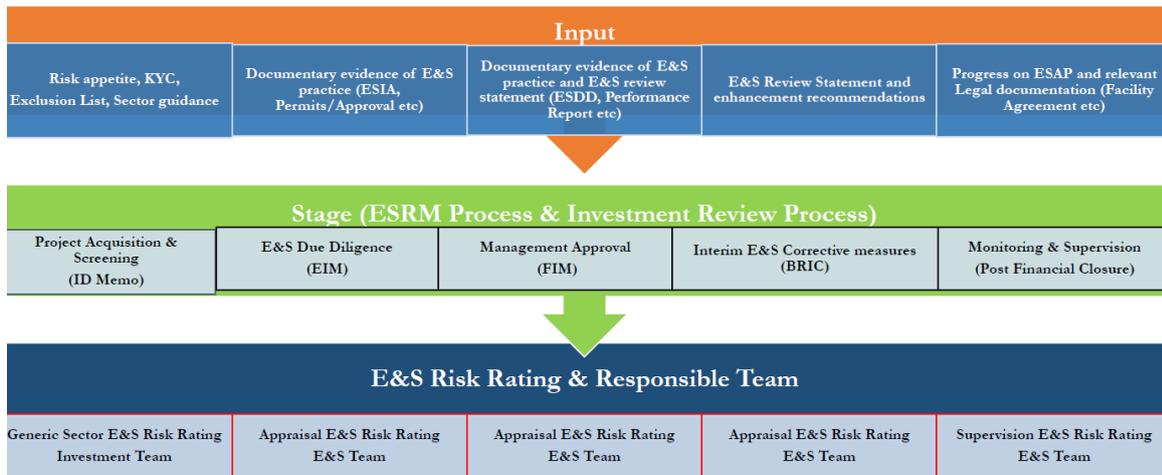
Furthermore, the programme can potentially trigger the IFC E&S Performance Standard (PS)1 (E&S Management System), PS2 (Labour & Working Conditions), PS3 (Resource Efficiency and Pollution Prevention), PS4 (Community Health, Safety and Security), PS 5(Land Acquisition), PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) as well as PS8 (Cultural heritage).

### **3.7 E&S RISK MANAGEMENT DURING PROJECT PREPARATION AND IMPLEMENTATION**

Assessment of sub-programmes and projects to be supported by the ICRF facility will be underpinned by ESMS best practices, guided by the globally recognized ESG frameworks and the good industry practices throughout the project lifecycle.

The chart below presents the E&S risk review process to be applied in the assessment in line with the AFC investment guidelines.

## Environmental and Social Risk Review Workflow (ESRR)



Note: SEAH risks will be included in the assessment at sub-project level, and in the ESRR as per GCF requirements.

### 3.8 Project Identification Memo (Acquisition, Appraisal and Screening)

In line with the AFC investment guidelines, an overarching objective is to guide ICRF on its investment decision. In so doing, the environmental and social due diligence will be carried out on all projects seeking support through the ICRF fund. In conducting the due diligence, transactions will be screened to determine whether the project is listed on the Exclusion activities. Also at the identification Memo (ID) stage, the nature and scope of the transaction will help to identify E&S sensitivity, elicit the severity of impact, ascertain management response capacity in cognizance with the mitigation hierarchy and proffer recommendations for enhancement as necessary.

Leveraging the global ESG framework set out by the IFC Performance Standards and World Bank Environmental and Social Framework, the screening at the ID stage will include, as appropriate:

- (a) reviewing the information provided by the client relating to the E&S risks and impacts of the project and requesting additional and relevant information where there are gaps that prevent AFC and ACP from completing its due diligence; and
- (b) providing guidance to assist the client in developing appropriate measures consistent with the mitigation hierarchy to address E&S risks and impacts in accordance with the Performance Standards (PS).

The client is responsible for ensuring that all relevant information is provided to the AFC and ACP so that it can fulfill its responsibility to undertake environmental and social due diligence in accordance with the PS.

Steps to be followed during the appraisals are as follows:

#### STEP 1 – EXCLUSION LIST

Initially, the Business Originator (“BO”) in charge of a transaction checks whether the project is on the **AFC Exclusion List** (Please refer to **Annex 1**).

Projects on the AFC Exclusion List will not be financed.

## STEP 2 – INITIAL ANALYSIS AND EVALUATION – CATEGORIZATION

All projects within the scope of the ESMS shall be categorized during the Early investment memorandum stage according to their potential E&S impacts. The purpose of project categorization is not only to signify its E&S relevance, but also to determine the procedures for the next steps in the E&S Procedures.

There are three risk categories - A, B, and C. The following table defines the categories and briefly summarizes the depth of E&S due diligence ("ESDD") and E&S requirements. For a more detailed description of due diligence requirements by E&S category, please refer to **Annex 2**. For a list of examples of Category A projects, please refer to **Annex 3**.

	High Risk (Cat A)	Medium Risk (Cat B)	Low Risk (Cat C)
E&S Impact Description	Projects with significant adverse E&S impacts that are diverse, irrevocable, or unprecedented.  These impacts cannot be mitigated or remedied or can only be so at significant cost.	Projects with limited potential adverse E&S impacts that are site-specific and may be readily addressed through mitigation measures.	Projects with minimal or no adverse E&S risks or impacts.
	Examples of such projects can be found in <b>Annex 3</b> .		
E&S Due Diligence	E&S Impact Assessment or E&S audit by a qualified external consultant against IFC Performance Standards (gap analysis)	E&S compliance with applicable E&S local laws. Potential site visit. Assistance of E&S consultant optional	Compliance with applicable E&S local laws.  Reputational risk screening.

	High Risk (Cat A)	Medium Risk (Cat B)	Low Risk (Cat C)
E&S Requirements	<p>Compliance with GCF's ESS standards and Revised E&amp;S Policy.</p> <p>Compliance with applicable local E&amp;S laws.</p> <p>Compliance with applicable IFC Performance Standards and World Bank ("WB") Environmental, Health and Safety ("EHS") Guidelines.</p> <p>Remedial measures to be included into the legal agreement in the form of a Client Environmental and Social Action Plan ("CESAP").</p> <p>Undertake a full Environmental and Social Impact Assessment (ESIA) (see template in Annex 18).</p> <p>The ESIA should examine the potential negative and positive E&amp;S impacts of the proposed activity and recommend appropriate measures to avoid, minimize, mitigate, or compensate for adverse impacts while improving E&amp;S performance. Those measures are documented as part of the ESIA in an Environmental and Social Management Plan (ESMP) (see template in Annex 18).</p>	<p>Compliance with GCF's ESS standards and Revised E&amp;S Policy.</p> <p>Compliance with applicable local E&amp;S laws.</p> <p>If necessary, remedial measures to be included into a legal agreement in the form of CESAP.</p> <p>Undertake a full or partial Environmental and Social Impact Assessment (ESIA) (see template in Annex 18).</p> <p>The ESIA should examine the potential negative and positive E&amp;S impacts of the proposed activity and recommend measures needed to avoid, minimize, mitigate, or compensate for adverse impacts while improving E&amp;S performance. Those measures are documented as part of the ESIA in an Environmental and Social Management Plan (ESMP) (see template in Annex 18).</p>	<p>Compliance with applicable local E&amp;S laws.</p> <p>Beyond screening, no further environmental and social assessment is required for a Category C project.</p>

The BO in charge of the planned transaction will collect all necessary data from the client to categorize it with the help of AFC's Environmental and Social Categorization Toolkit 2.0. This spreadsheet identifies and scores the generic and endemic E&S risks in various industries and countries. Because the tool comes with a preloaded database, the scoring takes into

consideration local regulation and (or absence of) enforcement.

Custody of the Environmental and Social Toolkit remains with Risk Management. The Investment Teams are responsible for inputting the data into the preloaded data base, in order to arrive at the scorecard for the project or transaction.

After the BO has categorized the project, it is the Environmental and Social Risk Officer ("ESRO") who crosschecks the results ("four-eye principle"). The ESRO has the right to override the categorization proposed by the BO, if deemed necessary. The appropriate Category designation will also be reviewed by AFC's Sub Investment Committee ("SUB-INVESTCO") as part of its approval process.

The BO will also try to identify any obvious red flags (such as serious reputational risks) and quantify the scope and cost of conducting an ESDD. The BO will also obtain a signed authorization from the client's management authorizing the budget for E&S due diligence, environmental consultants or environmental impact assessment.

### STEP 3 – TERM SHEET

In order to ensure that from the beginning clients are aware of the E&S requirements of AFC for high-risk projects (**Category A**), the following standard clause must be added to the term sheet:

*"The client must comply with the IFC Performance Standards over time. Progress of implementation of the Performance Standards will be monitored throughout the AFC's engagement."*

Category B and C projects do not trigger a particular clause in the term sheet.

### EARLY DUE DILIGENCE/DOCUMENTARY REVIEW/CONFIRMATION OF CATEGORISATION/EARLY INVESTMENT MEMORANDUM ("EIM")



The procedures to be followed after the risk categorization process strongly depend on the potential risks identified.

**Category C Projects** - For Category C projects no extensive ESDD is necessary. The BO will check the company's compliance with E&S laws and conduct a reputational risk screening.

**Category B Projects** - For Category B the ESRO is in charge of the ESDD, assisted by the respective BO. To assess the E&S impacts and risks, the E&S Due Diligence Questionnaire and the E&S sector-specific Questionnaire (Annex 4A and Annex 4C, when applicable) will

be used.

If any red flags become apparent, further investigations may have to be initiated and external consultants' involvement may be necessary. If considered necessary by the ESRO or external consultant, a CESAP and mitigatory activities (please refer to Annex 6 for a CESAP template) leading the client to eventual compliance with AFC's E&S requirements must be developed.

The ESDD for Category B projects therefore has to involve the following steps:

- Requiring the client to fill in AFC's E&S Due Diligence Questionnaire and the E&S sector-specific Questionnaire (Annex 4A and Annex 4C, when applicable);
- Collecting and studying original Environmental and Social Impact Assessment ("ESIA") documents or other relevant documents (audit reports, etc.) if applicable;
- Carrying out internet research on potential risks / potential non-governmental organizations ("NGO") interest;
- Optionally - visit the site;
- Optionally - preparing a CESAP if the AFC's E&S requirements for Cat. B projects are not yet being met; and
- Optionally - assistance of an external expert.

Based on the ESDD, the ESRO will prepare an Environmental and Social Review Summary report ("ESRS"), containing a description of E&S risks and the various mitigation measures required to manage them. Annex 5 contains a guide for the preparation of the ESRS. The ESRS is included in the Early Investment Memorandum ("EIM") that the BOs submit to AFC's SUB INVESTCO for approval.

**Category A Projects** - For Category A projects, the ESRO is in charge of the ESDD, assisted by the respective BO. Assistance of an external expert is mandatory.

The most important element of the ESDD is to determine the gaps between the current E&S performance and the benchmark performance (IFC Performance Standards, and the AFC's E&S requirements). The gap analysis with regard to these requirements is considered crucial to ensure that the client is managing E&S risks in accordance with local or internationally recognized E&S risk management standards and laws (whichever is more stringent).

The gap analysis must be provided by a qualified external expert. It must lead to the formulation of a reasonable action plan (please refer to Annex 9 for a template), which describes all the actions necessary to achieve AFC's E&S requirements in a given time frame after factoring in the criticality of the E&S risks.

The ESDD for Category A projects therefore has to involve the following steps:

- Requiring the client to fill in AFC's E&S Due Diligence Questionnaire (please refer to Annex 4);
- Handing over to the client the relevant, sector-specific Sector Guidelines<sup>2</sup>
- Requiring the client to prepare a gap analysis between client's performance and the performance defined in the IFC Performance Standards and IFC Sector Guidelines with the help of an external expert;

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<sup>2</sup> <http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvironmentalGuidelines>

- Collecting and studying original ESIA documents or other relevant documents (audit reports, etc.);
- Carrying out an internet research on potential risks / potential NGO) interest;
- Site visit by an external E&S consultant; and
- Preparing a CESAP if the AFC's E&S requirements are not met (based on the gap analysis findings).

Based on the ESDD, the ESRO will prepare an ESRS report containing a description of E&S risks and the various mitigation measures required to manage them. Annex 5 contains a guide for the preparation of the ESRS. The ESRS is included in the Early Investment Memorandum ("EIM") that the BOs submit to AFC's SUB INVESTCO for approval.

## DUE DILIGENCE/FINAL INVESTMENT MEMORANDUM



**Category C Projects** - In this step, the decision makers are systematically informed about potential E&S risks. For Category C projects, the Final Investment Memorandum ("FIM") must have a standard clause indicating the expected E&S risks:

*"The project has the Environmental and Social Category C. Related risks are considered to be low". "Reputational risks exist" (if applicable).*

The BO must ensure that this clause is inserted into the appraisal report.

**Category B and A Projects** - For Category A and B projects:

The ESRO must add an updated ESRS to the FIM to be reviewed by the Investment Committee ("INVESTCO"). The summary primarily informs the decision makers about the clients' compliance with the local standards, the gap analysis to IFC Performance Standards, the associated risks and the company's management capabilities to cope with the risks.

When a FIM is submitted for INVESTCO (and EXCO's consideration), Risk Management will provide copies of the scorecard. It will be the responsibility of Risk Management to ensure that a copy of the scorecard will be attached to the FIM if approved by EXCO within Delegated Management Authority or sent to BRIC for approval.

## LEGAL DOCUMENTATION

Based on the recommendations set out in the project appraisal report, the BO shall ensure

that the E&S requirements, including SEAH requirements, are appropriately covered in the loan agreement / contract documents. This can take the form of:

- Necessary Terms and Conditions;
- Clauses to be incorporated in the Legal Contract;
- Conditions to be fulfilled prior to disbursements;
- Conditions to be fulfilled on best efforts basis; and
- Status reports to be submitted to AFC by the project proponent / sponsor and the time framework for such reports (status reports could be at various time intervals or at various milestones of the project).

**Category C Projects** - For Category C projects, it is sufficient to require the client to comply with local E&S legislation and AFC's Exclusion List

**Category B Projects** - For Category B projects, the requirements must encompass:

- Compliance with local E&S legislation;
- Compliance with AFC's Exclusion List;
- Preparation of a Client Annual E&S Monitoring Report ("CAESMR") in a pre-described format;
- Reporting ad hoc in case of relevant serious E&S events;
- Implementation of recommendations from ESIA or CESAP plan, if relevant;
- Adoption of management measures to address SEAH risks, including information disclosure, stakeholder engagement, and grievance redress; and
- Other relevant clauses where deemed necessary.

**Category A Projects** - For Category A projects, the BO and the ESRO have to suggest relevant contract clauses in close cooperation with the Legal department, based on a series of pre-formulated building block clauses (see under Annex 7). In line with AFC's E&S Policy the requirements must encompass:

- Compliance with local E&S legislation;
- Compliance with AFC's Exclusion List;
- Compliance with the IFC Performance Standards;
- Preparation of a Client Annual E&S Monitoring Report ("CAESMR") in a pre-described format;
- Reporting ad hoc in case of relevant serious E&S events;
- Implementation of recommendations from ESIA or CESAP plan, if relevant;
- Adoption of management measures to address SEAH risks, including information disclosure, stakeholder engagement, and grievance redress ; and
- Other relevant clauses where deemed necessary.

## APPROVAL, MONITORING AND REPORTING/BRIC MEMORANDUM



Management will receive a copy of this annual review for independent scrutiny and review purposes and reports any concerns to the appropriate approving authority.

**Category C Projects** - For Category C projects no monitoring and reporting is necessary.

**Category B Projects** - For Category B projects the client must provide CAESMR on a yearly basis and, if applicable, prepare an update on the CESAP and specific E&S requirements that have been agreed upon (please refer to Annex 6 and 8). Whenever applicable, the ESRO shall also record project specific performance by using a set of project performance indicators. Sample of the indicators to be monitored are found in Annex 9A.

**Category A Projects** - For Category A projects,

1. The ESRO must monitor the E&S performance of Category A projects annually and visit the site occasionally on a risk-based basis.
2. The client company must report annually in a form of CAESMR and CESAP (please refer to Annex 6 and 8 applicable). The BO is expected to request this information from the client on an annual basis.
3. An E&S Consultant will prepare an internal annual reporting review per client (please refer to Annex 9). Whenever applicable, the E&S Consultants shall also record project performance by using a set of project specific performance indicators. Sample of the indicators to be monitored are found in Annex 9A.

The ESRO shall report to the Environmental and Social Manager ("E&S Manager"), on any kind of non-compliance / non-fulfillment. The E&S Manager shall take appropriate remedial action on a case-by-case basis. Depending on the seriousness of the violations, s/he shall report the same to BRIC and agree on the corrective actions.

### **3.9 Project Implementation**

Monitoring of the environmental and social performance of the project in accordance with the requirements of the legal agreement, including the E&S corrective action plan as well as any changes resulting from amendment to the design of a project or project circumstances will be carried out and reported on a quarterly and/or annual basis ((Please refer to Annex 9b). The specific monitoring frequency will be informed by the E&S risk classification category and the procedure for the monitoring. The monitoring of projects will be on an ongoing basis in line with the Investment guidelines, guided by the IFC Performance Standards and certified by the relevant national regulatory authority.

## **4.0 INFORMATION DISCLOSURE, STAKEHOLDERS<sup>3</sup> & GRIEVANCE MECHANISM**

### **4.1 Stakeholder Engagement**

AFC and ACP remain committed to an inclusive analysis of stakeholder engagement carried out through a multistakeholder participatory (MSP) process throughout the project lifecycle. In following the MSP process, relevant information will be disclosed in a language and form accessible to communities and the wider public likely to be affected by the project activities. The process will take into consideration any specific needs of groups that maybe differently or disproportionately affected by the projects or groups with specific needs, such as disability, literacy, gender, differences in language or accessibility.

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<sup>3</sup> The ICRF Stakeholders' consultation report is Annex 14

The stakeholders' groups that are likely to be impacted by the ICRF supported projects will include the communities and/or individuals directly or indirectly affected by the project, their formal and informal representatives, gender, youth, aged, physically challenged, national or local government authorities, politicians, religious or community organizations and civil society groups with special interest, academic communities, and businesses amongst others. The groups may also include those who, because of their circumstances, may be disadvantaged or vulnerable. Communities will be provided with options to enable them to access project benefits, with a targeted outreach and information for vulnerable groups.

**A full stakeholder analysis will be conducted for each project. The level of analysis for stakeholder identification is informed by the level of potential risks and impacts affecting them. The analysis of stakeholders will be carried out for all project components.**

The stakeholder groups that are expected to be impacted by ICRF projects based on a preliminary assessment are as follows and such following the larger definition of stakeholders are presented above:

- a. People, social groups, and organizations that will gain direct and/or indirect benefit from the project. These target beneficiaries include: (i) potential new customers for grid connection and electrification projects, including indigenous people communities, (ii) potential project workers.
- b. Potentially adversely impacted communities include: (i) affected land-owners/communities, (ii) indigenous people communities. When the stakeholder engagement with local individuals and communities depends substantially on community representatives (village heads, clan heads, community and religious leaders, local government representatives, civil society representatives), efforts will be taken to verify that such persons do, in fact, represent the views of such individuals and communities, and they are facilitating the communication process in an appropriate manner.
- c. Interested groups include: (i) local government agencies, (ii) non-governmental organizations/NGOs, Civil Society Organizations/CSOs and other development institutions, (iii) indigenous people representative organizations, and (iv) private companies and investors.
- d. Implementing agencies and agencies with authorities for the management of environmental and social risks include institutions and agencies that influence and make decisions on the sub-project implementation. These groups include: (i) central government agency, and (ii) sub-national government. The level of engagement will be contingent upon their respective roles and authorities in the management of environmental and social risks.

In essence, key stakeholders in the implementation of ICRF can also be referred to as the interested parties and those for whom the activities and impacts associated with ICRF supported projects are important. These key stakeholders are as follows:

- i. Investors - Investors and funding partners will be kept informed about the E&S performance of the ICRF supported projects through the quarterly and annual investor reports. In addition, the investors will be made aware of all reportable incidents in accordance with the provisions described in this ESS Framework. Periodic meetings may also be arranged with individual investors to provide information relating to specific areas of interest.

- ii. **Project Counterparties** - Project Counterparties are provided with a copy of this ESS Framework along with other supporting information early on in the engagement process. A presentation of ICRF's E&S requirements will be given to developers at the start of the development process, and to the Project Company at the start of the construction process. In addition, E&S requirements will also be communicated to the EPC contractor during the tendering process.
- iii. **NGOs and CSOs** - AFC/ACP recognises the important role that is played by national, regional and local governments as well as relevant CSOs, development agencies and other local stakeholders active in community development. In this regard, AFC/ACP will facilitate establishment of a proactive approach to engagement with NGOs that:
  - Enables AFC/ACP to build community support and mutually beneficial relationships.
  - Helps AFC/ACP identify and connect to the partners who can support the Projects in the delivery of community development programmes.
  - Provides for improved coordinated communication and disclosure of information that can contribute to more effective change.
  - Communicates responsible leadership to external stakeholders including investors, business partners, and civil society.
- iv. **Staff** - AFC/ACP staff recognises that our own staff and those who work for ICRF supported projects are a key stakeholder group. While AFC/ACP's arrangements will include engagement with its staff as it will be described in the AFC Human Resources Policy, arrangements for engagement at the Project level on the other hand, will be detailed in the Project's specific HSSE Management System.

In light of the above, ICRF projects will be required to demonstrate credibility; effective stakeholder engagement plan; transparent procedure for information gathering and disclosure, as well as modality for meaningful consultation that guarantee adequate and active involvement of the community.

### **Information Disclosure**

In disclosing the relevant project information, the client is required to ensure adequate engagement in consistent with the tenets of free prior information and consent (FPIC), highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups, and describing the differentiated measures to be taken to avoid and minimize or mitigate the impacts.

GCF Revised Environmental and Social Policy<sup>4</sup> section on Information Disclosure Policy requires disclosure on documents online in the English and the local language at least 30 days in advance of the Accredited Entity (AFC) or GCF Board decision, whichever is earlier.

Access to the documents must be possible for all community members by public disclosure in an accessible place, in a form and language understandable to key stakeholders. Key documents to be disclosed include project information documents, project factsheets and

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<sup>4</sup> Available at: [www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf](http://www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf)

project management unit contact information and monitoring reports (once under implementation). This may be done through the following avenues:

- Display of information where the public gather including at local municipalities notice boards.
- Consultations with E&S specialist including during trainings.
- Local radio and newspapers
- Social media sites
- GCF and AFC's websites.

Disclosure of relevant project information in the given formats will help stakeholders effectively participate in the Programme. AFC as the AE will take due attention to the specific needs of the involved stakeholders including literary levels, gender and language barriers to ensure full understanding of the relevant safeguards.

Additionally, information disclosure for IPs and vulnerable groups is a core element of the FPIC process to ensure a well-informed decision with relevant stakeholder. It is thereby important not only to have access to information, but also to clearly understand the information and documentation provided to them. Where necessary, information should be translated to the local language and put in a form and manner that is understood by all stakeholders, including ethnic minorities and indigenous peoples. Disclosure of documentation should include full and accurate information pertaining to any activity or proposed developments or projects, studies on environmental and social impacts, project design, implementation plans, budget and sources of funds, and terms of contracts or agreements. Furthermore, the provided information must be adapted to the level of literacy and language skills among the addressed stakeholders. Consideration of access to legal aid or services, especially to help unpack and communicate information of legal nature is critical for informed decision-making.

Similarly, the needs of those without internet access, with technological challenges or with hearing disability should be put into consideration. To ensue wide dissemination, the project could utilise flyers, brochures and or call for community meetings.

Further, these documents will be disclosed, when available, in a timely and meaningful manner prior to project appraisal at the quality assurance stage (or other key stages during project implementation) on AFC's website and in an accessible place in the Programme or project-affected area, in a form and language understandable to project-affected parties and other stakeholders, in order to keep them informed and obtain their meaningful feedback. The stakeholder consultation should be guided by the principles of transparency, inclusiveness, non-discrimination, do no harm and accountability as well as by international best practices.

#### **4.2 E&S Grievance Redress Mechanisms<sup>5</sup>**

In line with the IFC Performance Standards and other globally recognized ESG frameworks, ICRF supported sub-programmes and projects will be required to design a Grievance Redress Mechanism (GRM). A GRM is an accessible and reliable tool for obtaining and addressing feedbacks and concerns (collectively referred to as "grievances") on impacts of the project implementation activities from project stakeholders, particularly project affected communities (hereafter called the "grievant" in the context of the GRM), throughout the project lifecycle. Depending on the nature of

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<sup>5</sup> Detailed Grievance Redress Mechanism is found in Annex 17

the grievance, grievants may address their grievance to the GRM of the GCF<sup>6</sup>, the AFC/ACP as the Accredited Entity<sup>7</sup> or the sub-project/Activity level.

A GRM's effectiveness is highly dependent on the inclusive, accessible, culturally appropriate and gender-sensitive design, timely, fair and transparent treatment of grievances, and application of innovative and collaborative approaches to resolution of grievances of project affected communities as well as the broader project stakeholders. It is also dependent on the awareness and knowledge of all stakeholders of the existence of the GRM and its accessibility and function, which is why the Programme will ensure inclusion of information on the GRM in all relevant communication to stakeholders. Stakeholders will be supported to articulate their grievance in a cogent manner, if required, and will explain the process to follow until the grievant confirms that the grievance has been satisfactorily, fully and amicably resolved (see Annex 17 for details).

AFC/ACP recognizes that the GRMs will contribute to strengthening the accountability of project to the stakeholders as well as present a pathway for the stakeholders to provide feedback and/or express grievances related to project activities. In this regard and in accordance with a global ESG framework, ICRF supported sub-programmes/projects will be required to satisfy the following requirements for their GRMs:

- a. Outline modalities for presenting complaints and grievance by project concerned stakeholders such as submission in person, community representation, by phone, text message, mail, e-mail or via a web site, etc.;
- b. Keep a Grievance Logbook where concerns are registered in writing and maintained as a database, under the oversight management responsibility;
- c. Publicly advertise procedures, setting out the length of time users can expect to wait for acknowledgment, response and resolution of their grievances;
- d. Ensure transparency about the grievance procedure, governing structure and decision makers;
- e. Design an Appeal Process as part of its GRM, to which unsatisfied grievances may be referred when amicable and mutually acceptable resolution of the grievance has not been achieved;
- f. Provide a mutually appointed mediation practitioner as an option where users are not satisfied with the proposed resolution;
- g. Provide and support medical care, psychosocial support, legal support, community driven protection measures, and reintegration support, as appropriate, to SEAH survivors, and ensure that the personnel handling the grievance is sufficiently trained to identify the need for such support provision.
- h.

## 5. CAPACITY BUILDING

**5.1 Capacity Building** -As part of our commitment to on-going assessment and management of E&S risks, AFC will provide periodic training on E&S risk management to all staff of the Corporation. The Board of Directors ("BoD"), acting through BRIC, is responsible for the approval, review and supervision of AFC/ACP's E&S Policy. Thus the following:

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<sup>6</sup> Called Independent Redress Mechanism (IRM), accessible at: <https://irm.greenclimate.fund/about>

<sup>7</sup> Accessible via [grievance@africafc.org](mailto:grievance@africafc.org)

**5.2 Risk Management** - The Chief Risk Officer ("CRO") is also the E&S Manager; s/he is responsible for the corporation's adherence to AFC's E&S Policy. The E&S Manager bears the overall responsibility for the ESMS. In particular the E&S Manager is in charge of:

- Planning for the implementation of the ESMS;
- Implementation of the ESMS;
- Developing the monitoring / reviewing mechanisms
- Assuring regular training;
- Generating routine / adhoc reports to the senior management, BRIC and other external stakeholders / organizations as and when required;
- Reviewing and improving the system as and when required;
- Liaising with the General Counsel to ensure that E&S representations, warranties and conventions are incorporated in investment documentations; and
- Ensuring that matters relating to the corporation's adherence to this policy are accurately reflected in the annual report.

For the efficient implementation of this policy, the E&S Manager may delegate responsibility to AFC and ACP personnel designated as ESRO or specialist E&S consultants.

