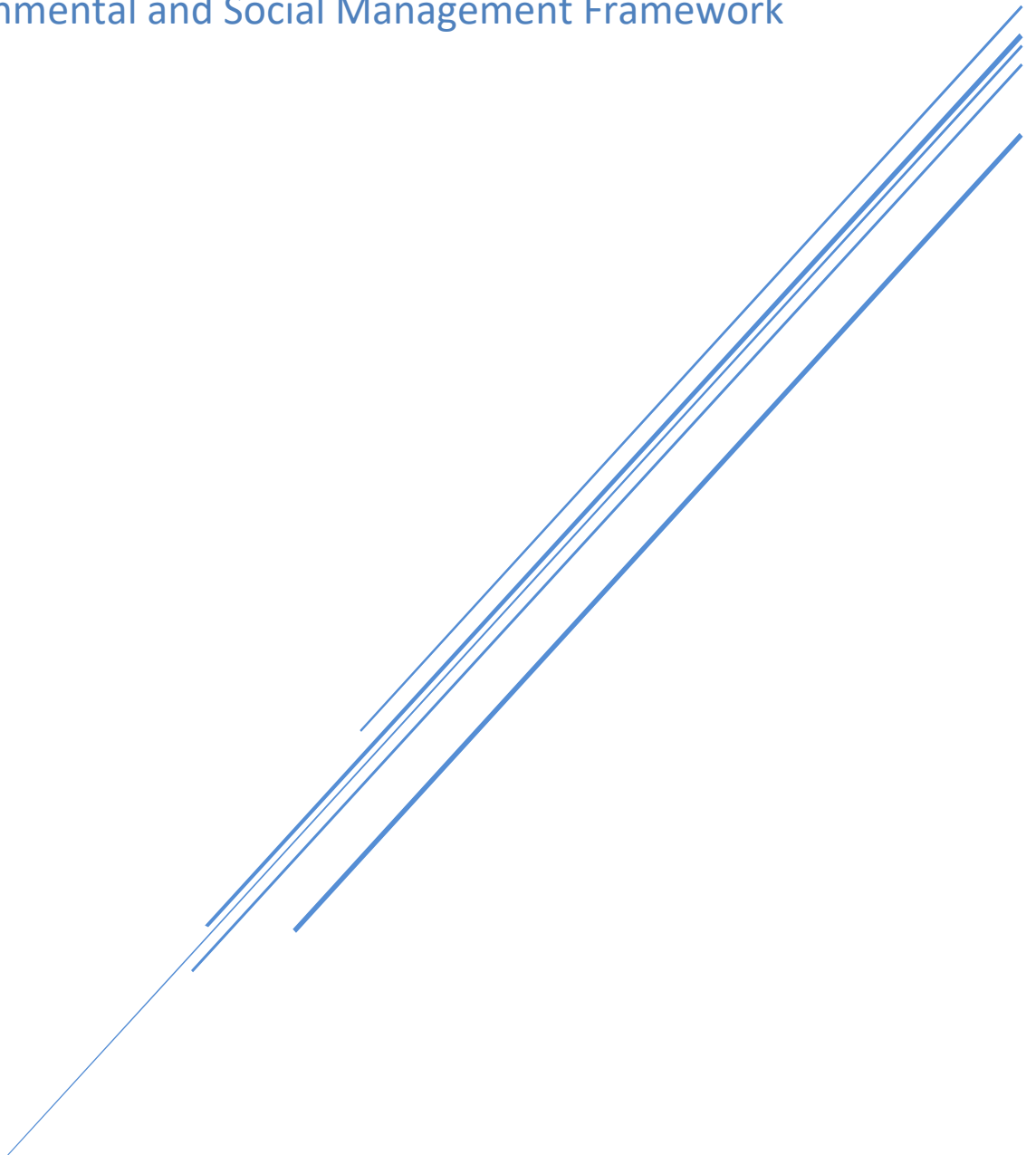


# PEEB COOL

## Environmental and Social Management Framework



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## List of Acronyms and Definitions

'a Project' or 'Projects'	Refers to the partnership between AFD or PROPARCO and a local public or private entity, meaning a financing facility and/or a technical assistance facility, to be financed in the framework of the Program.
'Subprojects'	Refers to the loans granted by a IE to local companies in the framework of the Program
'the Program'	Refers to the whole AFD-GCF initiative 'Program for Energy Efficiency in Buildings and Cooling ("PEEB Cool")'
AFD	<i>Agence Française de Développement</i> (French Agency for Development)
AFD Group	AFD Group gathers (i) AFD, French public financial institution, (ii) Proparco, Development Financial Institution promoting private investments
CFA	Credit Facility Agreement
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan Refers to a set of activities to be implemented by a IE in order to build capacity and improve internal organization to manage E&S risks in a way that is consistent with the Program requirements
ESCP	Environmental and social Commitment Plan
ESDD	E&S Due Diligence
ESIA	Environmental and Social Impact Assessment Refers to an instrument to identify and assess the potential E&S impacts of a proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures
ESMF	Environmental and Social Management Framework Refers to an instrument that examines the risks and impacts when a project consists of a program and/or series of subprojects, and the risks and impacts cannot be determined until the program or subproject details have been identified. The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts. It contains measures and plans to reduce, mitigate and/or offset adverse risks and impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project risks and impacts, including on its capacity to manage environmental and social risks and impacts. It includes adequate information on the area in which subprojects are expected to be sited, including any potential environmental and social vulnerabilities of the area; and on the potential impacts that may occur and mitigation measures that might be expected to be used
ESMP	Environmental and Social Management Plan Refers to an instrument that details (a) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse E&S impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures

ESMS	Environmental and Social Management System Refers to the whole procedures, tools, processes and organizational arrangements and capacities set up by an organization to manage E&S issues and E&S risks in particular.
ESRM	Environmental and Social Risk Management
ESSR	Environmental and Social Screening Report
FI	Financial Intermediary/ies Refers to financial institutions such as banks, microfinance institutions, funds, etc., which are financed by AFD through credit facilities in the framework of financially intermediated projects.
FPIC	Free, Prior and Informed Consent
GCF	Green Climate Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GHG	Greenhouse gases
IE	Implementing entity: an opposite party in a contract or financial transaction set up in the framework of the Program. Project owners of eligible projects, financial institutions and partner countries
IFC	International Finance Corporation
ILO	International Labor Organization
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
LRP	Livelihoods Restoration Plan
NDC	National Determined Contributions
Proparco	Proparco is a Development Financial Institution partly owned by the French Development Agency (AFD) and private shareholders from the developed countries and developing nations.
PS	Performance Standard(s)
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SEAH	Sexual Exploitation, Sexual Abuse, and Sexual Harassment
SEP	Stakeholder Engagement Plan
SESA	Strategic Environmental and Social Assessment Refers to a systematic examination of environmental and social risks and impacts, and issues, associated with a policy, plan or program, typically at the national level but also in smaller areas. SESAs are typically not location-specific. They are therefore prepared in conjunction with project and site-specific studies that assess the risks and impacts of the project
TA(P)	Technical Assistance (Program)
TORs	Terms of Reference
UN	United Nations

## Executive summary

PEEB Cool aims at enhancing energy efficiency in the building sector in 11 countries through 1) an Investment facility to support public and private project owners in taking into account energy efficiency measures in their projects, and 2) an Enabling facility to develop sectorial investment framework, elaborate policy proposals and build capacities for building sector professionals.

The Investment facility will be implemented by AFD (public projects) and Proparco (private projects) within their pipeline of buildings projects in the 11 countries and the Enabling facility will be implemented by GIZ.

For the PEEB Cool Program, the ESMSs of AFD, Proparco and GIZ will apply. SEAH provisions of the GCF E&S Policy, as well as with the AFD, Proparco and GIZ policies will apply to all projects and sub-projects, including direct and indirect financed projects.

The Reference E&S Standards for the PEEB Cool Program will be

- National legislation and IFC Performance Standards and related Guidance Notes for project with "substantial-" or "medium-" risk
- National legislation for projects with "low-risk"

AFD assists the project owner in defining E&S performance targets and ensures their implementation throughout the life cycle of the project. However the project owner is responsible for performing the environmental and social assessment of its project.

The process is articulated around four main steps:

1. Project categorization. AFD's environmental and social due diligence is adapted to the nature and scale of the project and is proportional to the level of E&S risks and impacts. For this purpose, depending on the potential E&S risks, AFD classifies projects into the following four categories: High risks (A), Substantial risks (B+), Moderate risks (B) or Low risks (C).
2. Review of the environmental & social assessment documentation. Depending on the project category, AFD is involved in the scoping and evaluation of the environmental & social assessment documents and may carry out a mission in the area affected by the project activities in order to assess the E&S risks.
3. Environmental and social commitments. AFD makes its financing conditional to the implementation of an Environmental and Social Commitment Plan (ESCP) to be defined with the project owner, and which shall be monitored on a regular basis during the implementation of project activities.
4. E&S monitoring. During the project implementation phase, AFD reviews the findings of the environmental and social commitments monitoring. Upon completion of the operation, AFD oversees the ex-post evaluation mission, in partnership with the project owner.

In the framework of the Program, all projects financed will be submitted to these four steps process.

An indicative list of E&S risks and impact per sector eligible for the Programme is detailed below.

<b>Sector</b>	<b>Examples of projects</b>	<b>Environmental risks/impacts</b>	<b>Social risks/impacts</b>
<i>Social housing and housing improvement</i>	Greenfield construction of housing facilities. Renovation of existing housing (e.g. energy efficiency in housing projects)	Changes in surface water runoff. Impacts on water quality. Release of pollutants. Generation of hazardous and non-hazardous waste materials. Impacts on resource consumption (energy and water) Contribution to climate change (GHG emissions). Impacts on biodiversity and natural areas. Impacts on cultural heritage	All risks related to labour and working conditions. Increase of noise pollution. Impacts on existing infrastructure and networks. Enhanced exposure to health and safety risks. Risks related to projects and local governance, stakeholder engagement, local communities. Environmental disease (e.g. exposure to lead, asbestos). Pressure on land tenure and increase of land cost or rent cost), social acceptance. Involuntary displacements. Changes in social habits and social organisation.
<i>Health</i>	Construction or extension of health centre or hospitals. Refurbishment of health centre or extension		
<i>Education</i>	Construction of schools, universities, classrooms in rural areas, science complexes, etc. Refurbishment of training centre. Extension of university		
<i>Public buildings</i>	Energy efficiency measures in public buildings and administrative centres		
<i>Industry</i>	Improvement of energy or water consumption within the construction ecosystem (cement plant, transportation etc.), or in industrial sectors (textile, etc.) Improved waste management practices (re-use and recycling of materials), waste-to-energy activities		
<i>Transportation</i>	Greenfield or brownfield project of energy efficiency in train station, bus station		



<i>Other building sector</i>	Energy efficiency in market, shopping mall, offices, ecosystem innovation support, etc.		
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At Project and Subproject level, grievance mechanisms must be designed to receive and facilitate potential concern or conflict resolution, in relation with E&S risks and impacts of the Project. The need or relevance of such mechanisms shall be assessed during Project appraisal phase and E&S evaluation. Grievance mechanisms must be tailored to the level of Project E&S risks and impacts, with the purpose of resolving concerns or conflicts through an understandable and transparent consultative process consistent with Subproject and/or local context. The mechanism shall be free, and shall not impede access to judicial or administrative remedies. Project owners must communicate on the existence of such mechanisms and inform Project stakeholders accordingly. Grievance mechanisms at Project and Subproject level are developed firstly in order to allow amicable resolution of a dispute or complaint. If not possible, then the complaint has to be solved through a formal legal process.

Stakeholder consultations are conducted at local agency and project-by-project scales. They are described in the country forms and in Annex 7.

In the framework of the Programme and in line with GCF approach to stakeholder engagement, AFD requires implementing entities to ensure the effective engagement of communities, vulnerable populations, groups and individuals, indigenous peoples, local communities and other marginalised groups of people and individuals that are affected or potentially affected by Programme activities. Information related to E&S issues on activities financed in the framework of the Programme is made available in compliance with the GCF Information Disclosure Policy, and shall be disclosed on AFD’s website. This includes the present E&S Framework, which is made available in the languages of the partner countries.

All necessary measures to ensure that activities financed by the GCF are developed and implemented in such a manner that aligns with the SEAH provisions of the GCF E&S Policy, as well as with the AE and EEs policies will be taken. SEAH safeguarding will apply to all Projects and Subprojects, including direct and indirect financed Projects.

# Introduction

## I. Program Context

### 1.1. Rationale

The construction and operation of buildings is responsible for 40% of all energy-related carbon dioxide emissions. A rapid decarbonisation of the building sector is therefore needed to reach the 2 degree target set out in the Paris Agreement (adopted at the Paris climate conference (COP21) in December 2015).

While progress towards more energy efficiency in buildings is being made in most countries, improvements are not keeping up with the growing sector and rising demand for energy services. The life of buildings range between 30-80 years and thus their energy consumption and CO2 emissions is locked in for decades.

Due to population growth, rapid urbanization and economic development, final energy demand from buildings is predicted to increase 50% by 2050 compared with 2015 levels under business as usual scenarios. Global demand for cooling alone is expected to triple by 2050. This growth will mostly take place in hot and emerging countries where air conditioning is set to soar.

If comprehensive energy efficiency policies for new and existing buildings as well as appliances are put in place, global building space could increase by 60% by 2040 without resulting in any additional energy use.

Therefore action is needed. Buildings that are built now and in future need to follow the highest energy efficiency standard.

To face this challenge and improve the energy efficiency of the building sector Germany and France initiated the Program for Energy Efficiency in Buildings (PEEB).

Catalyzed by the Global Alliance for Buildings and Construction (GlobalABC), PEEB supports the global efforts on embedding the building sector into the climate agenda and strengthen the NDC implementation in buildings.

PEEB supports countries in transforming their building sector. Beginning of 2018 it started operations with 5 partner countries: Mexico, Morocco, Tunisia, Senegal and Vietnam and other countries already expressed interest to get PEEB support.

PEEB provides to the partner countries support for policy implementation, trainings and knowledge sharing as well as financial assistance to implement large scale building project in high energy efficiency standard.

PEEB has experienced great demand for support from further countries (Nigeria, Jordan, Ecuador, Indonesia etc.) and strives to expand its outreach. Countries see the importance of improving the policy framework for more energy efficiency in buildings while at the same time setting up financial incentive Programs for EE buildings.

Current PEEB budget for policy level activities is earmarked for the first 5 PEEB partner countries. However, PEEB has started supporting and financing large scale building construction and renovation projects outside its first 5 partner countries. The program has already started providing support and financing to 16 large-scale building construction and renovation projects and programs in 11 countries amounting to a total investment of around 900MEUR.

After the demonstration of its efficiency, the program will be scaled up to match the current pipeline of identified large-scale building construction and renovation projects amounting to EUR 1.6 billion in over 20 countries (EUR 1.2 billion of which in PEEB Cool countries) and to implement the needed policy level and technical activities to bring about a transformation of the buildings sector in those target countries. Moreover, AFD wishes to scale up the experience on the PEEB program to go beyond and build further on this initiative by diversifying towards energy efficient cooling systems, and expanding the geographical scope to help shifting the paradigm towards low carbon and resilient building systems.

## 1.2. Program Objectives

The objectives of the Program are to:

- Significantly transform the buildings sector by promoting sustainable building design and construction;
- Lower the energy demand in buildings in a cost-effective manner as well as reducing to a minimum level and avoiding as much as possible greenhouse gas emissions;
- Leverage untapped social, ecological and economic benefits;
- Promote clean cooling systems.

## 1.3. Program contents

### 1.3.1. Program contents and implementation scheme

The Program is composed of two complementary components:

1. **Investment facility** to public and private actors with adapted financial incentives to foster the best green building investments. This flexibility will be allowed by the variety of financing instruments used in this component. Those can be loans, concessional loans, or investment grants, as well as Technical Assistance support. The financing facility will carry out the following activities:
  - a. Identification of feasible financing projects;
  - b. Setting up of financing arrangements for identified projects;
  - c. Monitoring and technical support of financed projects.
2. **Enabling facility** to help transforming the building sector at national level composed of:
  - a. The development of Sectorial Investment Framework;
  - b. The elaboration of policy proposals for the buildings sector;
  - c. The implementation of capacity building measures for buildings sector professionals.

### 1.3.2. Eligible entities

Eligible entities are listed for each component carried out by the Program:

- Financing facility: all project owners (i) within AFD's or PROPARCO's pipeline, (ii) in one of PEEB Cool's implementation countries, (iii) whose project involves energy efficiency potential. Eligible entity can be a private sector company, a ministry, a public institution, a public financial institution.
- Policy facility: any public body (public institution, ministries, regulatory entity, etc.) from one of PEEB Cool's implementation countries that is an actor of the national buildings sector.

### **1.3.3. Eligible investments**

- Financing facility: all projects (i) within AFD's or PROPARCO's pipeline, (ii) in one of PEEB Cool's implementation countries, (iii) involving building(s) construction/refurbishment or industry energy efficiency improvement, and (iv) that are not rated A by AFD Group's categorization of the environmental and social risk.

## II. Program Approach to E&S Risk Management

### 2.1. E&S risks and impacts

In line with World Bank Group E&S Framework, the E&S risks and impacts taken into account by AFD in its due diligence are project-related and include the following:

- **Environmental risks and impacts, including:** (i) those identified in the World Bank Group Environmental, Health, and Safety Guidelines (EHSGs); (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests; and
- **Social risks and impacts, including:** (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable<sup>1</sup>; (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable<sup>2</sup>; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vi) impacts on the health, safety and well-being of workers and project-affected communities<sup>3</sup>; and (vii) risks to cultural heritage.

### 2.2. Environmental and Social Standards

For the PEEB Cool Program, the ESMSs of AFD, Proparco and GIZ will apply.

Also, all necessary measures to ensure that activities financed by the GCF are developed and implemented in such a manner that aligns with the SEAH provisions of the GCF E&S Policy, as well as with the AFD, Proparco and GIZ policies will be taken. SEAH safeguarding will apply to all projects and sub-projects, including direct and indirect financed projects. The standards applied by AFD Group to safeguard SEAH risks and impacts are World Bank Good Practice Note<sup>4</sup> for public-owned civil works projects and IFC Good Practice Guidelines<sup>5</sup> for private-owned projects.

