AFRICA FINANCE CORPORATION

AFC CAPITAL PARTNERS (ACP)

RESETTLEMENT FRAMEWORK
ABBREVIATIONS

ACP  AFC Capital Partners
AP   Affected Person(s)
CLOs Community Liaison Officers
DDR  Due Diligence Report
DPs  Displaced Persons
EM   Entitlement Matrix
ESMF Environmental and Social Management Framework
ESMP Environmental and Social Management Plan
ESS  Environmental and Social Standards
GM   Grievance Mechanism
ICRF Infrastructure Climate Resilient Fund
M&E  Monitoring and Evaluation
PAP  Project Affected Persons
RF   Resettlement Framework
R&R  Resettlement and Rehabilitation
RAP  Resettlement Action Plan
RoW  Right of Way
RF   Resettlement Framework
SIA  Social Impact Assessment
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 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.

2. ICRF Programme 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 & Logistics, Road & Bridges, Airports, Railways
b. Climate-Resilient Energy Systems
c. Climate-Resilient Economic Zones
d. Climate-Resilient Telecommunications and Digital Infrastructure

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
Predominantly exhibit equity characteristics

3. 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.
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:

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.

4. 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-to-day 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.

c. **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.

5. **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 sub-projects 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. Earing 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;
4. African Development Bank Integrated Safeguards System;
5. Green Climate Fund and associated Guidelines

World Bank 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:
  1. explore alternative alignments which are less impacting,
  2. ensure the appropriate technology is used to reduce land requirements,
  3. 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.

6. 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 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.

Redress 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:

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<th>Topic</th>
<th>Description</th>
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| Introduction                               | • Briefly describe the project and associated facilities (if any)  
• Describe project components requiring land acquisition and resettlement; give overall estimates of land acquisition and resettlement  
• 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. |
| Minimizing Resettlement                    | • Describe the justification for the resettlement  
• Describe efforts and measures to minimize displacement, and expected outcomes of these efforts and measures                                                                                       |
| Census and Socioeconomic Surveys/Social Baseline | • 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.  
• 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) |
| Legal Framework                            | • 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.  
• Describe how free, prior, informed consent was obtained for resettlement of indigenous peoples and tribal communities, if applicable  
• Describe project-specific mechanisms to address conflicts  
• Describe entitlement/compensation policies for each type of impact  
• Describe method of valuation used for affected structures, land, trees, and other assets  
• Prepare entitlement matrix, which includes budget and timeframe for payment of entitlements |
### Resettlement Sites and Housing

- 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.
- 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.
- 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.
- 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.
- 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.
- Give calculations relating to site requirements and availability.
- Describe mechanisms for: (1) procuring, (2) developing 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.
- Provide detailed description of the arrangements where relevant for site development for agriculture, including funding of development costs.
- Indicate whether temporary resettlement will be necessary and how the communities’ social capital will be preserved.

### Income Enhancement/Restoration (If RAP is also addressing economic displacement)

- 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?
- Briefly spell out the enhancement and restoration strategies for...
• Describe the process of consultation with affected populations and their participation in finalizing strategies for income enhancement/restoration
• How do these strategies vary with the area of impact?
• 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?
• How are the risks of impoverishment to be addressed?
• What are the main institutional and other risks for the smooth implementation of the resettlement programs?
• Describe the process for monitoring the effectiveness of the income restoration measures
• 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?

<table>
<thead>
<tr>
<th>Institutional Arrangements</th>
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<tbody>
<tr>
<td>• 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</td>
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<tr>
<td>• 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</td>
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<tr>
<td>• Identify the agency that will coordinate all implementing agencies. Does it have the necessary mandate and resources?</td>
</tr>
<tr>
<td>• 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</td>
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<tr>
<td>• Discuss institutional capacity for and commitment to resettlement</td>
</tr>
<tr>
<td>• 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.</td>
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<thead>
<tr>
<th>Implementation Schedule</th>
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<tbody>
<tr>
<td>• 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</td>
</tr>
<tr>
<td>• Prepare a month-by-month implementation schedule of activities to be undertaken as part of resettlement implementation</td>
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<tr>
<td>• Describe the linkage between resettlement implementation</td>
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</table>
and initiation of civil works for each of the project components

| Participation and Consultation | • Describe the various stakeholders  
|                               | • Describe the process of promoting consultation/participation of affected populations and stakeholders in resettlement preparation and planning  
|                               | • 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.  
|                               | • 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. |

| Grievance Redress | • 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  
|                  | • Describe the mechanism for appeal  
|                  | • Describe how the mechanism ensured unrestricted access, transparency, accountability, how it documents cases and keeps the complainants informed and the institutional setup  
|                  | • Describe the provisions for approaching civil courts if other options fail |

| Monitoring and Evaluation | • Describe the internal/performance monitoring process. 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  
|                          | • 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  
|                          | • Describe institutional (including financial) arrangements  
|                          | • Describe frequency of reporting and content for internal monitoring  
|                          | • Describe process for integrating feedback from internal monitoring into implementation  
|                          | • Define methodology for external monitoring  
|                          | • Define key indicators for external monitoring  
|                          | • Describe frequency of reporting and content for external monitoring. Ensure monitoring program is regular and ongoing following project completion until durable solutions are reached  
|                          | • Describe process for integrating feedback from external monitoring into implementation  
|                          | • Describe arrangements for final external evaluation  
<p>|                          | • Describe need for updates to census, assets inventories, resource assessments, and socioeconomic surveys, if necessary, as part of RAP monitoring and evaluation. |</p>
<table>
<thead>
<tr>
<th>Costs and Budgets</th>
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<tbody>
<tr>
<td>• Provide a clear statement of financial responsibility and authority</td>
<td>• List the sources of funds for resettlement and describe the flow of funds</td>
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<tr>
<td>• Ensure that the budget for resettlement is sufficient and included in the</td>
<td>• Ensure that the budget for resettlement is sufficient and included in the overall</td>
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<tr>
<td>overall project budget. Include provisions for non-anticipated adverse impacts.</td>
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<tr>
<td>• Identify resettlement costs, if any, to be funded by the government and the</td>
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<tr>
<td>mechanisms that will be established to ensure coordination of disbursements</td>
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<td>with the RAP and the project schedule. Prepare estimated budget, by cost and</td>
<td>the project schedule. Prepare estimated budget, by cost and by item, for all</td>
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<tr>
<td>by item, for all resettlement costs including planning and implementation,</td>
<td>resettlement costs including planning and implementation, management and</td>
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<tr>
<td>management and administration, monitoring and evaluation, and contingencies.</td>
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<tr>
<td>• Describe the specific mechanisms to adjust cost estimates and compensation</td>
<td>• Describe the specific mechanisms to adjust cost estimates and compensation payments</td>
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<tr>
<td>payments for inflation and currency fluctuations</td>
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<tr>
<td>• Describe the provisions to account for physical and price contingencies</td>
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<tr>
<td>• Describe the financial arrangements for external monitoring and evaluation</td>
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<tr>
<td>including the process for awarding and maintenance of contracts for the entire</td>
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<tr>
<td>duration of resettlement</td>
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| 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. |

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