**5.3 Environmental and Social Risk Officer** -The ESRO is in charge of the day-to-day business with regard to the ESMS. In particular and in line with procedures, s/he validates the E&S categorization of each eligible project, and carries out the ESDD for high risk projects. S/He ensures that for each investment the EIM and FIM contain the information as required by procedures. The ESRO prepares an Annual E&S report giving an overview of the portfolio (per risk categories) as well as a brief summary of all new Category A projects. S/He directly reports to the E&S Manager and is responsible for filing the relevant documentation.

**5.4 Business Originators (BO)** - In preparing an Investment Memo (IM) for a project, the BOs will indicate whether an ESDD of projects is required, what information is required to carry out the Assessment in accordance with the framework above, and finally the proposed Category (A, B or C). BOs also have the responsibility to obtain the information that is necessary for Risk Management to carry out the ESDD.

**5.5 Internal Audit** - Internal Audit is responsible for ensuring that AFC and ACP adhere to its own E&S Policy. It does so by arranging for and supervising independent consultants to carry out periodic transaction sample inspections, in order to ensure compliance. The modalities for arranging and supervising independent consultants to carry out periodic transaction sample inspections will feature in its annual Audit Plan.

**5.6 External E&S Consultants** -External E&S Consultants are hired in case AFC and ACP intends to finance projects with high E&S risks and impacts (Category A projects) and the information provided by the client is not sufficient to determine to which degree the client is complying with the AFC's E&S requirements (to be decided on a case-by-case basis). For a sample Terms of Reference for the involvement of E&S consultants, please refer to Annex 10. A list of approved E&S Consultants is provided in Annex 12.

## ANNEX 1: EXCLUSION LIST

The AFC Exclusion List defines the type of projects that AFC does not finance. AFC does not finance the following projects:

1. Production, use or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase outs or bans such as pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances, polychlorinated biphenyls (PCBs), and other hazardous substances, as well as wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) or subject to United Nations and African Union bans.
2. Production or trade in weapons and munitions.
3. Fossil fuels
4. Production or trade in narcotics.
5. Production or trade in alcoholic beverages (excluding beer and wine)
6. Pornography or Prostitution
7. Tobacco products with the exception of wholesale tobacco export financing in instances where the proceeds from tobacco exports represent a significant portion of an African country's foreign exchange earnings, and the total export financing amount does not exceed 10% of AFC's total loan portfolio.
8. Uranium mining or production with the exception of exporters or suppliers of uranium products for medical purposes.
9. Projects which substantially involve casinos or which carry out gambling and equivalent enterprises.
10. Production, use or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where AFC considers the radioactive source to be trivial and/or adequately shielded.
11. Production, use or trade in unbounded asbestos fibres. This does not apply to the purchase and use of bonded asbestos sheeting where the asbestos content is less than 20%.
12. Racist and Anti-Democratic Media
12. Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
13. Cross border trade in waste and waste products unless compliant with the Basel Convention and the underlying regulations.
14. Commercial logging operations for use in primary tropical moist forest.
15. Product or trade in wood or other forestry products other than from sustainably managed forests.
16. Production or activities involving the use of harmful or exploitative forms of forced labour extracted under threat of force or penalty.
17. Production or activities involving the use of harmful child labour (which means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral or social development).
18. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without the full documented consent of such peoples.

## 19. Destruction<sup>8</sup> of High Conservation Value areas<sup>9</sup>

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<sup>8</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost

<sup>9</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>)

## ANNEX 2: DUE DILIGENCE REQUIREMENTS BY E&amp;S CATEGORIZATION

	<b>Category A project (High risk)</b>	<b>Category B project (High/medium risk)</b>	<b>Category C Project (Low risk)</b>
<b>Level of E&amp;S risk &amp; impact assessment required for due diligence</b>	<p>Comprehensive ESIA or Audit<sup>10</sup> prepared by a qualified consultant and in accordance with international good practice and national legislation; including required levels of stakeholder consultation.</p> <p>Assessment/audit to include an assessment of company's E&amp;S management systems, commitment, capacity and track record and review of information in the public domain to check for any controversy associated with company's activities.</p> <p>Verification of client information and assessment by qualified expert.</p> <p>Site visit by E&amp;S consultant and AFC representative</p>	<p>Assessment of key high-risk E&amp;S issues, identified by AFC or a qualified consultant.</p> <p>Stakeholder consultation to be undertaken if required.</p> <p>E&amp;S Questionnaire.</p> <p>Site visit by external expert optional, site visit by AFC representative (ESRO, E&amp;S consultant, E&amp;S Manager, and/or BO) optional</p>	<p>Cross check and verification by AFC that categorization is correct; that there are no significant E&amp;S risks and that company complies with E&amp;S national laws.</p>
<b>Reference Standards for E&amp;S assessment /audit</b>	<p>National law</p> <p>ILO's Core Labour Standards</p>	<p>National law</p> <p>ILO's Core Labour Standards</p>	<p>National law</p> <p>ILO's Core Labour Standards</p>

<sup>10</sup> ESIA's are generally prepared for new developments whereas an audit would be undertaken on an existing operation looking at both compliance and effectiveness of management systems. In some situations a combination of both assessments would be required.

	<b>Category A project (High risk)</b>	<b>Category B project (High/medium risk)</b>	<b>Category C project</b>
<b>Minimum Requirements</b>	ILO Basic Terms and Conditions of Employment  IFC Performance Standards, general and any specific WB EHS Guidelines	ILO Basic Terms and Conditions of Employment	ILO Basic Terms and Conditions of Employment National law
	Compliance with national laws  Compliance with applicable IFC Performance Standards and EHS guidelines  Compliance with Core Labour Standards  Compliance with ILO Basic Terms and Conditions of Employment  Comprehensive action plan detailing measures to address identified risks and impacts and close performance/compliance gaps (CESAP)  Yearly performance monitoring and reporting (CAESR)	Compliance with national laws  Compliance with Core Labour Standards  Compliance with ILO Basic Terms and Conditions of Employment  Optional: Comprehensive action plan detailing measures to address identified risks and impacts and close the gaps (CESAP)  Yearly performance monitoring and	Compliance with national law  Compliance with Core Labour Standards  Compliance with ILO Basic Terms and Conditions of Employment
<b>Output of due diligence activity</b>	ESIA and/or audit report by a qualified expert.	Potentially, ESIA and/or audit report by a qualified expert.  ESRS document	

	Category A project (High risk)	Category B project (High/medium risk)	Category C project (Low risk)
	CESAP of prioritized actions	Potentially, CESAP of prioritized actions	
<b>Monitoring &amp; reporting requirements</b>	<p>Regular reporting (at least once a year and ad hoc in case of special incidents) on E&amp;S mitigation and management performance (CAESR and CESAP)</p> <p>Verification of performance monitoring data reported by independent party advisable.</p> <p>E&amp;S performance audits recommended.</p>	<p>Regular reporting (at least once a year and ad hoc in case of special incidents) on E&amp;S mitigation and management performance (CAESR and potentially CESAP)</p> <p>Auditing of specific risks identified recommended.</p>	<p>Report on any changes to the business activities that may change the E&amp;S risk profile.</p>

### ANNEX 3: CATEGORY A (HIGH RISK) PROJECT EXAMPLES

1. On and off-shore Oil & Gas developments and 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. Extraction of petroleum and natural gas for commercial purposes (including activities incidental to oil and gas extraction, excluding surveying).
3. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
4. Extraction, agglomeration and processing of peat, coal and lignite, metal ores, chemical and fertilizer minerals.
5. Production of salt.
6. Quarries and open cast mining operations.
7. Thermal power stations and other combustion installations with a heat output of 300 megawatts usually equivalent to a gross electrical output of 140 MWe for steam and single cycle gas turbines power stations. For combined cycle gas turbines (CCGT) the limit 300 MWth is interpreted as 200 MWe.
8. Integrated works for the initial smelting of cast-iron and steel; installations for the production of nonferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
9. 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 for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous-, nitrogen- or potassium-based fertilizers (simple or compound fertilizers); basic plant health products and of biocides; basic pharmaceutical products using a chemical or biological process; explosives.
10. Construction of motorways, express roads and lines for long-distance railway traffic and of airports with a basic runway length of 2,100 metres or more; construction of a new road of four or more lanes, or realignment and/or widening of an existing road 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.
11. Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
12. Sea ports and also inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1,350 tonnes; 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.
13. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
14. Municipal waste water treatment plants with a capacity exceeding 150,000 population equivalent.
15. Municipal solid waste-processing and disposal facilities.
16. Large<sup>11</sup> dams and other impoundments designed for the holding back or permanent storage of water.

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<sup>11</sup> As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15 m or more from the foundation. Dams that are between 5 and 15m high and have a reservoir volume of more than 3 million m<sup>3</sup> are also classified as large dams.

17. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
18. Industrial plants for the (a) production of pulp from timber or similar fibrous materials; (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
19. Large-scale logging.
20. Large-scale tourism and retail development.
21. Construction of overhead electrical power lines.
22. Large-scale land reclamation.
23. Activities involving the release of genetically modified organisms (GMOs) into the natural environment, and trade in GMOs to be released into the environment.
24. Large-scale primary agriculture / silviculture involving intensification or conversion of natural habitats.
25. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
26. Installations for the intensive rearing of poultry or pigs with more than: 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows.
27. Projects which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project category does not appear in the above list. Such sensitive locations include protected areas under national law or international conventions, sites of scientific interest, habitats of rare or endangered species, locations of international, national or regional importance, such as wetlands, forests with high ecological or biodiversity value, ...
28. Projects with significant impacts on economic and social basis of local communities.
29. Projects affecting indigenous or tribal populations (including lands directly inhabited or occupied or lands and watercourses used for subsistence activities such as livestock grazing, hunting and fishing).
30. Projects which may adversely affect areas of archaeological or cultural significance.
31. Projects with physical or economic resettlement components.
32. Projects with adverse impacts on communities (e.g. impacts on social and economic infrastructure, community health & safety, vulnerable groups or projects with high influx of immigrant workers and "rent seekers", extended traffic or construction activities) especially greenfield projects or large expansions.
33. Projects which involve large retrenchment (more than 20 per cent of the present workforce or >50 workers and,
34. Projects which impose serious occupational or health risks.

**ANNEX 4: E&S DUE DILIGENCE QUESTIONNAIRE****Annex 4A : General Environmental and Social Screening Questionnaire****1. Company Information**

Company Name	
Company Address	
Company/Project Activities	

**2. Surrounding Environmental Characteristics**

Are there any significant cultural heritage, geological, historical or religious interests in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any water bodies including delta, rivers and lakes in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any residential areas, including villages in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any agricultural areas in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any critical habitats, forests, savannahs, mangrove swamps in or around the Project/Company location?	

**3. Risks posed by Project/Company Operations on Immediate Community**

Is the Project/Company exposed to any of the following E&S risks? Indicate Y or N:

	Danger of fire or explosion and/or transport of hazardous goods		Construction activities
	Increase of communicable diseases (e.g. HIV/AIDS)		Resettlement and/or land acquisition
	Flooding (e.g. from water reservoirs/dams)		Marked increase of traffic with heavy load vehicles
	Influx of migrant/temporary workers		Overland lines (more than 200kV)
	Armed security forces		Pollution
	Limiting access to basic necessities (e.g. access to water bodies, communal land)		

#### 4. Procurement and Supply Chain

Which of the following does the Project/Company's supply chain comprise of?

	Dependent micro enterprises		Home workers / informal sector
	Mines / Extractive industries		Wood from natural forests and/or plantations
	None of the above		

#### 5. Employment and Job Creation

Total staff strength of Project/Company	
No. of permanent male staff	
No. of permanent female staff	
No. of temporary male staff	
No. of temporary female staff	
No. of temporary migrant workers (male)	
No. of temporary migrant workers (female)	
If the client provides migrant workers with dormitories, how much is the rent charged?	
Do workers have separate beds?	
Is "hot bedding" practiced?	
What is the maximum number of workers in a room?	
What is the maximum number of workers that share a toilet?	

In the construction phase of this project (if applicable), how many jobs will be created? Fill the table below:

Project/Company (Male)	Jobs	Project/Company (Female)	Jobs
Contractor Jobs (Male)		Contractor Jobs (Female)	
Supply Chain Jobs (Male)		Supply Chain Jobs (Female)	
<b>Total Male</b>		<b>Total Female</b>	
Length of construction period			

#### IFC Performance Standard 1 - Assessment and Management of Environmental and Social Risks and Impacts

In the table below, list which valid permits or reports are available, missing or pending for Project/Company operations:

(add more rows if necessary)

Permit	Available	Not available	Pending
1.			
2.			
3.			
4.			
5.			

Does the Project/Company comply with all relevant national and international environmental and social laws?	
How does the Project/Company currently manage environmental and social risk?	
Have there been any incidents and/or occupational accidents that caused fatalities, incidents involving evacuation, compensation claims, serious injuries, illness, fires, explosions, sudden release of hazardous substances, pollution event or major damage within the Project/Company location or in the vicinity of the location during the last five years?	
Is there a risk of incidents and/or occupational accidents that can cause fatalities, incidents involving evacuation, compensation claims, serious injuries, illness, fires, explosions, sudden release of hazardous substances, pollution event or major damage within the Project/Company location or in the vicinity of the location?	
Are there any legal claims pending?	
Has the Project/Company conducted an Environmental and Social Impact Assessment (ESIA)?	
Was the ESIA conducted according to applicable local law?	

Was the ESIA conducted according to IFC Performance Standards?	
If yes, was the ESIA conducted by an independent consultant?	
Does the Project/Company have an environmental and social impact action plan?	
Does any international Development Finance Institution (DFI) have board approval to participate in this project?	
If yes, which one(s)?	
What is the Project/Company's engagement process for stakeholders, affected communities and NGO's?	
Does the Project/Company address stakeholder, community and worker grievances?	
If yes, please describe the process	
Is environmental and social performance information reported to senior management, the board, investors and stakeholders?	
Have Project/Company workers ever been on strike?	
Have there been negative media campaigns or community protests relating to the Project/Company?	
If yes, please describe	
Has there been a fire, explosions, pollution event, hazardous substance or occupational accident or fatalities?	
If yes, please describe	

### IFC Performance Standard 2 - Labour and Working Conditions

Does the Project/Company's HR policy provide information on rights under national labour and employment law?	
Is this policy understood and accessible to all staff?	
Please, provide a copy of the policy (Indicate 'Yes' if HR Policy is included)	
Does the Project/Company lodge deposits or original identity papers upon commencing employment with the Project/Company?	
Please elaborate	
Do signed employment contracts, provided to staff, state remuneration, and terms and condition of	

service?	
Please elaborate	
Do all employees have signed contracts?	
If not, please elaborate	
What is the process by which employee grievance is addressed and reviewed (if in place)?	
Does the Project/Project/Company withhold salaries from staff?	
If yes, please describe	
What is the local legal minimum age?	
Are employees between local legal minimum age and 18 employed?	
Are trade unions allowed in the Project/Company?	
What is the percentage difference between the Project/Company's average monthly wage and the local legal minimum monthly wage?	
Will there be retrenchment of workers at a certain stage in this project?	
Has there been retrenchment within the last five years?	
If yes, please elaborate	
Does the Project/Project/Company contractually bind subcontractors to comply with at least the relevant local environmental, health, safety and labour laws and regulations?	
Does Project/Project/Company ensure that children and forced labour are not used in the supply chain?	
If yes, please elaborate	
Are there first aid facilities on site?	
Are staff exposed to dust, hazardous substances, heat, noise, radiation or electromagnetic fields in the course of work?	
Is potable water to all employees (to at least local standard) available?	

What are the regular working hours?	
Do employees have any time off per week?	
If yes, how much?	
Do employees work overtime?	
If yes, please specify the average number of overtime hours per week and if paid at premium	

### IFC Performance Standard 3 - Resource Efficiency and Pollution Prevention

Does the Project/Project/Company manage ambient conditions on and around project site for the purposes of monitoring the impact of operations, and ensuring effluents are within guidelines? Ambient condition parameters include air quality, water (surface and ground) quality and flows, and soil quality	
Has the Project/Project/Company a detailed emergency prevention, preparedness and response plan?	
Is there a waste management plan in place for hazardous and non-hazardous waste?	
Do activities conducted or controlled by the Project/Project/Company Project/Company release more than 100,000 tonnes of greenhouse gas emissions into the atmosphere annually?	

### IFC Performance Standard 4 - Community Health, Safety and Security

Has the Project/Project/Company established communication lines with host communities or affected communities?	
Please elaborate	
Is the mechanism by which community grievances are communicated to the Project/Company effective (if in place)?	
Does the Project/Project/Company employ armed security guards to safeguard lives and properties?	
Are they contracted or employed directly?	
If armed, do they have a valid arm license?	
Is there any code of conduct for armed guards?	

If yes, please, provide a copy	
Are people of vulnerable groups (e.g. elderly, women, children, poor, ethical groups) being affected by the project?	
If yes, please describe possible impacts	
Are the project immediate communities aware of Sexual Abuse (SA) and Sexual Harassment (SH) issues and modality for lodging grievances, if necessary?	

### IFC Performance Standard 5 - Land Acquisition and Involuntary Resettlement

Does the project involve land acquisition?	
If yes, what was the previous use of the land and how was the land acquired?	
Was the land acquisition managed by the government?	
Does the project involve resettlement?	
If yes, please elaborate on number of households to be resettled, who manages the resettlement	
Even when the land acquisition has been managed by the government, has the Project/Project/Company engaged with the affected / displaced community to consider how the community may derive developmental benefits from the investment?	
If applicable, are there any instances of historical pollution associated with operational sites?	
Are there any community complaints / negative media coverage with regards to community impacts and community health & safety?	
Does the Project/Company's emergency preparedness and response plan take into account risks and impacts from project activities to local communities, and provide for adequate response procedures in the event of an incident?	
Has a resettlement action plan been developed?	
If yes, please provide a copy	
Has the Project/Company disclosed all relevant information to and consulted with affected persons and communities to be resettled?	

Has the Project/Company facilitated the informed participation of affected persons and communities in the decision-making process relating to resettlement?	
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**IFC Performance Standard 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Does the Project/Company conduct any operations in legally protected areas or has/will have an impact on protected, rare, endangered species?	
If so, what are the Project/Project/Company's plans to address the impact of its operations on biodiversity?	

**IFC Performance Standard 7 - Indigenous People**

What are the Project/Project/Companys plans for constructive engagement with indigenous people?	
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**IFC Performance Standard 8 - Cultural Heritage**

Will the Project/Project/Companys' activities have an impact on cultural properties with historical, archaeological or religious value?	
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Name & Position of Project/Company Contact	
Signature	
Date	

## Annex 4B: SEAH Due Diligence

Reflecting International Best Practice, the SEAH due diligence process has been aligned with the DAC Recommendation on Ending Sexual Exploitation, Abuse, and Harassment<sup>12</sup>.

The following table presents questions to be addressed during the due diligence assessment. The questionnaire covers 6 areas of SEAH risks, in line with the DAC recommendations.

Question	Yes / No
<b>SEAH Safeguarding Approach</b>	
1.a. As part of the Project/Company's management systems, is there a safeguarding policy and does it specifically cover sexual exploitation and abuse and sexual harassment?	
1.b. If not, and there is work with children, young people or adults at risk, is there specific policies covering those groups that address SEAH risks?	
1.c. If there is neither a safeguarding policy nor work with those groups, is there SEAH policies which are either standalone or part of an overall HR handbook?	
2. Does the policy include a statement of commitment to safeguarding, such as a zero-tolerance statement on tackling SEAH and inaction on reports?	
3. Are management and staff informed about the Project/Company's commitment to safeguarding and how they can raise any grievances? Is the Project/Company's view informing the design and operation of reporting mechanisms?	
4. Is the Project/Company's clear on how it will support a survivor or victim of SEAH perpetrated by a member of its staff or an implementing partner? Has it considered who it may need to report a case to and what it may need to consider to ensure a survivor-centered approach?	
5. Is the Project/Company clear about which authorities it may need to report SEAH incidents to in a country where it operates? And has it considered circumstances in which such reporting may not be safe for those involved?	
6. Is there any independent verification of adherence to the SEAH elements of the Core Humanitarian Standard, for example through HQAI, or the IASC Minimum Operating Standards on PSEA?	
<b>Grievances and Whistleblowing</b>	
7. Does the Project/Company have a clear process which allows grievances or concerns to be raised from both outside and within the Project/Company, and are staff trained in how to operate it?	
8. Is there a whistle-blowing policy which protects whistle blowers from reprisals and includes clear processes for dealing with concerns raised and by whom and the timelines involved?	
9. Does the Project/Company keep a detailed register of safeguarding allegations raised and how they were dealt with?	
10. Are grievance mechanisms survivor-centered and designed to ensure confidentiality and avoid re-traumatization?	
<b>Recruitment and Training</b>	

<sup>12</sup> "DAC Recommendation on Ending Sexual Exploitation, Abuse, and Harassment in Development Co-operation and Humanitarian Assistance: Key Pillars of Prevention and Response framework"

Question	Yes / No
11. Are SEAH risks factored into job adverts and related interview processes including the requirement for references, the type of questions asked and the level of safeguarding expertise of the interviewers?	
12. Does the Project/Company provide mandatory training on safeguarding, including on grievances and whistle-blowing, to new trustees/staff/volunteers within a suitable and appropriate timeframe of them joining your Project/Company?	
13. Does the Project/Company provide regular refresher training on safeguarding to staff/volunteers?	
14. Does the Project/Company have different levels of security and reference checks commensurate with safeguarding requirements of the role?	
15. Is the Project/Company using the Misconduct Disclosure Scheme and if not does it plan to sign up?	
16. Does the Project/Company make use of probationary periods of employment to ensure suitability once in post?	
<b>Risk Management</b>	
17. Does the Project/Company have a risk management policy or framework capturing risk appetite and risk categories including safeguarding?	
18. Does the Project/Company share its risk management policy where it relates to safeguarding risks with its downstream partners i.e. are downstream partners advised on escalation procedures around safeguarding issues?	
19. Does the Project/Company have risk registers for all programmes that feed into an overall organizational risk framework?	
20. Is there regular senior oversight of the risk register?	
21. If applicable - are fundraising ideas and external communications risk assessed to ensure no harm is done by the activity? (E.g. Fundraising is delivered in the context of safeguarding e.g. 'sponsorship')	
<b>Code of Conduct</b>	
22. Does the Project/Company have in place a Code of Conduct for staff and volunteers that explicitly prohibits SEAH and sets out clear expectations of behaviors – inside and outside the work place – and on what will happen in the event of non-compliance or breach of these standards?	
23. Does the code of conduct prioritize the wellbeing and care of all people including direct and indirect Programme's beneficiaries?	
24. Are all staff and volunteers provided with training on the code of conduct as part of their induction?	
25. Are there policies and practices for the management of downstream partners and affiliates aligned to the Code of Conduct?	
26. Are the expected behaviors set out in the Code of Conduct influencing and reflected in the organization's culture?	
<b>Governance and accountability</b>	
27. Does the Project/Company have a designated senior safeguarding officer who reports regularly to the senior leadership and Board?	
28. Does the governance structure reflect regular review of management of safeguarding issues internally and externally?	
29. For larger organizations operating in multiple locations are there local SEAH focal points and is there a good network for linking them with the designated organization safeguarding lead?	

Question	Yes / No
30. Does the Project/Company share its safeguarding policy with its downstream partners and does it have in place procedures to ensure safeguarding issues are escalated and shared with the Project/Company?	

**ANNEX 4C: E&S SECTOR-SPECIFIC DUE DILIGENCE QUESTIONNAIRE**

## Climate-resilient Transport and Logistics

<b>Question</b>	<b>Yes / No</b>
1. Do all actors involved in designing, implementing, constructing, operating and decommissioning, including all contractors and sub-contractors, possess the necessary licenses to operate in their respective field, in accordance with national law?	
2) Has the choice of materials and construction methods been screened for low environmental (including climatic) adverse impacts, while still maintaining the highest standard of structural integrity and safety?	

## Climate-resilient Energy Systems

<b>Question</b>	<b>Yes / No</b>
1.a Has the safety of all installations, particularly those containing high voltage cables and infrastructure, been independently checked for safety against accident?	
1.b Has the safety of all installations, particularly those containing high voltage cables and infrastructure, been independently checked for safety against sabotage?	
1.c Has the safety of all installations, particularly those containing high voltage cables and infrastructure, been independently checked for safety against attempted third-party tampering, for example for the purpose of stealing equipment or electricity?	
1.d Has the safety of all installations, particularly those containing high voltage cables and infrastructure, been independently checked for safety against interactions with children, wildlife or weather?	
2. Does the stakeholder engagement include sufficient provisions to mitigate safety concerns among the project-affected populations, for example for the risk of electrical shocks to humans and livestock, or other concerns held by these stakeholders?	

## Climate-resilient Economic zones

<b>Question</b>	<b>Yes / No</b>
1. Has the Project Design adequately integrated visual and cumulative impacts and considered integrated stakeholder opinions?	
2. Has the relevance of the chosen sector of the planned Economic Zone been checked with the Project-affected population, and have sufficient provisions been taken to ensure high acceptance and a high degree of local content among of the workforce, suppliers and partners of the actors operating in the Economic Zone?	

## Climate-resilient Telecommunication and Digital Infrastructure

Question	Yes / No
1.a Has the resilience of the planned telecommunication and digital infrastructure against sabotage been checked?	
1.b Has the resilience of the planned telecommunication and digital infrastructure against theft been checked?	
2. Has the relevance of the planned telecommunication and digital infrastructure for the local population been assured, and does the Operating Plan include provisions to include the local population in its benefits?	
3. Does the stakeholder engagement include sufficient provisions to mitigate safety concerns among the project-affected populations, for example for the risk of electrical shocks to humans and livestock, or other concerns held by these stakeholders?	
4. Have all reasonable efforts been undertaken to ensure that the regular energy supply as well as the back-up energy supply for the operation of the planned telecommunication and digital infrastructure is provided from renewable energy sources?	

**ANNEX 5: ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY GUIDANCE (CATEGORY A and B PROJECTS)**

Environmental Category	Social Category
Client:	
Amount / type of finance :	
Project description	
Purpose:	
<p><b>Detailed Information:</b></p> <p>PS1: Social and Environmental Assessment and Management Systems  (a) Area of Influence of the Project, (b) Environmental and Social Assessment, (c) Management Program, (d) Organization, (e) Training, (f) Public Consultation; (g) Community Engagement, (h) Monitoring, (i) Reporting</p> <p>PS2: Labor and Working Conditions  (a) Human Resource Policy and Management, (b) Number of Workforce / Worker's Organizations, (c) ILO Core Labour Standards, (d) Basic Terms and Conditions of Employment, (e) Non-Discrimination and Equal Opportunity, (f) Retrenchment, (g) Protecting the Work Force, (h) Occupational Health and Safety; (i) Supply Chain and Sub Contractor Management</p> <p>PS3: Pollution Prevention and Abatement  (a) Pollution Prevention, Resource Conservation, Energy, Resource and Water Efficiency, (b) Waste, (c) Hazardous Materials, (d) Emergency Preparedness and Response, (e) Greenhouse Gas Emissions, (f) Pesticide Use and Management</p> <p>PS4: Community Health, Safety and Security  (a) Community Health, Safety and Security, (b) Community Emergency Preparedness and Response, (c) Security Personnel Requirements and Security Forces, (d) Grievance Mechanism, (e) Community Engagement &amp; Development</p> <p>PS5: Land Acquisition and Involuntary Resettlement  (a) Compensation and Benefits for Displaced Persons, (b) Consultation and Grievance Mechanism, (c) Resettlement Planning and Implementation, (d) Physical Displacement, (e) Economic Displacement, (f) Private Sector Responsibilities under Government-Managed Resettlement</p> <p>PS6: Biodiversity Conservation and Sustainable Natural Resource Management</p>	

(a) Protection, Conservation and Management of Biodiversity (Habitat, Modified Habitat, Natural Habitat, Critical Habitat, Legally Protected Areas, Invasive Alien Species), (b) Management and Use of Renewable Natural Resources (Natural and Plantation Forests, Freshwater and Marine Systems)

PS7: Indigenous Peoples

(a) Indigenous people within or adjacent to the project footprint, (b) potential impacts on indigenous people (use of traditional or customary lands, cultural resources, resettlement etc.), (c) Avoidance of Adverse Impacts, (d) Information Disclosure, (e) Consultation and Informed Participation

PS8: Cultural Heritage

(a) Impacts on cultural habitat, (b) Removal of Cultural Heritage, (c) Protection of Cultural Heritage in Project Design and Execution, (d) international recognized practices, chance find procedure, consultation

**Contractual Requirements:**

**Scope and execution of environmental and social review:**

Evaluation documents (submitted, reviewed):

On-site visits environmental officer or external consultant

**Date/Responsible:**

**ANNEX 6. CLIENT ENVIRONMENTAL AND SOCIAL ACTION PLAN (CESAP)**

<b>AREA OF CONCERN</b>	<b>ACTION</b>	<b>DELIVERABLE / INDICATOR</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>	<b>COST</b>
PS 1. Social and Environmental Assessment and Management System					
PS 2. Labour and Working Conditions					
PS 3. Pollution Prevention and Abatement					
PS 4. Community Health, Safety and Security					
PS 5. Land Acquisition and Involuntary Resettlement					
PS 6. Biodiversity Conservation and Sustainable Management of Living. Natural Resources					
PS. 7 Indigenous People					
PS 8. Cultural Heritage					

## ANNEX 7: LEGAL CLAUSES (BUILDING BLOCKS)

**“Basic Terms and Conditions of Employment”** means the requirements as applicable to any Obligor on wage, working hours, labour contracts and occupational health & safety issues, stemming from ILO conventions 26 and 131 (on remuneration), 1 (on working hours) and 155 (on health & safety).