Component 2 consists in institutional strengthening within countries administration; the scope of this component does not concern building projects financing nor private sector financing. GIZ, which implements Component 2, has a large experience and its own procedures for addressing gender and SEAH risks. This is why specific gender analysis will be made at country level at the beginning of the implementation of Component 2, and gender gaps will be analyzed and tackled within GIZ scope (as described in Annex 8a).

This includes, but not limited to, the inclusion of women in training groups, taking into account gender gaps in building codes, etc...

AFD and Proparco aim to promote sustainable and equitable development in all operations funded, by ensuring that these operations effectively contribute to the objective of sustainable development

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<sup>1</sup> Including SEAH risks and impacts

<sup>2</sup> Including SEAH risks and impacts

<sup>3</sup> Including SEAH risks and impacts

<sup>4</sup> <https://thedocs.worldbank.org/en/doc/632511583165318586-0290022020/original/ESFGPNSEASHinmajorcivilworks.pdf>

<sup>5</sup> [https://www.ifc.org/wps/wcm/connect/f1645167-7eff-439b-922b-7656c75320ab/GPN\\_AddressingGBVH\\_July2020.pdf?MOD=AJPERES&CVID=nddokiS](https://www.ifc.org/wps/wcm/connect/f1645167-7eff-439b-922b-7656c75320ab/GPN_AddressingGBVH_July2020.pdf?MOD=AJPERES&CVID=nddokiS)

(combating poverty and ensuring the satisfaction of human needs, strengthening solidarity between human beings and between territories, preserving biodiversity, preserving habitats and natural resources, combating climate change).

All operations financed by AFD and Proparco are required to comply with the national regulations of the country where the operation is implemented, including for environmental and social issues. However, as regulations in the countries where AFD operates are sometimes incomplete or under development, AFD uses as a reference a number of rules, good practices and directives produced by international standard-setting organizations and proven with more than 70 years of experience in the financing of development projects. This mainly concerns:

- The World Bank Safeguard Policies for public sector financing;
- The UN Principles for Responsible Investment (UNPRI);
- The IFC Performance Standards.

The major international conventions ratified by the countries where AFD operates are also used as references, mainly:

- The United Nations Universal Declaration on Human Rights;
- The ILO fundamental conventions on labor law;
- The United Nations Convention on the Elimination of All Forms of Discrimination against Women;
- The OECD guidelines for multinational enterprises.

In terms of E&S risk management, AFD Group does not have specific E&S Standards. AFD has adopted the World Bank’s prevailing environmental and social operational standards<sup>6</sup>. These standards apply to projects with environmental and social risks categorized as High or Substantial. For other operations, the projects must be appraised and implemented in compliance with the prevailing national environmental and social regulations in the country where the operation takes place. For projects with major E&S risks, Proparco applies IFC’s Performance Standards and the related Guidance and Interpretation Notes<sup>7</sup>.

**The Reference E&S Standards for the PEEB Cool Program will be national legislation and IFC Performance Standards and related Guidance Notes.**

The E&S risk management approach for the Program follows IFC Interpretation Note on Financial Intermediaries<sup>8</sup> and is in line with the Equator Principles<sup>9</sup>.

The applicability of IFC Performance Standards for the PEEB COOL Program is summarized in Table 1 below. Whereas the Interpretation Note on Financial Intermediaries is the basis of an IE’s approach to E&S risk management should IE be a financial institution, IFC Performance Standards are the reference for projects and subprojects and will apply for substantial and medium risk projects and subprojects as defined in the present manual.

High-risk subprojects (or rated A) - as per GCF and AFD categorization - will not be eligible to PEEB Cool financing as per the eligibility criteria.

**Tableau 1. Applicability of IFC Performance Standards for the PEEB Cool Program**

IFC Performance Standards	Objectives	Applicability to the Program
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<sup>6</sup> <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>

<sup>7</sup> [https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)

<sup>8</sup> [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_policy\\_interpretationnote-fi](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_interpretationnote-fi)

<sup>9</sup> <https://equator-principles.com/>

<p><i>PS1 – Assessment and management of environmental and social risks and impacts</i></p>	<ul style="list-style-type: none"> <li>○ To identify and evaluate environmental and social risks and impacts of the project.</li> <li>○ To adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to workers, Affected Communities, and the environment.</li> <li>○ To promote improved environmental and social performance of clients through the effective use of management systems.</li> <li>○ To ensure that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately. To promote and provide means for adequate engagement with Affected Communities throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated.</li> </ul>	<p>YES</p> <p>Eligible sectors for the Program such as industry and buildings may have E&amp;S impacts.</p> <p>PS1 aims at identifying E&amp;S risks and defining appropriate mitigation measures for projects and subprojects in order to avoid, minimize or compensate such risks. It defines the relevant scope of E&amp;S risk management for a project, the necessary organizational capacity, and monitoring processes.</p> <p>Particular focus is put on stakeholder engagement, included disclosure of information, consultation and participation of communities, indigenous peoples, and grievance mechanisms.</p> <p>IEs supported by the Program are expected to finance only the projects and subprojects for which they have appropriate mitigation measures to manage E&amp;S risks and impacts.</p>
<p><i>PS2 – Labor and working conditions</i></p>	<ul style="list-style-type: none"> <li>○ To promote the fair treatment, non-discrimination, and equal opportunity of workers.</li> <li>○ To establish, maintain, and improve the worker-management relationship.</li> <li>○ To promote compliance with national employment and labor laws.</li> <li>○ To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client’s supply chain.</li> <li>○ To promote safe and healthy working conditions, and the health of workers.</li> <li>○ To avoid the use of forced labor.</li> </ul>	<p>YES</p> <p>PS2 is in line with main international conventions and instruments, including those of the ILO and the UN.</p> <p>IEs supported by the Program have to ensure proper labor and working conditions in their internal organization, but also to ensure the projects and subprojects they finance do respect the requirements of PS2, meaning that these provisions apply both to IE clients and their contractors.</p> <p>PS2 requirements are applicable during both construction and implementation phases of Subprojects.</p>

<p><i>PS3 – Resource efficiency, pollution prevention and reduction</i></p>	<ul style="list-style-type: none"> <li>○ To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.</li> <li>○ To promote more sustainable use of resources, including energy and water.</li> <li>○ To reduce project-related GHG emissions.</li> </ul>	<p>YES</p> <p>E&amp;S risk assessment to be conducted on projects and subprojects has to identify the possible negative impacts of all kinds of pollution on communities and the environment, included the over use of natural resource such as water consumption. PS3 applies on all projects that may have such impacts, and not limited to construction phase.</p>
<p><i>PS4 – Community health, safety and security</i></p>	<ul style="list-style-type: none"> <li>○ To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances.</li> <li>○ To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities.</li> </ul>	<p>YES</p> <p>In line with PS3, E&amp;S risk assessment to be conducted on projects ad subprojects will consider community health, safety and security aspects both on project owners and their contractors, all along a project’s lifecycle.</p>
<p><i>PS5 – Land acquisition and involuntary settlement</i></p>	<ul style="list-style-type: none"> <li>○ To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.</li> <li>○ To avoid forced eviction.</li> <li>○ To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.</li> <li>○ To improve, or restore, the livelihoods and standards of living of displaced persons.</li> <li>○ To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.</li> </ul>	<p>YES</p> <p>All Subprojects must look at avoiding displacements, and if not possible, must comply with PS5 in the compensation of affected communities and individuals. This applies to physical displacement and economic displacement. Impacts on assets and livelihoods must be taken into consideration.</p>



<p><i>PS6 – Biodiversity conservation and sustainable management of living natural resources</i></p>	<ul style="list-style-type: none"> <li>○ To protect and conserve biodiversity.</li> <li>○ To maintain the benefits from ecosystem services.</li> <li>○ To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.</li> </ul>	<p>YES</p> <p>The objective of the Program is to support smooth transition towards environment-friendly economies and, as such, does not only look at climate change adaptation and mitigation, but also at avoiding or minimizing impacts on biodiversity and natural resources. Whenever possible, actions to enhance biodiversity conservation and protection of living natural resources will be included to Subprojects.</p>
<p><i>PS7 – Indigenous Peoples</i></p>	<ul style="list-style-type: none"> <li>○ To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.</li> <li>○ To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.</li> <li>○ To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.</li> <li>○ To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project’s life-cycle.</li> <li>○ To ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.</li> <li>○ To respect and preserve the culture, knowledge, and practices of Indigenous Peoples.</li> </ul>	<p>YES</p> <p>PS7 applies for all projects and subprojects that might have impacts on IPs, such impacts being identified though the initial E&amp;S risk assessment. Free, prior, and informed consent must be applied when IPs are affected by a project in the circumstances defined by PS7. Whenever necessary, specific plans must be developed</p>
<p><i>PS8 – Cultural heritage</i></p>	<ul style="list-style-type: none"> <li>○ To protect cultural heritage from the adverse impacts of project activities and support its preservation.</li> </ul>	<p>YES</p> <p>PS8 defines cultural heritage including both tangible objects and sites, and intangible forms of culture. The initial E&amp;S assessment of projects and</p>

	<ul style="list-style-type: none"> <li>○ To promote the equitable sharing of benefits from the use of cultural heritage.</li> </ul>	subprojects has to identify if cultural heritage can be affected and, in such case, PS8 applies.
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At project level, the internal human resource allocation/budget within AFD or Proparco for the implementation of the ESMF is the following for each step:

- Identification: 2 days/person,
- Instruction 2 à 5 d/p
- Commitment: 2 d/p
- Supervision: 1 to 10 d/p/year
- Post-evaluation: 2 to 10 d/p

The assessment studies, monitoring and evaluation will be undertaken by the technical assistance of the Projects/Subprojects. It is estimated that around 10% of the technical assistance budget of PEEB Cool will be allocated to E&S matters, which makes available a budget of EUR 2.69 million.

### 2.3. AFD approach to ESRM

The aim of AFD E&S risk management approach is to:

- Assess the environmental and social risks and impacts of each project submitted to the decision-making bodies;
- Propose appropriate measures to avoid, reduce, and/or offset these risks and their impacts;
- Monitor the implementation of these measures during the implementation phase of the operation;
- Manage unforeseen events and;
- Improve the quality of projects and the environmental and social performance of counterparts.

AFD may refuse to finance a project for environmental or social reasons. In accordance with the AFD Exclusion List<sup>10</sup>, there are specific types of activities that are not eligible for financing for environmental and social reasons. Such activities are listed in detail in AFD Exclusion List in Annex 1.

The World Bank Group Safeguard Policies, as published and in force, apply to all projects with high or substantial E&S risks for which AFD funding is requested. These environmental and social standards establish the principles that the project owner and the project will have to comply with throughout the life cycle of the project. AFD may specify additional requirements related to the project to help the project owner achieve these E&S targets. Compliance with applicable national laws is an integral part of AFD requirements.

The projects owners and their projects are also required to comply with the relevant obligations of the Environmental, Health & Safety (EHS) Guidelines of the World Bank Group.

Projects concerning new facilities or activities should be designed in a way that ensures immediate compliance with the environmental and social standards and the environmental, health and safety guidelines established by the World Bank Group.

If a project involves existing facilities or activities (e.g. restoration, rehabilitation or extension) that do not meet these standards and guidelines at the time of approval by the AFD Board, the project owner is obliged to adopt measures deemed satisfactory by AFD, i.e., which are technically, financially and economically feasible, in order to bring these facilities or activities into compliance with both environmental and social standards and environmental, health, and safety guidelines within a reasonable time frame.

<sup>10</sup> <https://www.afd.fr/en/ressources/exclusion-list-afd-group-foreign-countries>

### 2.3.1. AFD Principles for ESRM for direct financed projects

The project owner is responsible for performing the environmental and social assessment of its project. The project owner mobilizes the expertise and the E&S resources required at the different stages of project implementation (preparation, construction, operation, decommissioning) and contractually commits to meeting the environmental & social performance targets agreed upon with AFD during the appraisal process. The project owner monitors and documents the application of the E&S management measures during the implementation of project activities. The project owner is required to implement any necessary corrective action should a failure be noted. AFD must be kept informed of developments through periodic monitoring reports.

AFD assists the project owner in defining E&S performance targets and ensures their implementation throughout the life cycle of the project. To this end, all requests for AFD financing are subjected to the conduct of environmental and social due diligence. This makes it possible to assess whether the project is likely to be developed and implemented in accordance with AFD's environmental and social performance objectives. The E&S due diligence is integrated by AFD into the review and the monitoring of the project as a whole. The process is articulated around four main steps:

1. Project categorization. AFD's environmental and social due diligence is adapted to the nature and scale of the project and is proportional to the level of E&S risks and impacts. For this purpose, depending on the potential E&S risks, AFD classifies projects into the following four categories: High risks (A), Substantial risks (B+), Moderate risks (B) or Low risks (C).
2. Review of the environmental & social assessment documentation. Depending on the project category, AFD is involved in the scoping and evaluation of the environmental & social assessment documents and may carry out a mission in the area affected by the project activities in order to assess the E&S risks.
3. Environmental and social commitments. AFD makes its financing conditional to the implementation of an Environmental and Social Commitment Plan (ESCP) to be defined with the project owner, and which shall be monitored on a regular basis during the implementation of project activities.
4. E&S monitoring. During the project implementation phase, AFD reviews the findings of the environmental and social commitments monitoring. Upon completion of the operation, AFD oversees the ex-post evaluation mission, in partnership with the project owner.

In the framework of the Program, all projects financed will be submitted to these four steps process.

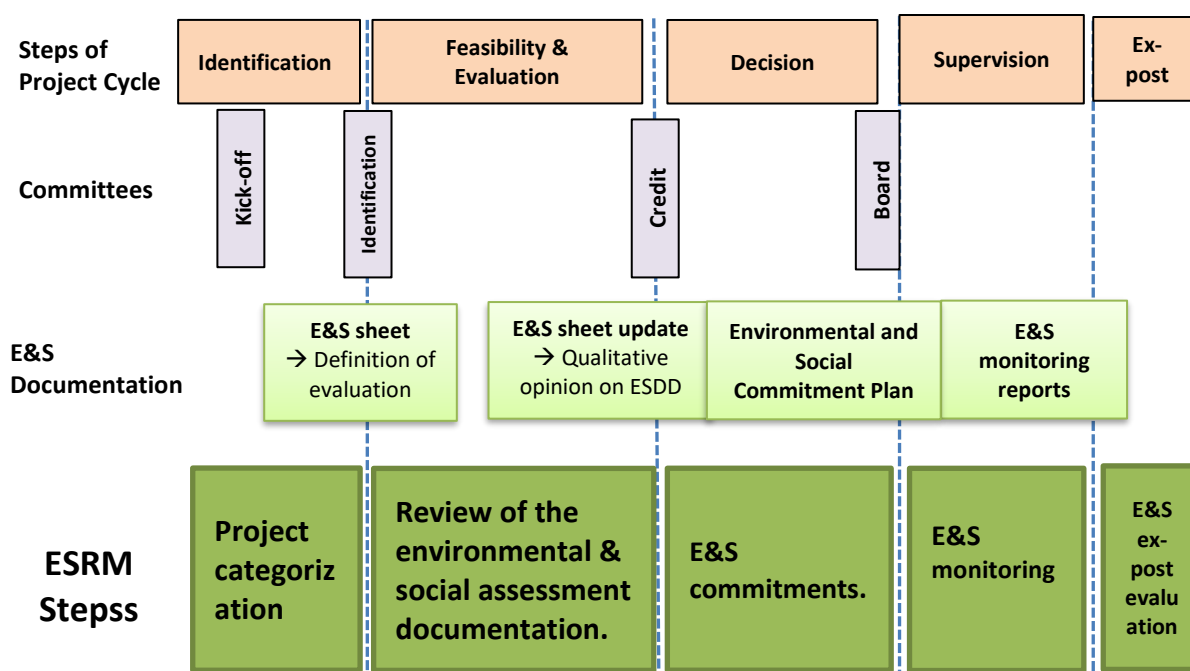


Figure 1. AFD ESRM for Direct Funding

### 2.3.2. AFD Principles for ESRM for intermediated projects

As regards projects funded through financial intermediaries (FI), such as banks, microfinance institutions, investment funds, insurance companies, mortgage companies, etc., AFD implements a specific approach and supports the partner financial intermediaries in implementing and strengthening **E&S Management Systems** in order to comply with international best practices.

Objectives of such approach are to ensure that the financed FIs are able to manage E&S risks on their portfolio and that their internal E&S managements are socially satisfactory, i.e. compliant with local legislation, and, if possible, oriented towards internal E&S best practices, in order to limit legal, financial and reputation risks, and participate to the promotion of sustainable development.

This specific and tailored-to-the-needs approach is first of all based on the analysis of the level of E&S risks on the FI portfolio: the E&S risk assessment is therefore not limited to the E&S risks that may be induced by AFD's funded project. As per direct financing, the E&S due diligence is integrated by AFD into the review and the monitoring of the project as a whole, and the process is articulated around four main steps:

1. Project categorization. Based on the level of E&S risk of the FI portfolio, AFD classifies projects into the following three categories: **FI-A (high E&S risk portfolio)**, **FI-B (moderate E&S risk portfolio)** or **FI-C (low E&S risk portfolio)**. Such categories do not reflect the capacity of the FI to manage E&S risk on their portfolio, which will be crucial for the following ESDD. However, the E&S risk category determines:
  - The level of analysis of the IE's E&S management system that has to be conducted;
  - AFD's level of demand regarding the IE in terms of E&S management;
  - The level of E&S monitoring to be implemented during the project.
2. Review of the environmental & social assessment documentation. Depending on the project risk category (FI-A, FI-B, or FI-C), AFD's E&S expert conducts an exhaustive review of the FI's ESMS through the analysis of E&S procedures and tools and their operational implementation, the organizational set-up for ESRM, the safeguards policies and E&S standards applied, the national legal framework, etc.
3. Environmental and social commitments. For FI-A and FI-B projects, if gaps are identified between AFD's requirements and the FI's ESMS, AFD makes its financing conditional to the implementation of an Environmental and Social Action Plan (ESAP) to be defined with the project owner, and which shall be monitored on a regular basis during the implementation of

project activities. This ESAP aims at the strengthening of the FI's ESMS in order to comply with AFD's requirement and international best practices.

4. E&S monitoring. During the project implementation phase, AFD reviews the findings of the environmental and social commitments monitoring. Upon completion of the operation, AFD oversees the ex-post evaluation mission, in partnership with the project owner.

