AFRICA FINANCE CORPORATION

AFC CAPITAL PARTNERS (ACP)

INDIGENOUS PEOPLES MANAGEMENT FRAMEWORK
ABBREVIATIONS

ACP    AFC Capital Partners
AFC    Africa Finance Corporation
ESF    Environmental and Social Framework
ESG    Environmental, Social and Governance
FPIC   Free, Prior Informed and Consent
GCF    Green Climate Fund
ICRF   Infrastructure Climate Resilient Fund
IP     Indigenous Peoples
IPF    Indigenous Peoples Framework
IPP    Indigenous Peoples Plan
SIA    Social Impact Assessment
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 will 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.

FACILITY CONTEXT

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.

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.

**Investment Themes / Sectors**
ICRF will focus on development finance, private equity buy-out and growth financing in AFC’s traditional infrastructure core sectors— including:

a. Climate-Resilient Transport & Logistics Infrastructure (Ports, Roads, Bridges, Railways & Airports)
b. Climate-Resilient Energy Systems
c. Climate-Resilient Economic Zones
d. Climate-Resilient Telecommunications and Digital Infrastructures

In light of 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.

**Investment Strategy**
ICRF will provide traditional private equity development, acquisition and growth equity financing combined with concessional capital from international and multilateral sources like the Green Climate Fund that have committed significant pools of capital to climate resilience financing for emerging market countries, including Africa.

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–ten years of the respective Project Company’s lifecycle. ICRF will invest up to ten percent (10%) of its committed capital in project development.

The Fund will co-invest alongside AFC in opportunities that fit in mandate and investment criteria, hence benefit from AFC’s strong track record through a co-investment approach.

ICRF will target projects that exhibit the following characteristics:

i. Ability to generate sustainable positive cash flows and offer returns commensurate with the risk associated with the investment
ii. Demonstrated potential to reduce GHG emissions or strengthen climate change resilience, as well commitment to best practice ESG standards
iii. Strong sponsors with deep pockets, solid experience, and track record, as well as technical expertise in the relevant sector and region.
iv. Credible, experienced, and independent EPC and O&M contractors
v. Offer a strategic competitive advantage: Projects with manageable or predictable market dynamics, as well as proven and stable or growing demand from credible off-takers or a broad and deep marketplace
vi. Projects that have all relevant permits/licenses/concessions and authorizations or have a clear and realistic plan to secure all relevant permits and authorizations in a timely manner.
vii. Sound and transparent governance
viii. Predominantly exhibit equity characteristics

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 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 Industrial Parks. This unique structure is supported by two funds: (i) concessional finance funded by grants or soft equity and (ii) commercial equity supported by leading investors such as IFIs, DFIs, and commercial institutional investors. This unique offering supports the development of strong infrastructure assets that are climate resilient while offering strong returns for investors.
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:

i) 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.

ii) Tier 2: Commercial investors including Sovereign Wealth Funds, Pension Funds, Insurance companies and DFIs

**Blended Finance:** 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 (typically 1–3%) 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.

ICRF Programme with the Green Climate Fund (GCF)

The GCF ICRF programme is structured around three components:

**Component 1: Blended finance at scale and innovative climate risk insurance products are deployed for climate-resilient infrastructure (CRI)**

Equity investment into ICRF: The objective is to leverage private and institutional capital at the fund level and at the project level for further investments into green resilient infrastructure projects in Africa thanks to GCF’s catalytic first-loss capital position.

Climate Risk transfer: ICRF seeks to operationalize an innovative parametric climate risk insurance scheme for infrastructure projects which will de-risk investments, raise awareness about current and future climate risks and reduce associated “implicit” hurdle rates due to climate risks.

**Component 2: Improved climate risk assessments and adaptation solutions for CRI Asset Classes and improved capacity for scaling up CRI in Africa.**

ICRF program will use USD 8M 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.

**Component 3: Strengthened regulatory framework and enabling environment for investments in CRI Asset Classes in Africa.**

USD 2M for TA is set aside to support ICRF’s efforts in policy dialogue and regulatory framework development. ICRF will promote stakeholder engagement and public/private sector dialogue that enables the development of markets for ICRF portfolio companies to operate in.