**“Coercive Practice”** means the impairing or harming, or threatening to impair or harm, directly or indirectly, of any party or the property of the party to influence improperly the actions of a party.

**“Collusive Practice”** means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

**“Core Labour Standards”** means the requirements as applicable to any Obligor on child and forced labour, discrimination and freedom of association and collective bargaining, stemming from the ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 and covering: (i) freedom of association and the right to collective bargaining, (ii) the elimination of forced and compulsory labour, (iii) the abolition of child labour and (iv) the elimination of discrimination in the workplace.

**“Corrupt Practice”** means the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

**“Designated Categories of Offences”** means the following categories of offences as defined by the third FATF Recommendation and its interpretative note: participation in an organised criminal group and racketeering; terrorism, including financing of terrorism; trafficking in human beings and migrant smuggling; sexual exploitation, sexual abuse (SA), sexual harassment (SH) including sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder, grievous bodily injury; kidnapping, illegal restraint and hostage-taking; robbery or theft; smuggling (including in relation to customs and excise duties and taxes); tax crimes (related to direct taxes and indirect taxes); extortion; forgery; piracy; insider trading and market manipulation.

**“Client Environmental and Social Action Plan (CESAP)”** means the environmental and social action plan agreed upon between the Obligors and the Lenders, defining actions, responsibilities, budgets, deliverables, compliance indicators and a timeframe for the measures required to remedy the known non-compliances with the environmental and social requirements in the business activities of the Obligors and for any other measure agreed upon, as amended from time to time. The CESAP will clearly specify identified gaps between the Obligors' performance and the IFC Performance Standards and will propose mitigation activities to close those gaps within a reasonable time.

**“Environmental and Social Claim”** means any claim, proceeding or investigation by a person in respect of an Environmental Law or a Social Law or an environmental and social agreement between the Obligors and another person.

**“Environmental and Social Management System”** means the part of the overall management system of the Obligors that includes the relevant policies, organisational structure, planning activities, responsibilities, practices, procedures and resources for developing, implementing, achieving, reviewing and maintaining compliance with the environmental and social requirements under this Agreement, dedicated to the systematic and structured improvement of environmental and social performance, specifically targeted to identify and manage environmental and social risks relating to the business of the Obligors and its Affiliates and assuring compliance with the provisions of Annex 1 (AFC Exclusion List), satisfactory to the Lenders.

**“Client Environmental and Social Monitoring Report”** means the Annual Environmental and Social Monitoring Report (CAESMR) prepared by the Obligors and submitted to the Lender no later than 90 days after the end of the financial Year. The CAESMR reports about Project progress, compliance with the Environmental and Social Requirements, challenges in connection with the same and how they are addressed, project benefits and other environmental and social issues relating to the development and operation of the Project. The form of the Client Environmental and Social Monitoring Report will be provided to the Obligors by the Lender in a timely manner.

**“Environmental and Social Permit”** means any environmental and/or social permit, license, consent, approval or other Authorisation required by any Obligor to conduct its business.

**“Environmental and Social Requirements”** means the stricter of (i) Environmental Law, (ii) Social Law, (iii) Environmental and Social Permits, (iv) Basic Terms and Conditions of Employment, (v) Core Labour Standards, (vi) IFC Performance Standards, including all applicable IFC Environmental Health and Safety Guidelines<sup>13</sup>, and (vi) any other internal requirements set by the Environmental and Social Management System, including compliance with AFC Exclusion List (Annex1).

**“Environmental Law”** means any law, rule or regulation (including international treaty obligations) concerning environmental matters and natural resource management and in each case having the force of law and applicable in respect of any Obligor or any country in which that Obligor carries out business activities financed by any Lender.

**“Excluded Activities”** has the meaning given to such term in Annex 1 (Exclusion List). **“FATF**

**Recommendations”** means such recommendations as defined from time to time by the Financial Action Task Force (being an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and the financing of terrorism).

**“Financial Sanctions Lists”** means the list of persons, groups or entities which are subject to African Union, United Nations or European Union financial sanctions.

**“Fraudulent Practice”** means any action or omission, including misrepresentation, which knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial

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<sup>13</sup> With respect to high Risk Clients (Category A)

benefit or to avoid an obligation.

“**IFC**” means the International Finance Corporation, an associated institution of the World Bank.

“**WB Environmental, Health and Safety Guidelines**” means the General Environmental, Health and Safety Guidelines and applicable sector-specific Environmental, Health and Safety Guidelines of the World Bank.

“**IFC Performance Standards**” means IFC’s Performance Standards on Social and Environmental Sustainability for achieving sustainable development dated January 2012. IPS Performance Standards means the following documents published by the International Finance Corporation:

- (a) Performance Standard 1: Social and Environmental Assessment and Management System;
- (b) Performance Standard 2: Labour and Working Conditions;
- (c) Performance Standard 3: Pollution Prevention and Abatement;
- (d) Performance Standard 4: Community Health, Safety and Security;
- (e) Performance Standard 5: Land Acquisition and Involuntary Resettlement;
- (f) Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management;
- (g) Performance Standard 7: Indigenous Peoples;
- (h) Performance Standard 8: Cultural Heritage.

“**ILO**” means International Labour Organisation.

“**ILO Standards**” means any treaty, convention or covenant of the ILO signed and ratified by the country and the Core Labour Standards.

“**Obstructive Practice**” means:

- (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a Finance Party investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

(b) acts intended to materially impede the exercise of any Finance Party’s access to contractually required information in connection with a Finance Party investigations into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

“**Sanctionable Practice**” means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice.

“**Social Law**” means any law, rule or regulation (including international treaty obligations) having the force of law and applicable in respect of any of the Obligors and any country

in which that Obligor carries out business activities concerning (i) labour, (ii) social security, (iii) the regulation of industrial relations (between government, employers and employees), (iv) the protection of occupational as well as public health and safety, (v) the regulation of public participation, (vi) the protection and regulation of ownership of land rights (both formal and traditional), immovable goods and intellectual and cultural property rights, (vii) the protection and empowerment of indigenous peoples or ethnic groups, (viii) the protection, restoration and promotion of cultural heritage, (ix) all other laws, rules and regulations providing for the protection of employees and citizens.

## **Section 1 – Representations**

- (a) Each Obligor makes the representations and warranties set out in this Section 1 to each Finance Party on the date of this Agreement and the date of Financial Close.
- (b) Each of the representations and warranties set out in this Section 1 are deemed to be made by each Obligor on each Utilisation Date and on the first day of each Interest Period.
- (c) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

### **1.1 Origin of funds**

Neither the Obligors nor any of their respective equity nor any funds for projects or transactions they participate in are (a) of illicit origin with respect to, without limitation, the FATF Recommendations or (b) resulting from activities such as fraud, a Corrupt Practice, or any other Designated Categories of Offences.

### **1.2 Sanctionable Practices**

None of the Obligors or their affiliates, or other person acting on their behalf, has committed or is engaged in any Sanctionable Practice, with respect to any transaction contemplated by the Facility Agreement.

### **1.3 Social and environmental**

- (a) No Environmental and Social Claim has been commenced or (to the best of its knowledge and belief) is threatened against any Obligor; and

The Obligors are in full compliance with all applicable Environmental and Social Requirements and have taken all reasonable steps in anticipation of known or expected future changes or obligations arising under the same.

## **Section 2 - Information Undertakings**

The undertakings in this Section 2 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is

in force.

### **2.1 Origin of funds**

The Obligors shall supply to the Lenders, promptly upon becoming aware of them, the details of any information regarding any illicit origin of its or any of its equity or funds they procure with respect to, without limitation, (i) the FATF Recommendations or (ii) resulting from activities such as fraud, a Corrupt Practice or other Designated Categories of Offences.

### **2.2 Environmental and Social Claims**

The Obligors shall inform the Lenders in writing as soon as reasonably practicable but in any event within 7 days upon becoming aware of the same of (i) any breach by an Obligor of any Environmental Law or any Environmental and Social Permit; (ii) any Environmental and Social Claim being commenced against any member of the Group; (iii) any facts or circumstances which will or are reasonably likely to result in any Environmental and Social Claim being commenced or threatened against any Obligor, and within 3 days of the occurrence of any of the events set out below, (i) details of any incident or accident (including without limitation any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination) or any material incident of a social nature (including without limitation any violent labour unrest or material dispute with local communities) occurring on or nearby any site, plant, equipment or facility of the Obligors which has or is reasonably likely to have a material adverse effect on the environment, health and safety and social and/or cultural context together with, in each case, a specification of the nature of the incident or accident and the on-site and off-site effects of such events; and (v) details of any action the Obligors propose to take in order to remedy the effects of these events and shall keep the Lender informed about any progress in respect of such remedial action.

### **2.3 Client Environmental and Social Monitoring Report**

- (a) The Obligors shall, not later than ninety (90) days after the end of each of their financial years, deliver to the Lenders a Client Environmental and Social Monitoring Report, describing the environmental and social status of the Project, policies and standards being complied with by the Obligors, providing an update on all applicable matters set out in the Client Environmental and Social Action Plan and Environmental and Social Management System, positive and negative impact and how the latter is to be mitigated referring to requirements and guidelines set out in Clause\*

## **Section 3 - Positive Undertakings**

The undertakings in this Section 3 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

### **3.1 Sanctionable Practices – monitoring**

In the event that a Lender notifies any Obligor of its reasonable concerns that there has been a violation of the provisions of this Clause - *Sanctionable Practices –monitoring* or of any other Clause on *Sanctionable Practices*, setting out in reasonable detail the basis

of such concern, the Obligors shall cooperate in good faith with the Lenders and their representatives in determining whether such a violation has occurred, and shall respond as soon as reasonably practicable and in reasonable detail to any such notice from a Lender, and shall furnish documentary support for such response upon the Lenders' request.

### **3.2 Compliance with Environmental and Social Requirements**

The Obligors shall comply in all material respects with the Environmental and Social Requirements (*including the applicable IFC Performance Standards*) and the Client Environmental and Social Action Plan (*when applicable*), and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same.

### **3.3 Environmental and Social Action Plan**

(a) The Obligors shall, in a manner reasonably satisfactory to Lenders, implement all actions as provided in the Client Environmental and Social Action Plan within the time-frames mentioned. The Obligors will provide to the Agent for distribution to the Lenders the relevant deliverables and compliance indicators evidence directly upon completion of such action items.

### **3.4 Environmental and Social Management System**

The Obligors shall (*implement, maintain, certify*) an Environmental and Social Management System consistent with leading, accepted international good practice standards such as (*ISO 14001, OHSAS 18001, SA 8000*), and shall at all times conduct its business in accordance with the Environmental and Social Management System.

### **3.5 Environmental and Social Monitoring**

The Obligors will indemnify each Lender from costs and expenses relating to monitoring by a Lender upon Default in relation to Environmental and Social Requirements.

## **Section 4 - Negative Undertakings**

The undertakings in this Section 4 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

### **4.1 Excluded Activities**

The Obligors shall not perform any of the excluded activities as listed in Annex 1 (AFC Exclusion List) or (ii) enter into transactions or business relationships with any person performing any of the excluded activities as listed in Annex 1 (AFC Exclusion List).

### **4.2 Sanctionable Practices**

The Obligors shall not engage in (and shall not authorise or permit any other person acting on its behalf to engage in) any Sanctionable Practice with respect to any transaction contemplated by this Agreement.

### 4.3 Anti-money laundering diligences

The Obligors undertake:

- (a) that they shall not enter into business relationships with persons or entities which appear on any of the Financial Sanctions Lists (including, in particular, the financing of terrorism);
- (b) that they shall not finance or participate in material or sectors subject to United Nations, African Union or European Union embargo; and
- (c) that neither their equity nor the funds for projects or transactions it participates in will ever (i) be of illicit origin with respect to, but not limited to, the FATF Recommendations or (ii) result from activities such as fraud against the financial interests of countries within the African Union, the European Communities, Corrupt Practice, or other Designated Categories of Offences.

## Section 5 - Events of Default

### 5.1 Anti money laundering diligences

- (a) Existence of business relations between any Obligor and a person, a group or an entity which is on the Financial Sanctions List (including, in particular, the financing of terrorism);
- (b) Any Obligor entering business involving materials or sectors subject to embargo by the African Union, United Nations or the European Union;

any transaction or business relationship involved in by any Obligor permits or results in a Corrupt Practice or all or part of any Obligor's equity or funds such Obligor procures for their business are (i) of illicit origin with respect to, without limitation, the FATF Recommendations or (ii) resulting from activities such as fraud against the financial interests of the countries in the African Union, European Communities, a Corrupt Practice, or any other Designated Categories of Offences.

## Section 6 - Inspection Rights

The undertakings in this Section 6 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

- a. Each of the Obligors shall permit the Technical Adviser, the Lenders and the Agent as appropriate or may be required or any of their respective representatives, consultants, professional advisers or agents, without unreasonably disrupting its normal course of business, to (in the presence of the Obligor) inspect its place of business and its books and records (including any environmental or social monitoring and auditing which will include any monitoring visits and audits permitted under the Environmental and Social Requirements) during normal business hours and upon ten (10) days' prior notice and shall permit and authorise the Agents to contact and address questions directly to the auditors and senior management employees of the Obligor, if so requested in the presence of representatives of the Obligor.

- b. Each of the Obligors shall permit the Technical Adviser, the Lenders and/or the Agent, as appropriate or may be required or any of their respective representatives, consultants, professional advisers or agents (in the presence of the Obligor) full access during normal business hours and upon reasonable prior notice, to the Project and all data and information relating thereto to enable the Technical Adviser, the Lenders and/or the Agent, as appropriate or may be required to check its compliance with the terms of this Agreement provided that such access does not unreasonably disrupt its normal course of business.
- c. Each of the Obligors shall reimburse the Technical Adviser, the Agent and/or the Lenders on demand for all costs and expenses reasonably incurred as a consequence of the exercise of any inspection rights in accordance with paragraphs (a) and (b) above.

**ANNEX 8A CLIENT ANNUAL E&S MONITORING REPORT FORMAT (CAESMR)****AFC/ACP**

Environmental and Social Annual Report

Company name:

Company address:

**In the reporting period:**

Have there been any positive incidents reported (awards, positive media press) reported?

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Have there been any strikes, protests, law suits, claims, fatalities, fire, explosions, environmental accidents, pollution, community complains or other negative adverse incidents including negative press releases related to the Client?

What is the project's status (construction, operational, etc.)?

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Has an Action Plan been contractually agreed on? If yes, please, attach a copy and provide an update

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1.

Employment

( i ) Staff strength of the client?

Total:

Permanent Male Staff:

Temporary Male Staff:

Permanent Female Staff:

Temporary Female Staff:

( ii ) Number of temporary migrant workers

Male:

Female

If the client provided migrant workers with dormitories, how much was the rent charged (as a percentage of monthly salary

Did workers have separate beds and their privacy was respected?

Assessment and Management of Environmental and Social Risks and Impacts –Please list which valid permits or reports are available, are there any permits that are not available,

missing or pending?

Permit	Available	Not available	Pending
Example: International Convention for Prevention of Pollution from Ships, 1973/1978 <b>(MARPOL)</b> certificates			

Did the client comply with all relevant national environmental and social law?

How the client did manage its environmental and social aspects?

What is the client's engagement process for stakeholders, affected communities and NGO's?

How has the client engaged with stakeholders, communities and workers? Have there been any grievances

## **PS 2 Labour and Working Conditions**

Does the company's HR policy provide information on rights under national labour and employment law? Is this policy understood and accessible to all staff? Please, provide a copy of the policy

Does the company lodge deposits or original identity papers upon commencing employment with the company? Please, elaborate

Do signed employment contracts, provided to staff, state remuneration, and terms and condition of service? Please elaborate

Do all employees have signed contract? If not, please elaborate

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What is the process by which employee grievance is addressed and reviewed (if in place)?

Does the client withhold salaries from staff? If yes, please describe?

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Are employees between local legal minimum age and 18 employed? What is the local legal minimum age?

Are trade unions allowed in the company?

What is the percentage difference between the company's average monthly wage and

the local legal minimum monthly wage?

Has there been retrenchment? If yes, please elaborate

Does the Client contractually bind sub-contractors to comply with at least the relevant local environmental, health, safety and labour laws and regulations?

Did client ensure that children and forced labour are not used in the supply chain? If yes, please elaborate

Was first aid on site?

Was staff exposed to dust, hazardous substances, heat, noise, radiation or electromagnetic fields?

Was portable water to all employees (to at least local standard) available?

What was the regular working time? Did employees have one day off per week? Did employees work overtime? If yes, please specify number of overtime hours per week and if paid at premium

### **PS 3 Resource Efficiency and Pollution Prevention**

Did the client monitor ambient conditions on and around site including air quality, water (surface and ground) quality and flows, soil quality for the purposes of monitoring the impact of operations, and ensuring effluents are within guidelines?

Has the client a detailed emergency prevention, preparedness and response plan?

Was there a waste management plan in place for hazardous and non-hazardous waste?

Did activities conducted or controlled by your organization release more than 100,000 tonnes of Greenhouse gas emissions into the atmosphere annually?

### **PS 4 Community Health, Safety and Security**

Has the client established communication lines with host community or affected community?

Was there a mechanism by which grievances from the affected community is communicated to the company effective (if in place)?

Did the client employ armed security guards to safeguard lives and properties? Were they contracted or employed directly? If armed, did they have a valid arm license and was there any code of conduct? If yes, please, provide a copy.

Were people of vulnerable groups (for example, elderly, women, children, poor, ethical groups) being affected by the project? If yes, please describe the possible impacts.

Has the project established guidelines against Sexual Abuse and Sexual Harassment?

**PS 5 Land Acquisition and Involuntary Resettlement**

Did the project involve land acquisition? If yes, what was the previous use of the land and how was the land acquired?

Was the land acquisition managed by the government?

Did the project involve resettlement? If yes, please elaborate on number of households replaced, who managed the resettlement and provide a copy of the Resettlement Action Plan, if in place

Even when the land acquisition has been managed by the government, has the client engaged with the affected / displaced community to consider how the community may derive developmental benefits from the investment?

Were there any community complaints / negative media coverage with regard to community impacts and community health & safety?

Did the company's emergency preparedness and response plan take into account risks and impacts from project activities to local communities, and provide for adequate response procedures in the event of an incident?

What's the current status of the Resettlement Action Plan?

**PS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Did the company conduct any operations in legally protected areas or has/will have an impact on protected, rare, endangered species?

**PS 7 Indigenous People**

Did the project impact Indigenous people?

**PS 8 Cultural Heritage**

Did the project impact cultural properties with historical, archaeological or religious value?

Name of Responsible:

Date

Signature

## ANNEX 8B: AFC E&S ANNUAL REPORT TO GCF

The ACF is required to submit annual E&S reports to GCF, in line with GCF's E&S policies. The Annual E&S Report will be structured as per GCF's Annual Performance Report template and will include the following topics:

- **Health, food, and water security**  
Demonstration of Programme activities contribution to enhancement of the agri-food and water systems for instance through the resilient clean energy segment.
- **Livelihoods of people and communities**  
Demonstration of the Programme's influence on mainstreaming climate risks in national policies, enhancing social protection programmes, and accelerating the sustainable transformation of markets.
- **Infrastructure and built environment**  
The Programme's impact on scaling up green infrastructures in the transport, energy and economic zones segments.
- **Ecosystems and ecosystem services**  
Demonstration of the Programme's influence on protection, restoration, and management of ecosystems to enhance adaptation and reduce emissions.
- **Energy generation and access**  
A report on Programme activities and progress on clean energy generation and transmission.
- **Transport**  
A report on Programme activities and progress on transport and logistics segment.
- **Buildings, cities, industries, and appliances**  
A report on the Programme's support to infrastructure planning and de-risking pilot innovations and investments that strengthen policy, pricing, standards, and other incentives for energy and construction efficiency.
- **Forests and land use**  
Demonstration of the Programme's influence on conservation and preservation of forests and sustainable use of land resources.

**ANNEX 9. INTERNAL CLIENT E&S MONITORING TEMPLATE (CATEGORY A and B)**

<b>Environmental Category</b>		<b>Social Category</b>	
Client:			
Monitoring Year			
<b>Detailed Information</b>			
Project Category; compliance with contractual requirements (environmental and social), compliance with action plan (CESAP) if agreed, any negative occupancies in the reporting period, any positive occurrences (awards, nominations), is there any reputational/financial risk to the AFC?			
<b>Contractual Requirements</b>			
Is the client in compliance with contractual requirements? Is the client in compliance with the Client Environmental and Social Action Plan (CESAP)?			
Scope and execution of environmental and social monitoring		Evaluation documents (submitted, reviewed):  On-site visits environmental officer or external consultant	
<b>Date/Responsible</b>			

ANNEX 9A. PROJECT KEY PERFORMANCE INDICATORS<sup>14</sup>

## PROJECT NAME:

<b>Key Performance Indicators:</b>		Timeline A	Timeline B
<b>Employment:</b> Total number of permanent jobs at time of reporting.			
<b>Female employment:</b> Total number of permanent jobs for women at the time of reporting.			
<b>Management Systems</b> <sup>15</sup> implemented/certified			
<b>Government revenue:</b> Net financial flows to the government (including taxes, dividends, subsidies, grants and any other payment, net of any subsidies and investment costs) over the year	USD		
<b>Infrastructure:</b> extra installed power generation capacity - MW (where applicable)	MW		
<b>Infrastructure:</b> total power generation in GWH (where applicable)	GWH		
<b>Infrastructure:</b> number of new connections (where applicable, internet, GSM, etc)			
<b>Infrastructure:</b> Km of roads built (where applicable)	KM		
<b>Infrastructure:</b> Decrease in vehicle operating costs (where applicable)	USD		
<b>Infrastructure:</b> Decrease in transport costs (where applicable)	USD		
Port <b>capacity (area) expanded</b> (Total m <sup>2</sup> available / year)	m <sup>2</sup>		
<b>Ton of cement</b> <sup>16</sup> produced per year	tons		
<b>Resource use</b> <sup>17</sup>	Kwh/m		
<b>Waste generation</b>	tons		

<sup>14</sup> Note: The following examples of KPIs are a general set recommended to be used. Nevertheless, according to the nature of the business that is being invested in and specifics of the project, a project specific set of KPIs will be chosen. This narrower set could be included in the examples list but it is not limited to it.

<sup>15</sup> ISO 14001, OHSAS 18001, SA8000, and other

<sup>16</sup> Or other product

<sup>17</sup> Energy, water

<b>Emissions/Effluents<sup>18</sup></b>			
<b>Number of Fatalities</b>			
<b>Number of Serious Accidents<sup>19</sup></b>			
<b>Reputation</b>			

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<sup>18</sup> Within local limits/within IFC Performance Standards limits?

<sup>19</sup> Environmental or social

## ANNEX 9B: Quarterly E&amp;S Performance Monitoring Report Template

Quarterly Environmental & Social Performance Monitoring Report				
Transaction/Project			Country/Location	
E&S Risk Category			Investment Officer in AFC	
Company/sponsor contact & detail:			Date	
Corrective Action Plan Update				
IFC PS	Action	Target Date	Status	Comments
1	<b>Assessment and Management of Environmental and Social Risks and Impacts-</b> This includes: ,			
	<b>A.</b> Formulating & maintaining policy for identifying and evaluating environmental and social risks and impacts of the project.			
	<b>B.</b> Adopting a procedure for mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to workers, Affected Communities, and the environment.			
	<b>C.</b> Ensuring that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately.			
	<b>D.</b> Promoting and providing means for adequate engagement with Affected Communities and other stakeholders throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social emergence response as well as adequate information is disclosed and disseminated.			
2	<b>Labor and Working Conditions -</b> This includes:			
	<b>A.</b> To promote the fair treatment, non-discrimination, and equal opportunity of workers.			
	<b>B.</b> To establish, maintain, and improve the worker-management relations			

	<b>C.</b> To promote compliance with national employment and labor laws.			
	<b>D.</b> To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain.			
	<b>E.</b> To promote safe and healthy working conditions, and the health of workers.			
	<b>F.</b> To avoid the use of forced labor.			
<b>3</b>	<b>Resource Efficiency and Pollution Prevention:</b> This includes:			
	<b>A.</b> To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.			
	<b>B.</b> To promote more sustainable use of resources, including energy and water.			
	<b>C.</b> To reduce project-related GHG emissions.			
<b>4</b>	<b>Community Health, Safety, and Security-</b> Amongst others, this means -			
	<b>A.</b> To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances.			
	<b>B.</b> To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities.			
<b>5</b>	<b>Land Acquisition and Involuntary Resettlement-</b> This includes the following:			
	<b>A.</b> To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.			
	<b>B.</b> To avoid forced eviction.			
	<b>C.</b> To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost <sup>4</sup> and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.			
	<b>D.</b> To improve, or restore, the livelihoods and standards of living of displaced persons.			

	E. To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure <sup>5</sup> at resettlement sites.			
6	<b>Biodiversity Conservation and Sustainable Management of Living Natural Resources -</b>			
	A. To protect and conserve biodiversity.			
	B. To maintain the benefits from ecosystem services.			
	C. To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.			
7	<b>Indigenous Peoples -</b> This is to:			
	A. Ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.			
	B. Anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.			
	C. Promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.			
	D. Establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life-cycle.			
	E. Ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.			
	F. Respect and preserve the culture, knowledge, and practices of Indigenous Peoples			
8	<b>Cultural Heritage -</b> Amongst others, this means to:			
	A. Protect cultural heritage from the adverse impacts of project activities and support its preservation.			
	B. Promote the equitable sharing of benefits from the use of cultural heritage			

Status color coding			
		On track/No Issues identified	
		Minor Issue (s) Identified	
		Major Issue (s) Identified	
		Significant issue (s) identified	

## ANNEX 10: SAMPLE TERMS OF REFERENCE FOR E&S CONSULTANTS

### Outline for Terms of References for Environmental and Social Due Diligence Assessment

<date>

Africa Finance Corporation ("AFC") requires the services of an independent environmental and social consultant ("Consultant") to perform an Environmental and Social Due-Diligence of the <name> ("Project") proposed for financing by AFC.

The following Terms of References are applicable to the execution of the requested services.

#### 1. Description of the Project

Include description of the project. Include information about the project itself, (sector and subsector), size of the assets, associated activities (like captive power plants, mines or pits etc) but also information about the surroundings (villages, towns in the vicinities, infrastructure, natural areas, protected areas etc)

#### 2. Objective

The requested services are to support AFC investment decision and follow-up approach by independently reviewing and verifying the project against the reference framework elaborated in paragraph 3, identifying compliance gaps, necessary mitigation and follow-up actions and outlining a managing/monitoring regime.

This review must specifically address foreseeable risks and mitigation measures and should give an overall opinion on the ability of the Project to meet the reference framework.

Furthermore, the review should evaluate the feasibility of the possible opportunities raised through the AFC preliminary evaluation.