Therefore, AFD requires partner financial intermediaries, in a similar approach that the one AFD implements for financed projects, to develop, implement, and strengthen an Environmental and Social Management System comprising of at least the following elements:

- An exclusion list;
- An E&S policy validated by the FI top management;
- An E&S risk management procedure, based on:
  - the categorization of investments according to their level of E&S risks;
  - E&S due diligence fully integrated to the credit cycle;
  - ...and complying with E&S requirements of national legislation, including ILO conventions ratified by the country, and with World Bank Group E&S standards for FI-A projects.
- An E&S manager and teams trained and fully involved;
- E&S articles in contracts signed with clients;
- Annual reporting on E&S management;
- Satisfactory working conditions within the FI.

In the framework of the Program and working with financial intermediaries, AFD will strictly implement this ESRM approach.

### 2.3.3. AFD principles for ESRM for technical assistance

Technical assistants are very often called upon to exercise in parallel or successively a wide variety of missions without it always being obvious to categorize them. They can however be grouped into six major functions:

- substitution / implementation: replacement of local staff to support an organization in the pursuit of its activities;
- advice: providing expertise on a specific subject;
- capacity building: support for individuals, organizations or systems to develop and improve their performance;
- role of accompaniment / support for change: functions such as mediation, facilitation, negotiation, protection from pressure that allow the accompaniment of institutions / organizations in their change process;
- financial control / project management: control of resources from the IE so that they are used efficiently and transparently;
- Influence: support for the definition of policies in connection with strategies from a donor.

In the framework of the Program, technical assistance monitored by AFD concerns the financing facility. Consultant will carry out the following activities:

- Participate to the identification of feasible financing projects through the realization of technical studies, proposal of energy efficiency measures and assessment of their costs. Consultants' activities include reviewing of plans and procurement documents, carrying a diagnosis of project owner technical capacities in energy efficiency and preparing a capacity reinforcement program.
- Participate to the monitoring and technical support of financed project by providing support to project owner during project implementation phase.

Consultants will be hired for the Program by AFD according to its own procurement rules and perform missions upon request from PEEB Cool's Program Management Unit.

Technical assistance (TA) at AFD can be included within project components or can consist in a project by itself. In the two cases, the environmental and social impacts related to the TA will be managed following the ESRM for direct financed projects and intermediated projects (see above). As the TA consists in intellectual services, they are mainly classified as Low Risks projects (C).

## **2.4. Proparco approach to ESRM**

Proparco E&S risk management approach is similar to the one adopted by AFD. All projects are required to comply with national laws. In addition, projects with substantial to high E&S risk are required to comply with the IFC E&S Performance Standards (PS) and the Environmental, Health & Safety (EHS) Guidelines of the World Bank Group.

Proparco's ESRM approach includes the following steps:

- An early stage screening of potential E&S risks and impacts is performed by Proparco environmental, social and governance experts. Such screening aims at verifying the project compliance with the AFD Exclusion list as well as providing a project categorization based on the degree of potential E&S risks and impacts.
- The level of E&S due diligences conducted during the appraisal process is commensurate to the level of potential E&S risk (i.e. project categorization).
- Such due diligences result in the definition of a set of E&S management measures to avoid, mitigate and/or compensate potential impacts as well as to improve the project overall E&S performance.
- Monitoring measures, commensurate to the project categorization, are implemented following Board Committee. Such monitoring aims at assessing the project compliance with the IFC PS and overall E&S performance.

Similar to AFD approach, Proparco will ensure immediate compliance with the Proparco E&S requirements for all new facilities or activities by requiring E&S impact assessment in line with Proparco E&S requirements. Existing facilities or activities, which do not meet Proparco E&S requirements at the time of financing, will have to adopt additional E&S measures to ensure project compliance within a reasonable timeframe.

### **2.4.1. Proparco Principles for ESRM for direct financed projects**

The level of E&S due diligences and E&S requirements for direct financed projects are commensurate to the level of E&S potential risks and impacts. Proparco classifies all projects within four categories, related to a specific level of E&S risks: High risks (category A), Substantial risks (B+), Moderate risks (B) or Low risks (C).

All directly financed projects classified as A or B+ are subject to extensive due diligences supervised by Proparco E&S experts. For all those projects, independent E&S consultants are mandated by the client/project owner on behalf of Proparco to conduct a detailed assessment of the client/project compliance against Proparco requirements. Such assessment includes a review of all available E&S documentation as well as a site visit (all category A projects are subject to a site visit performed by Proparco E&S expert and the consultants).

Such due diligence process results in the identification of a list of E&S actions and management measures to be implemented to address all identified E&S risks and ensure the project compliance with Proparco E&S requirements. This list of action is formalized under the definition of an E&S Action Plan (ESAP), agreed between the client/project owner and Proparco and annexed to the financing

Agreement. Proparco conventional E&S requirements included as part of direct financed projects ESAP are usually related to the development of project specific E&S management system, recruitment of E&S resources, development of distinct actions plans to address specific social or environmental risks such as biodiversity or resettlement. Implementation of the ESAP is the responsibility of the client/project owner. Provision for the development of a corrective action plan to manage unforeseen events is also included in the financing agreement.

Progress of the ESAP (and any potential corrective action plan) implementation is reported by the client/project owner on an annual basis and is also subject to a monitoring performed by an external party mandated by the client/project owner on behalf of Proparco. Proparco's directly financed projects categorized as A and B+ are generally subject to quarterly monitoring during construction and annual monitoring during operation.

#### **2.4.2. Proparco Principles for ESRM for intermediated projects**

Projects funded through financial intermediaries (FI) are subject to a similar approach to the one developed by AFD. The level of E&S due diligences and E&S requirements for intermediated projects are commensurate to the level of E&S potential risks and impacts associated with the FI portfolio (and not limited to the E&S risks that may be induced by Proparco's funded projects).

All FI projects are categorized given the level of E&S risks associated with their IF portfolio. Three risks categories are identified: FI-A (high E&S risk portfolio), FI-B (moderate E&S risk portfolio) or FI-C (low E&S risk portfolio). All intermediated projects classified as FI-A or FI-B are subject to an E&S due diligence against the IFC E&S PS 1 & 2. Such due diligence is supervised by a Proparco E&S expert for all FI-A projects and in case of significant gaps on FI-B projects. It includes a detailed E&S analysis of the E&S relevance of the portfolio and business activities of the FI and the FI's capability to manage the E&S risks related to its activities in accordance with the IFC E&S PS.

The E&S due diligence process may results in the definition of an E&S Action Plan (ESAP). ESAP requirements typically focus on developing the FI E&S capacities and strengthening its E&S Management system to limit legal, financial and reputation risks, and promote inclusive and sustainable development. The ESAP is included in the financing documentation and its implementation is in generally associated with Proparco's financing disbursement.

Reporting on the progress on the ESAP implementation and the FI overall E&S performance is provided to Proparco on an annual basis. External monitoring, conducted by an independent consultant mandated by the FI on behalf of Proparco is implemented if deemed necessary by Proparco E&S expert during the appraisal process.

#### **2.4.3. Proparco Principles for ESRM for technical assistance**

Technical Assistance (TA) can be proposed by Proparco to either Directly financed projects or Intermediated projects, and aims to catalyze impacts through capacity building interventions mobilizing intellectual services. Projects usually focus on getting private sector counterparts more performant (operational excellence, products and services quality, governance, human capital) and/or greener and more inclusive (environmental and social responsibility, energy efficiency and climate finance, gender inclusiveness, access to basic goods and services). Under PEEB Cool, they will primarily support missions to conduct energy audit, carbon assessment, or environmental and energy performance improvements studies.



Since TA projects shall only be offered to prospects or existing clients, they are only a component or in parallel to Proparco's direct project or FI financing. ESRM for technical assistance is primarily built upon findings from the ESRM for the main financial operation, being either Directly financed projects or Intermediated projects. Despite TA projects are not subject to a specific E&S risks categorization, they have to follow an independent instruction, where the review and identification of potential risks is conducted by a TA officer together with the main project's team. As TA consists in intellectual services (technical expertise, capacity building, training, studies, mentoring, etc.), and are only eligible to reinforce the performance and/or the positive impacts of a financial operation project, they would mostly be classified as low risk level. TA projects can even support implementation of ESAP measures or setting up ESMS.

Annual reporting of the TA implementation is performed by the project owner and the selected consultant(s) for the mission and is validated by Proparco TA officer and project manager. In addition, external monitoring of the TA program, performed by an independent consultant, can be contracted for a selection of projects as part of the existing monitoring measures including in Proparco financing conditions of the project or the FI.

## 2.5 GIZ approach to ESRM

Within PEEB Cool, GIZ will be responsible for technical assistance activities through the policy facility.

GIZ's approach to Environmental & Social Risk Management is based on its "Safeguards + Gender Management System". The management system is considered a binding minimum standard for all GIZ business areas and commissioning parties. This enables GIZ to provide specific technical advice for projects and to avoid or at least mitigate possible risks in implementation while promoting potential.

### *Objectives*

The Safeguards + Gender Management System has the following objectives:

1. To identify risks of unintended impacts and external risks for all safeguards as well as potential for gender equality at an early stage, and address these through targeted measures in project design.
2. To monitor identified risks across the entire project cycle. Based on this, appropriate action can be taken quickly and corrective measures initiated where necessary.
3. To improve the general quality and sustainability of GIZ's projects.
4. To combine and standardise the existing processes and requirements of both GIZ and its commissioning parties in a single management system.

### *Coverage of the S&G Management System*

The S&G Management System covers the areas of:

- **Environment:** Environment is a safeguard because the quality, availability and services of natural resources form the basis for sustainable development. Development objectives such as food security, access to clean water and health cannot be achieved without an intact environment.
- **Climate:** Climate is a safeguard because the effects of climate change can restrict development potential or even reverse progress that has already been made. Facilitating development despite climate change requires ambitious emission reductions and climate change adaptation measures.



- **Conflict and Context Sensitivity:** The conflict and context sensitivity safeguard aims at minimizing or preventing possible unintended negative impacts on fragile contexts or those characterised by conflict and violence. Around two thirds of GIZ's partner countries are affected by conflict, fragility, violence or acute crises.
- **Human rights:** Human rights are a safeguard because development measures must not have or exacerbate negative impacts on the realisation of human rights. Human rights guarantee all people a self-determined life in which they can enjoy freedom, equality and dignity, irrespective of their sex, age, ethnicity, religion, disability, sexual orientation, gender identity or any other social status.
- **Gender:** Gender equality is an essential condition for achieving positive and sustainable results. With regard to gender, GIZ conducts a risk analysis and assesses the potential for promoting gender equality in projects from all commissioning parties. This means that, in order to comprehensively foster gender equality and the consistent integration of the gender dimension, assessments consider not only risks and unintended negative impacts, but also potential for promoting gender issues and overcoming gender-based discrimination and disadvantages.

All projects are assessed in these areas to identify possible external risks that may arise from the project context or environment and any unintended negative impacts that projects could have on people or other resources. This allows for attributing a risk category to every project

#### *Usage in different stages of commissioning*

GIZ uses the Safeguards + Gender Management System at every stage of commission management – in initial preparation, offer preparation, project implementation and project completion. Depending on the commissioning party's requirements, the assessment involves a one-step or a multi-step procedure; assessments of potential are also carried out subject to requirement. In the assessment findings, projects are assigned to one of four Safeguards risk categories, with a view to adequately defining responsibilities.

The Safeguards + Gender Management System also applies to International Services (InS) commissions, partnerships with the private sector and all German public sector clients as well as GIZ self-initiated measures. The value threshold is EUR 1 million, or EUR 200,000 for partnerships with the private sector.

#### *Management*

GIZ has set up a Safeguards + Gender Desk, which is tasked with assessing all new and follow-on projects against the Safeguards + Gender Management System criteria and providing advice on implementation. The Desk has a right to intervene in and veto the risk categorisation of projects. Project managers are responsible for applying the system and this is monitored by their line managers.

### **III. E&S Risk Management Scheme for the Program**

Under the Program, a Project will be understood as:

- **Direct financed project:** loans, equity participations or grants to finance and support energy efficiency investments in building or industrial sector. The Implementing Entities correspond to public entities, civil society's organizations or private companies.

It includes:

- Grants for AFD direct financed projects;
- Loans for AFD direct financed projects;
- Technical assistance for AFD direct financed projects;

- Grants for Proparco direct financed projects;
  - Loans for Proparco direct financed projects;
  - Technical assistance for Proparco direct financed project.
- **Intermediated projects:** the partnership between AFD or Proparco and a Financial Intermediary, meaning a credit facility or a private equity fund. The credit facility will then be divided into several loans granted by the IE to local companies. Such loans are referred to as ‘Subprojects’.

It includes

- Grants for AFD Intermediated projects and subprojects
  - Loans for AFD Intermediated projects through the financial intermediary
  - Technical assistance for AFD Intermediated projects
  - Grants for Proparco Intermediated projects
  - Loans for Proparco Intermediated projects through the financial intermediary
  - Technical assistance for Proparco Intermediated projects
- **“Policy” projects**, i.e. the technical assistance delivered within PEEB Cool under component 2 of the program (policy facility) implemented by GIZ.

It includes:

- Grants for implementation of technical assistance

**AFD group gathers AFD and Proparco. The ESRM presented in this section will be understood as AFD group ESRM.**

### 3.1. ESRM at Projects level for Direct financed project

Table 1 ESRM Project cycle for direct financed project

Project Cycle Step	ESRM actions	Role and responsibilities
<i>Identification</i>	Project Screening through AFD GROUP Exclusions List	AFD GROUP Local Offices
	E&S categorization (B+, B, C) ESDD to be conducted during project appraisal	AFD GROUP E&S Expert (HQ level)
<i>Instruction (Feasibility and Appraisal)</i>	E&S diligence adapted to the nature and scope of the project, and proportional to the level of E&S risks	AFD GROUP E&S Expert, E&S consultant, feasibility study consultant
	Drafting of E&S commitments plan (ESCP)	AFD GROUP E&S Expert
<i>Commitment</i>	Finalization of E&S commitments plan and integration to the financing agreement	AFD GROUP E&S Expert and Project Manager
<i>Supervision</i>	Monitoring of the implementation of the environmental and social measures based on the ESCP and the Environmental and Social monitoring report	AFD GROUP E&S Expert and Project Manager, and E&S Consultant
<i>Evaluation</i>	E&S ex-post evaluation (whenever relevant)	AFD GROUP or external consultants

### 3.1.1 Identification

#### **Exclusion list**

When identifying a project with an IE, the first screening, to be done at AFD GROUP local office level, is the one of the Exclusion List<sup>11</sup>. If a project activities fall under AFD GROUP's Exclusion List, the project will be excluded.

#### **Initial Categorization**

During the identification phase of a Project, AFD GROUP carries out a preliminary environmental and social analysis of the Project on the basis of information collected from the contracting authority and consultation of the administrations and local communities concerned.

This first step leads to defining the major environmental and social challenges induced by the implementation of the project and to making an initial identification of potential risks.

A classification into four categories of potential environmental and social risks is made on the basis of the information available: high risks (category A), substantial (category B +), moderate (category B) and low (category C).<sup>12</sup>

This classification determines the nature and extent of the continuation of the environmental and social assessment to be carried out. After analysis and proposal by the agency, it is validated by the Environmental and Social Support Division of AFD GROUP.

The environmental and social classification of a project may change during the course of the project, depending on the project itself but also on the information available.

**Table 2 Direct project-E&S risk categorization**

<b>High Risks - A</b>	<b>Substantial Risks- B+</b>	<b>Moderate Risks - B</b>	<b>Low Risks - C</b>
A project is classified in category A [High Risks] when it can cause significant negative environmental or social impacts. These can extend beyond the area of influence of the infrastructures or installations or extend beyond the period of construction and operation. When categorizing the	A project is classified in category B + [Substantial Risks] when it can cause significant negative environmental or social impacts. These can extend beyond the area of influence of the infrastructures or installations or extend beyond the period of construction and operation. Unlike category A projects, the negative impacts can however be	A project is classified in category B [Moderate Risks] when it can cause negative environmental or social impacts which are potentially reversible, or limited to a specific site whose sensitivity is lower, or limited to the construction period. The negative impacts of the project can easily be identified and mitigated by appropriate measures. These measures are easily	A project is classified in category C [Low Risks] when it is probable that the possible negative environmental or social impacts are minimal, or even non-existent, and the period of operation does not require protection, compensation or specific follow-up. Category C Projects do not, in principle, require additional environmental or social assessment after the Project has been categorized.

<sup>11</sup> See Annex 1

<sup>12</sup> "high-risk" subprojects (or rated A) - as per GCF and AFD categorization - will not be eligible to PEEB Cool financing as per the eligibility criteria

project, the impacts cannot be easily identified or assessed, and therefore require a formal, participatory and independent process for assessing these impacts.	identified and mitigated by appropriate and known measures, or applied by the Contracting Authority on other similar projects. The requirements for independent environmental and social assessment may vary depending on the project and are determined by AFD GROUP on a case-by-case basis.	defined by carrying out a limited environmental and social assessment during the appraisal of the Project.	
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Based on the available information at the time of the Identification Committee, the AFD GROUP E&S expert defines the E&S due diligence tasks to be carried out during Project appraisal phase. These tasks, as well as the E&S Risk Category, are highlighted in the E&S Form, an internal document used for the follow-up of ESDD on the Project.