The main targeted sectors are transport, clean energy, and telecoms infrastructure. The program will directly benefit 42,300,000 beneficiaries. It will focus particularly on women and youth. They are among the most vulnerable population groups to climate change and constitute the largest segment of the populations in the targeted countries. The National Designated Authorities (NDA) of the twelve selected countries have issued a no-objection letter as the program truly reflects one of key priorities of their countries, including their NDCs.

a. **ICRF GCF IMPLEMENTATION ARRANGEMENTS**
b. 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

Component 1: AFC Capital Partners (ACP) is the Executing Entity for Output 1.1 - ICRF is fully operational and raised capital at the fund level and Output 1.2 - ICRF de-risks CRI Asset Classes mobilizing commercial capital at scale, under Component 1. APC will act as the Investment Manager of the Fund and is responsible for investing the funds and managing the day-today activities of the Fund. The detailed role and responsibilities will be enumerated in the fund documents. Some of the key responsibilities of the Investment Manager inter alia include the
following: acquire, manage, fund, pledge, sell, transfer, convey, assign, grant options with respect to dispose of or otherwise deal in and transact any activities with respect to investments in the portfolio companies of the Fund, including the power to acquire or dispose of such investments.

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 equity capital invested into ICRF by the investors will be then invested into the portfolio companies across Target Sectors. The proceeds collected from the process of exiting the portfolio companies will be distributed to the investors (Limited Partners) of ICRF on a pro-rata basis, as per its specific distribution waterfall that ensures capital protection of Tier 2 investors by Tier 1 investors in terms of capital distribution.

Components 2 and 3: AFC shall be the Executing Entity responsible for the implementation of the technical assistance support to the ICRF program as outlined under Components 2 and 3. AFC shall also be the EE for Output 1.3 under Component 1 - ICRF launches climate-risk parametric insurance (CRPI) scheme for CRI Asset Classes.

Relationship between AFC and ACP

The contractual relationships between AFC (AE) and ACP (EE) are governed by the Share Subscription Agreement (SSA). In addition, ACP will enter into support services agreements with AFC and the ICRF will enter into a co-investment agreement with AFC. Under the support services agreements, AFC provides investment sourcing services, as well as support in investment processing and portfolio management. This ensures access to AFC’s sector and country expertise and its specialists in environmental, social and governance matters. The co-investment agreement will define the allocation of investment opportunities and the co-investment process between AFC and the ICRF, thereby ensuring access to AFC’s pipeline on a pre-agreed basis.

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.

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:

- Receive culturally appropriate social and economic benefits,
- Do not suffer significant adverse impacts as a result of ICRF projects, and
- 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:

- Sub-Saharan African Historically Underserved Traditional Local Communities
- 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 dominant society and culture; and
- 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 recognises 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\(^1\) 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

\(^1\) See Table 2 (Impact Assessment) for more details
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.

**Methodology for application of IPF**

Methodology\(^2\) for the draft Framework is as follows:

- 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.

- 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.

- Undertake a culturally appropriate 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.

- 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

\(^2\) See Table 1 (General Requirements) for more details
IP communities in a culturally appropriate manner. To enhance IP’s 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’s concerns.

e. Ascertaining the consent of affected IP communities to the ICRF project activities, including:
   • Commercial development of the cultural resources and knowledge of IP;
   • 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:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact assessment</td>
<td>• 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).</td>
</tr>
<tr>
<td>Participation and consent</td>
<td>• 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.</td>
</tr>
</tbody>
</table>
- Engagement will all stakeholder groups (including IP communities) will typically commence formally during the early stage of the ESIA.
- 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.
- Specialists shall be engaged to assist Projects to design and implement an appropriate approach to meaningful consultation and participation.

<table>
<thead>
<tr>
<th>Institutional arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following institutional arrangements shall be established by the Project Company where IP communities are confirmed to exist in the Project area:</td>
</tr>
<tr>
<td>- Grievance mechanism and management process that is culturally appropriate and accessible for IP communities;</td>
</tr>
<tr>
<td>- Access to IP experts to support with ongoing management of IP-related commitments;</td>
</tr>
<tr>
<td>- Repository of plans and project documents that is made available to the affected IP community in an appropriate form, manner and language;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impacts on traditional or customary lands</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>As part of the FPIC process the Project Company shall:</td>
</tr>
<tr>
<td>- Document efforts to avoid or at least minimize the proposed project footprint;</td>
</tr>
<tr>
<td>- Document land uses in collaboration with the affected IP communities without prejudicing their land claim;</td>
</tr>
<tr>
<td>- Inform affected IP communities of their rights with respect to their land under national laws, particularly those recognizing customary rights or use;</td>
</tr>
<tr>
<td>- 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</td>
</tr>
<tr>
<td>- Enter into good faith negotiations with the affected IP communities and document their informed participation and outcomes of consultations.</td>
</tr>
</tbody>
</table>
Relocation of indigenous peoples

- Project Companies shall consider alternative Project designs to avoid relocation of indigenous peoples from their communally held traditional or customary land.
- 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.
- 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.