#### 3. Reference Framework

The reference framework will be:

- a) IFC Performance Standards in general with a focus on preselected aspects by
- b) AFC through its initial verification step;
- c) Applicable local, national and international environmental and social legislation;
- d) All ILO conventions covering Core Labor Standards and all ILO conventions covering the Basic Terms and Conditions of Employment;
- e) Specifically, the following World Bank EHS Guidelines:  
 <insert other EHS Guidelines >

#### 4. Team

The assignment has to be carried out by a qualified independent local environmental expert and a qualified independent local social (labour / SA 8000 / community) expert

with appropriate environmental and social auditing background and experience in the sector and region. Both experts should have appropriate knowledge and understanding of management aspects in line with the requirements of Performance Standard 1. In case the consultants do not have extended expertise in management issues, additional

expertise in this field will be required.

### 5. Scope of Work and Tasks

The scope of work entails the independent verification of all material environmental and social aspects of the Project, within the framework stipulated in paragraph 3. This will include but not be limited to the following major facilities:

<description of the relevant facilities> Specifically, this work will entail:

- a) verifying to what extent such aspects of the Project are in accordance with the framework stipulated in paragraph 3, and industry best practice;
- b) reviewing whether capacity and management structures to address environmental and social impacts are feasible and appropriate;
- c) reviewing the adequacy of proposed designs, measures and budgets, and recommending additional actions as necessary, to be used in the Environmental and Social Action Plan, detailing actions required to be implemented during the life of the Project and timeframes for completion of such activities or measures, as such plan may be amended from time to time with the consent of all shareholders;
- d) reviewing of proposed monitoring systems and suggesting amendments as necessary.
- e) [reviewing the adequacy of the ESIA process, of the ESIA report, of the management programs and systems, and of the follow-up and implementation to date, and judge it against the IFC Performance Standards, only if relevant]

The review will comprise of four steps:

1. Information Review. This should include a review of all relevant environmental, social, and health and safety Project documents and information (i.e., Project environmental and social impact assessments/environmental and social audit, environmental licenses and associated applications, health and safety plan, Human Resource Policy, Code of Conduct contingency/emergency plan, concession and construction contracts, any other additional environmental, health and safety studies, etc.) and, subsequent to the site reconnaissance, review of any additional information obtained or collected.
2. Site Reconnaissance. A site investigation will be performed consisting of visual observation of relevant areas directly and indirectly affected by the Project, meetings with relevant individuals/entities associated with the Project to discuss the environmental and social issues, and obtaining any additional information required. In case of issues under Performance Standards 2 techniques of SA 8000 audit will be applied in order to verify all information
3. Management Review: The management review will include management structure, definitions of responsibilities, communication about responsibilities, training programs and internal reporting systems and will evaluate whether the structure will be adequate to manage environmental and social issues;
4. Report Preparation. Two documents will be required associated with the Environmental and Social Due-Diligence: 1) Preliminary Summary of Principal Findings, and 2) Environmental and Social Due-Diligence Report (refer to paragraph 6

'Deliverables' for details on the content and submission of the two required documents).

## 6. Deliverables

The expert will provide a concise back-to office report in the English language, focusing on main preliminary observations and identified issues, shortly after conclusion of the site-visit.

The consultant will provide a full report in the English language, describing: working approach; project description; reviewed information and documentation; inspected sites and interviewed peoples and entities; due diligence findings and recommendations, fully reflecting the scope of work.

The report will include a clear compliance overview table, providing for each relevant aspect of the applicable IFC Performance Standard as selected by AFC pre-screening (Toolkit) or as deemed applicable by the experts, including the applicable EHS Guideline at least the following information per key requirement:

- 1) Description of the requirement;
- 2) Relevance of the pre-selected IFC Performance Standard issue (PS 2-8);
- 3) Compliance status, differentiating between minor and major gaps to completion;
- 4) Description of the observed situation/compliance gap;
- 5) Management issue (Performance Standard 1) should be evaluated in a separate section;
- 6) Recommended follow-up

Furthermore the consultant will give a qualitative judgment about the feasibility of selected opportunities for improvement.

The report will at the beginning provide a non-technical executive summary with the key findings and key recommendations.

## 7. Timeframe

The review is to start at the earliest available timeslot.

The site-visits are to be concluded within four weeks after the preparatory information/documentation has been made available to the consultant.

The preliminary back-to-office report is to be made available within a week after conclusion of the site-visit.

A draft of the full report is to be made available within 2 weeks after conclusion of the site visit. A final report is to be submitted 1 week after receiving feedback on the first draft.

## 8. Proposal

The proposal for the Environmental and Social Review should contain the four sections (information) listed below:

- a) SCOPE OF WORK. The scope of work should include a description of the specific activities that will be performed in order to accomplish the required tasks identified in Section the Terms of Reference. This should include any proposed site

visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as "Optional Tasks".

- b) **PROJECT TEAM AND QUALIFICATIONS.** This should include the name of the principal staff members and any sub-contractors. Qualifications of staff should include relevant technical capabilities, specific previous project experience similar to this Project, specific in-country experience and knowledge, specific language skills.
- c) **SCHEDULE.** A proposed schedule for performance of the due-diligence must be presented. The schedule must indicate the proposed start and completion dates for each required scope of work task listed in paragraph 5 and any important or specific project milestones (i.e., report submittal, etc.).
- d) **ESTIMATED COSTS.** A total lump sum cost estimate, in US Dollars (or EUR), must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented (i.e., tabular format) and should include consultant costs (number of days or days per staff and their associated unit costs) and expenses (i.e., travel, per diem) If needed, sub-contractors must be specified separately. Any assumptions related to the estimated costs must be clearly stated.

## 9. Consultant's Auditable Criteria

<b>Performance Standard 1</b>	
<b>Social and Environmental Assessment and Management System</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Environmental and Social Assessment</b>	<p>1. Does the client have a process to assess the environmental and social impacts and risks of the project? Review the process to determine if the scope of assessment provides for evaluation/consideration of:</p> <ul style="list-style-type: none"> <li>a) the significance of the adverse impacts, including the issues identified in Performance</li> <li>b) Standards 2 through 8;</li> <li>c) applicable laws and regulations of the jurisdiction in which they operate;</li> <li>d) the project's area of influence; as well as the role and capacity of third parties, if</li> <li>e) applicable.</li> </ul>
	<p>2. Have disadvantaged or vulnerable groups been identified? If so, do any adverse impacts fall disproportionately on them?</p>

<b>Management Program</b>	<p>1. Does the client have a program(s) of mitigation and performance measures that addresses identified impacts and risks?</p> <p>a) Can the program be tracked over definite time periods?</p> <p>b) Is the program supported adequately by the client?</p> <p>2. Has/will an appropriate Action Plan document(s) been/be prepared and disclosed to affected communities?</p>
<b>Organization</b>	<p>1. Are responsibilities and authorities for implementation of the management program defined and communicated appropriately through the client's organization?</p>
<b>Training</b>	<p>1. Has the client identified the training needs for those persons with responsibility for implementing the management program?</p>
<b>Community Engagement</b>	<p>1. Has the client established a community engagement process for affected communities?</p> <p>a) Has/will appropriate disclosure of assessment information to, and consultation with, affected communities been/be conducted in a timely and culturally appropriate manner?</p> <p>b) Has the process ensured, or will it ensure free, prior and informed consultation of the affected community, if applicable?</p> <p>c) Is there a procedure for receiving and facilitating resolution of affected communities concerns and grievances regarding environmental and social performance?</p>
<b>Monitoring</b>	<p>1. Has the client established procedures to monitor and measure on a regular basis the key characteristics and performance of the management program, including the use external experts where appropriate?</p>
<b>Reporting</b>	<p>1. Is appropriate environmental and social performance information periodically reported internally to senior management?</p>
<b>Performance Standard 2</b>	
<b>Theme</b>	<b>Auditable Criteria</b>

<p><b>Human Resources Policy and Management</b></p>	<p>1. Does the client have an appropriate human resources policy that addresses all requirements of the performance standard and includes:</p> <ul style="list-style-type: none"> <li>a) Being readily accessible by employees?</li> <li>b) Being clear and understandable?</li> <li>c) Providing information on rights under national labor and employment law?</li> </ul> <p>2. Has the client documented and communicated working conditions and terms of employment to all workers directly contracted?</p> <p>3. Are the terms and conditions in accordance with:</p> <ul style="list-style-type: none"> <li>a) Any collective agreement (s)?</li> <li>b) National Law?</li> <li>c) ILO Core Labour Standards and Basic Terms and Conditions of Employment?</li> </ul> <p>4. Has the client implemented a grievance mechanism to review and address employee grievances?</p> <ul style="list-style-type: none"> <li>a) Are all workers aware of the existence of a grievance mechanism?</li> <li>b) Is there a responsible person to review grievances and follow up on them in a timely and transparent manner?</li> </ul>
<p><b>Worker's Organization</b></p>	<p>1. Does the client comply with national law in allowing workers to form and join workers organizations without retaliation or discrimination?</p> <p>2. If national law substantially restricts workers organizations has the client provided alternative means for workers to express their grievances and protect their rights organizations without retaliation or discrimination?</p>
<p><b>Non-Discrimination and Equal Opportunity</b></p>	<p>1. Does the client have documented transparent procedures, including recruitment, discipline, performance and grievance procedures, to ensure that employment decisions are not made on the basis of personal characteristics unrelated to job requirements?</p>
<p><b>Retrenchment</b></p>	<p>1. If the client anticipates retrenchment of a significant number of employees, have they:</p> <ul style="list-style-type: none"> <li>a) Developed a plan to implement the retrenchment and selected those who will be dismissed, based on non-discriminatory principles?</li> <li>b) Developed a plan to mitigate adverse impacts; and</li> <li>c) Have they consulted workers appropriately?</li> </ul>

<b>Protecting the Workers</b>	<p>1. Does the client ensure child labor is not used directly, or through contractors or in the supply chain?</p> <p>a) Does the client check the ages of all employees?</p> <p>b) Does the client ensure that young workers (15-18 years) are not employed in dangerous work?</p> <p>c) Does the client ensure that child labor is not used in their supply chain and do they commit contractors and suppliers to not use child labor?</p> <p>2. Does the client ensure that forced labor is not used directly, or through contractors or the supply chain?</p> <p>a) Does the client ensure that unacceptable prison labor is not used?</p> <p>b) Does the client ensure that forced labor is not used in their supply chain and do they commit</p>
<b>Occupational Health and Safety</b>	<p>1. Does the client provide its workers with a safe and healthy work environment?</p> <p>a) Has the client taken steps to prevent accidents, injury, and disease by minimizing the causes of hazards?</p> <p>b) Has the client trained workers in occupational health and safety?</p> <p>c) Does the client document and report on occupational accidents, diseases, and incidents?</p> <p>d) Does the client have an emergency prevention, preparedness and response arrangement?</p>

<b>Performance Standard 3</b>	
<b>The</b>	<b>Auditable Criteria</b>
<b>Pollution Prevention, Resource Conservation and Energy Efficiency</b>	<p>1. Does the client apply project-specific pollution prevention and control and waste management techniques that are consistent with good international industry practice, such as those reflected in the EHS Guidelines?</p> <p>a) If less stringent levels or control measures are to be applied, has the client provided justification for the deviation and have they demonstrated that the approach is consistent with the overall requirements of this Performance Standard (i.e. minimize or reduce adverse impacts on human health and the environment)?</p>
	<p>2. If the project has the potential for significant impacts to ambient conditions, have ambient considerations been taken into account and appropriate strategies to minimize impacts promoted?</p> <p>3. Has the client's operations incorporated resource conservation and energy efficiency measures?</p>
<b>Wastes</b>	<p>1. Has a hierarchical approach of avoidance, minimization, recovery, reuse, and environmentally sound disposal been applied to the management of hazardous and non-hazardous wastes?</p>
<b>Hazardous Materials</b>	<p>1. Does the client manage hazardous materials so as to avoid uncontrolled releases to the environment?</p>
<b>Emergency Preparedness and Response</b>	<p>1. Does the client have emergency preparedness and response plans that are commensurate with the level of project risks?</p>
<b>Green House Emissions</b>	<p>1. Where GHG emissions (direct plus indirect from purchased electricity) exceed 100,000 tons CO<sub>2</sub> annually, does the client conduct annual monitoring, and evaluate options for emissions reductions or offsets?</p>
<b>Pesticide Use and Management</b>	<p>1. If pesticides are used, is their selection and management consistent with good international industry practice and part of an integrated pest management and/or vector management strategy?</p>

<b>Performance Standard 4</b>	
<b>The</b>	<b>Auditable Criteria</b>
<b>Community Health and Safety</b>	<p>1) During design and construction, operations, and decommissioning and closure, has the client evaluated the potential for community impacts associated with the project considering:</p> <ul style="list-style-type: none"> <li>a) Infrastructure and equipment safety?</li> <li>b) Hazardous material and safety?</li> <li>c) Natural resource issues?</li> <li>d) Exposure to disease?</li> </ul>
<b>Emergency Preparedness and Response</b>	<p>1) In the event emergency preparedness and response requires participation of the community, has the client:</p> <ul style="list-style-type: none"> <li>a) Collaborated with government agencies and the community and assisted these entities to establish and maintain preparedness for emergencies?</li> </ul>
	<ul style="list-style-type: none"> <li>b) Gauged government capacity shortcomings to adequately aid the community in emergency response?</li> <li>c) Compensated for government capacity shortcomings to ensure adequate emergency response?</li> </ul>
<b>Security Requirements</b>	<p><b>Personnel</b></p> <p>1) If the client retains security services for the project, has the client:</p> <ul style="list-style-type: none"> <li>a) Performed due diligence of the proposed security services provider?</li> <li>b) Incorporated specific requirements of PS4 into contract specifications for the security services provider?</li> <li>c) Established a grievance mechanism allowing affected communities to present and obtain a robust client response to communities' expressed issues with security arrangements?</li> <li>d) Investigated allegations of unlawful and/or abusive acts of security providers?</li> </ul>

<b>Performance Standard 5</b>	
<b>Compensation Benefits for Displaced Persons</b>	<b>and</b> 1. Has the client provided opportunities to displaced persons and communities to derive appropriate development benefits from the project?
<b>Consultation and Grievance Mechanism</b>	<b>and</b> 1. Has the client disclosed all relevant information, consulted with affected persons and communities and facilitated their informed participation in the decision making process relating to resettlement? 2. Has client established an effective grievance mechanism?
<b>Resettlement Planning and Implementation</b>	1. Has client considered alternative designs to avoid or minimize economic and physical displacement? 2. Has client identified persons to be displaced by the project and those eligible for compensation and assistance through a baseline census with appropriate socio-economic baseline data? 3. Has the census established the status of displaced persons according to their legal rights or claim to land? 4. Has cut off date for eligibility been established or disseminated? a. Has client prepared RAP or resettlement framework ( <i>if physical displacement</i> ) that mitigates negative impacts of displacement, identifies
	development opportunities and establish entitlement for all affected persons? b. Has the client (if economic but not physical displacement) developed procedures to offer compensation or other assistance that will establish entitlement for affected persons or communities? c. Has client established M&E mechanism?
<b>Physical Displacement</b>	1. Has the client offered displaced persons choices amongst resettlement options, relocation assistance, and/or compensation according to their status and entitlements as described by the PS?
<b>Economic Displacement</b>	1. Has the client provided replacement property, compensation, targeted assistance and/or transitional support in accordance with PS5 requirements?
<b>Private Sector Responsibilities under Government-Managed Resettlement</b>	1. Has client supplemented government actions and bridged the gaps (if applicable) between the government-assigned entitlements and procedures and the requirements of this PS?

<b>Performance Standard 6</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Protection and Conservation of Biodiversity</b>	<p>1. Has the client specifically addressed the significance of project impact on biodiversity as part of their social and environmental assessment process (with specific attention to birds and bats)?</p> <p>2. Has client identified /modified, natural and critical habitat which may be impacted by their activities?</p> <p>a) In natural habitat, has the client considered alternatives, cost &amp; benefit analysis of their activities and adequately mitigated any potential degradation?</p> <p>b) In critical habitat, has the client determined that there will be no measurable adverse impact on species or habitat?</p> <p>c) In legally protected areas, has the client addressed the requirement for critical habitat as well as ensured that their activities are consistent with defined protected area management plans, and consulted with key stakeholders, and implemented appropriate program to and enhance conservation.</p> <p>3. Has the client identified any alien species which</p>
	<p>a) If intentional introduction of alien species is planned, has this received appropriate government regulatory approval, or in the absence of a mechanism for this, has an appropriate risk assessment been completed?</p>
Management and Use of Renewable Natural Resources	<p>1. Has the client identified renewable natural resources which it will use, and committed to managing them in a sustainable manner?</p> <p>a) In natural and plantation forests, has the client obtained independent certification to show those natural forests and plantations are being managed sustainably, or a time-bound phased action plan to achieve such certification?</p> <p>b) In freshwater and marine aqua systems, has the client obtained independent certification of the sustainable management of these aquatic resources, or provided other independent studies to show these resources are sustainably managed?</p>

<b>Performance Standard 7</b>	
<b>The</b>	<b>Auditable Criteria</b>
<b>Avoidance of Adverse Impacts</b>	<ol style="list-style-type: none"> <li>1. Has client identified through ESIA adverse impacts on IPs and avoided impacts wherever possible?</li> <li>2. Has client mitigated unavoidable adverse impacts and compensated in a culturally appropriate manner?</li> </ol>
<b>Consultation and Informed Participation</b>	<ol style="list-style-type: none"> <li>1. Has client established Informed Participation through an FPIC process on mitigation measures, sharing of developmental benefits and opportunities and implementation issues as outlined in the PS?</li> </ol>
<b>Impacts on Traditional or Customary Lands under Use</b>	<ol style="list-style-type: none"> <li>1. Has client informed IPs of their rights according to national laws including those recognizing traditional/customary rights?</li> <li>2. Has client offered at least compensation and due process to those with full legal title to land together with culturally appropriate development opportunities; land-based compensation or compensation-in-kind in lieu of cash compensation where feasible?</li> <li>3. Has client entered in good faith negotiations with affected communities and documented their informed participation and the successful</li> </ol>
<b>Relocation of Indigenous Peoples (IPs) from Traditional or Customary Lands</b>	<ol style="list-style-type: none"> <li>1. Has the client conducted a successful good faith negotiation, applied requirements of Performance Standards and, where feasible, ensured that IPs can return to their traditional or customary lands should the reason for their relocation cease to exist?</li> </ol>
<b>Cultural Resources</b>	<ol style="list-style-type: none"> <li>1. Has client informed IPs of their rights, scope and consequences of commercial development?</li> <li>2. Has client entered in good-faith negotiation?</li> <li>3. Has client provided for fair and equitable sharing of benefits with IPs?</li> </ol>
<b>Performance Standard 8</b>	

The	Auditable Criteria
<p><b>Protection of Cultural heritage in Project Design and Execution</b></p>	<p>1. Has the client considered cultural heritage as part of the environment and social assessment? Is the project located in an area where cultural heritage is expected to be found? If so, has a Chance Find Procedure (see template in Annex 19) been established?</p> <p>2. If the project may affect cultural heritage, has the client:</p> <p>a) Retained qualified and experienced experts?</p> <p>b) Sited the project to avoid significant damage to cultural heritage?</p> <p>c) Considered protection through preservation in place?</p> <p>d) Removed cultural heritage only: (a) when no technically or financially feasible alternatives existed; (b) the benefits of the projects outweighed the anticipated cultural heritage loss from removal; and (c) removal was conducted by the best available technique</p> <p>e) Consulted with relevant national or local regulatory agencies entrusted with the protection of cultural heritage and with affected communities who use, or have used within living memory, the cultural heritage, and incorporated the views of these communities into the client's decision making process.</p> <p>3. Has critical cultural heritage been identified where significant damage may be unavoidable? If so, has the client (in addition to 2. above):</p> <p>a) Conducted good faith negotiations with, and documented the informed participation of, affected communities and the successful outcome of the negotiation?</p>
	<p>b) Appropriately mitigated other impacts on critical heritage with the informed participation of the affected communities?</p> <p>4. Is the project located in a legally protected area or a legally defined buffer zone? If so has the client (in addition to 2 and 3 above):</p> <p>a) Complied with defined regulations and the protected area management plans;</p> <p>b) Consulted the protected area sponsors and managers, local communities and other key stakeholders?</p> <p>c) Implemented additional programs as appropriate to promote and enhance the conservation aims of the protected area?</p>

<p><b>Project use of Cultural Heritage</b></p>	<p>1. Has the client identified proposed project use of cultural resources, knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes? If so, has the client informed these communities of:</p> <ul style="list-style-type: none"> <li>a) their rights under national law</li> <li>b) the scope and nature of the proposed commercial development</li> <li>c) the potential consequences of such development</li> </ul> <p>2. If commercialization has proceeded, has the client:</p> <ul style="list-style-type: none"> <li>a) entered into good faith negotiation with the affected community embodying traditional lifestyle</li> <li>b) documented their informed participation and successful outcome of the negotiation</li> </ul>
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## **ANNEX 11: ICRF RESETTLEMENT FRAMEWORK**

### **Approach to ICRF Resettlement Framework**

ACP/ AFC is committed to ensuring that the ICRF projects are developed and carried out in an environmentally friendly and socially acceptable manner. that meets the AFC E&S Policy requirements, IFC Performance Standards, the World Bank ESS 5 and the AfDB Integrated Safeguards System. In line with the best practice, the projects will strive to minimize and mitigate impacts on Land Acquisition, Restriction on Land and Involuntary Resettlement.

In so doing, all works to be undertaken under the ICRF projects will be conducted on lands that have been designated for such purpose. As such, they are not expected to result in involuntary physical resettlement but may lead to a temporary and permanent land acquisition. The involuntary physical resettlement will involve impacts on communal land and restrictions on land use. All site-specific investments under the ICRF project will be screened for adverse land impacts or resettlement and, where such impacts are identified, will follow the compensation and mitigation procedures described in the Resettlement Framework (RF).

### **Need for Resettlement Framework (RF).**

ACP understand the requirement for a Resettlement Framework for projects involving multiple sub-projects wherein the nature and design of the sub-projects is not known prior to project appraisal. In this regard, ICRF proposes to finance sub-projects across the identified countries and as the detailed design for the sub-projects are yet to be finalized, the screening of sub-projects and the preparation of a Resettlement Action Plan (RAP) for these sub-projects cannot be undertaken presently, necessitating a RF to guide in screening sub-projects, carrying out census and socio-economic surveys and the preparation of RAP, wherever required.

Recognizing the social issues that can arise in infrastructure projects, ICRF implementation management team has prepared this RF conforming to the World Bank Operational Policy for Involuntary Resettlement and IFS Performance Standard 5. The policy framework describes the principles and approach in avoiding, minimizing and mitigating adverse social impacts that may arise in subprojects funded under ICRF that aims at improving the urban/rural environment, economy, and living conditions of the people. The framework also provides process for consultations, impact assessment, census and socio-economic surveys and preparation and implementation of mitigation plans.

All sub-projects proposed under ICRF will be screened for social impacts and will comply with this RF irrespective of the source of finance or modality of finance. The RF will be reviewed and updated, if necessary, in consultation and agreement with the World Bank, to ensure relevance and consistency with applicable legislations and the World Bank Operational Policy for Involuntary Resettlement.

### **Justification for the Resettlement Framework**

The ICRF RF is required to provide guidelines for development of appropriate mitigation and compensation measures, for land acquisition impacts caused by project activities. bearing in mind the risk of Involuntary Resettlement, as there are some activities that may require temporary or permanent land acquisition.

### **Objectives of the ICRF Resettlement Framework**

The ICRF project is aimed at helping the preparation of resettlement activities in manner that prioritize the mitigation hierarchy by exploring project alternatives, providing compensation in an unlikely event of loss of assets and implementing appropriate disclosure of information, consultation and the informed participation of the immediate affected persons/communities. In addition, it will also define measures to be taken in the event of unanticipated negative impacts on the property, assets, or livelihoods of affected persons. Such measures are being elaborated in the present RF and ESMF of the ICRF.

The RF shall ensure that environmental and social management is integrated into the development and operation of investments to be financed under the Project to ensure effective mitigation of potentially adverse impacts while enhancing accruing benefits.

RF will establish a process of environmental and social screening which will permit the institutions in charge of the implementation of Project to identify, assess and mitigate the environmental and social impacts of investments. In addition to the RF, the Project Environmental and Social Management Framework (ESMF) also determines the institutional measures to be taken during the program implementation, including capacity building activities.

### **Reference Frameworks and Standards:**

RAF will be informed by the following best practice standards:

1. The Equator Principles;
2. International Finance Corporation Performance Standard and associated Guidance Notes;
3. World Bank Group's Environmental, Health, and Safety Guidelines;
4. African Development Bank Integrated Safeguards System;
5. Green Climate Fund and associated Guidelines

### **Principles for the Resettlement Framework**

In line with the World Bank Principles of the Resettlement Framework, the resettlement principles to be adopted for ICRF projects are as follows:

- Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a census and socio-economic survey of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks. Measures to avoid and minimize involuntary resettlement impacts include the following:
  - (i) explore alternative alignments which are less impacting,
  - (ii) ensure the appropriate technology is used to reduce land requirements
  - (iii) modify the designs, cross sections, and geometrics of components to ease out and ensure involuntary resettlement is avoided or minimized;
- Prepare a Social Impact Assessment (SIA) and Resettlement Action Plan (RAP) elaborating on the eligibility criteria and entitlements of displaced persons, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule;
- Carry out meaningful consultations with displaced persons and concerned government organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and indigenous peoples, and those without legal title to land, and ensure their participation in consultations;

- Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, in an accessible place and a form and language(s) understandable to displaced persons and other stakeholders. Disclose the final resettlement plan and its updates to displaced persons and other stakeholders.
- Pay compensation and provide all resettlement entitlements before physical or economic displacement and before commencement of civil works in that section of the project. Implement the resettlement plan under close supervision throughout project implementation.
- Establish a Grievance Mechanism to receive and facilitate resolution of the concerns of displaced persons.
- Monitor and assess resettlement outcomes, their impacts on the standard of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

### **1. Methodology for application of Resettlement Framework in ICRF**

An initial desk review will be carried out and this will be followed by engagement of consultant to undertake a number of due diligence field visits to the project locations. This is to identify potential land use and resettlement issues related to the ICRF projects in order to draft the Resettlement Action Plan (RAP). In particular, the field visits will be carried out in accordance with applicable national regulations as well as the World Bank ESS 5.

Underpinned by the national regulations and World Bank ESS 5, outcome of the due diligence on the Land Acquisition, Restriction on Land and Involuntary Resettlement will offer guidelines for the RF to be applied to all the ICRF funded projects. In particular, RF will be applied to all projects with potential economically and/or physically displaced persons regardless of the total number affected by the severity of impact and whether or not they have legal title to the land. In doing so, attention will be paid to the needs of vulnerable groups, among those women headed household, low-income household, a household headed by elderly with no support and household headed by physically challenged people.

A draft due diligence report will be presented to the stakeholder for consultations on the Environmental and Social Management Framework (ESMF) of the project and RF to elicit insights. The feedback emanating from those consultations will be incorporated into the reports before it will be finalized. Details of the consultations will also be annexed.

In situation the field visits establish impacts or potential impacts on livelihoods, including the losses of land possessors, users, tenants, and owners, as well as building demolition and losses of agriculture and forestry, process for payment of compensation before procuring of documents certifying rights on land plot will be established. The payment of compensation and any case of disagreement in the amount, will be guided by the project compensation plan (PCP), which will be developed at the project formulation stage. Albeit, disagreement can be appealed in the court.

### **Scope of Resettlement Framework in ICRF**

Broad category of activities/impacts of the ICRF project is not certain, albeit most ICRF projects are likely to be Category A projects. This means the exact magnitudes of the projects will be known only after detailed designing of the subcomponents are made. The RF is designed to appropriately identify, address and mitigate adverse socioeconomic impacts that may occur due to the implementation of project components and subcomponents that involve the involuntary acquisition of land, impacts on business and

livelihood activities, and/or – albeit unlikely - the resettlement of affected families. RF is formulated to prepare the ground for the Resettlement Action Plan (RAP).