**Table 3 Indicative List of E&S risks and impact per sector eligible to the Program**

<b>Sector</b>	<b>Examples of projects</b>	<b>Environmental risks/impacts</b>	<b>Social risks/impacts</b>
<i>Social housing and housing improvement</i>	Greenfield construction of housing facilities Renovation of existing housing (e.g. energy efficiency in housing projects)	Changes in surface water runoff Impacts on water quality Release of pollutants Generation of hazardous and non-hazardous waste materials	All risks related to labor and working conditions Increase of noise pollution Impacts on existing infrastructures and networks
<i>Health</i>	Construction or extension of health center or hospital Refurbishment of health center or extension	Impacts on resource consumption (energy and water) Contribution to climate change (GHG emissions)	Enhanced exposure and exposure to health and safety risk Risks related to projects and local governance, stakeholder engagement, local communities
<i>Education</i>	Construction of schools, universities, classrooms in rural areas, science complex, etc. Refurbishment of training center Extension of university	Impacts on biodiversity and natural areas Impacts on cultural heritage	Environmental disease (e.g. exposure to lead, asbestos)

<i>Public building</i>	Energy efficiency measures in public buildings, in administrative center		Pressure on land tenure and increase of land cost or rent cost), social acceptance Involuntary displacements Changes in social habits and social organization Gender-Based Violence and Harassment (GBVH) directed at persons because of their sex or gender <sup>13</sup>
<i>Industry</i>	Improvement of energy consumption or water consumption in industrial processes (agribusiness, cement plant, etc.)		
<i>Transportation</i>	Greenfield or brownfield project of energy efficiency in train station, bus station		
<i>Other building sector</i>	Energy efficiency in market, shopping mall, offices, green buildings ecosystem innovation support,		

### 3.1.2. Instruction

AFD GROUP performs environmental and social due diligence on all projects proposed for funding. It makes it possible to assess whether the project is likely to be developed and implemented in accordance with AFD GROUP's environmental and social performance objectives. E&S diligence is adapted to the nature and scope of the project, and proportional to the level of E&S risks.

Table 4 Expected ESDD per risk category

	High Risks - A <sup>14</sup>	Substantial Risks- B+	Moderate Risks - B	Low Risks - C
Normative framework	National and international regulations applicable in the country (including ILO conventions) and Safeguards policies and Environmental, Health and Safety general guidelines of the World Bank		National and international regulations applicable in the country (including ILO conventions) (+ AFD GROUP specific requirements if applicable)	National and international regulations applicable in the country
<b>E&amp;S Due Dilligence</b>	- ESIA, ESMP or ESMF - RAP or Resettlement policy framework - ESCP		- ESSR and ESMP - ESCP	- None

<sup>13</sup> [https://www.ifc.org/wps/wcm/connect/f1645167-7eff-439b-922b-7656c75320ab/GPN\\_AddressingGBVH\\_July2020.pdf?MOD=AJPERES&CVID=nddokiS](https://www.ifc.org/wps/wcm/connect/f1645167-7eff-439b-922b-7656c75320ab/GPN_AddressingGBVH_July2020.pdf?MOD=AJPERES&CVID=nddokiS)

<sup>14</sup> "high-risk" subprojects (or rated A) - as per GCF and AFD categorization - will not be eligible to PEEB Cool financing as per the eligibility criteria

### 3.1.3. Commitment

The commitment phase deals with the E&S clauses to be inserted in the Financing Agreement to be signed between AFD GROUP and the IE.

For projects with risks rated as High, Substantial or Moderate, AFD GROUP requires the project owner to formalize the project's environmental and social commitments in a document called the Environmental & Social Commitment Plan (ESCP)<sup>15</sup>.

The ESCP is designed to concisely consolidate, in a single document and in tabular form, the material measures and actions that are necessary for the project to be in compliance with the environmental and social performance standards applied by AFD GROUP in a specific time line and in a way that is satisfactory to AFD GROUP. The ESCP also describes the sources of funding for the implementation of the measures or actions.

The ESCP is developed in draft form by the consultant responsible for preparing the ESIA. It is finalized by AFD GROUP and the project owner to reflect the due diligence carried out by AFD and the results of the consultations with the stakeholders.

The ESCP is finalized before AFD GROUP decides to grant funding and is discussed during the Credit Committee meeting. The ESCP is part of the legal documentation for High, Substantial or Moderate Risk projects and is appended to the Financing Agreement. In support of the provisions of the ESCP, the financing agreement details the E&S conditions precedent for disbursement, if any, which have to be satisfied before any such disbursement is made by AFD GROUP.

Table 5 E&S clause within the financing agreement

E&S clause	Description	Optional (Yes/No)
<b>Environmental and Social Responsibility</b>	<p><b><i>Implementation of environmental and social measures</i></b></p> <p><i>In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“ILO”) and the international environmental laws and regulations applicable in the Borrower’s jurisdiction of incorporation.</i></p> <p><i>For such purpose and with respect to its business activities, the Borrower shall [and shall ensure that each of its Subsidiaries] comply with international standards for the protection of the environment and labour laws, in accordance with the applicable laws and regulations of the country in which the Project is being implemented. The Borrower shall [and shall ensure that each of its Subsidiaries] also request that [the Counterpart Financial Intermediaries</i></p>	<p><b>No</b></p> <p>Applies to all Projects.</p>

<sup>15</sup> See Annex 11

	<i>request that] the Beneficiary Clients comply with such standards in the conduct of their business.</i>	
<b>Implementation of ESMP or ESMF</b>	<b>Option 1:</b> <i>To comply with the environmental and labour standards set out above, the IE shall ensure implementation of the project ESMP or EMSF. The IE shall ensure that his contractors are fulfilling the requirements and implementing the mitigation measures as plan in the ESMP and ESMF.</i>	<b>Yes</b> On the basis of the E&S evaluation carried out by AFD GROUP's E&S Expert.
<b>E&amp;S grievance management</b>	<i>(a) The Borrower (i) confirms that it has received a copy of the ES Grievance Management Procedures and has acknowledged its terms, in particular with respect to actions that may be taken by the Lender in the event that a third party lodges a grievance, and (ii) acknowledges that the ES Grievance Management Procedures have, as between the Borrower and the Lender, the same contractually binding effect as this Agreement.</i> <i>(b) The Borrower expressly authorises the Lender to disclose to the Experts (as defined in the ES Grievance Management Procedures) and to parties involved in the compliance audit and/or dispute resolution procedure, the Project documents concerning environmental and social matters necessary for processing the environmental and social Grievance (as defined in the ES Grievance Management Procedures), including, without limitation, those listed in Annex 11).</i>	<b>Yes</b> This clause is highly recommended but not compulsory. In any case, AFD GROUP's E&S grievance mechanism remains applicable.
<b>Schedule 1A – Definitions</b>		<b>Yes</b> This Schedule includes definitions related to E&S risk management if necessary; for instance if an ESAP is required it is defined here.
<b>Schedule 2 – Project Description</b>	Describes Project contents such as objectives, main components, eligibility criteria, etc.	<b>Yes</b> If necessary, E&S related activities can be included to this schedule such as E&S technical assistance

		activities, list of E&S documentation to be obtained, etc.
<b>Schedule 3 – Exclusions List</b>	See Annex 1 – AFD GROUP Exclusion List	<b>No</b> Applies to all Projects.
<b>Schedule 4 – Conditions Precedent</b>	Describes conditions precedent to be satisfied at different stages of the Project (signature, first drawdown)	<b>Yes</b> According to the Project, E&S conditions precedent can be included in this schedule
<b>Schedule 10 – ESCP</b>	See Annexe 11 _ Environmental and Social Commitment template	<b>Yes</b> Mandatory for project classified as A, B+ and B but not for C.
<b>Schedule 11 –</b>	[to be completed depending on the Project] - E&S Scoping Report	<b>Yes</b>
Non exhaustive list of E&S documents which the Borrower permits to be disclosed in connection with E&S grievance management procedures	<ul style="list-style-type: none"> <li>- Environmental and Social Impact Assessment (ESIA)</li> <li>- Environmental and Social Management Plan (ESMP)</li> <li>- Environmental and Social Management Framework (ESMF)</li> <li>- Resettlement Action Plan (RAP)</li> <li>- Resettlement Policy Framework (RPF)</li> <li>- Environmental and Social Engagement Plan (ESEP)</li> <li>- <i>Limited environmental and social assessment</i></li> <li>- Limited environmental and social action plan</li> <li>- Chapter from the environmental and social feasibility study</li> <li>- Chapters from the environmental and social monitoring reports</li> <li>- ESEP implementation monitoring reports</li> </ul>	Applies as described above if the E&S grievance management clause is concerned.

### 3.1.4. Supervision

During project implementation, the project owner reports to AFD GROUP on the implementation of the environmental and social measures planned in accordance with the project documents, on the status of these mitigation measures and on the results achieved. The ESCP is used as a monitoring matrix.

To do so, the project owner may call on an expert /a group of independent experts who will be responsible for verifying whether the project owner keeps its commitments, whether it actually monitors the implementation of the project's environmental and social measures, and whether it adapts the measures planned if they prove to be inefficient.

AFD GROUP reviews the findings of the monitoring report on the project owner's commitments. For Substantial Risk projects, the project owner provides AFD GROUP with regular reporting on the



implementation of its commitments, based on the follow-up measures as defined in the ESCP<sup>16</sup>. For projects with risks classified as Moderate, supervision of the project's environmental and social components is carried out as part of the project's supervisory missions.

In accordance with the environmental and social performance standards applied by AFD GROUP concerning the commitment of the stakeholders and the disclosure of information, the project owner documents and responds to any stakeholder's request for information on the environmental and social aspects of the project.

As the case may be, monitoring and evaluation of E&S aspects will be reported to the co-financiers of the projects. In the case of GCF co-financing, Annual Performance Reports (APRs) submitted to GCF will contain the relevant E&S information at project level.

### 3.1.5. Post-evaluation

Ex-post evaluations are carried out by AFD GROUP and involve local partners. The objectives of these evaluations are to measure the effectiveness of the measures recommended in the ESCP, evaluate the sustainability of the proposed measures and capitalize on the feedback. For Substantial or Moderate Risk projects, the evaluation of the E&S aspects is integrated into the overall ex- post evaluation of the project, and focuses on how the environmental and social risks have been controlled.

## 3.2 ESRM at Projects level for intermediated projects

Table 6 ESRM at Project level for intermediated project

Project Cycle Step	ESRM actions	Role and responsibilities
<i>Identification</i>	Project and IE Screening through AFD GROUP Exclusions List	AFD GROUP Local Offices
	E&S categorization (FI-A, FI-B or FI-C) ESDD to be conducted during project appraisal	AFD GROUP E&S Expert (HQ level)
<i>Instruction (Feasibility and Appraisal)</i>	Analysis of IE ESMS through E&S questionnaire, review of E&S documentation, and possibly exchange sessions with the IE Integration of E&S aspects to be addressed in the feasibility study (if relevant)	AFD GROUP E&S Expert, with the support of Project Manager and Local Offices
	Analysis of specific sectoral and/or country-specific E&S aspects (if relevant)	Feasibility study consultant
	Gap analysis against AFD GROUP-GCF requirements and definition of ESAP as the case maybe Drafting of E&S clauses	AFD GROUP E&S Expert
<i>Commitment</i>	Finalization of E&S clauses and integration to the credit facility agreement	AFD GROUP E&S Expert and Project Manager

<sup>16</sup> See Annex 12-Guidelines for the Environmental and Social monitoring report

<i>Supervision</i>	If necessary: monitoring of technical assistance involved in ESRM through definition of the TA program, meetings, etc.	AFD GROUP E&S Expert and Project Manager
	Review of ESMS operational implementation through on-site visits of subprojects, review of E&S annual report, if necessary review of a sample of subprojects, etc.	AFD GROUP E&S expert, Project Manager and possibly external consultants
<i>Evaluation</i>	E&S ex-post evaluation (whenever relevant)	AFD GROUP or external consultants

### 3.2.1. Identification

#### **Exclusion List**

When initiating a partnership with an IE, the first screening, to be done at AFD GROUP local office level, is the one of the **Exclusion List**<sup>17</sup>. If an IE finances activities that fall under AFD GROUP's Exclusion List, the IE will not be selected as a partner to join the Program.

#### **Initial Categorization**

If the IE does not finance activities that fall under AFD GROUP's Exclusion List, then it can be eligible to the Program. The **E&S Questionnaire** is then sent to the IE.

If the information is available before AFD GROUP Identification Committee, AFD GROUP's E&S Expert analyses the portfolio per level of E&S risk (see Table 4 below) and determines the E&S risk category of the Project, based on the IE portfolio:

- « FI-A »: portfolio with high E&S risks;
- « FI-B »: portfolio with moderate E&S risks;
- « FI-C »: portfolio with low E&S risks.

The scope considered for the E&S ranking of the project is the entire portfolio of the IE, regardless of the nature of the funding granted through the Program.

Table 7 FI E&S risk categorization

<b>High Risk Portfolio (FI-A)</b>	<b>Moderate Risk Portfolio (FI-B)</b>	<b>Low Risk Portfolio (FI-C)</b>
<p>☑ Financial intermediaries with more than 20% of the total portfolio dedicated to category A (and B+) projects.</p> <p>☑ In case of double intermediation, IE having at least one FI-A client.</p>	<p>☑ Financial intermediaries with business activities or projects that have limited adverse E&amp;S impacts and with a very limited proportion of projects involving important to high E&amp;S risks (less than 20% of the total portfolio dedicated to category A and B+ projects).</p> <p>☑ In case of double intermediation, FI having at least one FI-B and no FI-A client.</p>	<p>☑ Financial intermediaries with activities or projects involving little E&amp;S risks (financial institutions specialized in retail and micro enterprises (&gt;80% of the total portfolio)).</p>

<sup>17</sup> See Annex 1

During the identification phase, if the classification as FI-A or FI-B is uncertain, the project is categorized FI-A by default. The categorization will be confirmed subsequently, following the analysis of the E&S evaluation questionnaire of the IE.

Based on the available information at the time of the Identification Committee, the AFD GROUP E&S expert defines the E&S due diligence tasks to be carried out during Project appraisal phase. These tasks, as well as the E&S Risk Category, are highlighted in the E&S Form, an internal document used for the follow-up of ESDD on the Project.

### 3.2.2. Instruction

#### Scope

With the support of AFD GROUP local office, the AFD GROUP E&S Expert in headquarters then proceeds to the E&S initial evaluation taking into account the following aspects:

- E&S risks related to the IE portfolio: sectors, volume of financing, financing tools, etc.;
- Capacity of the IE to manage the E&S risks related to the operations it finances, and in particular:
  - Approach to E&S operational risks management and implementation of related procedures of the IE;
  - E&S documentation of projects financed by the IE, e.g. E&S impact assessments, list of consulting firms usually mandated by the IE, E&S monitoring reports, etc.;
  - Human and financial resources dedicated by the IE to E&S management.
- Country(ies) in which the IE is active (specific regulations and conditions of application);
- E&S standards to which the IE refers;
- Sector and type of sub-projects to be financed by the Project.

AFD GROUP supports IEs in their environmental and social management, which aims not only at avoiding, reducing or offsetting the E&S impacts of the projects financed, but also at improving the overall practices of the IE, internally and externally.

The results of the assessment and the applicable requirements determine the establishment or the strengthening, by the IE, of an E&S Management System (ESMS). This ESMS is developed or upgraded through the implementation of an Environmental and Social Action Plan (ESAP).

Table 8 E&S Due Diligence per level of risks

High Risk Portfolio (FI-A) <sup>18</sup>	Moderate Risk Portfolio (FI-B)	Low Risk Portfolio (FI-C)
<ul style="list-style-type: none"> <li>• Review of the E&amp;S evaluation questionnaire completed by the IE:               <ul style="list-style-type: none"> <li>o Validation of the categorization,</li> <li>o Analysis of compliance with legislation, national and international standards in the fields of environment, health &amp; safety and employment law.</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>• In-depth analysis of existing and/or expected risks related to the IE's portfolio and of the IE's capacity to manage E&amp;S risks.</li> <li>• Gap analysis between the IE's approach to ESRM and AFD GROUP requirements, and identification of improvement</li> </ul>		

<sup>18</sup> "high-risk" subprojects (or rated A) - as per GCF and AFD categorization - will not be eligible to PEEB Cool financing as per the eligibility criteria

needs regarding E&S risk management with a view to developing an E&S action plan if necessary.	
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According to the level of E&S risk of the IE portfolio, the ESMS must cover the requirements detailed in Table 9.

**Table 9 Expected requirement according to the level of E&S risks**

<b>High Risk Portfolio (FI-A)</b>	<b>Moderate Risk Portfolio (FI-B)</b>	<b>Low Risk Portfolio (FI-C)</b>
<ul style="list-style-type: none"> <li>• Existence of an exclusion list including at least points 2 to 14 of the AFD GROUP exclusion list and applicable to the entire portfolio of the IE.</li> <li>• Compliance of the IE with relevant national and international standards as well as with all local laws and regulations on environment, employment law, health &amp; safety and employment law</li> </ul>		
<ul style="list-style-type: none"> <li>• Existence of an E&amp;S policy that meets AFD GROUP requirements and that was validated by the management of the IE.</li> <li>• Existence of a trained and competent E&amp;S manager and effective involvement of this person in the credit appraisal process.</li> <li>• Inclusion of E&amp;S clauses in the financing agreements between the IE and its clients.</li> <li>• Use of IFC E&amp;S standards in investment transactions funded by the Program and in IE projects involving high E&amp;S risks.</li> </ul>		
<ul style="list-style-type: none"> <li>• Existence and implementation of an E&amp;S operational risk management procedure validated by AFD GROUP and based on the categorization of the portfolio per level of E&amp;S risk (as per 3.1.1).</li> </ul>	<ul style="list-style-type: none"> <li>• Existence and implementation of an E&amp;S operational risk management procedure that is validated by AFD GROUP and based on the categorization of the portfolio according per level of E&amp;S risk that applies at least to investment operations financed by the Program and to IE high-risk projects.</li> </ul>	

### 3.2.3. Commitment

The commitment phase deals with the E&S clauses to be inserted in the Credit Facility Agreement to be signed between AFD GROUP and the IE. Table 7 details the elements that are expected to be included in the Credit Facility Agreement.

Whenever possible, E&S commitments are discussed with the IE before the AFD GROUP Board decision, and included in the Term Sheet in order to ease the negotiation process.

If the IE needs to strengthen their ESRM approach, then an E&S Action Plan (ESAP) is defined on the basis of the template in Annex 2 – E&S Action Plan template for financial intermediaries financed by AFD GROUP. The IE commits in implementing the ESAP during Project implementation in order to upgrade their ESMS in conformity with AFD GROUP requirements in terms of ESRM. If necessary, specific milestones are included in the ESAP (e.g. *“recruitment of an E&S consultant before first*

drawdown”). The ESAP can also be implemented with the support of a technical assistance program, and therefore E&S related activities must be included in the TA terms of reference (see 3.3). If deemed necessary, the AFD GROUP E&S Expert can participate to the negotiation mission in order to ensure proper inclusion of E&S clauses in the Credit Facility Agreement.