Cultural resources

- 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:
  - their rights under national laws;
  - the scope and nature of the proposed commercial development;
  - the potential consequences of such development.

Development benefits

- 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.
- 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.

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

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope for IP Impact Assessment</strong></td>
<td>• 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.</td>
</tr>
<tr>
<td>(component of ESIA)</td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• Assessment of the potential adverse impacts on IPs and benefits to IPs that are likely to be associated with the project.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td><strong>Participation and Consent</strong></td>
<td>• Engagement with IP communities shall be undertaken in accordance with the standard requirements IFC PS1 and in addition will:</td>
</tr>
<tr>
<td></td>
<td>- Involve IP representative bodies and organisations (e.g. councils of elders or village councils) as well as members of the affected communities of IPs;</td>
</tr>
<tr>
<td></td>
<td>- Be inclusive of both women and men and of various age groups in a culturally appropriate manner;</td>
</tr>
<tr>
<td></td>
<td>- Respect and provide sufficient time for the decision-making processes followed by the IP community; and</td>
</tr>
<tr>
<td></td>
<td>- 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.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td><strong>Free Prior and Informed Consent (FPIC)</strong></td>
<td>• In some specific cases, it will be necessary to obtain Free, Prior and Informed Consent (FPIC) from the IP community.</td>
</tr>
<tr>
<td></td>
<td>• The circumstances in which FPIC is required are where:</td>
</tr>
</tbody>
</table>
The project may lead to impacts on lands and natural resources subject to traditional ownership or under customary use (IFC PS7 paragraphs 13-14); Indigenous Peoples will need to be relocated from lands and natural resources subject to traditional ownership or under customary use (IFC PS7 paragraph 15); and/or 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).

- 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.
- The IPP will describe the basis of the determination as well as the consultation process undertaken.

### Assessment of Vulnerabilities

- 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.
- 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.
- The analysis of vulnerability will include consideration of IP’s:
  - Economic, social and legal status;
  - Status, including under national and customary law, of the lands, territories and resources to which they have collective attachment (see below);
  - Institutions, customs, culture and/or language;
  - Dependence on natural resources, including through customary and traditional livelihoods; and
  - Past and ongoing relationship to dominant groups and the mainstream economy.

### Collective Attachment

- The ESIA shall determine the level and type of collective attachment that may exist among the IP community.
- 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.

**Consideration of Unintended Consequences**

- 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 vulnerabilities.
- 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.
- 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.

**Consideration of Differential Impacts**

- 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.
- 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.
- 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.

**Natural Resources and Ecosystem Services**

- 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.
- 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.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Baseline Information**                   | • 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.  
  • Description of the methodology and references that describe how the baseline information was obtained (i.e. through the ESIA and associated participatory process). |
| **Key findings and analysis of impacts, risks and opportunities** | • Summary of key findings, analysis of impacts, risks and opportunities  
  • 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. |
| **Measures to avoid, minimize and mitigate negative impacts and enhance positive impacts and opportunities** | • 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.  
  • 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. |
<p>| <strong>Community-based natural resource management (where applicable)</strong> | • 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 |</p>
<table>
<thead>
<tr>
<th><strong>communities and their traditional and cultural practices.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Result of consultations, the FPIC and future engagement plans</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td>• 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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Benefit sharing plans</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tenure arrangements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Grievance redressal mechanism</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Description of the appropriate procedures to address grievances by IPs arising from project implementation and operation.</td>
</tr>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td>• 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</td>
</tr>
</tbody>
</table>
other vulnerable groups within the community, to make their complaints.

**Costs, budget, timetable, organizational responsibilities**
- 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 funds and expenditures.

**Monitoring, evaluation and reporting.**
- Description of the monitoring, evaluation and reporting mechanisms, including responsibilities, frequencies, feedback and corrective action processes.
- 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.
- Participatory monitoring such as community-based monitoring and information systems shall be considered and supported.

**Transparency and Disclosure**
- 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.

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.