The RF is prepared in order to appropriately identify, address and mitigate adverse socioeconomic impacts that may occur in relation to land acquisition, restrictions on land use, or resettlement. As a first measure, the project will attempt to avoid to the extent possible adverse impacts on private or privately used land and property and will clearly document all efforts made to avoid land restriction and resettlement impacts. Where such impacts are unavoidable, they will be minimized to the extent possible, and the project will follow the procedures laid out in the RF to ensure that adequate compensation and rehabilitation measures have been provided to the project affected people.

The RF defines the procedures for:

- a. Acquiring land (after all technical alternatives have been exhausted),
- b. Dealing with any residual impacts from land acquisition (i.e. identifying, establishing the valuation of, and compensating people that suffer economic losses or loss of private property,
- c. Monitoring and verification that policies and procedures are followed, and
- d. Consultations with affected people and description of Grievance Mechanisms.

The ICRF RF is based on relevant national laws and regulations as well as the World Bank Environmental and Social Standard (ESS) 5 on Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement. The provisions of the RF apply to all the investments financed by the ICRF Project. The RF will apply to all economically and/or physically displaced persons regardless of the total number affected by the severity of impact and whether or not they have legal title to the land. Particular attention will be paid to the needs of such vulnerable groups like women-headed households, low-income households, households headed by the elderly with no support, and households headed by physically challenged people.

The RF will serve the following specific purposes:

- Reviews the existing national legal framework, compares it with the ESS 5 for gaps, if any, and indicates gap-filling measures;
- Describes the approach to the acquisition of private land, assets and other common property resources;
- Specifies the scope of the project with a well-defined exclusion list;
- Defines the eligibility criteria for defining various categories of affected people;
- Defines the valuation process of impacted assets;
- Defines the process for preparation of Social Impact Assessment and RAPs and their review;
- Defines of the cutoff date for Title and Non-Title holders;
- Identifies the consultation Mechanisms/approaches to be adopted while preparing and implementing RAPs including public disclosures;
- Defines the monitoring and evaluation arrangements including Grievance Mechanisms (GM); and
- Defines the institutional and implementation arrangements --role/responsibilities of different stakeholders,
- Integrates environmental and social management into the design and operation of the investments to be financed under the Project to ensure effective mitigation of potentially adverse impacts, while enhancing the benefits accrued.

In line with the above procedures, Site-specific RAPs will be prepared in accordance with the RF. The corresponding environmental and social instrument for other social and economic impacts not associated with land acquisition and restrictions is the Environmental and Social Management Framework (ESMF).

Differences between the ESS5 and concerned national regulatory frameworks in the sphere of land acquisition and involuntary resettlement is expected. The main area where there are gaps between ESS5 requirements and national law will include:

- No requirement to provide detailed explanations of entitlements to project affected households,
- Provision of just compensation instead of full replacement cost,
- No defined cut-off date, and
- No requirement to carry out socioeconomic surveys.

Given the above, this RF is to harmonize to the extent possible the World Bank ESS 5 and the national legislations. The gap filling measures provided in this RF will prevail where differences exist in substance and/ or in the interpretation between WB and national legislations.

Furthermore, each ICRF project needs to be screened for social impacts based on the given designs for the proposed improvements to determine if there are any impacts that require the preparation of the RAP that entitles the Project Affected Persons (PAP) to resettlement assistance. Based on the harmonization efforts and the impacts likely to occur, an Entitlement Matrix (EM) will be developed, to summarize the types of losses and the corresponding nature and scope of entitlements.

Compensation and rehabilitation assistance for various categories of losses based on the tenure and magnitude of impact has been provided. Additional assistance to vulnerable, reimbursement of transaction costs in relation to those who receive land for land compensation, assistance in acquiring land /property, in obtaining compensation for women, cash assistance for housing to physically displaced squatters, are some of the provisions contained in the EM.

In order to avoid that people move into the affected area with the purpose of claiming compensation, a cut- off date will be established. The cut-off date will be the last date of the census, determining who are living in the affected area and the manner in which they will be affected by the project. It is a date after which people who are not included in the list of Project affected persons (PAPs), as defined by the census will not be considered eligible for compensation.

The replacement value of houses, buildings and other immovable properties will be determined on the basis of market value as on date without depreciation. Compensation for trees will be based on their market value and compensation for the loss of crops, fruit-bearing trees will be decided by the Agricultural Department in the concerned countries. Prior to taking possession of the land or properties, where applicable, ICRF will ensure that the compensation will be fully paid and farmers amongst the PAPs will have the opportunity to harvest crops/trees within a specified number of days from the date of payment of compensation.

The involvement of PAPs in planning prior to the move is critical. The ICRF in collaboration with the project proponents, with the support of community liaison officers (CLOs), will be

responsible for organizing and conducting public consultations with all PAPs prior to completion of the site-specific RAP. Consultations with PAPs will be conducted for each draft RAP. Any legitimate issue raised through the consultation should be included in the final RAP. The concerns of PAPs will be taken into account and reflected in project implementation.

Land acquisition and resettlement related documents will be disclosed to the public. Such documents will include at minimum RF, ARAP/RAP (in case of any type of Involuntary resettlement) and due diligence reports on the above. Public disclosure will be conducted through multiple channels easily accessible to the public such as social media, websites, posters in the concerned countries and localities.

The documents that will be made available in the public domain include: Entitlement Matrix, Grievances Persons who as a result of Project activities, for reasons of the involuntary taking or voluntary contribution of their land and other assets, and with/ without title, results in direct economic and or social adverse impacts, regardless of whether or not PAPs are required to physically relocate.

Redresses Mechanism, institutional arrangements and the categories of eligible PAPs for various resettlement and rehabilitation (R&R) benefits. The names and specific compensation of individual PAPs will not be disclosed for privacy reasons.

The project will establish a Grievance Mechanism (GM), which would function at local and project levels. The GM will be well-fit to receive, evaluate and facilitate the resolution of displaced person's concerns, complaints and grievances, as well as deliver adequate and timely responses to the project affected people on the status and/or resolution of their concerns. GM will be developed based on the existing complaint handling mechanism as well as the applicable legislation specific to the resettlement management including implementation arrangement and the review processes.

In order to implement the Resettlement related measures, budgetary provisions will be made in the Project budget. Budgetary estimates for component where resettlement implementation is necessary, including resettlement management will be incorporated into sub-project cost estimates.

Accordingly, land acquisition and resettlement expenses for consultation and participation, grievance redress, the cost of relocation, income restoration, transitional allowance, livelihood program, monitoring and evaluation administration, contingencies etc. will be included as cost estimates for social management. ICRF project will ensure adequate budget provisions for all land acquisition compensation and R&R assistance. The budget estimates and its sources will be reflected in RAPs as part of the overall project financial projections.

Project management team, comprising of the proponents, key community and ICRF representatives with requisite skill set will be responsible for concurrent Monitoring and Evaluation (M&E) of RF and RAP implementation. Regular M&E reports to be submitted to the critical stakeholders, including the ACP and national authorities, where applicable, for monitoring and verification of processes and activities in RAP implementation. Based on such implementation reports any identified mid-term corrections, as appropriate, will be made.

The ICRF Resettlement Framework forms a core part of the Environmental and Social Management Framework. It is expected to be updated by mutual agreement between ACP and the proponents. Such updates may be necessary, for example, if changes or amendments to the applicable laws and policies are made, based on implementation experience and lessons learned, or based on relevant amendments to the Project.

### RESETTLEMENT ACTION PLAN TEMPLATE

A Resettlement Action Plan (RAP) details the **procedures** to be followed and the **actions** to be taken in order to properly resettle and compensate affected people and communities. This plan must be developed after it has been determined, following the process outlined in IFC PS 5 and World Bank ESS 5 and guided by the GCF E&S Framework, that displacement and resettlement are unavoidable. A RAP can respond to cases of economic displacement as well. However, if only economic displacement is foreseen, a Livelihood Action Plan is required. The RAP will reflect the commitment of AFC/ACP to affected people and communities to meet obligations arising from resettlement.

The RAP will cover the following elements:

Topic	Description
<b>Introduction</b>	<ul style="list-style-type: none"> <li>• Briefly describe the project and associated facilities (if any)</li> <li>• Describe project components requiring land acquisition and resettlement; give overall estimates of land acquisition and resettlement</li> <li>• Provide explanation of how displacement is necessary to achieve the project objectives, how the project is in the 'public interest' and how displacement is proportional to project outcomes. Please also discuss alternative project designs, including the "no project" scenario and if they may have avoided or reduced the resettlement.</li> </ul>
<b>Minimizing Resettlement</b>	<ul style="list-style-type: none"> <li>• Describe the justification for the resettlement</li> <li>• Describe efforts and measures to minimize displacement, and expected outcomes of these efforts and measures</li> </ul>
<b>Census and Socioeconomic Surveys/Social Baseline</b>	<ul style="list-style-type: none"> <li>• Provide results of the census, assets inventories, natural resource assessments, and socioeconomic surveys and briefly describe how these were performed, i.e., techniques used, individuals interviewed, etc.</li> <li>• Identify all people and communities potentially affected by displacement activities and potential impacts to each. Conduct a vulnerability assessment and outline what determines vulnerability (i.e. which criteria need to be met to consider someone vulnerable)</li> </ul>
<b>Legal Framework</b>	<ul style="list-style-type: none"> <li>• Describe all relevant international, national, local, and community laws and customs that apply to displacement and resettlement activities, with particular attention to laws and customs relating to tenure rights; highlight any potential conflicts.</li> <li>• Describe how free, prior, informed consent was obtained</li> </ul>

	<p>for resettlement of indigenous peoples and tribal communities, if applicable</p> <ul style="list-style-type: none"> <li>• Describe project-specific mechanisms to address conflicts</li> <li>• Describe entitlement/compensation policies for each type of impact</li> <li>• Describe method of valuation used for affected structures, land, trees, and other assets</li> <li>• Prepare entitlement matrix, which includes budget and timeframe for payment of entitlements</li> </ul>
<p><b>Resettlement Sites and Housing</b></p>	<ul style="list-style-type: none"> <li>• If the project requires relocation, describe how affected people have been involved in a participatory process to identify sites, assess advantages and disadvantages of each site, and select preferred sites. Site selection to be risk-informed (e.g. ensure not subject to higher levels of risks from floods, landslides, earthquakes). Describe the options</li> <li>• If housing must be replaced, describe how affected people have been involved in developing an acceptable strategy for housing replacement and how alternative housing meets adequate housing criteria (including legal security of tenure; availability of services, materials, facilities and infrastructure; affordability; habitability; accessibility; location; cultural adequacy). Describe the specific process of involving affected populations in identifying potential housing sites, assessing advantages and disadvantages, and selecting sites</li> <li>• If the project involves allocation of agricultural land or pasture/rangeland, describe how individual households that will be allocated lands have been involved in identifying potential new sites, and how they have explicitly accepted the selected sites</li> <li>• Describe the feasibility studies conducted to determine the suitability of the proposed relocation sites and housing, including where relevant natural resource assessments (soils and land use capability, vegetation and livestock carrying capacity, water resource surveys) and environmental and social impact assessments of the sites. Include a description of potential access of affected people to necessary services, shelter, food, water, energy, and sanitation</li> <li>• Demonstrate where relevant that the land quality and area are adequate for allocation to all of the people eligible for allocation of agricultural land. Provide data on land quality and capability, productive potential, and quantity</li> <li>• Give calculations relating to site requirements and availability</li> <li>• Describe mechanisms for: (1) procuring, (2) developing</li> </ul>

	<p>and (3) allotting resettlement sites and housing, including the awarding of title or use rights to allotted lands. Indicate to whom titles and use rights will be allocated, including by gender</p> <ul style="list-style-type: none"> <li>• Provide detailed description of the arrangements where relevant for site development for agriculture, including funding of development costs.</li> <li>• Indicate whether temporary resettlement will be necessary and how the communities' social capital will be preserved.</li> </ul>
<p><b>Income Enhancement/Restoration (if RAP is also addressing economic displacement)</b></p>	<ul style="list-style-type: none"> <li>• Are compensation entitlements sufficient to enhance and restore livelihoods and income streams for each category of impact? Attach independent review of opportunities to enhance incomes/livelihoods. What additional economic rehabilitation measures are necessary?</li> <li>• Briefly spell out the enhancement and restoration strategies for each category of impact and describe their institutional, financial, and technical aspects</li> <li>• Describe the process of consultation with affected populations and their participation in finalizing strategies for income enhancement/restoration</li> <li>• How do these strategies vary with the area of impact?</li> <li>• Does income enhancement/restoration require change in livelihoods, development of alternative farmlands or some other activities that require a substantial amount of training, time for preparation, and implementation?</li> <li>• How are the risks of impoverishment to be addressed?</li> <li>• What are the main institutional and other risks for the smooth implementation of the resettlement programs?</li> <li>• Describe the process for monitoring the effectiveness of the income restoration measures</li> <li>• Describe any social or community development programs currently operating in or around the project area. If programs exist, do they meet the development priorities of their target communities? Are there opportunities to support new programs or expand existing programs to meet the development priorities of communities in the project area?</li> </ul>
<p><b>Institutional Arrangements</b></p>	<ul style="list-style-type: none"> <li>• Describe the institution(s) responsible for delivery of each item/activity in the entitlement policy; implementation of income restoration programs; and coordination of the activities associated with and described in the resettlement action plan</li> <li>• State how coordination issues will be addressed where resettlement is spread over a number of jurisdictions or where resettlement will be implemented in stages over a long period of time</li> </ul>

	<ul style="list-style-type: none"> <li>• Identify the agency that will coordinate all implementing agencies. Does it have the necessary mandate and resources?</li> <li>• Describe the external (non-project) institutions involved in the process of income restoration (land development, land allocation, credit, training) and the mechanisms to ensure adequate performance of these institutions</li> <li>• Discuss institutional capacity for and commitment to resettlement</li> <li>• Describe mechanisms for ensuring independent monitoring, evaluation, and financial audit of the RAP and for ensuring that corrective measures are carried out in a timely fashion.</li> </ul>
<b>Implementation Schedule</b>	<ul style="list-style-type: none"> <li>• List the chronological steps in implementation of the RAP, including identification of agencies responsible for each activity and with a brief explanation of each activity</li> <li>• Prepare a month-by-month implementation schedule of activities to be undertaken as part of resettlement implementation</li> <li>• Describe the linkage between resettlement implementation and initiation of civil works for each of the project components</li> </ul>
<b>Participation and Consultation</b>	<ul style="list-style-type: none"> <li>• Describe the various stakeholders</li> <li>• Describe the process of promoting consultation/participation of affected populations and stakeholders in resettlement preparation and planning</li> <li>• Describe the process of involving affected populations and other stakeholders in implementation and monitoring. Add evidence of the various past consultation events, such as attendance lists, photos etc.</li> <li>• Describe the plan for disseminating RAP information to affected populations and stakeholders, including information about compensation for lost assets, eligibility for compensation, resettlement assistance, and grievance redress.</li> </ul>
<b>Grievance Redress</b>	<ul style="list-style-type: none"> <li>• Describe the step-by-step process for registering and addressing grievances and provide specific details regarding a cost-free process for registering complaints, response time, and communication modes</li> <li>• Describe the mechanism for appeal</li> <li>• Describe how the mechanism ensured unrestricted access, transparency, accountability, how it documents cases and keeps the complainants informed and the institutional setup</li> <li>• Describe the provisions for approaching civil courts if other options fail</li> </ul>
<b>Monitoring and Evaluation</b>	<ul style="list-style-type: none"> <li>• Describe the internal/performance monitoring process.</li> </ul>

	<p>Ensure monitoring program seeks to measure whether displaced enjoy at least a standard of living and access to livelihoods equal to what they enjoyed before displacement</p> <ul style="list-style-type: none"> <li>• Define key monitoring indicators derived from baseline survey. Provide a list of monitoring indicators that will be used for internal monitoring, including number and location of displaced/resettled persons</li> <li>• Describe institutional (including financial) arrangements</li> <li>• Describe frequency of reporting and content for internal monitoring</li> <li>• Describe process for integrating feedback from internal monitoring into implementation</li> <li>• Define methodology for external monitoring</li> <li>• Define key indicators for external monitoring</li> <li>• Describe frequency of reporting and content for external monitoring. Ensure monitoring program is regular and ongoing following project completion until durable solutions are reached</li> <li>• Describe process for integrating feedback from external monitoring into implementation</li> <li>• Describe arrangements for final external evaluation</li> <li>• Describe need for updates to census, assets inventories, resource assessments, and socioeconomic surveys, if necessary, as part of RAP monitoring and evaluation.</li> </ul>
<b>Costs and Budgets</b>	<ul style="list-style-type: none"> <li>• Provide a clear statement of financial responsibility and authority</li> <li>• List the sources of funds for resettlement and describe the flow of funds</li> <li>• Ensure that the budget for resettlement is sufficient and included in the overall project budget. Include provisions for non-anticipated adverse impacts.</li> <li>• Identify resettlement costs, if any, to be funded by the government and the mechanisms that will be established to ensure coordination of disbursements with the RAP and the project schedule. Prepare estimated budget, by cost and by item, for all resettlement costs including planning and implementation, management and administration, monitoring and evaluation, and contingencies</li> <li>• Describe the specific mechanisms to adjust cost estimates and compensation payments for inflation and currency fluctuations</li> <li>• Describe the provisions to account for physical and price contingencies</li> <li>• Describe the financial arrangements for external monitoring and evaluation including the process for awarding and maintenance of contracts for the entire duration of resettlement</li> </ul>

<b>Transparency and Disclosure</b>	In formulation of IP action plan, IPF will be disclosed, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected IP communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected IP communities and other stakeholders.
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The RAP will be supported by the following documentary evidence:

- Copies of census and survey instruments, interview formats, and any other research tools
- Information on all public consultation including announcements and schedules of public meetings, meeting minutes, and lists of attendees
- Examples of formats to be used in monitoring and reporting on RAP implementation
- Entitlement matrix
- Evidence of prior informed consent for indigenous peoples and tribal communities

#### ANNEX 12. SHORT LIST OF QUALIFIED E&S CONSULTANT

<p><b>Innovativkonzept, Pvt</b>  Bruchhöfen 4  27305 Bruchhausen Vilsen  Germany  T:(+)49  T: +27 010880006427177  333 6543 E:  <a href="http://www.innovativkonzept.com">www.innovativkonzept.com</a></p>	<p><b>Environmental Resources Manager, Ethos</b>  Kings Road  SA1 Swansea Waterfront  Swansea Bay  SA1 8AS  United Kingdom  M: +44 (0)7748 612 331  T: +44 (0)1792 306 933  E: sarah.dewsbury@erm.com</p>
<p><b>EBS Advisory</b>  8 Dalmeny Road Pine Park  Randburg  Johannesburg  South Africa  E:  <a href="mailto:raylene.watson@ebsadvisory.com">raylene.watson@ebsadvisory.com</a></p>	<p><b>Sustainable Finance Advisory, Ltd.</b>  The Exchange  28 London Bridge Street  London  SE10 8QE  United Kingdom  E:<a href="mailto:info@sustainablefinanceadvisory.com">info@sustainablefinanceadvisory.com</a>  <a href="mailto:carey@sustainablefinanceadvisory.com">carey@sustainablefinanceadvisory.com</a>  T: +44 7590 351 919</p>
<p>Ibis Consulting  Contact: Jeremy Soboil,  Director  South Africa  Tel: +27 82 824 9678</p>	<p>Environmental Solutions Africa  Contact: Eden Wildy, Director  M: <a href="tel:+27834406707">+27 83 440 6707 (SA)</a>  Email: <a href="mailto:eden@environmentalsolutions.africa">eden@environmentalsolutions.africa</a>;  <a href="mailto:info@mattdaviesenvironmental.com">info@mattdaviesenvironmental.com</a></p>

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Serim Africa Contact: Kande Gabriel Tel: +221775530457 Email: <a href="mailto:manager@serim-africa.com">manager@serim-africa.com</a> ; <a href="mailto:kandegabriel@gmail.com">kandegabriel@gmail.com</a> ; <a href="mailto:kandegabriel53@gmail.com">kandegabriel53@gmail.com</a> ; <a href="mailto:advisory@serim-africa.com">advisory@serim-africa.com</a>	

## **ANNEX 13 - ENVIRONMENTAL AND SOCIAL IMAGE/PICTURES PROTOCOL DURING MONITORING VISITS**

When visiting project/company sites, take the following images (to the extent feasible) to provide useful context on environmental and social (E&S) characteristics, aspects and issues.

*NB – It is important that all images are labelled before they are sent to the E&S Risk Officer.*

Specifically, any photos that show:

1. The natural environment surrounding the project/company site or operations;
2. The nature of communities (people, dwellings etc) surrounding the project/company site or operations;
3. The nature of lifestyles e.g. house structures, modes of cooking, levels of sanitation
4. Animals in/around communities;
5. Evidence of gender aspects and diversity in both the project/company and communities
6. Transport corridors to the project/company site;
7. Actual operations on site;
8. Machinery or installations on site;
9. Any employees working at their jobs;
10. Any existing controls used to prevent risks or accidents e.g. signage, emergency points, personal safety equipment, fire-fighting tools or equipment etc
11. Potential issues of interest e.g.
  - a. Non-compliance with E&S controls
  - b. Notable proximity of communities to project/company sites
  - c. Encroachment of communities around project/company sites
  - d. Any evidence of relocation of peoples

## ANNEX 14: STAKEHOLDERS ENGAGEMENT

### Annex 14.A: Summary of stakeholders' consultations undertaken – ICRF Programme Level

Stakeholders' consultations and engagement plan is pivotal to the ICRF design and implementation. Considering the innovative approach undertaken by ICRF to make infrastructure climate resilient, engagement with a wide range of stakeholders is central to the sustainability and success plan of ICRF and in line with AFC investment strategy. Over the 15 past years, AFC has built strong relationships with its members states and their national stakeholders. AFC due diligence process always provides due consideration to engagement at national level as illustrated by the establishment of an investors and countries relations division within AFC. Hence, the AFC/ACP commit to ensure the design and implementation of ICRF follows an open, inclusive, and comprehensive process. In their testimony, the National Designated Authority (NDA) of the beneficiaries' countries acknowledge the ICRF approach is a first of its kind when it comes to ensure regular consultations and engagement with NDAs and providing them with the opportunity to lead the engagement with key national stakeholders relevant for the ICRF while ensuring that AFC has each country within its pipeline/prospective pipeline.

**Country ownership is pivotal to the ICRF design and implementation.** Considering the innovative approach undertaken by ICRF to make infrastructure climate resilient, engagement with a wide range of stakeholders is central to the sustainability and success plan of ICRF and in line with AFC investment strategy. Over the 15 past years, AFC has built strong relationships with its members states and their national stakeholders. AFC due diligence process always provides due consideration to engagement at national level as illustrated by the establishment of an investors and countries relations division within AFC. Hence, the AFC/ACP commit to ensure the design and implementation of ICRF follows an open, inclusive, and comprehensive process. In their testimony, the National Designated Authority (NDA) of the beneficiaries' countries acknowledge the ICRF approach is a first of its kind when it comes to ensure regular consultations and engagement with NDAs and providing them with the opportunity to lead the engagement with key national stakeholders relevant for the ICRF while ensuring that AFC has each country within its pipeline/prospective pipeline.

**ICRF responds to pan-African, regional, and national priorities. It is consistent with the Africa 2063 vision, the African Union Program of Infrastructure Development (PIDA) and is consistent with Nationally-Determined Contribution (NDC) thematic areas, themes and priorities identified by the participating countries as part of the NDC adaptation components.** ICRF provides urgently needed concessional financing and technical assistance to make African countries' infrastructure master plan resilient to climate change. Most African countries have enshrined the need for infrastructural development in the laws and national documents. Two illustrative examples from Kenya and Ghana. Kenya plans to mobilize funds from local (10%) and external (90%) sources to upscale roads to systematically harvest water, reduce flooding, and promote appropriate designs and building materials to enhance the resilience of roads to climate risk. Ghana has developed a climate resilient infrastructure roadmap in recognition of the increasing risks posed by a changing climate to the country development prospect.

**AFC engaged collaboratively with all participating countries during the origination and development phase of this funding proposal. AFC engages with NDA and wider stakeholders of the NOL countries' to enable them to understand the structure of the ICRF programme,** the choice of the financial instruments, confirm with them how the programme aligns with their NDCs, their national development plans, policies, strategies, and programmes. The 19 countries that have delivered their NOL have duly followed their respective no-objection procedures as established by the country. Most of the countries today have established and documented their respective NOL issuance procedure and delivery of NOL is the achievement of a constructive engagement and collaboration with the countries, setting a foundation for effective implementation of the outcome 1.2 and 1.3 that have been designed to support the countries national efforts to embed climate resilient at the core of the infrastructure financing. ICRF has developed a comprehensive country engagement strategy that goes well beyond the issuing of non-objection letters from targeted NDAs.

**ICRF has launched a stakeholders' engagement consultation** process as part of the PPF implementation that is targeting a wide spectrum of stakeholders in each country from both private and public sector. More than 500 institutions have been targeted and received the project summary, the presentation of ICRF, the recording of the consultations as well as the script of the Q&A resulting from the stakeholders engagement (please see stakeholder consultation report as part of the FP package). The stakeholder consultations were aimed at creating awareness about the Programme, providing an opportunity for the various actors to provide their views, clarifying the roles of key stakeholders in its development and implementation, and ensuring that Programme concepts demonstrate country-ownership and support from stakeholders and host communities, amongst other objectives were identified from various categories of actors including; relevant national ministries, regulatory agencies, relevant research institutions, Non-governmental Organisations (NGOs), Civil Society Organisations (CSOs), meteorological agencies, indigenous peoples' organisations, accredited GCF Observers, etc.

These efforts complemented regular collaboration with GCF national designated authorities and UNFCCC focal points using various channels including: online meetings, meetings in the margin of international fora Virtual engagements as part of the programme development: AFC and ACP have conducted 4 virtual conferences with the targeted countries to present the ICRF and integrate their feedback into the design of the programme. The discussions focused on the ICRF concept note and the understanding of how ICRF will deploy concessional finance into each respective beneficiary countries. AFC Capital Partners (ACP) in these discussions delved into AFC pipeline spanning across ICRF core sectors: climate Resilient transport, port and logistics, roads and bridges airports, railways; climate resilient energy systems; climate resilient economic zones, and telecommunication infrastructure. Meetings in the margin of COP 26, COP 27 and within the wider climate network: AFC took opportunity of participating in COP 26 and COP 27 to engage NDA, UNFCCC focal points and other national relevant delegation members to provide information and updates on the programme development. These interactions were extremely progressive and confirm the relevance of the programme and its full alignment with countries priorities. ACP met with other key stakeholders within the climate network, including high-level officials from several governments. These meetings enabled ACP to explain and establish its relationship with its Parent Company, Africa Finance Corporation (AFC) which has invested US\$9 billion in 35 African countries and has 33 African member

states where it has special immunities and privileges. ACP team presented its strategy to leverage the strong relationships between AFC and its member states in order to enhance the quality of built infrastructure on the continent through the systematic integration of climate resilience.

**In-country visits and missions:** AFC engaged in several country missions (i.e., Ghana, Namibia, Cote d'Ivoire, Gabon, Sierra Leone, Senegal (on-going NOL process), etc..) to meet various stakeholders among which NDAs and other several national stakeholders such as government ministries involved in target sectors such as transport, energy, industry, ITC, as well as Ministries of economy and finance, and Ministry of Environment, and the NDA/NOL national committee members.

**Engagement of NDA** in the national wider consultations NDAs of target countries distributed online surveys to gather inputs from key relevant stakeholders involved in the financing of infrastructure in their countries to collect the views of the wider national stakeholders on the priorities of ICRF. These engagements have resulted in the better understanding of the views of a variety of stakeholders as far as priorities of infrastructure resilience in their context.

**As of November 2022, ICRF received 19 NOLs from [Benin, Cameroon, Chad, Cote d'Ivoire, Democratic Republic of Congo, Djibouti, Gabon, the Gambia, Ghana, Guinea, Kenya, Mali, Mauritania, Namibia, Nigeria, Rwanda, Sierra Leone, Togo, Zambia.]** AFC is in advanced discussions with several other countries, including (without limitation): South Africa, Egypt, Senegal, Tanzania, Uganda. These countries, amongst others, all expressed significant interest in the ICRF but haven't been able to complete their internal sign-off processes due to COVID-19 and other reasons. Nevertheless, we expect to receive NOLs from most, if not all, of these countries before the publication deadline. Additional countries may be added to the programme after initial Board approval, provided they submit an NOL, compliant with the GCF's no objection procedures, and such addition is approved by the GCF Board.