Table 10 List of E&S commitments in Credit Facility Agreement

E&S clause	Description	Optional (Yes/No)
<p><b>Environmental and Social Responsibility</b></p>	<p><b>Implementation of environmental and social measures</b></p> <p><i>In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“ILO”) and the international environmental laws and regulations applicable in the Borrower’s jurisdiction of incorporation.</i></p> <p><i>For such purpose and with respect to its business activities, the Borrower shall [and shall ensure that each of its Subsidiaries] comply with international standards for the protection of the environment and labour laws, in accordance with the applicable laws and regulations of the country in which the Project is being implemented. The Borrower shall [and shall ensure that each of its Subsidiaries] also request that [the Counterpart Financial intermediaries request that] the Beneficiary Clients comply with such standards in the conduct of their business.</i></p>	<p><b>No</b></p> <p>Applies to all Projects.</p>
<p><b>Implementation of ESMS and ESAP if necessary</b></p>	<p><b>Option 1:</b></p> <p><i>To comply with the environmental and labour standards set out above, the Borrower shall [and shall ensure that each of its Subsidiaries] implement its social and environmental management system:</i></p> <ul style="list-style-type: none"> <li>• ensuring that its projects are not included in its exclusion list for the Borrower activities;</li> <li>• implementing its environmental and social risk management process for each Borrower’s project;</li> <li>• delivering to the Lender, on each anniversary of the signing of this Agreement, an annual report in relation to its environmental and social responsibility risk management system satisfactory to AFD.</li> </ul> <p><b>Option 2:</b></p> <p><i>The Borrower shall (as applicable): within [two (2) years]of the Signing Date, develop and put in place an environmental and</i></p>	<p><b>Yes</b></p> <p>On the basis of the E&amp;S evaluation carried out by AFD GROUP’s E&amp;S Expert, one or the other option will be selected, based on the operational capacity of the IE to manage E&amp;S risks on its portfolio.</p>

	<p><i>social risk management system, in accordance with the principles contained in the ESAP].</i></p> <p><i>or</i></p> <p><i>within [eighteen (18) months] of the Signing Date, improve its environmental and social risk management system, in accordance with the principles contained in the ESAP].</i></p> <p><i>On each anniversary of the Signing Date of this Agreement, the Borrower shall deliver to the Lender an annual report in relation to the status of its environmental and social risk management system and a timetable of the contemplated steps.</i></p>	
<b>E&amp;S grievance management</b>	<p><i>(a) The Borrower (i) confirms that it has received a copy of the ES Grievance Management Procedures and has acknowledged its terms, in particular with respect to actions that may be taken by the Lender in the event that a third party lodges a grievance, and (ii) acknowledges that the ES Grievance Management Procedures have, as between the Borrower and the Lender, the same contractually binding effect as this Agreement.</i></p> <p><i>(b) The Borrower expressly authorises the Lender to disclose to the Experts (as defined in the ES Grievance Management Procedures) and to parties involved in the compliance audit and/or dispute resolution procedure, the Project documents concerning environmental and social matters necessary for processing the environmental and social Grievance (as defined in the ES Grievance Management Procedures), including, without limitation, those listed in Annex 11).</i></p>	<p><b>Yes</b></p> <p>This clause is highly recommended but not compulsory. In any case, AFD GROUP's E&amp;S grievance mechanism remains applicable.</p>
<b>Schedule 1A – Definitions</b>		<p><b>Yes</b></p> <p>This Schedule includes definitions related to E&amp;S risk management if necessary, for instance if an ESAP is required it is defined here.</p>
<b>Schedule 2 – Project Description</b>	Describes Project contents such as objectives, main components, eligibility criteria, etc.	<p><b>Yes</b></p> <p>If necessary, E&amp;S related activities can be included to this schedule such as E&amp;S technical assistance activities, list of E&amp;S documentation to be obtained, etc.</p>
<b>Schedule 3 – Exclusions List</b>	See Annex 1 – AFD GROUP Exclusion List Annex 1 – AFD GROUP Exclusion List	<p><b>No</b></p> <p>Applies to all Projects.</p>
<b>Schedule 4 – Conditions Precedent</b>	Describes conditions precedent to be satisfied at different stages of the Project (signature, first drawdown)	<p><b>Yes</b></p> <p>According to the Project, E&amp;S conditions precedent can be included in this schedule</p>

<b>Schedule 10 – ESAP</b>	See Annex 2 – E&S Action Plan template for financial intermediaries financed by AFD GROUP	<b>Yes</b> Applies as per the 2 options described above.
<b>Schedule 11 –</b>	[to be completed depending on the Project] - E&S Scoping Report	<b>Yes</b>
Non exhaustive list of E&S documents which the Borrower permits to be disclosed in connection with E&S grievance management procedures	<ul style="list-style-type: none"> <li>- Environmental and Social Impact Assessment (ESIA)</li> <li>- Environmental and Social Management Plan (ESMP)</li> <li>- Environmental and Social Management Framework (ESMF)</li> <li>- Resettlement Action Plan (RAP)</li> <li>- Resettlement Policy Framework (RPF)</li> <li>- Environmental and Social Engagement Plan (ESEP)</li> <li>- <i>Limited environmental and social assessment</i></li> <li>- Limited environmental and social action plan</li> <li>- Chapter from the environmental and social feasibility study</li> <li>- Chapters from the environmental and social monitoring reports</li> <li>- ESEP implementation monitoring reports</li> </ul>	Applies as described above if the E&S grievance management clause is concerned.

### 3.2.4. Supervision

All along Project implementation phase, and in particular during the drawdown periods, E&S aspects will be monitored on a regular basis as per Table 11 below. AFD GROUP local office and AFD GROUP Project Manager will be responsible for the collection of E&S documentation from the IE, and in particular E&S reports. Such documentation will be reviewed by AFD GROUP E&S Expert. If necessary, follow-up calls and monitoring missions involving the E&S experts, or specific assignments of external consultants on E&S topics will be conducted.

**Table 11 E&S Monitoring Plan per risk category**

<b>High Risk Portfolio (FI-A)</b> <sup>19</sup>	<b>Moderate Risk Portfolio (FI-B)</b>	<b>Low Risk Portfolio (FI-C)</b>
<ul style="list-style-type: none"> <li>- Verification of compliance with contractual commitments of the IE regarding E&amp;S issues.</li> <li>- Production of an E&amp;S annual monitoring report by the IE that meets AFD GROUP requirements, including incidents that occurred during the year and corrective measures that were put in place.</li> <li>- Review of the E&amp;S annual monitoring report.</li> <li>- Evaluation of the implementation of the E&amp;S action plan if applicable.</li> </ul>		

<sup>19</sup> "high-risk" subprojects (or rated A) - as per GCF and AFD categorization - will not be eligible to PEEB Cool financing as per the eligibility criteria

<ul style="list-style-type: none"> <li>- If necessary, definition of preventive and corrective measures to be implemented.</li> <li>- If necessary, monitoring of E&amp;S issues during supervision missions.</li> </ul>	
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An E&S report is expected every year, and must comprise the following elements:

- Breakdown of IE portfolio per E&S risk category;
- Date and contents of possible updates of E&S policy and procedures;
- Description of the E&S organisation and responsibilities;
- Awareness/training plan and/or report;
- List of high E&S risks projects;
- List of E&S studies conducted;
- List of projects rejected for E&S motives;
- List of E&S audits and site visits conducted;
- List of E&S significant incidents;
- Description of E&S prevention and correction measures planned and/or implemented.

In case an ESAP has been agreed between AFD GROUP and the IE, progress reports detailing the implementation of ESAP must be sent at least on an annual basis to AFD GROUP by the IE. The technical assistance is expected to have a significant part in this regard.

As the case may be, monitoring and evaluation of E&S aspects will be reported to the co-financiers of the projects. In the case of GCF co-financing, Annual Performance Reports (APRs) submitted to GCF will contain the relevant E&S information at project level.

### 3.2.5. Post-evaluation

The conduction of ex-post evaluation on AFD GROUP funded projects is not systematic. Whenever relevant, the assessment of E&S aspects and how they have been taken into account and managed will be included in ex-post evaluation. Such evaluations are conducted by external experts under the supervision of AFD GROUP local offices, AFD GROUP evaluation team and, if necessary, AFD GROUP E&S experts.

### 3.3. ESRM at Subprojects level

In line with AFD GROUP's approach to ESRM for financial intermediaries, the IEs will be responsible for conducting E&S risk management on the subprojects as per the ESMS validated by AFD GROUP.

This implies full integration of ESRM to the IE credit cycle.

The following table details the main steps of E&S risk management process for subprojects to be financed under the Program. The IE is responsible for following this process.

**Table 12** E&S due diligence process

Project Cycle Phases	ESRM actions	Roles & Responsibilities
<i>Identification</i>	Screening of subproject against AFD GROUP-GCF / IE exclusion list	IE Investment Officer
	Assignment of E&S risk category (A/B/C)	IE E&S Expert (or Investment Officer)



<i>Instruction (Feasibility and Appraisal)</i>	A: Identification of the most appropriated ESDD to be conducted (ESIA, SESA...), preparation of TORs for E&S studies and recruitment of external consultant B: Integration of E&S aspects to feasibility studies or recruitment of ESIA consultant; verification of conformity with national regulations (permits, etc.) and international standards (World Bank/IFC). C: Verification of conformity with national regulations (permits, etc.)	IE E&S Expert + Investment Team
	A and B: Conduction of necessary studies (ESIA, etc.)	External consultants
	Review and final approval of the conducted studies	IE E&S Expert
<i>Commitment</i>	Preparation of E&S clauses to be integrated to CFA	IE E&S Expert and Investment Team
<i>Supervision</i>	Site visits, review of ESMP monitoring reports	IE E&S expert

### 3.3.1. Applicable safeguards

As described below, the applicable E&S safeguards on subprojects are national legislation and international standards (World Bank/IFC) on substantial and moderate risk subprojects, and national legislation on low risk subprojects.

### 3.3.2. Risk evaluation criteria

In order to assign a risk category, each Subproject has to be evaluated by the IE through the following criteria:

- Extend and size of negative impacts;
- Sensitivity of the concerned area;
- Temporality;
- Governance and project owner capacity to manage the project;
- Cumulative impacts on different geographical areas;
- Consequences of a major accident.

### 3.3.3. Expected ESDD per risk category

For each subproject, the IE is required to refer to the below table:

Table 13 E&S due diligence

<i>E&amp;S risk level / category</i>	<i>High-risk</i> <sup>20</sup>	<i>Medium-risk</i>	<i>Low-risk</i>
<b>E&amp;S regulatory framework</b>	<b>National and international regulations</b> applicable in the country concerned (including ILO conventions) <b>AND IFC Performance Standards</b>	<b>National and international regulations</b> applicable in the country concerned (including ILO conventions)	<b>National and international regulations</b> applicable in the country concerned (including ILO conventions)
<b>Required ESDD</b>	<p><b>E&amp;S Impact Assessment (ESIA)</b>                      Conducted simultaneously with the technical studies and by independent experts.                      =&gt; E&amp;S documentation needed (to be validated by IE E&amp;S expert):                      - <b>ESIA</b> and <b>ESMP</b> [OR E&amp;S Management Framework - <b>ESMF</b> - framing the future ESIA/ESMP];                      - [In case of involuntary population displacement]  <b>Resettlement Action Plan - RAP</b> [OR Resettlement Policy Framework - <b>RPF</b> - framing the future RAP];                      - [+possibly] other specific E&amp;S studies (e.g. IPP, IPPF).</p>	<p><b>Commensurate E&amp;S study</b>                      (possibly integrated to the feasibility study)                      =&gt; E&amp;S documentation needed (to be validated by IE E&amp;S expert):                      - <b>Commensurate E&amp;S Study and ESMP OR E&amp;S chapter in the feasibility study</b> (+ any other additional specific E&amp;S documents).</p>	Initial E&S risk screening.

The IE is responsible for making available to AFD GROUP all E&S documentation related to subprojects funded under the Program.

### 3.3.4. Indicative list of E&S risks and impacts per sector eligible to the Program

<sup>20</sup> "high-risk" subprojects (or rated A) - as per GCF and AFD categorization - will not be eligible to PEEB Cool financing as per the eligibility criteria

Table 14 Indicative list of E&S risks and impact per sector eligible to the Program (IF)

Sector	Examples of projects	Environmental risks/impacts	Social risks/impacts
<i>Social housing and housing improvement</i>	Greenfield construction of housing facilities Renovation of existing housing (e.g. energy efficiency in housing projects)	Changes in surface water runoff Impacts on water quality Release of pollutants Generation of hazardous and non-hazardous waste materials	All risks related to labor and working conditions Increase of noise pollution Impacts on existing infrastructures and networks
<i>Health</i>	Construction or extension of health center or hospital Refurbishment of health center or extension	Impacts on resource consumption (energy and water) Contribution to climate change (GHG emissions)	Enhanced exposure and exposure to health and safety risk Risks related to projects and local governance, stakeholder engagement, local communities
<i>Education</i>	Construction of schools, universities, classrooms in rural areas, science complex, etc. Refurbishment of training center Extension of university	Impacts on biodiversity and natural areas Impacts on cultural heritage	Environmental disease (e.g. exposure to lead, asbestos) Pressure on land tenure and increase of land cost or rent cost), social acceptance
<i>Public building</i>	Energy efficiency measures in public buildings, in administrative center		Involuntary displacements Changes in social habits and social organization
<i>Industry</i>	Improvement of energy consumption or water consumption in industrial processes (agribusiness, cement plant, etc.). Improved waste management practices (re-use and recycling of materials), waste-to-energy activities.		
<i>Transportation</i>	Greenfield or brownfield project of energy efficiency in train station, bus station		

<i>Other building sector</i>	Energy efficiency in market, shopping mall, offices, etc.		
<i>Financial sector</i>	Equity fund which has invested in hotels and some of them needs refurbishments Local bank that wishes to offer loans for energy efficient housing investments		

### 3.4. Specific E&S issues

The below detailed E&S issues will be assessed in line with IFC related Performance Standards, and applying the same mitigation hierarchy, i.e. avoiding, and where avoidance is impossible, mitigate adverse impacts to people and the environment through minimization and/or compensation of negative E&S risks.

As described above in the ESRM approach, whenever a Project or a Subproject is classified as substantial or moderate risk project, IFC Performance Standards and related Guidance and Interpretation Notes must apply. The IEs are responsible for such application on Subprojects and AFD GROUP ensures, through appropriate E&S due diligence on Projects, that IEs do apply such requirements and have the capacity to do so.

#### 3.4.1. Involuntary Resettlement

Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) as a result of project-related land acquisition and/or restrictions on land use.

In the framework of the Program, all Projects and Subprojects have to be designed in order to avoid involuntary resettlement considering all alternatives at the stage of project design. Where avoidance is not possible, the following objectives will be followed, in accordance with IFC PS5:

- Minimize displacements and adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost, and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- Avoid forced evictions;
- Improve, or restore, the livelihoods and standards of living of displaced persons;
- Improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

To that purpose, the E&S risk identification process must identify whether PS5 applies, i.e. if the investment meets one of the types of land-related transactions listed in Article 5 of PS5. Based on this initial assessment, a Resettlement Action Plan (RAP) or a Livelihood Restoration Plan (LRP) can be required and must be carried out following PS5 requirements.

Indicative Terms of Reference for a Resettlement Action Plan and a Livelihood Restoration Plan, and a Resettlement Policy Framework are available in Annex.

### **3.4.2. Indigenous Peoples**

AFD GROUP recognizes that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments. At the same time, Projects and Subprojects can present opportunities for Indigenous Peoples to participate in and benefit from project-related activities.

In accordance with the GCF Indigenous Peoples Policy, the Program will look at ensuring that Indigenous Peoples (i) do not suffer harm or adverse effects from the design and implementation of Program-related activities, and (ii) benefit from the Program activities in a culturally appropriate manner.

In order to contribute to these objectives, the IEs are required to support the full and effective participation of Indigenous Peoples to the Subprojects they finance, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples and IFC Performance Standard 7, including in particular the right to free, prior and informed consent.

The impacts of Projects and Subprojects on Indigenous Peoples has to be identified during the E&S risk identification process and, where significant impacts are expected, an Indigenous Peoples Plan (IPP) needs to be designed following the requirements of IFC PS 7.

The IPPF and an indicative outline of IPP are provided in Annex.

### **3.4.3. Biodiversity conservation and pollution control**

In line with Program objectives, all Projects and Subprojects must be designed and implemented in a manner that ensures protection and conservation of biodiversity and cultural habitats, maintaining the benefits of ecosystem services, and promoting the sustainable use and management of living natural resources. Following results of E&S assessment project by project, provisions for the preparation of a Biodiversity Action/Management Plan will be defined.

E&S risk identification process has to identify potential negative impacts of Program activities on biodiversity and natural resources, and, where possible, appropriate measures must be adopted to avoid such negative impacts. Where avoidance is not possible, risk management must be carried out according to the requirements of IFC PS6.

In addition, Program activities shall be designed and implemented in order to promote sustainable use of resources, including in particular energy and water, and to reduce GHG emissions. For that purpose, Projects and Subprojects are expected to be developed and implemented in compliance with IFC PS3 on Resource Efficiency and Pollution Prevention.

### **3.4.4. Labor and working relations, and community health and safety**

Compliance with all national and international labor regulations applicable in the country, including fundamental conventions of the International Labor Organization (ILO), as well as basic requirements in terms of HR management and corporate social responsibility and labor and working conditions are assessed by AFD GROUP during E&S appraisal.

In addition, IE are required to ensure adequate labor and working conditions and community health and safety on the Subprojects, in compliance with PS2, PS4, and EHS Guidelines of the IFC.

Such requirements do apply on the IE's clients as well as project contractors.

### **3.4.5. Cultural Heritage**

Cultural Heritage, including tangible and intangible cultural resources, must be protected from the adverse impacts of Program-related activities and its preservation must be supported, in line with IFC

PS8 on Cultural Heritage and PS7 on Indigenous Peoples (in particular related to Critical Cultural Heritage).

IE have to ensure that, in case a Subproject may impact Cultural Heritage as defined by PS8, appropriate protection and equitable sharing of benefits from the use of cultural heritage will be ensured throughout project design and execution. The E&S risk identification process determines whether the project has an impact on cultural heritage and if PS8 requirements must be applied.

### 3.4.6. Gender

#### 3.4.6.1 Approach to Gender Equality

##### AFD

AFD has built experience and expertise on integrating gender objectives to financed projects, through a specific approach tailored to the stakes of each project and to the needs of beneficiaries and project partners. Such approach is developed below.