### **Summary of investors meetings**

AFC Capital Partners identified and engaged a diversified pool of 60+ investors consisting of European and American Private Sector Players, Sovereign Wealth Funds, Pensions Funds, and Insurance Companies. The ICRF concept of integrating climate risks into built infrastructure received positive feedback. The ICRF team is actively engaging many of these investors which have expressed interest to invest in the ICRF. Many investors expressed the importance of the first loss from the GCF as it will provide a sound cushion to their investments and support the ICRF investment case. The GCF's first loss, as a result, will enable ICRF to attract more institutional capital at scale by providing the de-risking incentives for commercial investors to invest in ICRF and support the development of climate-resilient infrastructure on the African continent. Overall, the feedback from key institutional investors has been positive and the additional benefit of the first loss combined with AFC's track record in the proposed co-investment vehicle will truly enable investors to align with ICRF and feel comfortable with the investment. This also applied to new investors which until now had a low appetite for investing in Africa due to various risk factors (political risks, currency risks, technical and financial risks, construction risks, among others). In addition, investors unanimously supported the need for a methodology framework for climate resilience as initiated by AFC and ACP and to be further developed under Component 2 with the technical assistance to be provided by GCF. The technical Assistance will enable the ICRF

team to work with world-class experts to advance and finetune the model framework that requires an iterative process and will provide the state-of-the-art methodology in the field

## **Annex 14.B: Stakeholder Engagement Plan (SEP) and Checklist – Template Framework for Sub-projects to be financed by ICRF**

This template provides guidance for the sub-projects to be funded by the ICRF Fund on specific aspects of the application of the Environmental and Social Standards (ESSs) in line with the ESMF. Templates help to illustrate the requirements of the ESSs and propose approaches to fulfilling the requirements.

The scope and level of detail of the plan should be commensurate and proportionate with the nature and scale, potential risks, and impacts of the project and the concerns of the stakeholders who may be affected by or are interested in the project. The Stakeholders Engagement Plan (SEP) should be clear and concise and focus on describing the project and identifying its stakeholders. It is key to identify what information will be in the public domain, in what languages, and where it will be located. It should explain the opportunities for public consultation, provide a deadline for comments, and explain how people will be notified of new information or opportunities for comment. It should explain how comments will be assessed and taken into account. It should also describe the project's grievance mechanism and how to access this mechanism. The SEP should also commit to releasing routine information on the project's environmental and social performance, including opportunities for consultation and how grievances will be managed.

The following presents the standard outline of an SEP:

### **1. Introduction/Project Description**

Briefly describe the project, the stage of the project, its purpose, and what decisions are currently under consideration on which public input is sought.

Describe location and, where possible, include a map of the project site(s) and surrounding area, showing communities and proximity to sensitive sites, and including any worker accommodation, lay-down yards, or other temporary activities that also may impact stakeholders. Provide a link to, or attach a nontechnical summary of, the potential social and environmental risks and impacts of the project.

### **2. Brief Summary of Previous Stakeholder Engagement Activities**

If consultation or disclosure activities have been undertaken to date, including information disclosure and informal or formal meetings/or consultation, provide a summary of those activities (no more than half a page), the information disclosed, and where more detailed information on these previous activities can be obtained (for example, a link, or physical location, or make available on request).

### **3. Stakeholder identification and analysis**

Identify key stakeholders who will be informed and consulted about the project, including individuals, groups, or communities that:

- a. Are affected or likely to be affected by the project (project-affected parties); and
- b. May have an interest in the project (other interested parties).

Depending on the nature and scope of the project and its potential risks and impacts, examples of other potential stakeholders may include government authorities, local organizations, NGOs, and companies, and nearby communities. Stakeholders may also include politicians, labor unions, academics, religious groups, national social and environmental public-sector agencies, and the media.

### 3.1. Affected parties

Identify individuals, groups, local communities, and other stakeholders that may be directly or indirectly affected by the project, positively or negatively. The SEP should focus particularly on those directly and adversely affected by project activities. Mapping the impact zones by placing the affected communities within a geographic area can help define or refine the project's area of influence. The SEP should identify others who think they may be affected, and who will need additional information to understand the limits of project impacts.

### 3.2. Other interested parties

Identify broader stakeholders who may be interested in the project because of its location, its proximity to natural or other resources, or because of the sector or parties involved in the project. These may be local government officials, community leaders, and civil society organizations, particularly those who work in or with the affected communities. While these groups may not be directly affected by the project, they may have a role in the project preparation (for example, government permitting) or be in a community affected by the project and have a broader concern than their individual household.

Moreover, civil society and nongovernmental organizations may have in-depth knowledge about the environmental and social characteristics of the project area and the nearby populations, and can help play a role in identifying risks, potential impacts, and opportunities for the Borrower to consider and address in the assessment process. Some groups may be interested in the project because of the sector it is in (for example, mining or health care), and others may wish to have information simply because public finance is being proposed to support the project. It is not important to identify the underlying reasons why people or groups want information about a project—if the information is in the public domain, it should be open to anyone interested.

### 3.3. Disadvantaged / vulnerable individuals or groups

It is particularly important to understand project impacts and whether they may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project. The following can help outline an approach to understand the viewpoints of these groups:

- a. Identify vulnerable or disadvantaged individuals or groups and the limitations they may have in participating and/or in understanding the project information or participating in the consultation process.
- b. What might prevent these individuals or groups from participating in the planned process? (For example, language differences, lack of transportation to events, accessibility of venues, disability, lack of understanding of a consultation process).
- c. How do they normally get information about the community, projects, activities?
- d. Do they have limitations about time of day or location for public consultation?
- e. What additional support or resources might be needed to enable these people to participate in the consultation process? (Examples are providing translation into a minority language, sign language, large print or Braille information; choosing accessible venues for events; providing transportation for people in remote areas to the nearest meeting; having small, focused meetings where vulnerable stakeholders are more comfortable asking questions or raising concerns.)
- f. If there are no organizations active in the project area that work with vulnerable groups, such as persons with disability, contact medical providers, who may be more aware of marginalized groups and how best to communicate with them.

- g. What recent engagement has the project had with vulnerable stakeholders and their representatives?

#### **4. Stakeholder Engagement Program**

##### **4.1. Purpose and timing of stakeholder engagement program**

Summarize the main goals of the stakeholder engagement program and the envisaged schedule for the various stakeholder engagement activities: at what stages throughout the project's life they will take place, with what periodicity, and what decision is being undertaken on which people's comments and concerns. If decisions on public meetings, locations, and timing of meetings have not yet been made, provide specific information on how people will be made aware of forthcoming opportunities to review information and provide their views.

##### **4.2. Proposed strategy for information disclosure**

Briefly describe what information will be disclosed, in what formats, and the types of methods that will be used to communicate this information to each of the stakeholder groups. Methods used may vary according to target audience. For each media example, identify the specific names (for example, newspapers, social media,

Radio, television Channel). The selection of disclosure—both for notification and providing information—should be based on how most people in the vicinity of the project routinely get information and may include a more central information source for national interest. A variety of methods of communication should be used to reach the majority of stakeholders. The project should select those that are most appropriate and have a clear rationale for their choices. The plan should include a statement welcoming comments on the proposed engagement plan and suggestions for improvement. For remote stakeholders, it may be necessary to provide for an additional newspaper outlet or separate meeting, or additional documents that should be placed in the public domain. The public domain includes:

- a. Newspapers, posters, radio, television;
- b. Information centers and exhibitions or other visual displays;
- c. Brochures, leaflets, posters, nontechnical summary documents and reports;
- d. Official correspondence, meetings;
- e. Website, social media.

The strategy should include means to consult with project-affected stakeholders if there are significant changes to the project resulting in additional risks and impacts.

##### **4.3. Proposed strategy for consultation**

Briefly describe the methods that will be used to consult with each of the stakeholder groups. Methods used may vary according to target audience, for example:

- a. Interviews with stakeholders and relevant organization
- b. Surveys, polls, and questionnaires
- c. Public meetings, workshops, and/or focus groups on specific topic
- d. Participatory methods

##### **4.4. Proposed strategy to incorporate the view of vulnerable groups**

Describe how the views of vulnerable or disadvantaged groups will be sought during the consultation

process. Which measures will be used to remove obstacles to participation? This may include separate mechanisms for consultation and grievances, developing measures that allow access to project benefits, and so forth.

#### **4.5. Timelines**

Provide information on timelines for project phases and key decisions. Provide deadlines for comments.

#### **4.6 Review of Comments**

Explain how comments will be gathered (written and oral comments) and reviewed, and commit to reporting back to stakeholders on the final decision and a summary of how comments were taken into account.

#### **4.7 Future Phases of Project**

Explain that people will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and grievance mechanism. Projects should report at least annually to stakeholders, but often will report more frequently during particularly active periods, when the public may experience more impacts or when phases are changing (for example, quarterly reports during construction, then annual reports during implementation).

### **5. Resources and Responsibilities for implementing stakeholder engagement activities**

#### **5.1. Resources**

Indicate what resources will be devoted to managing and implementing the Stakeholder Engagement Plan, in particular:

- a. What people are in charge of the SEP
- b. Confirm that an adequate budget has been allocated toward stakeholder engagement
- c. Provide contact information if people have comments or questions about the project or the consultation process; that is, phone number, address, e-mail address, title of responsible person

## 5.2. Management functions and responsibilities

Describe how stakeholder engagement activities will be incorporated into the project's management system and indicate what staff will be devoted to managing and implementing the Stakeholder Engagement Plan:

- a. Who will be responsible for carrying out each of the stakeholder engagement activities and what are the qualifications of those responsible?
- b. How involved will management be in stakeholder engagement?
- c. How will the process be documented, tracked, and managed (for example, stakeholder database, commitments register, and so forth)?

## 6. Grievance Mechanism

Describe the process by which people affected by the project can bring their grievances and concerns to the project management's attention, and how they will be considered and addressed:

- a. Is there an existing formal or informal grievance mechanism, and does it meet the requirements? Can it be adapted or does something new need to be established?
- b. Is the grievance mechanism culturally appropriate, that is, is it designed to take into account culturally appropriate ways of handling community concerns? For example, in cultures where men and women have separate meetings, can a woman raise a concern to a woman in the project grievance process?
- c. What process will be used to document complaints and concerns? Who will receive public grievances? How will they be logged and monitored?
- d. What time commitments will be made to acknowledge and resolve issues? Will there be ongoing communication with the complainant throughout the process?
- e. How will the existence of the grievance mechanism be communicated to all stakeholder groups? Are separate processes needed for vulnerable stakeholders?
- f. If a complaint is not considered appropriate to investigate, will an explanation be provided to the complainant on why it could not be pursued?
- g. Will there be an appeals process if the complainant is not satisfied with the proposed resolution of the complaint? Not all projects will necessarily have an appeals process, but it is advisable to include one for more complex projects. In all cases, complainants need to be reassured that they still have all their legal rights under their national judicial process.
- h. A summary of implementation of the grievance mechanism should be provided to the public on a regular basis, after removing identifying information on individuals to protect their identities. How often will reports go into the public domain to show that the process is being implemented?

## 7. Monitoring and Reporting

### 7.1. Involvement of stakeholders in monitoring activities

Some projects include a role for third parties in monitoring the project or impacts associated with the project. Describe any plans to involve project stakeholders (including affected communities) or third-party monitors in the

monitoring of project impacts and mitigation programs. The criteria for selection of third parties should be clear.

## **7.2. Reporting back to stakeholder groups**

Describe how, when, and where the results of stakeholder engagement activities will be reported back to both affected stakeholders and broader stakeholder groups. It is advised that these reports rely on the same sources of communication that were used earlier to notify stakeholders. Stakeholders should always be reminded of the availability of the grievance mechanism.

## **8. Stakeholder engagement plan checklist**

This Checklist provides guidance for the sub-projects to be financed on the application of the Environmental and Social Standards of the AE and in line with IFC/World Bank best practices and GCF requirements.

The appropriate level of complexity of a project's Grievance Redress Mechanism (GRM) depends on the risks and impacts of the project and the project context. The following checklist describes a complex GRM that adheres to good international practice, which may not be necessary for all projects. Nevertheless, this checklist helps to determine whether a grievance mechanism conforms to good international practice.

### **A. System issues**

1. Does the project invite feedback/grievances?
2. Does the organization have a policy on grievance redress?
  - a. Is the policy available to all staff, beneficiaries, and potential users?
  - b. Is the policy written in the local language(s)?
3. Does the grievance mechanism have the following features?
  - a. A clearly understood procedure for people to provide feedback and/or submit grievances.
  - b. A statement of who is responsible for dealing with feedback/ grievances.
  - c. Procedures for resolving or mediating and investigating grievances depending on their seriousness and complexity.
  - d. A system for keeping complainants informed of status updates.
  - e. A system for recording feedback/grievances and outcomes.
  - f. Procedures for protecting confidentiality of complainants.

### **B. Staff management**

1. Is there a grievance manual for staff?
2. Do the grievance policy and/or procedures provide guidance on:
  - a. What is a grievance/feedback?

- b. What information to collect from complainants?
  - c. What remedies can or should be used to resolve grievances?
3. Are the grievance policy and procedures communicated to all staff?
  4. Are adequate resources allocated for the grievance mechanism to function effectively?
  5. Does the organization provide training on grievance management to staff?

**C. Communication to grievance mechanism users**

1. Are users told how to submit grievances/feedback?
  - a. Is an information brochure on the grievance mechanism available to users?
  - b. Are feedback/grievance forms available to users?
  - c. Are grievance forms or signs displayed prominently and readily accessible?
  - d. Are contact details of staff receiving feedback/grievance published and displayed in public areas?
  - e. Is information on grievance management available in local languages?
2. Are users able to submit grievances/feedback:
  - a. In writing
  - b. By email
  - c. By fax
  - d. By telephone
  - e. In person
3. Are users provided with assistance to submit feedback/grievances where needed?
4. Can the grievance mechanism be accessed free of charge?
5. Are users promised confidentiality?
6. Are users informed about the appeals process?

**D. Feedback/grievance recording**

1. Are all feedback/grievances recorded?
  - a. Are grievances/feedback logged and documented?
  - b. Are inquiries/suggestions and recommendations recorded?
  - c. Are the outcomes and responses to all grievances/feedback recorded?

**E. Business standards**

1. Are there business standards in place for the process and timing with which grievances/feedback are dealtwith?
  - a. Is receipt acknowledged within a stipulated time frame?
  - b. Are the grievances supposed to be resolved within a stipulated time frame?
2. Is there a quality control system in place to:
  - a. Check if all grievances have been dealt with or acted upon.
  - b. Check if all aspects of a grievance have been addressed.
  - c. Check if all necessary follow-up action has been taken.

**F. Analysis and feedback**

3. Are regular internal reports on grievances/feedback produced for senior management?
4. Grievances/feedback reports include data on: Numbers of grievances/feedback received. Compliance with business standards, Issues raised in grievances/feedback. Trends in grievances/feedback over time. The causes of grievances/feedback.
5. Whether remedial action was warranted. What redress was actually provided?
6. Recommendations/strategies to prevent or limit future recurrences.
7. Are reports about grievances/feedback made public, periodically?

## **ANNEX 15: ICRF INDIGENOUS PEOPLES FRAMEWORK (IPF)**

### **Approach to ICRF Indigenous Peoples Framework (IPF)**

AFC/ACP is committed to design and implement ICRF projects in a way that fosters full respect for IP (IP)' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the IP themselves and in line with the globally recognized standards. The AFC/ACP approach aimed at safeguarding IPF by ensuring that IP affected by ICRF projects:

- a. Receive culturally appropriate social and economic benefits,
- b. Do not suffer significant adverse impacts as a result of ICRF projects, and
- c. Can participate actively in decision of projects that affect them.

AFC/ACP believes the IP safeguards can be triggered if ICRF supported project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of IP or affects the territories or natural or cultural resources that IP own, use, occupy, or claim as an ancestral domain or asset.

In AFC/ACP context, IP refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees:

- a. Sub-Saharan African Historically Underserved Traditional Local Communities
- b. Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- c. Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- d. Customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
- e. Distinct language, often different from the official language of the country or region. In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the project area because of forced severance remains eligible for coverage under this framework.

### **Need for Indigenous Peoples Framework**

AFC/ACP recognizes the critical importance of respecting the rights of Indigenous Peoples (IPs) and safeguarding any adverse impacts of the ICRF supported projects on Ips. AFC/ACP will seek to avoid proceeding with a Project beyond the development phase where adverse impacts cannot be avoided. When avoidance is not feasible, ICRF requires measures to be put in place to minimize and mitigate these impacts. Compensation shall only be considered as a last resort. Furthermore, it is also recognizes that IPs may be present, or have customary attachment to land, in many of the locations in which ICRF may manage investments, the requirements of this IPPF shall be adopted to the extent necessary (on the basis of the determination of existence of IPs in the project area) in every investment.

### **Purpose of this Framework**

This Indigenous Peoples Planning Framework (IPPF) will be applied when it has been determined on the basis of E&S screening and due diligence that one or more IP communities are present in the Project's area of influence. The Project Company is responsible for implementing the necessary actions to meet the requirements outlined by this framework.

### **Applicable Reference and Standards for IPF**

AFC/ACP IPF has been prepared for the ICRF project in accordance with the requirements of IFC PS7 and the associated guidance note, as well as the Green Climate Fund Indigenous Peoples Policy and associated Operational Guidelines, World Bank Environmental and Social Framework (ESF) and AfDB's Integrated Safeguards System (ISS) to guide the selection, screening, preparation, and categorization of projects under ICRF to ensure better distribution of project benefits and promote development of IP in the project area.

In so doing, ICRF projects will be screened for IP's impact and project financing under ICRF will not be approved in situation where the project will significantly affect the dignity, human rights, livelihood systems, or culture of IPs or affects the territories or natural or cultural resources that IPs own, use, occupy, or claim as their ancestral domain. ICRF projects that may create a positive impact on IPs will be considered. Positive impact may include improved access to social and commercial services, better and more reliable transport options as well as strengthen access to affordable power.

### **Definitions:**

Following the above references, AFC/ACP recognizes that there is no universally accepted definition of Indigenous Peoples, thus the description included in IFC PS7 is adopted for use by ICRF. According to IFC PS7, the term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

Based on the World Bank EMF, GCF IPP Guidelines and AfDB ISS, amongst others, the objectives of AFC/ACP IPF are to:

- Create a consideration for formulation of IP action plan
- Identify opportunities for effective implementation of IP plan in ICRF projects

- Reinforce the need for consent of affected communities with a distinct, vulnerable, social and cultural group of IP through a stakeholder consultation in a Free, Prior Informed and Consent (FPIC) manner.

While providing a framework is important, it should lead a formulation of IP action plan. At a stage when IP framework transforms into an IP action plan, the plan is expected to consist of a number of activities and will include mitigation measures of potentially negative impacts, modification of project design, and development assistance. In situation where there is land acquisition in IP communities, ICRF supported projects will ensure the IP rights will not be violated and that they will be compensated for the use of any part of their land in a manner that is culturally acceptable to the affected IPs.

Consideration for an IP plan<sup>20</sup> will include:

- a. Social impact assessment,
- b. Land tenure information,
- c. Local participation, information disclosure, meaningful consultation,
- d. Beneficial measures or mitigation activities,
- e. Institutional arrangement and capacity building,
- f. Grievance Redress Mechanism,
- g. Implementation schedule,
- h. Monitoring and evaluation, and
- i. Cost estimate and financing plan

### **Justification for ICRF Indigenous Framework**

IP framework establishes a guide on the procedures for verifying whether IP population will be affected by ICRF projects and the potential level of IP vulnerability. It also determination on whether there will be a need to formulate IP action plan in a manner that is customized to the IP peculiar situation leading into prioritization and preferences of IP needs.

### **Potential Impacts of Projects on IP Communities**

The range of potential E&S impacts of each project varies due to various factors such as the type and size of Project, the location, the baseline environment, the social context and the affected communities. Some E&S impacts are likely to be more relevant to one project type than another. It is recognised that because of their unique circumstances, IP communities may be more vulnerable to the impacts of a Project, and may be differently impacted when compared with other members of a local community. For this reason, the vulnerabilities of IPs will be considered as a specific aspect of an assessment when IPs are determined as being present. The impacts on IPs, and all other members of the community, will be considered in relation to all stages of the project lifecycle.

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<sup>20</sup> See Table 2 (Impact Assessment) for more details

## Methodology for application of IPF

Methodology<sup>21</sup> for the draft Framework is as follows:

- a. Identification and screening of IP communities in Project Area of Influence and classification at an early stage by reviewing relevant information gathered from diverse sources including demographic data; social, cultural and economic situation; and social, cultural and economic to determine:
  - Whether IP is present in, or have collective attachment to, the project area; and
  - Whether project impacts on IP are likely.

In essence, the potential for IPs to exist shall be assessed during the screening and due diligence phase which occurs prior to seeking ICRF approval. The screening will be undertaken by AFC/ACP on behalf of ICRF and will seek to confirm the existence of IPs in the Project's area of influence. The screening and due diligence shall be supported by external specialist advice as necessary.

- b. Categorization according to the level of vulnerability severity will follow. ICRF projects will be assigned categories depending on the significance of the potential impacts on IPs:
  - Category A: If the proposed ICRF project is likely to have significant impact on IPs, a social impact assessment will be required
  - Category B: If the proposed ICRF project is likely to have limited impact on IPs, a social impact assessment may be required
  - Category C: If the proposed project is not expected to have impacts on IPs. No further action is required.
- c. Undertake a culturally appropriately and gender-sensitive social impact assessment (SIA) or use similar methods to assess potential project impacts, both positive and adverse, on IP. Given a full consideration to options the affected IP prefer in relation to the provision of project benefits and the design of mitigation measures, the assessment will elicit social and economic benefits for affected IP that are culturally appropriate as well as gender and inter-generationally inclusive with measures to avoid, minimize, and/or mitigate adverse impacts on IP.
- d. Undertake meaningful consultations with affected IP communities and concerned IP organizations to solicit their participation in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and in tailoring project benefits for affected IP communities in a culturally appropriate manner. To enhance IP' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the IP' concerns.
- e. Ascertain the consent of affected IP communities to the ICRF project activities, including:
  - Commercial development of the cultural resources and knowledge of IP;

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<sup>21</sup> <sup>21</sup> See Table 1 (General Requirements) for more details

- Physical displacement from traditional or customary lands; and
  - Commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of IP. For the purposes of IPF implementation, the consent of affected IP communities refers to a collective expression by the affected IP communities, through individuals and/or their recognized representatives, of broad community support for such project activities.
- f. Broad community engagement and support should be sought to:
- Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected IP communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.
  - Initiate a process for formulation of IP action plan that will be based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected IP communities. The IPF includes a framework for continued consultation with the affected IP communities during project implementation; specifies measures to ensure that IP receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.
- g. Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves:
- Activities that are contingent on establishing legally recognized rights to lands and territories that IP have traditionally owned or customarily used or occupied, or
  - Involuntary acquisition of such lands.
  - Monitor implementation of the IP framework and plan using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPF's objective and desired outcome have been achieved, taking into account the baseline conditions, the results of IP monitoring and disclose of monitoring reports.

### **General Requirements of the IPPF**

In line with the GCF IPP guidance, ICRF will not support projects where there is a risk of significant impact on IP communities such that an FPIC process will be triggered. In cases where FPIC would not be triggered, but where potential adverse impacts to IP communities would arise, ICRF will require the Project to put in place all necessary measures to avoid such adverse impacts. When avoidance is not feasible, the Project shall minimize, mitigate or compensate for these impacts in a culturally appropriate manner. The proposed actions will be developed with the informed participation of

affected Indigenous Peoples and included in a time-bound Indigenous Peoples Plan.

A Project shall not proceed beyond the development phase unless it able to demonstrate that the requirements have been met. In so doing, the general principles and requirements to be followed by ICRF if the existence of an IP community is confirmed within the Project area of influence are as follows:

Topic	Description
<b>Impact assessment</b>	<ul style="list-style-type: none"> <li>• If IPs have been identified during the E&amp;S screening and due diligence, further analysis will be undertaken during the ESIA that will be commissioned post DF IC approval (i.e. during the development phase and prior to proceeding to seeking Construction Equity Funding Investment Committee approval).</li> </ul>
<b>Participation and consent</b>	<ul style="list-style-type: none"> <li>• The Project shall aim to establish a continuing relationship with the affected IP group(s) as well as with the broader project affected communities as early as possible in the project planning and throughout the life of the project.</li> <li>• Engagement will all stakeholder groups (including IP communities) will typically commence formally during the early stage of the ESIA.</li> <li>• Projects shall engage with the affected IP community through a process of information disclosure and informed consultation and participation (ICP). In some specific cases, it will be necessary to obtain Free, Prior and Informed Consent (FPIC) from the IP community.</li> <li>• Specialists shall be engaged to assist Projects to design and implement an appropriate approach to meaningful consultation and participation</li> </ul>
<b>Institutional arrangements</b>	<ul style="list-style-type: none"> <li>• The following institutional arrangements shall be established by the Project Company where IP communities are confirmed to exist in the Project area: <ul style="list-style-type: none"> <li>-Grievance mechanism and management process that is culturally appropriate and accessible for IP communities;</li> <li>-Access to IP experts to support with ongoing management of IP-related commitments;</li> <li>-Repository of plans and project documents that is made available to the affected IP community in an appropriate form, manner and language;</li> </ul> </li> </ul>
<b>Impacts on traditional or customary lands</b>	<ul style="list-style-type: none"> <li>• Project Companies shall consider alternative Project designs to avoid being located on, and/or causing adverse impacts to the livelihoods or cultural, ceremonial, or spiritual uses of traditional or customary lands that define the identity and community of the IPs.</li> <li>• If this is not possible, and adverse impacts are expected, the Project Company shall ensure that a process of FPIC is followed as part of the ESIA.</li> <li>• As part of the FPIC process the Project Company shall: <ul style="list-style-type: none"> <li>- Document efforts to avoid or at least minimize the proposed project footprint;</li> <li>-Document land uses in collaboration with the affected IP communities without prejudicing their land claim;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>-Inform affected IP communities of their rights with respect to their land under national laws, particularly those recognizing customary rights or use;</li> <li>-Offer affected IP communities fair compensation and due process such as benefit-sharing mechanisms; and/or land based and/or in-kind compensation in lieu of cash compensation where feasible; and</li> <li>- Enter into good faith negotiations with the affected IP communities and document their informed participation and outcomes of consultations.</li> </ul>
<b>Relocation of indigenous peoples</b>	<ul style="list-style-type: none"> <li>• Project Companies shall consider alternative Project designs to avoid relocation of indigenous peoples from their communally held traditional or customary land.</li> <li>• If relocation is unavoidable, projects will not proceed, unless there has been good faith negotiation with the affected indigenous peoples communities, and documented evidence of FPIC as an outcome of the negotiation.</li> <li>• Any relocation of Indigenous Peoples will need to be consistent with IFC PS 5 (Land Acquisition and Involuntary Resettlement). The option for relocated indigenous peoples to return to their traditional or customary land, should the reason for their relocation cease to exist, should remain throughout the project cycle.</li> </ul>
<b>Cultural resources</b>	<ul style="list-style-type: none"> <li>• Where a project proposes to use the cultural resources, knowledge, or practices of indigenous peoples for commercial purposes, the Project shall document and inform the indigenous peoples and communities of: <ul style="list-style-type: none"> <li>- their rights under national laws;</li> <li>-the scope and nature of the proposed commercial development; and</li> <li>-the potential consequences of such development.</li> </ul> </li> </ul>
<b>Development benefits</b>	<ul style="list-style-type: none"> <li>• Through the ESIA process and subsequently as part of ongoing engagement, opportunities shall be identified for culturally appropriate development benefits. Such opportunities should be commensurate with the degree of project impacts, aimed at improving their living standards and livelihoods in a culturally appropriate manner, and to foster the long- term sustainability of the natural resources on which they depend.</li> <li>• The benefits and the agreed process for sharing benefits will be documented in the IPP (and in the Project's Community Development Programme) and be provided to the IP communities as part of an ongoing process of transparent inclusion, engagement and decision-making.</li> </ul>