In 2013, AFD launched its own strategy process through its 2014–2017 Transversal Integration Framework on gender and the reduction of gender inequalities. This gender policy aims to promote equal opportunities for men and women and to improve the efficiency and sustainability of operations financed by AFD, through three main operational priorities:

- Preventing gender inequalities in AFD operations;
- Promoting gender equality as one of the objectives of the interventions;
- Supporting the evolution of society on gender issues.

To promote AFD gender approach and to encourage better integration of gender in the project cycle, AFD gender strategy focuses on:

- 1) Developing a gender equality approach specific to AFD's intervention sectors and countries;
- 2) Systematically integrating gender issues throughout the project cycle;
- 3) Assessing and building knowledge on experiences;
- 4) Strengthening AFD's capacities on gender issues;
- 5) Building capacities of AFD's partners on gender issues;
- 6) Participating in debates and discussions on gender and development issues.

The implementation of this strategy is based on a decentralized approach implemented within AFD teams, with a network of trained gender focal points in all AFD teams and particularly in local offices, supported by the Environmental, Social, and Sustainable Development Unit, which bears the technical expertise on gender. Such organization allows the promotion of equality in access to and control of resources and income, in participation of men and women to all project components, and in capacity-building and empowerment of project beneficiaries. This approach applies to all projects financed by AFD without discrimination.

##### Method

To support, monitor, and report on the integration of gender equality objectives in AFD-funded operations, specific method and indicators have been set up.

First of all, AFD uses the OECD DAC<sup>21</sup> marker on gender equality to screen and report on all projects as follows:

- 1) 0: the project has no objective in terms of reduction of gender inequalities.
- 2) 1: the project has a specific objective to reduce gender inequalities.
- 3) 2: the project’s main objective is to reduce gender inequalities.

OECD markers on gender equality are assigned during the ex-ante analysis of the project and its categorization. This scoring system tracks the progressive efforts allocated to this issue. Any project strengthening gender equality and women’s empowerment or reducing gender discrimination and gender-based inequalities will be marked 1 or 2. It is important to note that these markers are chosen at the beginning of the investigation, and fixed at the time of granting.

In addition to that, AFD’s internal sustainable opinion includes a gender equality dimension, consistent with the OECD CAD markers but allowing more accurate analysis, as detailed in the table below.

AFD Sustainable Development Indicators	Contents	Equivalence with OECD CAD markers
-2	There is important risk of enhancing gender inequality through the project	0
-1	There is an opportunity to reduce gender inequality through the project but no dialogue or specific measures have been considered to do so	0
0	There is no specific gender issue to be addressed by the project	0
+1	Needs and interests of men and women have been analyzed and discussed with the partner but no specific objective or measure have been designed	0
+2	One of the project’s objectives is to ensure effective access to women to the opportunities created by the project	1
+3	Women empowerment and structural reduction of gender inequalities is part of the project’s main objectives OR is a cross-cutting objective of the project	2

Table 156 - AFD Sustainable Development Analysis on Gender Equality

As per the CAD marker screening, the sustainable development analysis is fully integrated to the project cycle from the project’s identification phase to the final financing decision, and is validated by the sustainable development opinion, issued by a structure independent from AFD’s Operations Department.

<sup>21</sup> Development Assistance Committee

In order to ensure the proper implementation of gender analysis and integration of gender equality objectives to AFD-funded operations, quantitative and qualitative gender analyses are thus defined during the whole project appraisal, including:

- 1) Pre-identification stage - understanding the roles and responsibilities of men and women and different social groups in the project by making an inventory of gender relations, and developing and maintaining a regular dialogue with partners in the countries;
- 2) Identification stage – conducting initial gender analysis and assessment, in order to identify project risks and opportunities in terms of gender issues;
- 3) Feasibility studies/ex-ante evaluation stage - improving the analysis to ensure the communities' motivations are well understood (this analysis articulates with the overall feasibility studies of the project), identifying relevant indicators and precisely defining costs related to the implementation of a gender strategy for the Project;
- 4) Granting stage - confirming that the studies conducted have addressed all gender issues;
- 5) Execution stage - integrating gender issues into the contract documents and developing indicators to perform on-going monitoring and evaluation of these actions and their effectiveness.

The gender analysis is conducted by AFD E&S and Gender team of experts, and, as such, is linked to E&S due diligence<sup>22</sup>.

### Tools and Supporting Mechanisms

As stated above, the support to gender analysis and assessment, and integration of gender equality objectives to Projects is carried out by AFD's Environmental and Social Experts, who are fully part of the Project team and participate as much as needed to Project appraisal, being part of evaluation missions if necessary, in order to ensure not only appropriate E&S risk management, but also proper gender analysis to promote the definition of gender equality objectives. This team is also in charge of organizing and/or supporting internal training sessions on gender, both at headquarters and local offices level, and continuous capacity-building of AFD teams.

In addition to that, AFD has developed a series of tools to help the conduction of gender analysis on projects, such as gender country profiles, sectoral gender toolkits<sup>23</sup>, etc. Such tools are available for AFD teams and partners, being published on AFD's website<sup>24</sup>.

Country (related to PEBB COOL program) level information is detailed in the "Profils Genre Pays". They are available on Internet:

- <https://www.afd.fr/fr/ressources/profil-genre-afrique>
- <https://www.afd.fr/fr/ressources/profil-genre-asie>
- <https://www.afd.fr/fr/ressources/profil-genre-amerique-latine-et-caraibes>

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<sup>22</sup> As described in the E&S Framework.

<sup>23</sup> <https://www.afd.fr/fr/ressources/boite-outils-genre-dilignes-environnementales-et-sociales>

<sup>24</sup> <https://www.afd.fr/en/page-thematique-axe/gender-equality>



## Proparco

Proparco's approach to Gender Equality is based on AFD's approach :

<https://www.proparco.fr/en/ressources/how-does-proparco-mobilise-its-funds-promote-gender-equality>

## GIZ

GIZ's approach to Gender Equality is close to AFD's approach :

<https://gender-works.GIZ.de/>

This website provides you with insights into our work and contributions to the promotion of equal rights and opportunities for all regardless of one's gender, sexual orientation and gender identity highlighted e.g. during GIZ's annual Gender Week and Competitions.

### *3.4.6.2 Management of Risks to Gender Equality*

In line with World Bank Group E&S Framework, the E&S risks and impacts taken into account by AFD in its due diligence are project-related ". In line with World Bank Group E&S Framework, ESS 10 Stakeholder Engagement and Information Disclosure of the World Bank is fulfilled. Women, women organizations and organizations representing women and other marginalized groups are included in the consultations at different levels of the programme and in the construction sector.

Gender dedicated team is present at AFD, Proparco and GIZ.

The Gender Approach for the Program is Project-specific. Each project-specific gender action plan will be design based on project specificities: country ("Profils Genre Pays" are used during the gender risks assessment), specific, issues, specific infrastructure, etc. Budget information for Gender Action Plan activities will be defined and will be provided project by project. Gender considerations will be integrated into financial tools and products project by project.

Support for implementation and monitoring of gender action is designed project by project. It could be technical assistance, owner resources or AFD-Proparco-GOZ resources.

Technical Assistance Programs are crucial in implementing activities that promote gender equality within the Program. Since awareness and training are key to the development of gender equality, specific expertise in that field is to be considered in the TA recruitment. Thanks to the support of gender experts in a punctual or continuous basis – depending on a Project's gender objective – TA activities are designed and implemented, as for instance:

- Support to the design and implementation of gender action plans for LFPs and end beneficiaries
- Support to gender analysis within E&S due diligence
- Design and conduction of awareness campaigns for end beneficiaries
- Design and conduction of a capacity-building program including tools and training sessions for LFP staff
- Conduction of gender specific studies, e.g. on the roles of men and women in the sector targeted by the Project
- Organization of knowledge-sharing events between stakeholders involved in gender-related topics
- Design of awareness and communication tools to support the promotion of gender equality

- Knowledge management activities with gender focus
- Support to the inclusion of gender data in monitoring and evaluation systems

Synergies have to be looked at between Projects, not only to ensure consistency within the Program, but also to encourage learning between peers. Activities such as seminars or workshops between LFPs with specific focus on gender are encouraged.

### Safeguarding against Sexual Exploitation and Abuse and Sexual Harassment

In line with World Bank Group E&S Framework (for public projects) and IFC’s Performance Standards (for private projects), the E&S risks and impacts taken into account by AFD and Proparco in their due diligence are project-related and include social risks and impacts, including Sexual Exploitation and Abuse and Sexual Harassment (SEAH).

Project by project, SEAH will be taken into account during environmental and social impact assessment, during mitigation measures definition, during consultation and information disclosure, in E&S complaint mechanism and during E&S monitoring. In line with the method and tools described previously and the guidelines described in the IFC good practices and World Bank ESF, the following actions will be implemented in order to avoid SEAH in each project of this program:

<b>Subproject Cycle Step</b>	<b>ESRM actions</b>
<i>Identification</i>	Gender Country Profile <ul style="list-style-type: none"> <li>- Gender screening and SEAH assessment</li> <li>- Gender ranking : AFD Initial Sustainable Development Indicator on Gender (-2,-1,0,1,2,3) and OECD DAC Markers (0,1,2)</li> <li>- Gender Diligence on the subproject owner to be conducted during subproject appraisal</li> </ul>
<i>Instruction (Feasibility and Appraisal)</i>	<ul style="list-style-type: none"> <li>- Implementation of a gender analysis, including SEAH risks, and integration of its results into subproject design</li> <li>- Gender diligence adapted to the nature and scope of the subproject</li> </ul>
<i>Commitment</i>	<ul style="list-style-type: none"> <li>- Drafting of Gender commitments, including SEAH mitigation actions</li> </ul>
<i>Supervision</i>	<ul style="list-style-type: none"> <li>- Finalization of Gender commitments, including SEAH mitigation actions, and integration to the financing agreement</li> </ul>
<i>Supervision</i>	<ul style="list-style-type: none"> <li>- Monitoring of the implementation of the Gender Action Plan integrated in the Environmental and Social monitoring report</li> </ul>
<i>Evaluation</i>	<ul style="list-style-type: none"> <li>- Gender ex-post evaluation (whenever relevant)</li> </ul>

AFD, Proparco and GIZ will implement their own SEAH safeguarding policies.

AFD applies its operating procedures, which aim to identify, prevent or mitigate environmental and social risks and impacts, as well as any human rights violation that could result from AFD-funded activities. In particular, AFD and Proparco rely on and apply the Good Practice Note of the World Bank

Environmental and Social Framework, which includes risk management measures related to SEAH<sup>25</sup> for public projects, and IFC's Guidelines<sup>26</sup> for private projects. The AFD and Proparco conduct due diligence on its partners (including government entities), contractors and suppliers to assess the adequacy of their SEAH safeguarding standards and processes. Following the conclusions of the evaluation, beneficiaries can be requested to develop specific safeguarding processes.

AFD has set up its own environmental and social complaints mechanism, which is open to third parties and applies to all AFD-funded projects (excluding NGO funding). This mechanism aims to ensure an independent handling of complaints about the environmental and social impacts induced by AFD-funded projects. A complaint can be submitted to this mechanism by anyone affected by an AFD-funded project. If a claim concerning a project co-financed by AFD and Proparco is filed jointly with the two grievance mechanisms, they will inform each other and determine together which Mechanism is involved. The internal procedures already define that claims related to projects appraised and/or managed by Proparco on behalf of AFD are taken into account by Proparco's claims management mechanism. AFD Group will follow World Bank and IFC Good Practice Notes guidelines on grievance mechanism. AFD's corporate E&S complaints mechanism will be accessible to receiving and addressing SEAH complaints. In particular, when there are Substantial SEAH risk projects, consideration should be given to a separate SEAH grievance mechanism system, potentially run by a gender-based violence service provider—with feedback to the project grievance mechanism similar to that for parallel grievance mechanisms operated by contractors and consultants.

In the same way, the Safeguards+Gender management system<sup>27</sup> of GIZ<sup>28</sup> is an active expression of the guiding principles of sustainable development. GIZ operates in accordance with its 'Code of Conduct/Ethics'<sup>29</sup> which sets a principle of zero-tolerance to sexual exploitation, abuse and harassment and outlines procedures for grievance and redress mechanism (GRM) that is compliant with international standards and best practices. To ensure these principles are integrated into project work, GIZ has an active corporate culture preventing and dealing with sexual harassment at headquarter and country level, which includes trainings and awareness-raising.

GIZ ensures consistent application of the Safeguards+Gender Management System to new and follow-on projects, including PEEB Cool. GIZ will implement Component 2 through consultancy contracts, this consultancy benefitting to specific target groups of professionals (trainees, experts, officials, etc.). A screening for violence, including sexual violence, is part of GIZ's human rights and context analysis

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<sup>25</sup> The Good Practice Note is available here: <https://thedocs.worldbank.org/en/doc/632511583165318586-0290022020/original/ESFGPNSEASHinmajorcivilworks.pdf>

In addition, examples of how to prevent and respond to gender-based violence through project design and implementation can be found in the online resource accessible here:

<https://www.worldbank.org/en/programs/violence-against-women-and-girls/resource>

<sup>26</sup> [https://www.ifc.org/wps/wcm/connect/f1645167-7eff-439b-922b-7656c75320ab/GPN\\_AddressingGBVH\\_July2020.pdf?MOD=AJPERES&CVID=nddokiS](https://www.ifc.org/wps/wcm/connect/f1645167-7eff-439b-922b-7656c75320ab/GPN_AddressingGBVH_July2020.pdf?MOD=AJPERES&CVID=nddokiS)

<sup>27</sup> <https://www.GIZ.de/en/downloads/GIZ-2019-en-gender-strategy.pdf>

<sup>28</sup> <https://www.GIZ.de/en/aboutGIZ/76608.html>

<sup>29</sup> <https://www.GIZ.de/en/downloads/Code%20of%20ethics.pdf>

under new and follow-on projects. The consultancy contracts procured by GIZ within Component 2 provide that contractors must follow General terms on Environmental and social standards and human rights, including the prevention of any and all forms of violence, abuse and exploitation on the basis of gender identity, as well as the promotion of gender equality for all genders and compliance with international standards and multilateral agreements (term 1.4.2 of the General terms and conditions of contract ('Terms and Conditions') for supplying services and work on behalf of GIZ<sup>30</sup>).

In addition, GIZ has developed a "whistleblowing system"<sup>31</sup> open to external actors with a [standardised and transparent processing procedure](#)<sup>32</sup> for reporting any legal violations or rule-breaking that is relevant to the work of GIZ. The legal violations explicitly comprise sexual misconduct and sexual exploitation, and violations of human rights as priority areas of investigation. In the frame of PEEB Cool, such complaint mechanism will benefit to the target groups of GIZ activities.

## IV. Information Disclosure, Stakeholder Engagement, and Grievance Redress

### 4.1. Stakeholder Engagement and Information Disclosure

Community and stakeholder engagement is a key component of the Program E&S Framework. Stakeholders are defined as groups or individuals who are directly and/or indirectly affected by a project, who have or may have interest in it, or may influence it in a positive or a negative way. As such, stakeholders can be local communities, individuals, their representatives, governmental bodies, civil society organizations, etc. The approach to stakeholder engagement for the Program is based on IFC PS1 and IFC Stakeholder Engagement Handbook<sup>33</sup>.

#### 4.1.1. AFD approach to Stakeholder Engagement and Information Disclosure

In line with its Corporate Social Responsibility (CSR) Policy<sup>34</sup>, AFD operates in a transparent and accountable manner, requiring that relevant information, including related to E&S issues, is made available to the affected and potentially affected communities at projects level, and, as well to external stakeholders of AFD in general. To that aim, AFD annually publishes a CSR report in line with the frameworks of the Global Reporting Initiative (GRI4), the ISO26000, the Global Compact and the French legislation related to E&S transparency requirements of organizations. In addition, information on projects financed by AFD is published on the AFD "OpenData" Internet portal<sup>35</sup>, on the "International

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<sup>30</sup> [avb-2020-en.pdf \(GIZ.de\)](#)

<sup>31</sup> [Whistleblowing \(GIZ.de\)](#)

<sup>32</sup> [https://www.giz.de/en/downloads\\_els/fallbearbeitungsprozess-aussendarstellung-en.pdf](https://www.giz.de/en/downloads_els/fallbearbeitungsprozess-aussendarstellung-en.pdf)

<sup>33</sup> [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_stakeholderengagement\\_wci\\_1319577185063](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_stakeholderengagement_wci_1319577185063)

<sup>34</sup> <https://www.afd.fr/fr/notre-responsabilite-societale>

<sup>35</sup> <https://opendata.afd.fr/page/accueil/>

Aid Transparency Initiative”<sup>36</sup> website, and on the open data platform of the French public data<sup>37</sup>. In order to ensure efficiency, effectiveness and sustainability of projects, AFD involves and develops partnership and/or consultation with civil society at all stages of project life cycle, including project design, implementation, and evaluation. Views and concerns of local authorities, affected communities and local civil society organizations on potential impacts of financed activities, in particular in case of significant E&S issues, is crucial. For that purpose, AFD ensures through contractual commitments and technical assistance that the project owner consults and engages all project stakeholders and local communities in particular. Interests and concerns of stakeholders are also taken into account in project evaluation.

#### **4.1.2. Proparco approach to Stakeholder Engagement and Information Disclosure**

Proparco finances existing or new projects in line with the ESRM approach detailed in section 2.4 above. All projects with substantial to high E&S risks need to comply with the IFC performance standards, requiring all projects to engage with stakeholders in a transparent and inclusive manner. As part of the IFC PS1, the project will have to identify all stakeholders and develop a stakeholder engagement strategy tailored to the projects specifics during its lifetime. Such approach aims at creating a dialogue space to provide all stakeholders with a good understanding of the project and its possible impacts and assess stakeholder’s interests and concerns associated with the project. Compliance with IFC PS1 is assessed during Proparco appraisal process and monitored during Proparco project lifetime as per the conditions detailed under the section 2.4.

#### **4.1.3. Approach for the Program**

Stakeholder consultations are conducted at local agency and project-by-project scales. They will be described in the country sheets prepared by the agencies.

In the framework of the Program and in line with GCF approach to stakeholder engagement, AFD requires IEs to ensure the effective engagement of communities, vulnerable populations, groups and individuals, indigenous peoples, local communities and other marginalized groups of people and individuals that are affected or potentially affected by Program activities. Information related to E&S issues on activities financed in the framework of the Program is made available in compliance with GCF Information Disclosure Policy, and shall be disclosed on AFD’s website. This includes the present E&S Framework, which is made available in the languages of the partner countries.

At Project and Subproject level, stakeholders who should be engaged must be identified during project appraisal process, according to their level of interest and influence in the project. Such identification is expected to be analyzed through feasibility studies and/or ESIA. In addition, in case an ESIA is needed, stakeholder analysis must be conducted and the projects aspects and/or facilities that might generate adverse E&S impact to local communities and individuals and other stakeholders must be clearly identified. Where necessary, a Stakeholder Engagement Plan (SEP) scaled to the project risks and impacts, and tailored to the needs of affected communities, must be developed and implemented. An indicative outline of SEP is available in Annex.

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<sup>36</sup> <https://iatiregistry.org/publisher/afd>

<sup>37</sup> <http://www.data.gouv.fr/fr/>

As per activities financed through IEs, IEs have to ensure compliance of their investments with IFC Performance Standards and provide to affected communities and other stakeholders, where applicable, access to relevant information on: (i) the purpose, nature, and scale of the project, (ii) the duration of proposed project activities, (iii) any risk and potential impacts on such communities and relevant mitigation measures, (iv) the envisaged stakeholder engagement process, and (v) the grievance mechanism. The IEs are responsible for ensuring Informed Consultation and Participation for Subprojects to be financed under the Program, where applicable. In the particular case of Projects with adverse impacts to indigenous peoples, it will be required to obtain Free, Prior, and Informed Consent, in accordance with IFC Performance Standards, and particularly PS7.

## 4.2. E&S Grievance redress mechanisms

An E&S grievance mechanism is an out-of-court recourse mechanism that allows any person or group of persons affected by the E&S impacts of a project to submit a complaint. Purpose of such mechanisms, as per paragraph 81 of GCF revised environmental and social policy is to provide room for grievance and redress, and facilitate resolution of grievances about the E&S impacts of the activity. The Program approach to E&S grievance and redress relies on AFD and GCF's E&S grievance procedures, the IE's approach to E&S grievance and potential grievance mechanisms -when existing-, and grievance mechanisms set up in the framework of Subprojects. As a result, the recourse to GCF Independent Redress Mechanism<sup>38</sup> and to AFD's E&S Complaints Mechanism<sup>39</sup> is made possible for all levels of the Program.

AFD Group will follow World Bank and IFC Good Practice Notes guidelines on grievance mechanism. In particular, when there are Substantial SEAH risk projects, consideration should be given to a separate SEAH grievance mechanism system, potentially run by a gender-based violence service provider—with feedback to the project grievance mechanism similar to that for parallel grievance mechanisms operated by contractors and consultants.

### 4.2.1. AFD and Proparco E&S Complaints Mechanism

AFD's E&S Complaints Mechanism enhances AFD's transparency over its activities and forms part of an in-depth dialogue with its partners from civil society, parliamentarians, non-financial rating agencies, and the National Consultative Commission on Human Rights (CNCDH). The Mechanism aims to ensure that there is an independent handling of Complaints sent to AFD, by one or several natural or legal persons, concerning the environmental or social impacts of a project conducted in foreign countries whose financing has been allocated by AFD, excluding projects initiated by NGOs.

The Mechanism has two methods for handling Complaints:

- The dispute resolution function, which aims to restore a dialogue between the Author of the Complaint or its Representative and the IE in order to find a solution to the problem(s) that led to the Complaint;

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<sup>38</sup> <http://www.greenclimate.fund/independent-redress-mechanism>

<sup>39</sup> AFD: <https://www.afd.fr/en/e-s-complaints-mechanism>

Proparco: <https://www.proparco.fr/fr/icm>

- The compliance audit function, which aims to determine whether or not AFD has complied with its Environmental and Social Risk Management Procedure with regard to an AFD-funded project which has been the subject of a signed agreement.

The Mechanism Rules of Procedure are disclosed on AFD website<sup>40</sup> and set forth the terms for Registration and Eligibility, as well as the method by which the Mechanism handles the Complaint, i.e. compliance audit, dispute resolution, or a combination of both. It also specifies other points concerning how the Mechanism functions, such as the handling time, access to information, or training and awareness-raising for AFD staff. The dispute resolution and compliance audit functions do not provide for compensation from AFD.

One or several natural or legal persons affected by an AFD-funded project, and whose Complaint relates to the E&S aspects of the project, can submit an E&S Complaint to the Mechanism Secretariat. If deemed eligible by the Independent Experts Panel the Complaint is then evaluated for dispute resolution or compliance audit.

A similar approach was adopted by Proparco in January 2019 when Proparco set an independent complaint mechanism. Such mechanism is a joint initiative with DEG - Deutsche Investitions und Entwicklungsgesellschaft and FMO - Netherlands Development Finance Company.

The Independent Complaints Mechanism consists of an Independent Expert Panel, including three persons with environmental, social, legal and financial expertise. This panel, independent from Proparco, will assess the complaint eligibility and determine the appropriate method for handling the complaint as per the AFD process described above.

All of the information related to Proparco complaints mechanism is displayed on Proparco website .

#### **4.2.2. GIZ Grievance mechanisms at implementing entity level**

As a non-profit federal company, GIZ has a special obligation to handle (public) funds entrusted to it efficiently and responsibly, to provide full and proper accounting and to represent its work transparently to the public.

To live up to this standard, to identify flaws in the system as well as malpractices by individuals and thereby to avoid harm both inside and outside the company, GIZ has put in place a complaint mechanism.

This mechanism allows for receiving reports of verifiable or suspected violations under a “whistleblower portal”. The whistleblower portal serves as a communication channel for reports concerning serious violations of the code of conduct at GIZ, internal company rules or applicable laws. All reports are carefully evaluated and handled confidentially. GIZ ensures that there are no negative consequences for any whistleblower who submits a justified report.

#### **4.2.3. Grievance mechanisms at Project and Subprojects level**

At Project and Subproject level, grievance mechanisms must be designed to receive and facilitate concern or conflict resolution as the case may be, in relation with E&S risks and impacts of the project. The need or relevance of designing such mechanisms shall be assessed during project appraisal phase and E&S evaluation. Grievance mechanisms must be tailored to the level of project E&S risks and impacts, with the purpose of resolving concerns or conflicts through an understandable and transparent consultative process consistent with project and/or local context. The mechanism shall be

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<sup>40</sup> <https://www.afd.fr/en/e-s-complaints-mechanism>



free, and shall not impede access to judicial or administrative remedies. Project owners must communicate on the existence of such mechanisms and inform project stakeholders accordingly. Grievance mechanisms at Project and Subproject level are developed firstly in order to allow amicable resolution of a dispute or complaint. If not possible, then the complaint has to be solved through a formal legal process.

At Project and Subproject level, grievance mechanisms can cover a range of aspects of the project, including general aspects such as planning, construction, and operation, E&S due diligence process and their impact, and specific issues such as resettlement processes and related compensation, or sexual harassment and gender-based violence.

As defined by World Bank Good Practice Note that must apply on public Projects and Subprojects funded under the Program, grievance mechanisms will be proportionate to the potential risks and impacts of the project assessed during identification and appraisal processes.

As defined by IFC Performance Standards that must apply on Projects and Subprojects funded under the Program, specific E&S grievance mechanisms must be set up at Subproject level where necessary, as follows:

- For the whole scope of the project, with the above described approach, to facilitate early indication of, and prompt remediation for those who believe they have been harmed by a project or its related activities (PS1);
- For projects where PS2 is applicable, grievance mechanism for workers to raise workplace concerns, applying to direct workers, contracted workers, and/or supply chain workers;
- For projects where PS4 is applicable, grievance mechanism for affected communities to express concerns about security arrangements and acts of security personnel;
- For projects where PS5 is applicable, grievance mechanism must be established as early as possible in the project development phase, in order to allow the resolution of disputes related to the compensation and/or relocation in an impartial manner.

## V. ESRM at Technical Assistance level

### 5.1. Contents of E&S Technical Assistance Programs

Among other activities, and where necessary, the technical assistance will be responsible for:

#### **a) Supporting ESDD in direct financed project**

As per the requirements and processes described in the present manual, E&S risk evaluation will be conducted on Subprojects and appropriate mitigation measures shall be defined and implemented. For that reason, the technical assistance might be oriented towards the E&S due diligence of projects: ensure implementation of project's ESMP or ESMF, respect the conditions as stated in the ESCP, coordinate environmental and social activities, ensure monitoring and reporting activities, etc.

#### **b) Supporting the development or strengthening of an IE's ESMS for intermediated project**

In line with the ESAP discussed and adopted between AFD and the IE, the TA will help the IE to build capacity on E&S risk management, through the development of strengthening of its E&S Management System. For that purpose, the following activities may, for instance, be carried out by the TA:

- Definition of detailed action plans for the establishment and implementation of ESMS,
- Conduction of awareness sessions to engage IE employees and top management in ESRM,
- Design and/or update of procedures and tools, and sectoral guidelines if relevant,



- Training of IE staff on E&S risk management and new procedures and tools,
- Support to E&S reporting.

## 5.2. TA Recruitment Process

Bear by a consulting firm or a consortium of consulting firms, Technical Assistance teams must be recruited following AFD's procurement procedures and requirement<sup>4142</sup>.

The support to ESRM is usually a component of TA Programs, and is included in the procurement terms of reference. These ToRs include activities such as the ones mentioned above and are tailored to the needs according, in particular, to the existing capacity of the IE to manage E&S risks on its portfolio.

E&S experts are usually engineers in environment and/or social sciences with strong expertise in managing E&S risks and excellent knowledge of E&S international standards and best practices, preferably IFC safeguards. They do not need to have strong financial expertise but rather adaptability to be able to understand the IE credit cycle and how it can be consistent with ESDD processes, as well as strong capacity and willingness for team work.

## 5.3. ESRM at “policy project” level

Due to the facility approach taken in PEEB Cool, project activities within the policy facility component will only be defined for each country individually after program start. In order to comply with the Safeguards and Gender procedures of GIZ, these “policy projects” at country level will then be further subjected to the S+G checklist before implementation.

The value threshold of a project to be subjected to the S+G checklist is EUR 1 million, meaning that the total volume of technical assistance implemented by GIZ in a respective country exceeds that amount. In this case, a S+G checklist will be used to screen any potential negative or unintended consequences and conduct in-depth assessments if necessary.

The table below illustrates the steps that will be followed for project subjected to additional S+G screening at GIZ project level.

<b>Project Cycle Phases</b>	<b>ESRM actions</b>	<b>Roles &amp; Responsibilities</b>
<i>Identification</i>	Screening of project against GIZ S+G checklist	Policy officer within the policy implementation team
	Verification of plausibility of S+G checklist	S+G Desk personnel at GIZ HQ
	If necessary, in-depth assessment for certain safeguards	Policy officer within the policy implementation team / Specialized consultant
	Verification of plausibility of S+G checklist	S+G Desk personnel at GIZ HQ
	Approval of risk category	S+G Desk personnel at GIZ HQ
<i>Implementation</i>	Only in case of high-risk projects	

<sup>41</sup> <https://www.afd.fr/sites/afd/files/2017-09/directives-passation-marches-etats-etranagers-english-version.pdf>

<sup>42</sup> <https://www.afd.fr/en/responding-bid-invitation>

As the projects implemented concern mainly intellectual services (support for partner countries in national roadmap development for NDC implementation in the buildings sector, advice for the development of public policies in the building sector, capacity building measures), it is expected that these projects will be receiving risk category C classification (low risk).

The screening will nevertheless serve to evaluate the absence of significant risks, increase awareness of colleagues regarding environmental and social safeguards, and identify opportunities to actually enhance the safeguards in question through project activities.

## **Annexes**

Annex 1 – AFD Exclusion List

Annex 2 – E&S Action Plan template for financial intermediaries financed by AFD

Annex 3 – Indicative Template for an Annual E&S Monitoring Report for LFPs

Annex 4 – Indicative Outline of E&S Impact Assessment (ESIA)

Annex 5 – Indicative Outline of E&S Management Plan (ESMP)

Annex 6 – Resettlement Policy Framework (RPF)

Annex 7 – Scoping Terms of Reference and TORs for a Resettlement Action Plan (RAP) or a Livelihoods Restoration Plan (LRP)

Annex 8 – Indigenous Peoples Planning Framework (IPPF)

Annex 9 – Indicative outline of Indigenous Peoples Plan (IPP)

Annex 10 – Indicative Outline of Stakeholder Engagement Plan

Annex 11- Environmental and Social Commitment Plan (ESCP) template

Annex 12\_ Guidelines for the Environmental and Social monitoring report

## Annex 1 – AFD Exclusion List

1. Production or trade in any product or activity deemed illegal under French and host country laws or regulations or international conventions and agreements.
2. Production or activities involving forced labour<sup>43</sup> or child labour<sup>44</sup>.
3. Trade in wildlife or wildlife products regulated under CITES<sup>45</sup>.
4. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
5. Any activity involving or requiring destruction<sup>46</sup> of Critical Habitat<sup>47</sup> and any forest project under which no sustainable development and managing plan is carried out.
6. Production or use of or trade in hazardous materials such as asbestos fibers and products containing PCBs<sup>48</sup>.
7. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances<sup>49</sup> and other hazardous substances subject to international phase-outs or bans.
8. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
9. Production or trade<sup>50</sup> in:
  - weapons and/or munitions;
  - tobacco;
  - hard liquor for human consumption.
10. Gambling, casinos and any equivalent enterprises<sup>51</sup>.
11. Any business relating to pornography or prostitution.
12. Any activity involving significant alteration, damage or removal of any Critical Cultural Heritage<sup>52</sup>.
13. Production and distribution of racist, anti-democratic or with the intent to discriminate part of the population.
14. Exploitation of diamond mines, and commercialization of diamonds, when the host country has not adhered to the Kimberley Process.

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<sup>43</sup> *Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions*

<sup>44</sup> *Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply*

<sup>45</sup> *CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. (Washington, 1993).*

<sup>46</sup> *Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote under) is lost.*

<sup>47</sup> *Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.*

<sup>48</sup> *PCBs: Polychlorinated biphenyls - a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.*

<sup>49</sup> *Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates.*

<sup>50</sup> *Activities excluded when representing more than 10 % of the balance sheet or the financed volume and for Financial Institutions more than 10% of the portfolio volume financing*

<sup>51</sup> *Any direct financing of these projects or activities including them (hotel together with a casino for example). Urban development plans which could later incorporate such projects are not concerned*

<sup>52</sup> *Is considered as « Critical Cultural Heritage » any part of cultural heritage acknowledged by international or national community for its historical, social or cultural interest.*

15. Any sector or service subject to United Nations, European Union and/or French embargo without any threshold.

## Annex 2 – E&S Action Plan template for financial intermediaries financed by AFD

NB: The present document is an indicative template to be adapted according to the existing procedures, tools, and/or capacities of the FI.

Actions	Deliverables	Responsibility	Timing
<b>1. Implementation of the Environment and Social Management System (ESMS)</b>			
Written approval of the Chairman / Board on development of an ESMS	Chairman's letter	Chairman and/or Board	3 months after signature
Appointment of an E&S Controller in charge of defining and implementing the ESMS as provided for under the action plan	Approval of the Board/ Chairman	Chairman and/or Board	3 months after signature
Setting up of a monitoring committee in charge of setting up the ESMS	Name of the members and approval by the hierarchy	Chairman and/or Board	3 months after signature
Recruitment of a consultant with expertise	Copy of the contract and CV of the expert(s)	E&S Controller + monitoring committee	On first payment
CSR (RSE) / ISR (RSI) action awareness briefing for targeted individuals	Training certificate	E&S Controller	At the latest 2 months after first payment
<b>2. Implementation of the E&amp;S Policy and approval</b>			
E&S policy formalisation	Draft of E&S policy	E&S Controller + monitoring committee + expert consultant	2 months after first payment
[Development/Drafting] of an exclusion list	Exclusion list	E&S Controller + monitoring committee + expert consultant	5 months after first payment
Approval of the E&S policy by the Board	E&S policy approved	Chairman / Board	6 months after first payment
<b>3. Definition and implementation of E&amp;S procedure and tools in compliance with national standards</b>			
Development of E&S procedure and tools (E&S projects classification tool, E&S risks valuation tool, E&S sectoral	Provision of tools	E&S Controller + monitoring committee + expert consultant	12 months after first payment

guides (if needed), E&S model clauses to insert in facility agreements, ...			
Update of loan policy and procedures including E&S aspects	Update of procedures	E&S Controller + monitoring committee + expert consultant	15 months after first payment
Approval of E&S procedures by the Board of the bank	Procedure and tools approved	Chairman / Board	18 months after first payment
<b>4. Internal training</b>			
Definition and execution of an E&S training program for employees involved in the roll-out of the ESMS	Training program	E&S Controller + relevant Teams	15 months after first payment
<b>5. Implementation of E&amp;S procedures and Consultant's validation assignment</b>			
Application of E&S policy and procedures to financed projects.	E&S Controller + relevant Teams		18 months after first payment
Consultant's assignment for review of ESMS implementation	E&S Controller + monitoring committee + expert consultant		22 months after first payment
Definition of additional actions as the case may be (modification of tools/procedures, training...)	Consultant's assignment report	E&S Controller + monitoring committee + expert consultant	22 months after first payment
<b>6. Monitoring</b>			
Submission of an E&S monitoring annual report to AFD	Annual report	E&S Controller	Signing date anniversary

### Annex 3 – Indicative Template for an Annual E&S Monitoring Report for Intermediated projects

This template is indicative. AFD requires IEs with intermediated projects to submit an Annual E&S Monitoring Report covering at least the points listed in paragraph 3.2.4.

**Report information** Report for year (month/year – month/year)

- Name of institution :
- Report completed by (name) :
- Contact telephone number :
- Contact e-mail address :
- Postal address :

**Portfolio overview**

Has your institution financed projects in areas as specified in AFD Exclusion List?

Yes  No

If yes, please indicate the areas: .....

.....

Please give a brief summary of your portfolio

Type of clients	Outstanding loans	Number of loans	Percentage of outstanding	Average loan amount	Off balance sheet
Individuals					
SMEs and the self employed					
Enterprises (please give details on type of enterprises)					
Banks					
Investment Funds					
Local authorities					
Others (State,...)					
Total on date .....					