**Table 1: General Principles/Requirements of IPP**

### Impact Assessment

If IPs are identified in the Project area of influence during the screening and due diligence, the scope of the ESIA shall be adapted to include IPs as a specific stakeholder group. The breadth, depth, and type of assessment should be proportional to the nature and scale of the proposed project's potential impacts on indigenous peoples and the vulnerability of the IPs. The consultancy appointed to conduct the ESIA will be required to include an IP specialist and specialist knowledge and expertise pertaining to the

specific IP group(s) will be sought. The scope of the ESIA as it specifically relates to IPs shall include the elements detailed below:

### ESIA Scope for Projects where Indigenous Peoples Exist

Topic	Description
<b>Scope for IP Impact Assessment (component of ESIA)</b>	<ul style="list-style-type: none"> <li>• Description of the project and potential issues or impacts to indigenous peoples, including an indication of any potential impacts that are expected to affect IPs differently to other groups within the affected community.</li> <li>• Baseline information on the demographic, social, cultural, and economic characteristics of the IP community including consideration of any specific vulnerabilities (see below) within the IP community.</li> <li>• Assessment of the potential adverse impacts on IPs and benefits to IPs that are likely to be associated with the project.</li> <li>• Summary of preferences and concerns of the IP community in relation to project objectives, access and cultural appropriateness of project benefits, mitigation of any adverse impacts, and project implementation arrangements.</li> </ul>
<b>Participation and Consent</b>	<ul style="list-style-type: none"> <li>• Engagement with IP communities shall be undertaken in accordance with the standard requirements IFC PS1 and in addition will: <ul style="list-style-type: none"> <li>- Involve IP representative bodies and organisations (e.g. councils of elders or village councils) as well as members of the affected communities of IPs;</li> <li>- Be inclusive of both women and men and of various age groups in a culturally appropriate manner;</li> <li>- Respect and provide sufficient time for the decision-making processes followed by the IP community; and</li> <li>- Facilitate the expression of views, concerns, and proposals in the language of the IP community's choice, without external manipulation, interference, or coercion, and without intimidation.</li> </ul> </li> <li>• Projects with IP communities in the project area will facilitate the communities' informed participation on matters that affect them, such as proposed impact mitigation measures, sharing of development benefits and opportunities, and implementation issues.</li> </ul>
<b>Free Prior and Informed Consent (FPIC)</b>	<ul style="list-style-type: none"> <li>• In some specific cases, it will be necessary to obtain Free, Prior and Informed Consent (FPIC) from the IP community.</li> <li>• The circumstances in which FPIC is required are where: <ul style="list-style-type: none"> <li>- The project may lead to impacts on lands and natural resources subject to traditional ownership or under customary use (IFC PS7 paragraphs 13-14);</li> <li>- Indigenous Peoples will need to be relocated from lands and natural</li> </ul> </li> </ul>

	<p>resources subject to traditional ownership or under customary use (IFC PS7 paragraph 15); and/or</p> <ul style="list-style-type: none"> <li>- Critical cultural heritage may be significantly impacted by the Project and or the Project proposes to use the cultural heritage for commercial purposes (IFC PS7 paragraphs 16-17).</li> <li>• The aim is to obtain and maintain free, prior and informed consent for the projects. This determination generally is based upon collective and evidenced expression of supportive views regarding subproject purposes, plans, and implementation arrangements. This determination does not require unanimity as support may exist even when there is internal disagreement within the community or when there is limited opposition to subproject purposes or proposed arrangements.</li> <li>• The IPP will describe the basis of the determination as well as the consultation process undertaken.</li> </ul>
<p><b>Assessment of Vulnerabilities</b></p>	<ul style="list-style-type: none"> <li>• A key aspect of the assessment is understanding the relative vulnerabilities of the affected indigenous peoples, how the project may affect them and how the project may enhance their role in contributing to transformative climate action.</li> <li>• The ESIA shall include participatory process to define vulnerability and its criteria, such as a questionnaire or other tools developed in such a way that is understood and usable by communities.</li> <li>• The analysis of vulnerability will include consideration of IP's: <ul style="list-style-type: none"> <li>- Economic, social and legal status;</li> <li>- Status, including under national and customary law, of the lands, territories and resources to which they have collective attachment (see below);</li> <li>- Institutions, customs, culture and/or language;</li> <li>- Dependence on natural resources, including through customary and traditional livelihoods; and</li> <li>- Past and ongoing relationship to dominant groups and the mainstream economy.</li> </ul> </li> </ul>
<p><b>Collective Attachment</b></p>	<ul style="list-style-type: none"> <li>• The ESIA shall determine the level and type of collective attachment that may exist among the IP community.</li> <li>• When determining and evaluating collective attachment, consideration shall be given to the fact that IP groups live under many different circumstances with varying levels of attachment to the areas in which they live.</li> </ul>
<p><b>Consideration of Unintended Consequences</b></p>	<ul style="list-style-type: none"> <li>• In certain circumstances, project benefits, such as enhancing access to roads, healthcare, and education, can have unintended adverse impacts on indigenous peoples due to their particular circumstances or</li> </ul>

	<p>vulnerabilities.</p> <ul style="list-style-type: none"> <li>• The ESIA shall consider the potential impacts which may include loss of language and cultural norms, undermining of traditional governance structures, the creation of internal conflict, increased pressures and encroachment on lands, and pressures on or contamination of natural resources.</li> <li>• The ESIA shall include the use of participatory methodologies to identify the potential for, and scale of, such adverse impacts, and the ways to avoid, mitigate or compensate for them.</li> </ul>
<p><b>Consideration of Differential Impacts</b></p>	<ul style="list-style-type: none"> <li>• Indigenous peoples may be heterogeneous and may comprise multiple groups and different social units within these groups (such as individuals, clans, communities, and ethnic groups). Issues of cultural identity, geographic access, language, governance structures, cohesion and priorities may differ greatly between groups.</li> <li>• Projects also may have different impacts on different subgroups within a community. For example, land for a project may be acquired from one clan, but such acquisition could impact other clans' traditional access to and use of such land and the resources located on it.</li> <li>• The social assessment carried out as part of the ESIA shall form the basis for identifying the different groups and understanding the nature and significance of potential impacts on each of them.</li> </ul> <p>In the context of climate change, awareness, participation and consultation shall be key to stakeholder engagement. Further to provisions of the GCF Indigenous Peoples Policy and the 1989 ILO Indigenous and Tribal Peoples Convention framework, ICRF recognizes that extreme vulnerability and exposure to climate change can force indigenous peoples to migrate. In most cases, this is not an adequate solution for adapting to climate change and instead renders them more vulnerable to discrimination, exploitation (especially women) and environmental hazards in their destination areas. It can also lead to the loss of traditional socioeconomic and cultural values. In this regard, interest of the indigenous people will be safeguarded in ICRF by creating awareness and putting in place adequate measure for making relevant information available and accessible to strengthen participation and consultation of the IP who may affected.</p>
<p><b>Natural Resources and Ecosystem Services</b></p>	<ul style="list-style-type: none"> <li>• Projects can adversely impact indigenous peoples' identity, natural resource-based livelihoods, food security, and cultural survival. The ESIA shall consider the extent to which such impacts may arise.</li> </ul>

- ICRF shall seek to avoid such impacts and instead explore viable alternative project designs in consultation and with the participation of IPs.
- The advice of competent experts shall be sought in an effort to avoid such impacts.

**Table 2: Impact Assessment of IPP**

### **Content of an IPP**

Where IPs are present in a Project area, and adverse impacts cannot be avoided, a time-bound Indigenous Peoples Plan (IPP) shall be established in accordance with IFC P7 (and accompanying guidance note) and the requirements described in this IPPF. The IPP will include defined actions to be adopted by the Project to mitigate and manage adverse impacts. The actions will be developed with the informed participation of affected IPs. Opportunities to deliver benefits to IPs will also be incorporated into the Project's Community Development Programme.

<b>Topic</b>	<b>Description</b>
<b>Baseline Information</b>	<ul style="list-style-type: none"> <li>• Summary of relevant baseline information that clearly profiles IPs, including indigenous women, their circumstances and livelihoods, with descriptions and quantifications of the natural resources upon which indigenous peoples depend.</li> <li>• Description of the methodology and references that describe how the baseline information was obtained (i.e. through the ESIA and associated participatory process).</li> </ul>
<b>Key findings and analysis of impacts, risks and opportunities</b>	<ul style="list-style-type: none"> <li>• Summary of key findings, analysis of impacts, risks and opportunities</li> <li>• Overview of the recommended possible measures to (i) avert or mitigate adverse impacts; (ii) enhance positive impacts, (iii) conserve and manage the IP's natural resource base on a sustainable basis; and (iv) achieve sustainable community development in line with the IP's own plans.</li> </ul>
<b>Measures to avoid, minimize and mitigate negative impacts and enhance positive impacts and opportunities</b>	<ul style="list-style-type: none"> <li>• Description of the measures agreed to in the process of information disclosure, consultation and informed participation to avoid, minimize and mitigate potential adverse effects on indigenous peoples, and to enhance positive impacts.</li> <li>• Inclusion of an action plan that details the measures to be taken, the responsibilities and agreed schedules, including for implementation (who, how, where and when). Avoidance or preventative measures will be given primacy over mitigatory or compensatory measures.</li> </ul>

<b>Community-based natural resource management (where applicable)</b>	<ul style="list-style-type: none"> <li>• Description of the arrangements to be adopted that ensure the continuation of livelihood activities (e.g. grazing, hunting, gathering or artisanal fishing) key to the survival of the affect IP communities and their traditional and cultural practices.</li> <li>• Description of the measures to be adopted for the conservation, management and sustainable utilisation of the natural resources upon which IPs depend, and the geographically distinct areas and habitats in which they are located.</li> </ul>
<b>Result of consultations, the FPIC and future engagement plans</b>	<ul style="list-style-type: none"> <li>• Description of the process of information disclosure, consultation and informed participation and where relevant the FPIC process, including good faith negotiations and documented agreements with indigenous peoples, and how issues raised have been addressed.</li> <li>• The consultation framework for future engagement shall clearly describe the process for ongoing consultations with, and participation by IPs (including women and men), in the process of implementing and operating the project</li> </ul>
<b>Benefit sharing plans</b>	<ul style="list-style-type: none"> <li>• Description of the measures to enable IPs to take advantage of culturally appropriate opportunities brought about by the project, and to conserve and manage on a sustainable basis the utilization of the unique natural resource base upon which they depend.</li> </ul>
<b>Tenure arrangements</b>	<ul style="list-style-type: none"> <li>• Description of who has rights over the targeted project land, both in State laws and under customary law, and how the legal status of the land will change under the project and what effect this has on rights-holders.</li> </ul>
<b>Grievance redressal mechanism</b>	<ul style="list-style-type: none"> <li>• Description of the appropriate procedures to address grievances by IPs arising from project implementation and operation.</li> <li>• When designing the grievance redress mechanism and procedures, the availability of judicial recourse and customary dispute settlement mechanisms among indigenous peoples will be taken into account.</li> <li>• Indigenous women and men must be informed of their rights and the possibilities of administrative and legal recourse or remedies, and any legal aid available to assist them as part of the process of consultation and informed participation.</li> <li>• The grievance mechanism shall be readily accessible to IPs, including being able to engage with IPs in a language and mode most comfortable to them.</li> <li>• The grievance redress mechanism should ensure anonymity; provide for fair, transparent and timely redress of grievances without costs to those who raise grievances; and, if necessary, provide for special accommodations for women, youth and the elderly, and</li> <li>• other vulnerable groups within the community, to make their complaints.</li> </ul>
<b>Costs, budget, timetable, organizational</b>	<ul style="list-style-type: none"> <li>• Inclusion of a summary of the costs of implementation, budget and responsibility for funding as well as the timing of expenditure and organizational responsibilities in managing and administering project</li> </ul>

<b>responsibilities</b>	funds and expenditures.
<b>Monitoring, evaluation and reporting.</b>	<ul style="list-style-type: none"> <li>• Description of the monitoring, evaluation and reporting mechanisms, including responsibilities, frequencies, feedback and corrective action processes.</li> <li>• Monitoring and evaluation mechanisms shall include arrangements for ongoing information disclosure, consultation and informed participation with IPs (both women and men) and for the implementation and funding of any corrective actions identified in the evaluation process.</li> <li>• Participatory monitoring such as community-based monitoring and information systems shall be considered and supported.</li> </ul>
<b>Transparency and Disclosure</b>	<ul style="list-style-type: none"> <li>• In formulation of IP action plan, IPF will be disclosed, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected IP communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected IP communities and other stakeholders.</li> </ul>

**Table 3: Content of IPP**

### **Scope of IPF in ICRF**

This IP framework applies to a distinct social and cultural group in the ICRF project catchment areas and identified in accordance with World Bank ESF and AfDB ISS. Given the wider applicability and likely varying level of vulnerability of affected IP, ICRF supported projects will be required to conduct a social impact assessment of the IP areas, as appropriate. The requirements of the framework will apply to all such groups, whenever IP communities are present in, or have collective attachment to a proposed project area, as determined during the environmental and social assessment, regardless of the significance of any such impacts.

The scope of IPF will also cover communities or groups of IP who, during the lifetime of members of the community or group, have lost collective attachment to distinct habitats or ancestral territories in the project area, because of forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area, as well as forest dwellers, hunter-gatherers, pastoralists or other nomadic groups. If IP is established to be present in, or have collective attachment to the project area, the ICRF supported project may be required to seek inputs from appropriate specialists to meet the consultation, planning, or other requirements of the AFC/ACP IP framework.

## ANNEX 16: ICRF BIODIVERSITY FRAMEWORK

### Approach to ICRF Biodiversity Framework

In line with the World Bank ESS6 and the IFC Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), AFC, in particularly the ICRF programme recognizes the protection and conservation of biodiversity, maintenance of ecosystem services, and sustainably management of living natural resources are fundamental to sustainable development. In so doing, AFC/ACP is committed to ensuring that project implementation activities under ICRF are carried out in compliance with guidance of the Convention on Biological Diversity (CBD), which defines biodiversity as the variability among living organisms from all sources, including inter-alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part

Recognizing that ICRF projects across all ACP target sectors can potentially result in induced impacts from increased access to previously undeveloped areas, fragment habitats and in-migration thereby posing increased threats to biodiversity. In this regard, all ICRF projects will ensure biodiversity is sustainably managed and conserved for future generations.

Relatedly, the framework highlights adaptable Environmental and Social Management Systems IFC's Performance Standard 1: Environmental and Social Assessment and Management Systems as the foundation of all other Performance Standards and establishes the importance of:

- (i) An integrated assessment to identify the environmental and social impacts, risks, and opportunities of projects;
- (ii) Effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and
- (iii) The client's management of environmental and social performance throughout the life of the project.

A key component of developing a flexible and robust Environmental and Social Management System (ESMS) is the concept of continuous improvement, as a methodology for monitoring implementation effectiveness. Using this methodology, it will help the project proponent to create a pragmatic ESMS that can be modified over time to accommodate new information and emerging issues.

### Need for Biodiversity Framework in ICRF

In line with the AFC/ACP commitment to creation of profound linkages between healthy investments, transition to resilient low carbon development and pursuit of long-term sustainable climate smart economy, the ICRF biodiversity framework is an integral component for delivery efficiency in AFC/ACP. In this regard, the ICRF biodiversity framework presents a plan for the protection and conservation of habitats and the biodiversity they support.

The framework draws impetus from the Convention on Biological Diversity (CBD) and the Convention's Strategic Plan for Biodiversity 2011-2020, which was created in 2010 (Aichi Targets). Both CBD and the Strategic Plan highlight the importance of the private sector in meeting the convention's three main objectives through multi-stakeholder partnerships and industry-driven initiatives. These objectives are:

- to promote conservation of biological diversity,
- to promote sustainable use of its components, and
- to promote fair and equitable sharing of the benefits arising out of the utilization of genetic resources.

In an attempt to stimulate the private sectors involvement in driving the implementation of CBD's objectives, the World Bank Group, including IFC have designed a public-private initiative tool, the Millennium Ecosystem Assessment (MA) to meet the assessment needs of the CBD and other international environmental conventions.

The MA report highlights ways in which businesses depend on ecosystem services (such as the provision of water and food, control of pests, flood control and others), how those services are changing, and the ramifications for business and industry. Thus, the findings from MA coupled with AFC/ACP commitment to the pursuit of sustainability underpinned the need for development of a biodiversity framework towards the implementation of ICRF funded projects.

In relations to the need, the framework is also to help elicit information on the direct, indirect and cumulative impacts of ICRF projects on the biodiversity conservation and sustainable management of living natural resources, as presented below.

#### Direct Impacts:

- Stem primarily from land use and waste generation.
- Usually occur at the same time and place as business activities.
- Can include habitat loss and degradation, erosion, species loss, air and water pollution, soil and water contamination.
- Introduction of non-native species can disrupt surrounding ecosystems.
- Can affect local communities by reducing access to natural resources or disrupting ecosystem services, such as erosion control.
- Location is key for determining the potential for direct impacts: original or remote locations may pose higher risks.
- Can frequently be reduced, and even avoided, through early identification and careful planning.

#### Indirect Impacts:

- Result from the actions of others, triggered or caused by business activities.
- Can occur in a different place and at a different time from the actions that trigger them. May represent a client's most significant risk for damage to biodiversity.
- Often the most challenging to predict, identify, manage and control.
- Can be caused by third party suppliers in the sourcing and production of goods and services used by a client.
- Can result from the use or disposal of a client's products by consumers or other business users.

- Changes in behavior by others, including local people and employees, that are prompted by a client's operations may lead to induced negative impacts to biodiversity, including habitat loss and conversion from unplanned settlements and agricultural expansion, or increased demand for and depletion of natural resources as a result of in-migration.

#### Cumulative Impacts:

- Arise when the operations of several companies in close proximity begin to collectively affect biodiversity.
- Although individual business decisions or activities may have insignificant direct impacts on biodiversity, when combined, their impact may be significant.

#### **Justification**

The World Bank ESS6 and IFC PS 6 alike, recognize the need to consider the livelihood of project-affected parties, including Indigenous People, whose access to or use of biodiversity or living natural resources may be affected by ICRF projects. The potential, positive role of project-affected parties, including Indigenous Peoples, in biodiversity conservation and sustainable management of living natural resources is also considered.

In light of the above and to protect and conserve biodiversity and habitats; appropriately apply mitigation hierarchy and precautionary approach in the design and implementation of projects that could have an adverse impact on biodiversity; promote the sustainable management of living natural resources; as well as support livelihoods of local communities, including indigenous People; and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities, a robust management framework system is essential to achieve good environmental, social and health and safety performance and thereby build trust among stakeholders, hence the justification for development of ICRF biodiversity framework.

#### **Applicable Biodiversity Conservation references and related frameworks**

The following references and frameworks will be the benchmark standards for the ICRF biodiversity frameworks.

1. African Ministerial Declaration on Biodiversity
2. UN Convention on Biological Diversity (CBD) – Strategic Plan 2011–2020 (Aichi Biodiversity Targets)
3. WWF – Responsible Investment framework for resilient and sustainable portfolios
4. Conservation International – Global Biodiversity Framework
5. IFC Performance Standards on Environmental and Social Sustainability
6. World Bank Environmental and Social Framework
7. African Development Bank Integrated Safeguards System

## Methodology

Project activities face a growing pressure from the stakeholders, including the clients, financial partners, shareholders, governments, NGOs and the public to identify and report on their social and environmental performance, and biodiversity is one of the key areas of interest. Positive performance on biodiversity can create real business value for the client's business. At the same time, poor performance or negative impacts on biodiversity can seriously undermine corporate value and affect the business's ability to operate and survive in today's markets.

In AFC/ACP, methodology for the implementation of biodiversity management framework is underpinned by the continual improvement system. The system is pragmatic and based on a four steps approach, comprising: planning, doing, checking, and acting.

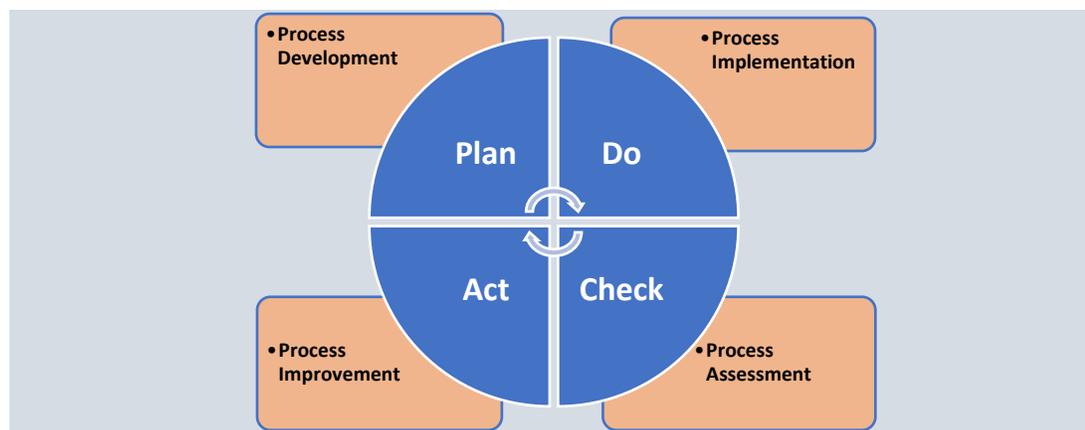


Fig 1. Continual improvement

In implementing the continual improvement system, ICRF project sponsor will be required to implement an environmental and social risk management system (ESMS) that is appropriate to the nature and scale of the project as well as commensurate with the level of environmental risks and impacts in relation to Performance Standard 1. Furthermore, the continual improvement system should be adaptive, robust and flexible enough to respond to environmental, social and occupational health and safety risks relevant to them.

The ESMS will be followed by a review of the project's [Environmental and Social Impact Assessment \(ESIA\)](#) process to ascertain whether pertinent E&S material issues have been identified and assessed, including the biodiversity impacts and potential opportunities for conservation associated with business activities. Where applicable and a compelling evidence of biodiversity impacts exist, a supplementary biodiversity impact study may be requested. This is to ensure full consideration of seasonal issues, migratory species and other emerging biodiversity related issues.

In the same vein and depending on the nature of complexity of the project, a detailed stakeholder consultations may be required to help identify risks and concerns from the immediate affected

communities and the project affected people, alike. The consultation will help to build strong relationships between the project and affected community, foster inclusiveness and promote clarity and trust.

The review findings and feedbacks from the stakeholder engagement, particularly where project operations may have a significant impact on biodiversity or use of natural resources, the client will be required to develop a Biodiversity Action Plan (BAP), either as a stand-alone management system or, preferably, integrated into the broader ESMS.

Another component of the biodiversity management framework and tenet of Continual Improvement is a monitoring program. The program is to evaluate the impacts of project activities and determine the effectiveness of mitigation measures.

Biodiversity issues can often result in complex inter-relationships and sensitive ecosystems and their impacts may not be predictable. In such instance, an adaptive management approach will be required for continually monitoring of ecological change and effectiveness of management policy, practice and systems accordingly.

Finally, documentary evidence of the client's biodiversity performance, which enable better understanding of a client's biodiversity impacts and performance will help communicate commitments, progress towards implementation and challenges to be faced in the implementation and build trust and credibility with key stakeholders. Such document will be incorporated in the standard reporting procedures, as may be required by the financial institutions, regulators and other stakeholders.

### **Scope of Biodiversity Framework**

This framework is prepared to support ICRF funded projects that may impact on the modified habitat, natural habitat and critical habitat, including a terrestrial, freshwater, or marine geographical unit of living organisms and their interactions with the nonliving environment. The impacts coverage may also include areas managed for agriculture, forest plantations, reclaimed coastal zones and reclaimed coastal wetlands, as well as areas with significant biodiversity values as determined by the risks and impacts identification process required in Performance Standard 1. For the protection and conservation of habitats and the biodiversity they support, ICRF funded projects will be required to develop a mitigation hierarchy to include biodiversity offsets, as a last resort after all technically and financially feasible avoidance, minimization and restoration measures have been considered.



Fig.2 Mitigation hierarchy

The framework is also applicable to legally protected and internationally recognized areas of high biodiversity value, Invasive alien species and Sustainable management of living natural resources.

**Recognizing the evolution and unpredictability in biodiversity discourse, the ICRF biodiversity framework is also applicable to the adaptive management in response to new information and changes in the contexts of biodiversity values for continually management of biodiversity practices. The adaptive management offers a basis for implementation, monitoring, and evaluation and adjustment in biodiversity plans and practices in a pragmatic manner.**

## ANNEX 17: GRIEVANCE REDRESS MECHANISM

As an international financial institution, AFC does not directly account for material environmental and social risks and impacts to the host communities. However, through its investment activity, the Corporation's portfolio (projects financed) may indirectly give rise to material potential adverse environmental or social risks or impacts.

The GRM is intended to address even minor complaints, both formal and informal, to avoid escalation into serious grievances. The Grievances Redress Mechanism (GRM) will also address any complaint related to the sexual abuses and sexual exploitation issues in ensuring labour and working conditions effectiveness, and safeguarding against Sexual Exploitation and Abuse and Sexual Harassment (SEAH). It intends to do so without retribution and with the assurance of a timely response. For more information, reference shall be made to the ICRF Grievance Redressal Mechanism Procedure on the websites.

### GRM Principles

The GRM is developed based on the following principles:

- **Transparency and fairness:** The Grievance Redress Mechanism is easy to understand, transparent and available at no cost and without retribution.
- **Accessibility and cultural appropriateness:** Access to the Grievance Redress Mechanism is provided via diverse channels, including the possibility to submit grievances verbally, in writing or digitally. Possible pathways to submit grievances will include submitting them into publicly available drop-off boxes or sending them via letter, confidentially addressing designated Project personnel, or submitting them digitally via a form on the AFC website or via mail. The GRM will be designed to be accessible in all locally relevant languages, explicitly including minority languages. Information on the purpose, mechanism and accessibility of the GRM will be clearly pointed out during Stakeholder Consultations, and will be made easily available in digital and written format.
- **Proportionality:** The mechanism is appropriate to the scale of the ICRF and its investments/projects.
- **Recording:** All grievances are registered on a Grievance Form, logged in the Grievance Register, and monitored through to resolution and close out.
- **Dialogue and site visits:** All grievances warrant discussions with the complainant and a site visit may be recommended where relevant, to gain a first-hand understanding of the nature, validity and severity of the grievance.
- **Timely resolution:** aims to respond to all messages received by its grievance mechanism within two working days and to provide a full response within 45 working days. The complainant will be informed if there are any delays.
- **Survivor focus:** Particularly for receiving, processing and resolving grievances involving accounts of SEAH perpetrated or suffered by Programme personnel or otherwise linked to the Programme, the GRM will align with survivor focus principles. These require, among others, treatment of the victims with dignity and respect, giving the victims the choice of action to take, ensuring the victims' privacy and confidentiality, application of non-discrimination principles, and the provision of comprehensive information to victims about their options<sup>22</sup>.
- **Gender-Responsiveness:** The GRM will be designed to ensure equal access and equal outcomes between the genders. This means that the design of the GRM will specifically take into account the potential barriers faced by women, including linguistic and literacy skills, access to information and digital technology, mobility, and time constraints arising from unpaid care and household responsibilities. Equality in outcomes will be ensured by ensuring gender diversity among the GRM

<sup>22</sup> For more information, see: <https://www.endvawnow.org/en/articles/652-survivor-centred-approach.html> d

personnel, the provision of gender sensitivity and unconscious bias training, and the involvement of gender committees and women counsellors in the remediation processes

- **Service provision for SEAH survivors:** The sub-projects/activities will make provisions to provide medical care, psychosocial support, legal support, community driven protection measures, and reintegration support, as appropriate, to SEAH survivors. The relevant personnel will be trained to identify the need for such support and provide the contacts with the relevant experts, while guarding the survivor's privacy and other rights outlined in this Section.

### **Purpose and Objectives**

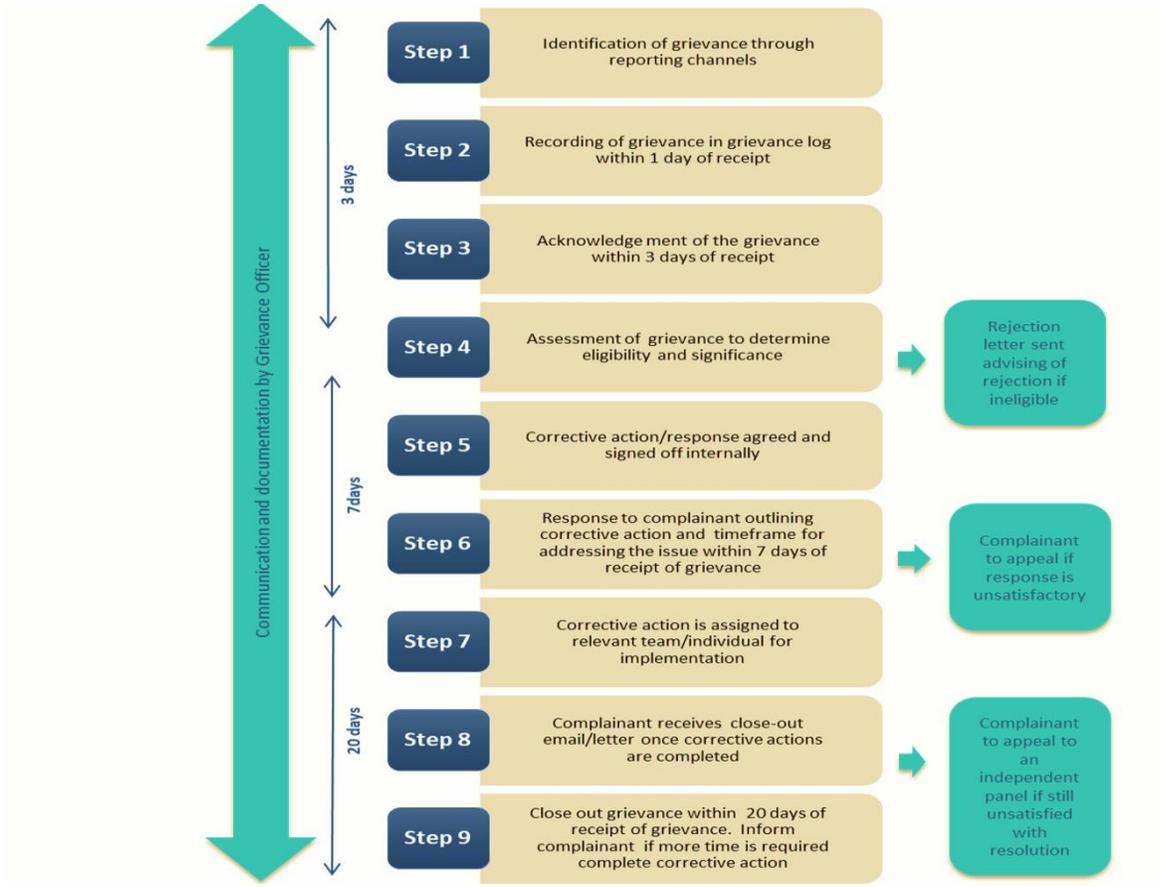
- Provide a predictable, transparent, and credible process to all parties for resolving grievances, resulting in outcomes that are seen as fair, effective, and lasting.
- Build trust as an integral component of broader stakeholder relations activities.
- Enable more systematic identification of emerging issues and trends, facilitating corrective action and pre-emptive engagement.

### **Scope**

The GM applies to AFC/ACP's external stakeholders. It is not designed to manage community complaints or grievances emanating from ICRF Programme's activities for which a separate grievance mechanism must be established and implemented at the level of the project entity (see Annex 17A). AFC/ACP operates an internal grievance mechanism available to all employees of the Fund Manager and this is described in the Human Resources Policy.

### **GRM Process**

An overview of the grievance management process is presented in the figure below:



## **ANNEX 17A: EXTERNAL STAKEHOLDER GRM PROCEDURE (ACTIVITY LEVEL)**

The following guidelines are designed to manage community grievances emanating from ICRF Programme's activities. They will serve as the basis for the GRM that will be established and implemented at the level of the project entity.

### **Scope of grievances**

A person or group can raise a grievance to the COMPANY 1 if they believe project activities are having an impact on them, the community at large, or the environment.

COMPANY 1 will evaluate all grievances received and respond appropriately. Some grievances may be related to factors not connected to the project activities. In these cases, COMPANY 1 will send a written explanation of why it feels the grievance does not require further action by the Project. In all other cases, COMPANY 1 will investigate the grievance and determine whether the Project is responsible for or has contributed to the issues that led to the grievance.

The process for receiving and treating grievances is intended to resolve issues quickly and fairly. This process does not in any way impede the complainant's access to judicial processes.

### **Registering a grievance**

There are several ways community members can register a grievance as stated in Table 3 (Grievance submission channels) in this document. This also includes contacting the Community Relations Officer (CRO)/ Social and Communities Supervisor (SCS) (Mr ///) by phone (///) or email (///).

The complainant should provide as much information about the concern as possible when presenting the grievance, including copies of any relevant documents or photos. There is no financial cost associated with registering a grievance.

### **Grievance Procedure**

#### Step 1: Receive and Acknowledge Grievance

Once COMPANY 1 (through CRO/ SCS) receives the grievance, it will be recorded in a register within two working days of receipt. They will acknowledge receipt of the grievance by letter within seven working days of receipt.

The acknowledgement letter will specify a contact person within COMPANY 1 and a description of what the complainant can expect next, including a timeline.

#### Step 2: Evaluate and Investigate

COMPANY 1 through the CRO/ SCS will assess the grievance to determine how it should be managed. He will work to understand, investigate, resolve, and follow-up with the complainant. This may involve seeking information from different departments within COMPANY 1.

COMPANY 1 will seek to complete investigations as quickly as possible however will take no longer than 30 days. This timeframe may be extended to 60 days if the case is particularly complex.

#### Step 3: Consult on and Implement Resolution

Once the grievance has been investigated, in consultation with the complainant, COMPANY 1 will discuss the results and proposed resolution with the complainant, including a timeline for implementation.

COMPANY 1 will implement the resolution either directly or through a third party, which will be done in consultation with the complainant.

#### □ Step 4: Close and Monitor

After the grievance has been fully investigated, the resolution has been implemented and monitored, and no further action is deemed necessary to resolve the issue, COMPANY 1 will close the grievance and ask the complainant to sign a statement to acknowledge resolution.

Signing the statement does not preclude the complainant from raising the issue again or seeking other avenues for redress should the resolution not result in a permanent fix, or if the issue recurs.

If the complainant does agree with the resolution offered, COMPANY 1 will close the grievance. The complainant may choose to appeal the decision to close the grievance (see Step 5) or seek other recourse.

COMPANY 1 may re-open the grievance if the complainant provides new information and may contact the complainant after closure to ensure no other problems have arisen.

#### □ Step 5: Appeal (optional if a complainant is not satisfied)

COMPANY 1 has established an additional mechanism for community members to appeal closure of a grievance when they are not satisfied with the outcome of the investigation and/or the proposed resolution.

COMPANY 1 will designate a Grievance Appeals Panel (the Panel) comprised of senior managers or trusted external third parties, including technical specialists familiar with the issue.

The Panel may decide to refuse an appeal if they feel the grievance has not been presented in good faith. The decision to refuse an appeal must be reviewed and signed off on by COMPANY 1.

In certain circumstances, COMPANY 1 may decide to appoint an individual mediator or Independent Appeals Panel that is neutral and wholly independent from the Project.

The selection of the mediator or individuals comprising the Independent Appeals Panel will be conducted in consultation with the complainant and other key stakeholders to ensure transparency in the process.

### **Confidentiality and Anonymity**

The external stakeholder grievance mechanism encourages community members to openly exchange views and concerns about operations within the Project. Confidentiality will be observed at all times to maintain confidence in the community grievance mechanism.

Details will not be disclosed when a complainant asks COMPANY 1 to protect their identity and will remain secure with those staff members investigating the grievance. However, the situation may arise where it will not be possible to resolve the grievance without revealing the grievant's identity (for example, when evidence needs to be presented in court). In this case, COMPANY 1 will discuss with the complainant whether and how best to proceed.

Complainants raising a concern anonymously need to provide sufficient facts and data to enable COMPANY 1 to look into the matter without assistance. COMPANY 1 will make every effort to evaluate anonymous grievances; however, anonymity may make it more difficult to investigate, protect the position of the complainant, offer and implement resolution, and give feedback.

**ANNEX 18: OUTLINE OF ESIA AND ESMP FOR CATEGORY A AND B SUBPROJECTS**

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## ANNEX 19: CHANCE FIND PROCEDURE TEMPLATES

### 1. INTRODUCTION

#### 1.1 Overview

#### 1.2 Scope

This procedure applies to all activities conducted by COMPANY 1, including its contractors, which have the potential to uncover a heritage item/ site. This document details the actions to be taken if a previously unidentified and potential heritage item/ site is found during construction and operational activities.

The CFP also outlines the roles, responsibilities and response times required from both project staff, and any relevant heritage authority.

#### 1.3 Purpose of this Document

The CFP is a project-specific procedure that will be followed if previously unknown cultural heritage is encountered during project activities. It will be included in all contracts relating to the construction of the project, including excavations, demolition, movement of earth, or other changes in the physical environment.

In line with the guidelines in IFC Performance Standard 8, COMPANY 1 will not disturb any chance find further until an assessment by competent professionals is made and actions consistent with the requirements of this Performance Standard are identified. Hence, the CFP highlights the steps to be taken if any cultural heritage artefacts/ resources are subsequently discovered.

#### 1.4 Objectives

The objectives of the CFP include:

- Aligning project activities with International Finance Corporation Performance Standards 8 (IFC PS 8) and other reference framework requirements.
- Providing procedures to avoid, minimize and mitigate project impacts on cultural heritage artefacts (if discovered) as well as establish a protocol for engaging and consulting with cultural heritage stakeholders.
- Reducing project delay due to the discovery of previously unknown cultural heritage resources while engaging with cultural heritage stakeholders.
- Defining the roles and responsibilities for implementing the CFP.
- Reducing potential stakeholder grievances concerning impacts on cultural heritage resources.
- Supporting the protection and preservation of cultural heritage artefacts for future generations from the adverse impacts of project activities.
- Addressing cultural heritage as an integral aspect of sustainable development.

### 2. HERITAGE RESOURCES ON SITE

The Environmental and Social Impact Assessment (ESIA) conducted in XXXX for the project reported that (no) cultural heritage resources<sup>23</sup> were identified on-site and in the immediate vicinity of the project area, hence the project did / did not trigger IFC PS 8.

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<sup>23</sup> According to IFC PS 8, cultural heritage refers to:

However, precautionary measures for unidentified heritage resources that may be encountered during construction and operation phases will be managed by the CFP.

### 3. REFERENCE FRAMEWORK

COMPANY 1, its employees and contractors must, as a minimum, meet the legal requirements prescribed by existing regulations highlighted in Table 1. These include:

Table 1: Reference Framework

Applicable Standards	Relevance
<i>IFC Performance Standards (2012)</i>	
PS1: Assessment and Management of Environmental and Social Risks and Impacts	<ul style="list-style-type: none"> <li>• Identify and evaluate environmental and social risks and impacts of the project.</li> <li>• Adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to employees, Affected Communities, and the environment.</li> <li>• Promote improved environmental and social performance of COMPANY 1 through the effective use of management systems.</li> <li>• Ensure that grievances from affected communities and external communications from other stakeholders are responded to and managed appropriately.</li> <li>• Promote and provide means for adequate engagement with Affected Communities throughout the project cycle on issues that could potentially affect them and ensure that relevant environmental and social information is disclosed and disseminated.</li> </ul>
Hence, CFP aims to manage the potential adverse impacts of the project on cultural heritage.	
PS7: Indigenous Peoples	<ul style="list-style-type: none"> <li>• Ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.</li> <li>• Anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Tangible forms of cultural resources, such as moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values.</i></li> <li>• <i>Unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and</i></li> <li>• <i>Certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles</i></li> </ul>	

Applicable Standards	Relevance
	<ul style="list-style-type: none"> <li>• Promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.</li> <li>• Establish and maintain an on-going relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life-cycle.</li> <li>• Ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.</li> <li>• Respect and preserve the culture, knowledge, and practices of Indigenous Peoples.</li> </ul>
PS 8: Cultural Heritage	<ul style="list-style-type: none"> <li>• COMPANY 1 will identify and protect cultural heritage by ensuring that internationally recognized practices for the protection, field-based study, and documentation of cultural heritage are implemented.</li> <li>• COMPANY 1 is responsible for siting and designing a project to avoid significant adverse impacts on cultural heritage. The environmental and social risks and impacts identification process should determine whether cultural heritage is expected to be found around the proposed site location.</li> <li>• In such cases, as part of COMPANY 1s ESMS, they will develop provisions for managing chance finds through a chance find procedure which will be applied if cultural heritage is subsequently discovered.</li> <li>• Where a project may affect cultural heritage, COMPANY 1 will consult with Affected Communities within the host country who use, or have used within living memory, the cultural heritage for longstanding cultural purposes.</li> </ul>
<i>Equator Principles IV (2020)</i>	
EP 2 – Environmental and social assessment	<p>This requires COMPANY 1 to assess the environmental and social impacts and to propose relevant management and mitigation measures for reducing the impacts to an acceptable level.</p> <p>These risks/ impacts may affect cultural heritage; hence they should be appropriately managed.</p>
EP 3 – Applicable environmental and social standards	Social and environmental performance must be evaluated according to the IFC Performance Standards, the WB EHS Guidelines, as well as the host country's laws.
EP 4 – Environmental and Social Management System and Equator Principles Action Plan	COMPANY 1 must develop or maintain an Environmental and Social Management System and an Environmental and Social Management Plan. Where gaps are identified,

Applicable Standards	Relevance
<p>EP 5 – Stakeholder engagement</p>	<p>COMPANY 1 and EPFI will agree on an action plan outlining gaps and commitments to meet applicable standards.</p> <p>All Category A and B projects are required to demonstrate that stakeholder engagement is an ongoing, structured and culturally appropriate process with affected communities and, where relevant, other stakeholders. For Projects with potentially significant adverse impacts on affected communities, the project proponent will conduct an informed consultation and participation process and tailor the process to:</p> <ul style="list-style-type: none"> <li>• The risks and impacts of the Project,</li> <li>• The Project's phase of development,</li> <li>• The language preferences of the affected communities,</li> <li>• Community decision-making processes,</li> <li>• The needs of disadvantaged and vulnerable groups.</li> </ul> <p>This process should be free from external manipulation, interference, coercion, and intimidation. A record of consultations and stakeholder engagement activities will be maintained for the duration of the Project.</p> <p>In line with this standard, the CFP shall be communicated to stakeholders in case of chance finds around the project area.</p>
<p>EP 6 – Grievance mechanism</p>	<p>As part of the Environmental and Social Management System (ESMS), COMPANY 1 must establish a grievance mechanism and inform the affected communities about the GRM, so that grievances, clarifications etc. can be addressed appropriately.</p>

#### National Legislations

The requirements of this Act include the following:

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## 4. ROLES AND RESPONSIBILITIES

Table 2 presents roles and responsibilities that will be undertaken for smooth flow of activities

Table 2: Roles and Responsibilities

Roles	Responsibilities
<p>COMPANY 1 Directors/ Management</p>	<ul style="list-style-type: none"> <li>• Responsible for ensuring that the contents of this procedure form part of the conditions of the contract of all contractors and employees.</li> </ul>

Roles	Responsibilities
	<ul style="list-style-type: none"> <li>• Responsible for the appointment of a suitably qualified archaeologist or cultural heritage expert if a chance find occurs.</li> <li>• Ensure that adequate resources are made available and appropriately managed to successfully implement the CFP.</li> <li>• Support in providing relevant information for conducting annual reviews of the CFP to evaluate its effectiveness.</li> <li>• Ensure appropriate actions are taken following the findings and recommendations of the management reviews and audits.</li> </ul>
HSEC Manager/ Officer	<ul style="list-style-type: none"> <li>• Ensure that the contents of this document are well understood and are communicated to on-site personnel including the Contractors team.</li> <li>• Ensure that compliance with the CFP is monitored through routine comprehensive inspections of the site and surrounding areas.</li> <li>• Ensure appropriate measures are undertaken to address non-compliance with the CFP specifications.</li> <li>• Monitor implementation, auditing and assist with revising the CFP to ensure that impacts on cultural heritage resources are kept to a minimum, as far as possible.</li> <li>• Responsible for ensuring that this CFP is followed, as well as implementing site-specific instructions as detailed in this procedure.</li> <li>• Provide support during stakeholder engagement, through collaboration with the CLO and enforcing the management measures described in the CFP.</li> <li>• Provide support for training and awareness on cultural heritage artefacts to all contractors and employees that will undertake construction activities.</li> <li>• Ensure that the cultural heritage resource is barricaded from access, complete the chance find register and implement measures as indicated by the CFP if a chance find occurs, in collaboration with the cultural heritage expert/ archaeologist.</li> <li>• Oversee the Project's overall HSEC performance and ensure that it meets investors and international best practice requirements.</li> </ul>
Community Liaison Officer (CLO)	<ul style="list-style-type: none"> <li>• Responsible for consultations with all relevant stakeholders and affected communities should a chance find be encountered as well as ongoing consultation to ascertain the potential presence of cultural heritage artefacts in and around the areas of the planned works.</li> </ul>

Roles	Responsibilities
	<ul style="list-style-type: none"> <li>• Receive and record any grievances related to cultural heritage artefacts and ensure that these are communicated to COMPANY 1 management and followed up promptly.</li> <li>• Ensure that the responsible parties are informed of a potential find.</li> </ul>
Employees and Contractors	<ul style="list-style-type: none"> <li>• All employees and contractors are responsible for being aware of the contents of this procedure and how it affects their work activities.</li> <li>• They will immediately inform the HSEC Officer should they suspect a cultural heritage resource is in the work area and thereafter assist if required.</li> <li>• If a chance find is observed and/ or disturbed, the site workers will help prevent the illegal disturbance of archaeological material by: <ul style="list-style-type: none"> <li>- Immediately stopping work in the chance find area safely.</li> <li>- Photograph the discovery (if possible)</li> <li>- Immediately report the discovery to the HSEC officer/ manager to demarcate the discovered site or artefact, (in situ).</li> <li>- Follow any instructions issued by the HSEC officer/ manager to protect the site, including arranging for security (if required) to prevent any loss of removable objects.</li> </ul> </li> </ul>

## 5. CHANCE FIND PROCEDURAL REQUIREMENTS

### 5.1 Induction / Training

All personnel, especially those working on construction works, earth movements and excavations, are to be inducted in the identification of potential unexpected cultural heritage elements and the relevant action for them regarding this procedure.

The CFP awareness training will cover the following:

- Definition of cultural heritage resources, with a focus on archaeological resources.
- Provision of awareness on reference framework for the protection of cultural heritage.
- A review of the CFP and the roles and responsibilities.

### 5.2 Procedural Steps

Cultural resources can be found by anyone on the project, including project personnel, contractors and subcontractors during the construction and operational phases of the Project. The CFP described below will be followed if previously unknown cultural heritage artefacts are encountered during project activities.

If any person discovers a physical cultural resource, such as (but not limited to) archaeological sites, a shrine, remains and objects, or individual graves during excavation or construction, the following steps shall be taken:

- The HSE officer would inform workers to stop all works in the vicinity of the find.
- They would delineate the discovered site or area; secure the site to prevent further disturbance, damage, or loss of removable objects.
- They would immediately notify the HSEC Manager, record details in an incident report and take photos of the chance find.
- The HSEC Manager will give follow up instructions and notify the cultural heritage expert and relevant authorities about the find.
- The cultural heritage expert/ archaeologist would conduct an assessment of found objects or sites; to identify and implement actions consistent with the requirements of the reference framework (identified in section 0).
- A cultural heritage expert/ archaeologist would assist in the identification, valuation assessment and protection of cultural heritage where applicable.
- A preliminary evaluation of the findings would be conducted by the archaeologist/ cultural heritage expert. The expert will make a rapid assessment of the site or chance find to determine its importance. Based on this assessment the appropriate strategy can be implemented. The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage such as aesthetic, historic, scientific or research, social and economic values of the chance find.
- Sites of minor significance (such as isolated or unclear features, and isolated finds) should be recorded immediately by the archaeologist/ cultural heritage expert, thus causing minimum disruption to the work schedule of the Contractor. The results of all archaeological work must be reported to the Ministry of Commerce, Industry and Tourism once completed.
- In case of a significant find, the *heritage commissions and authorities* should be informed immediately and in writing within seven (7) days from the find.
- Where applicable, the archaeologist/ cultural heritage experts shall provide the heritage team with photos and other relevant information for the identification and assessment of the significance of heritage items.
- The Ministry must investigate the facts within two (2) weeks from the date of notification and respond in writing.
- Decisions on how to handle the finding shall be taken by the responsible authorities. This could include changes in the layout (e.g., when finding irremovable remains of cultural or archaeological importance) conservation, preservation, restoration, and salvage.
- Construction works can resume only after permission is granted from the responsible authorities.
- In case no response is received within the two (2) weeks period mentioned above, a reminder would be sent to the relevant authorities and documented.
- If there is still no response (after 7 working days), consultations would be arranged (by CLO in collaboration with the cultural heritage expert) with the community and relevant stakeholders, to discuss appropriate steps to be taken to protect the cultural resource and continue the project.
- When an agreement is reached, it would be considered as authorisation to proceed with suspended construction works.

Record keeping is a very important aspect of the CFP, and all chance finds must be documented. This includes photo logs, copies of communication with relevant authorities, agreements, recommendations, guidance notes, implementation reports etc.

The diagram in Figure 1 summarises the process that needs to be followed if a cultural heritage resource is found on site.

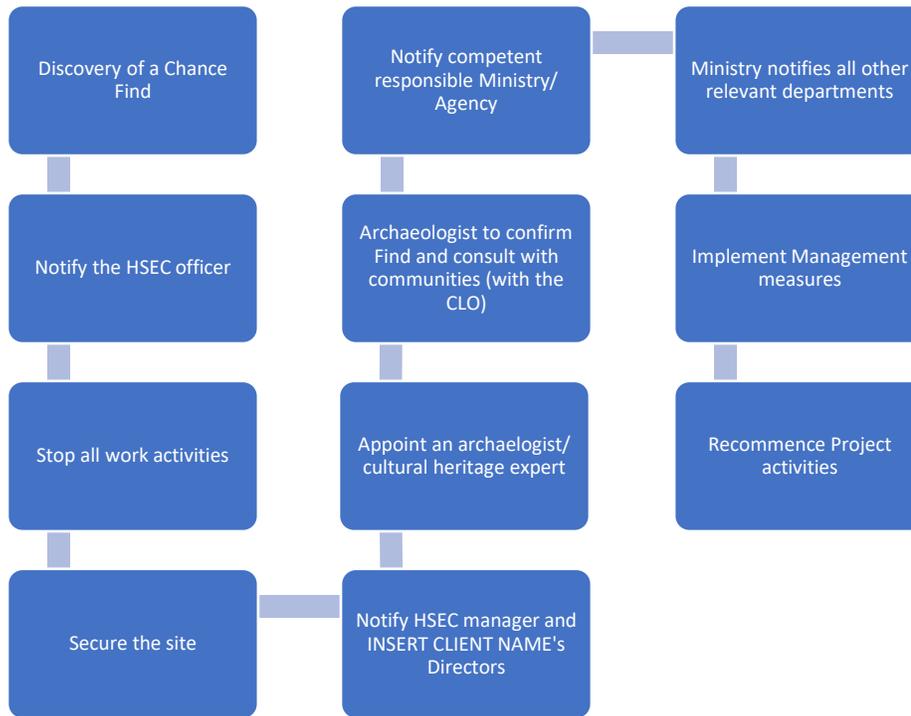


Figure 1: Process Flow Diagram

### 5.3 Stakeholder Consultation and Accessibility

COMPANY 1 through the CLO, will involve relevant stakeholders for the cultural heritage artefacts that are likely to be encountered during the project life cycle. Stakeholders will include, as relevant:

- Project affected parties, including individuals and host communities within the project area who use or have used the cultural heritage within living memory
- Other interested parties may include national or local regulatory authorities that are entrusted with the protection of cultural heritage, and cultural heritage experts.

### 5.4 Potential Cultural Heritage Artefacts that may be encountered on Site

Table 3 shows some examples (not exhaustive) of cultural heritage resources that may be accidentally encountered during excavations on-site during the project lifecycle. Measures such as those outlined in this CFP must be implemented to ensure that cultural resources are proactively identified and protected if encountered.

Table 3: Overview of potential cultural heritage artefacts

Name and Significance of artefacts	Picture
•	

## 5.5 Management Options

### 5.5.1 Heritage resources

Management options for heritage resources include:

- Site avoidance. If the boundaries of the heritage resource site have been delineated, efforts should be made to redesign the proposed development to avoid the heritage site. (This is the fastest and most cost-effective management option.)
- Mitigation. If it is not feasible to avoid the heritage site through redesign, it is important to sample it using a data collection program before its loss. This could include surface collection and/ or excavation. (This is the most expensive and time-consuming management option.)
- Site Protection. It may be possible to protect the site through the installation of no-go barriers or security personnel during construction or management of the chance find and/ or possibly for the longer term. This could include the use of caution tapes or high visibility fencing around the site. The exact remedy would be site-specific.

### 5.5.2 Replicable Heritage

Where tangible cultural heritage that is replicable<sup>24</sup> and not critical is encountered, mitigation measures will be applied via a mitigation hierarchy as follows:

- Avoidance
- Minimization of adverse impacts and implementation of restoration measures, in situ.
- Restoration of the functionality of the cultural heritage, in a different location.
- Permanent removal of historical and archaeological artefacts and structures.
- Where minimization of adverse impacts and restoration is not feasible, compensation of loss will be paid to the relevant authorities in charge of heritage resources after consultation.

### 5.5.3 Human Remains Management Options

The handling of human remains requires effective communication and appropriate management according to the same procedure described in Section 0.

There are two possible courses of action:

1. Avoid. The project is redesigned to completely avoid the found remains. An assessment should be made as to whether the remains may be affected by residual or accumulative impacts associated with the project, and properly addressed by a comprehensive management plan.
2. Exhume. Exhumation of the remains in a manner considered appropriate by decision-makers or relevant

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<sup>24</sup> Replicable cultural heritage is defined as tangible forms of cultural heritage that can be moved to another location or that can be replaced by a similar structure or natural features to which the cultural values can be transferred by appropriate measures. Archaeological or historical sites may be considered replicable where the eras and cultural values they represent are well represented by other sites and/ or structures

stakeholders. This will involve the predetermination of a site suitable for the reburial of the remains. Certain ceremonies or procedures may need to be followed before development activities can recommence in the area of the discovery.

**5.6 Use of Cultural Heritage**

If for any reason, COMPANY 1 proposes to use the cultural heritage artefacts found in the project area, including knowledge, innovations, or practices of local communities for commercial purposes (e.g., medicine, sacred or traditional processing techniques etc.), will inform the project communities of:

- Their rights under national law.
- The scope and nature of the proposed commercial use.
- Potential consequences of such commercial use.

COMPANY 1 will not proceed with such commercialization unless it:

- Enters a process of Informed Consultation and Participation (ICP) as described in IFC PS, which uses a good faith negotiation process that results in a documented outcome.
- Provides for fair and equitable sharing of benefits from the commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

**List of Contacts**

**5.7 Mitigation and Monitoring**

This CFP should be referred to as the standard provisions in construction and operation contracts, when applicable. During project supervision, the HSEC Manager or HSE Officer shall monitor the implementation of the CFP if a chance find is encountered during project activities.

COMPANY 1 will monitor the following Key Performance Indicators (KPI) to determine the efficacy of the CFP:

- The number of chance finds reported per reporting period.
- The number of training sessions and toolbox talks on cultural heritage provided per year.

Mitigation measures detailed in Table 4 can be applied in case of a chance find.

*Table 4: Mitigation and Monitoring*

Impact	Mitigation	Responsibility for Mitigation	Responsibility for Monitoring
•			

**6. REPORTING AND DOCUMENTATION**

**7. REFERENCES**



Instrumental Infrastructure.  
Instrumental Africa.