**Environmental and Social Management**

Please specify the names and positions of the individuals formally responsible for managing environmental and/or social issues. *The nominated individual at the operations level may be an external consultant.*

Name / Position	Tel / fax	email
Senior manager (board member)		
Environmental manager		
Social manager		



Other person involved in E&S questions		
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Have these persons attended a training course on environmental & social management?

Yes  No  Uncertain

If yes, name of provider (for example IFC, private consultant): .....

Date of training: .....

Have any other persons from your organisation attended a training course on environmental & social management?

Yes  No  Uncertain

If yes, name of provider (for example IFC, private consultant): .....

Date of training: .....

***Environmental and Social Policy, appraisal and supervision procedures***

Environmental and social policy

Does your institution have a formal environmental and social Policy?

Yes  No

If so, please attach a copy of this policy.

Does your institution have formal procedures for:

Environmental and social appraisal?

Yes  No (If yes, please attach a copy of these appraisal procedures to this report.)

Environmental and social supervision?

Yes  No (If yes, please attach a copy of these supervision procedures to this report.)

What are the criteria for the Environmental and Social Management?

<input type="checkbox"/> World Bank / IFC policies and guidelines	<input type="checkbox"/> applicable national environmental, health & safety and labour laws and regulations
<input type="checkbox"/> ILO and UN Conventions	<input type="checkbox"/> other: please specify .....

Do you contractually bind your clients to comply with the applicable national environmental, health & safety and labour laws and regulations?

Yes  No

Do you contractually bind your clients with projects categorized as high risk to comply with the applicable national environmental, health & safety and labour laws and regulations and in addition with the applicable World Bank/IFC policies and guidelines?

Yes  No

Environmental & social appraisal procedures

Use the table below to specify how environmental & social issues are appraised.

<input type="checkbox"/> Document procedure for environmental & social procedure	<input type="checkbox"/> Use of consultants/specialists assistance
<input type="checkbox"/> Use of checklist or questionnaire	<input type="checkbox"/> Categorization of project risks and appropriate procedures
<input type="checkbox"/> Informal assessment (for example verbal questioning of client)	<input type="checkbox"/> We do not appraise environmental and social issues
<input type="checkbox"/> Site visit	<input type="checkbox"/> Other:

Have you commissioned – or requested your client to commission:

<input type="checkbox"/> Environmental and/or Social Impact Assessments	<input type="checkbox"/> Environmental and/or Social Audits
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If yes, please specify number and kind of the projects: .....

Have you negotiated and agreed upon Environmental and/or Social Action plans with your clients?

Yes  No

If yes, please specify number and kind of the projects

Have you rejected any potential investments for environmental and/or social reasons in the reporting period?

Yes  No

If yes, please specify number and kind of the projects

**Environmental & social supervision**

How often do you conduct supervision visits to clients?

Monthly/Bimonthly/Quarterly/Biannually/Annually/Other (please specify)

Do you discuss environmental & social issues during supervision meetings?

Always  Sometimes  Never

If an Environmental & Social Action Plan (ESAP) was agreed with the client, does the supervision process include an assessment of progress in the light of the plan?

Yes  No  Uncertain

Do your clients report on their environmental and social performance on a regular basis?

Yes  No  Uncertain

If yes, please specify number and kind of the projects, form of reporting

Has any project been associated with the following issues?

<input type="checkbox"/> Non-compliance with national environmental, health & safety or labour laws and regulations	<input type="checkbox"/> Fatalities or serious injury
<input type="checkbox"/> Non-compliance with World Bank/IFC policies and guidelines (projects with high risks)	<input type="checkbox"/> Strikes (with or without violence) or other labour disputes
<input type="checkbox"/> Non-compliance with covenants or other legal agreements	<input type="checkbox"/> Legal Action

<input type="checkbox"/> Non-compliance with an agreed Environmental and / or Social Action plan	<input type="checkbox"/> Fines, penalties or increased permit charges
<input type="checkbox"/> Complaints from regulatory agencies, interest groups, or local communities	<input type="checkbox"/> Negative attention on the part of the media or non-governmental organisations
<input type="checkbox"/> implementations by clients of new technologies, processes or procedures which have improved the environmental, health & safety or labour-related performance (for example reduction of emissions, social policies	<input type="checkbox"/> positive reports by media or non-governmental organisations about projects of clients

If yes to questions above, please specify number and kind of the projects: .....

**E&S assessment of financed projects**

*Brief description of the Investment (nature of project, sub-project cost, physical size [site area, production per year, etc], existence of any property transfer, or on-going operations, plans for expansion of operations or new construction, potential estimated impact on production).*

Preliminary environmental and social information (list of environmental and social documents already available at time of screening).

- Main environmental and social issues of the Project:
- Environmental and Social Risk category:
- Extract of the relevant section of administration approval for the Project:
- If needed, main conclusion of the Environmental Impact Assessment and proposed mitigation measures (indicate measures to be taken to address the environmental issues raised by the Client Beneficiary /investment, how they may be incorporated into the Investment’s design, and any potential covenants):
- Results of community participation
- Bank’s opinion on the Project: result of Bank’s environmental and social assessment, environmental and social requirements, environmental and social clauses ...
- Next steps (other studies ....): .....

## **Annex 4 – Indicative Outline of E&S Impact Assessment (ESIA)**

### **1. Executive summary**

- Concisely discusses significant findings and recommended actions.

### **2. Legal and institutional framework**

- Analyzes the legal and institutional framework for the project, within which the environmental and social assessment is carried out, as per IFC Performance Standard 1.
- Compares the Borrower's existing environmental and social framework and the PS and identify the gaps between them.
- Identifies and assesses the environmental and social requirements of any co-financiers.

### **3. Project description**

- Concisely describes the proposed project and its geographic, environmental, social, and temporal context, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities), as well as the project's primary suppliers.
- Through consideration of the details of the project, indicates the need for any plan to meet the requirements of Performance Standards 1 through 8.
- Includes a map of sufficient detail, showing the project site and the area that may be affected by the project's direct, indirect, and cumulative impacts.

### **4. Baseline data**

- Sets out in detail the baseline data that is relevant to decisions about project location, design, operation, or mitigation measures. This should include a discussion of the accuracy, reliability, and sources of the data as well as information about dates surrounding project identification, planning and implementation.
- Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions;
- Based on current information, assesses the scope of the area to be studied and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences.
- Takes into account current and proposed development activities within the project area but not directly connected to the project.

### **5. Environmental and social risks and impacts**

- Takes into account all relevant environmental and social risks and impacts of the project.

### **6. Mitigation measures**

- Identifies mitigation measures and significant residual negative impacts that cannot be mitigated and, to the extent possible, assesses the acceptability of those residual negative impacts.
- Identifies differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable.
- Assesses the feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of proposed mitigation measures, and their suitability under local conditions;

the institutional, training, and monitoring requirements for the proposed mitigation measures.

- Specifies issues that do not require further attention, providing the basis for this determination.

### **7. Analysis of alternatives**

- Systematically compares feasible alternatives to the proposed project site, technology, design, and operation—including the "without project" situation—in terms of their potential environmental and social impacts;
- Assesses the alternatives' feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the alternative mitigation measures.
- For each of the alternatives, quantifies the environmental and social impacts to the extent possible, and attaches economic values where feasible.

### **8. Design measures**

- Sets out the basis for selecting the particular project design proposed and specifies the applicable ESHGs or if the ESHGs are determined to be inapplicable, justifies recommended emission levels and approaches to pollution prevention and abatement that are consistent with GIIP.

### **9. Key measures and actions for the Environmental and Social Management Plan (ESMP)**

- Summarizes key measures and actions and the timeframe required for the project to meet the requirements of the PS. This will be used in developing the Environmental and Social Management Plan (ESMP).

### **10. Appendices**

- (i) List of the individuals or organizations that prepared or contributed to the environmental and social assessment.
- (ii) References—setting out the written materials both published and unpublished, that have been used.
- (iii) Record of meetings, consultations and surveys with stakeholders, including those with affected people and other interested parties. The record specifies the means of such stakeholder engagement that were used to obtain the views of affected people and other interested parties.
- (iv) Tables presenting the relevant data referred to or summarized in the main text.
- (v) List of associated reports or plans.

## **Annex 5 – Indicative Outline of E&S Management Plan (ESMP)**

### **1. Description of mitigation measures**

The ESMP:

- a) Outlines the negative impacts of the project as described in the environmental and social impact assessment (ESIA), for both the works phase and operating phase and indicates (i) the target affected by the impact, (ii) the relative importance of the impact, (iii) its probability of occurrence and (iv) its duration (short, middle and long term).
- b) Describes, with all necessary technical details, each mitigation measure, by indicating the type of impact or pollution it remedies, the period concerned, the organism or people responsible of its implementation and the conditions for which it is necessary (permanently or in unexpected cases for example), with, if necessary, detailed technical information (plans, material description, population census), and potential norms to observe.
- c) Assess the scope and costs of the measures as well as the institutional and training needs to implementing these measures. If necessary, identify compensation mechanisms for people affected by effects which can not be mitigated.

### **2. Implementation of environmental and social monitoring**

The objective of the environmental and social monitoring is (i) to verify that the environmental and social commitments taken by the project owner have been fulfilled, (ii) to give information on the main environmental and social issues of the project, above all on its impacts and (iii) to analyse the efficiency of the applied mitigation measures.

This information makes it possible to assess the success of the mitigation measures within the supervision of the project and to take, if necessary, corrective measures.

The ESMP defines monitoring objectives and precise monitoring methods, relative to the effects assessed in the ESIA report and mitigation measures described in the ESMP.

This part comprises:

- a) a precise description, with technical details, of the types of follow-up, indicators, supervising measures,

including where applicable, parameters to measure, methods to need, places to take samples, frequency of measures, duration, detecting limit (where applicable), and definition of thresholds indicating the need of corrective measures,

- b) a description of methods to implement monitoring : supervision procedures, drafting monitoring reports (regular monitoring, accident forms), organization required.

The objective is (i) to quickly detect conditions which require specific mitigation measures and (ii) give information on the progress made and on the outcomes within the framework of these measures.

### **3. Closing of site / project stoppage**

When a project has a limited life or when the site closes, the ESMP provides for the measures required for site closure, at the end of project life.

It describes:

- the technical and operational conditions of this stoppage/closure,
- the possible conditions of site rehabilitation (quarries, mines for example), depollution, dismantling equipment, buildings ....

- The conditions required to professionally reintegrate employees.

#### **4. Organizational procedure**

ESMP gives a detailed description of the institutional provisions which are necessary for the implementation of the mitigation and monitoring measures, either during works or after completion of the project. It gives precise information on who (organisms or people) will be responsible for the implementation of these measures concerning for example, operating, supervision, checking of application, follow-up of implementation, corrective measures, financing, drafting reports and staff training.

Where applicable, ESMP covers the following subjects: a) technical assistance: b) procurement and c) organizational methods implemented by the client.

Proposals for strengthening the organization and capacities can be made in the ESMP. The implementation of an external expertise can be promoted to guarantee a suitable control of the implementation of ESMP.

#### **5. Calendar for performance and cost estimation**

For each of the three thematics (pollution reduction, environment monitoring and organizational procedures), the ESMP provides:

- a) a calendar for performance of the mitigation measures, indicating their scheduling and their coordination with the execution plans of the project;
- b) an estimation of the investment and functioning costs,
- c) the origin of necessary funds for ESMP implementation.

## Annex 6 – Resettlement Policy Framework

### 1. Introduction

This Resettlement Policy Framework (RPF) provides guidance on the resettlement screening, assessment, institutional arrangements, and processes regarding land acquisition and involuntary resettlement to be complied with by IEs, IE's partner entities, and subproject developers and beneficiaries including consultants, project and subproject staff and related parties.

GCF and AFD, as an accredited entity, provide ample recognition that land acquisition and land use restrictions due to projects and subprojects can have adverse impacts on land users and communities. The GCF interim safeguards, particularly the IFC Performance Standard 5 sets the standards for addressing and mitigating risks resulting from involuntary resettlement, including any case of involuntary land taking. "Involuntary resettlement" as used in this document shall refer to physical displacement (relocation or loss of shelter) and economic displacement, including loss of assets or restriction of access to assets that lead to loss of income, as directly or indirectly affected by project activities. Involuntary resettlement arises when persons or communities do not have the right to refuse or object land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation, or temporary or permanent restrictions on land use, and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller failed.

As most beneficiaries and IEs are private sector organizations, land requirements are expected to be acquired through a market transaction under a willing seller-willing buyer process. Such acquisition will require an appropriate level of due diligence by AFD and IE to ascertain willing seller-willing buyer process.

Involuntary land acquisition may be likely as subprojects may require the acquisition of land including land under public domain or land utilized by communities through user rights arrangements. While the Program will endeavor to avoid involuntary resettlement, there may be instances, where specific land is required. Should it be identified that specific land is necessary for subprojects or the options for land are limited because of constraints, and a negotiated settlement is not successful, the requirements of involuntary land acquisition under this Resettlement Policy Framework (RPF) will be implemented. Involuntary resettlement will also be avoided as a priority, but there may be cases, such as in protected areas and forests, where people's access is restricted or their livelihoods affected. In these cases, the RPF requirements will also apply. The RPF specifies the preparation of Resettlement Action Plan (RAP) for involuntary land acquisition or resettlement. Involuntary resettlement includes land acquisition implemented under the eminent domain principle that could involve physical and economic displacement. In all other cases of any adverse economic, social, or environmental impacts from project activities other than for land acquisition, such impacts will be avoided, minimized, mitigated or compensated for through the process of social assessment as part of the environmental and social impact assessment. Subproject developers and IEs will refer to the principles and requirements of this framework as well as those of AFD's and GCF's safeguard standard on land acquisition and involuntary resettlement.

A willing seller and willing buyer approach or mutual agreement can be applied to privately owned land according to the country system. Above that threshold and / or when the land status is not privately owned, land acquisition is implemented under the eminent domain principle. This approach could involve physical and economic displacement. The same standard procedures as discussed in the RPF will be integrated into the TOR's, guidelines and other outputs of the GREM following the



exploration phase, to be implemented in any post-project phases. The overall objectives of the safeguards on involuntary resettlement are the following:

- (a) involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs;
- (b) where it is not feasible to avoid resettlement, resettlement activities should be designed and executed as part of a sustainable development program, e.g., providing sufficient resources to enable the persons displaced by the project to share in project benefits. Persons displaced by the project should be meaningfully consulted and be given the opportunity to participate in the planning and implementation of resettlement programs; and
- (c) displaced persons should receive assistance in their efforts to improve their livelihoods and living standards, or at least to restore them, in real terms, to pre-displacement levels, or to levels prevailing prior to the project commencement, whichever is higher.

Prior to implementation of land acquisition and resettlement activities, IEs, partner intermediaries, and subproject developers will ensure the following approaches and methodology of social assessment:

- (a) Avoid involuntary resettlement and, if unavoidable, minimize its potential impacts;
- (b) Assess the potential social and economic impacts of involuntary land acquisition and resettlement on PAP and their livelihoods;
- (c) Identify affected persons and their respective entitlements;
- (d) Set out the clear process of consultation with and participation of Project Affected People in the preparation and planning of involuntary land acquisition and resettlement, if any, as well as information dissemination to the Project Affected People;
- (e) Compensate for lost assets at full replacement cost;
- (f) Compensate informal/illegal land users for lost assets and provide assistance in relocating, if needed;
- (g) Compensate and obtain legal access to expropriated land before starting construction;
- (h) Provide information and prepare special assistance programs for vulnerable groups including the persons without any immovable property; and
- (i) Provide and prepare plans for grievance redress and monitoring in line with the RPF.

## 2. Country laws and policies related to land acquisition

AFD and the IEs will assess country laws and policies related to land acquisition. A comparison and gaps assessment between the country laws and policies and the GCF and AFD safeguards standards relevant to land acquisition and involuntary resettlement will identify any gaps in the policies and requirements and the gap filling measures that will be implemented at the subprojects. The comparison also identifies the most stringent measures and approaches that may be adopted by the subprojects.

The comparison between country laws and policies and safeguards standards related to land acquisition will take into consideration requirements to be met in acquisition and resettlement, eligibility for compensation, valuation, treatment of displaced people without formal tenure to the land or properties, requirements for stakeholder consultation and grievance redress, among others.

As the potential IEs and project developers are mainly private sector, the process of the land acquisition will comply with the relevant national regulations as well as principles and requirements of the GCF interim ESS standards (IFC Performance Standard 5) as described in this ESF to mitigate adverse social and economic impacts due to land acquisition and the transaction should conduct with good faith negotiation if the process of land acquisition or lease through voluntary acquisition.

## 3. Required information for the involuntary acquisition

As part of the subproject development, subproject developers and IEs will provide information on land requirements including existing land ownership and land use. AFD and IE will review the information and determine options and remedies if there are any circumstances that would impede conformance with the ESS standards. The assessment or due diligence by AFD and IEs will include the following information and documentation:

- (a) assessment of the temporary and permanent impacts of land acquisition or expropriation, and categories of persons/households affected, number of lands/plots affected, the percentage of land/plots affected in any landholding, land use before and after the acquisition, prior land use and number of owners;
- (b) documentation of the socioeconomic situations of affected households to understand the adverse impacts on livelihoods of displaced persons and provide restoration measures to compensate for their income losses;
- (c) valuation and compensation standards applied for temporary and permanent loss of land, loss of crops, loss of productive trees, loss of residence and businesses following the requirement for full replacement cost;
- (d) provision for replacement land and description of resettlement areas, if relevant, and
- (e) provision of stakeholder engagement, grievance redress and monitoring.

The matrix for identifying the applicable instrument for land acquisition and resettlement is as follows: Trigger	Instrument
Voluntary land acquisition through a willing buyer-willing seller, or market transaction arrangement.	No instrument required List of landowners, size of land, minutes of consultations, sales agreements and invoices are documented.
Assets are affected by a sub-project, but not related to land acquisition or resettlement.	Determined in the environmental and social assessments and Incorporated in the ESMP of the subproject
When involuntary land acquisition for a sub-project affects less than 200 people, less than 10% of households’ productive assets are affected and/or does not involve physical relocation.	An abbreviated Resettlement Action Plan (ARAP) and/or Livelihood Restoration Plan (LRP)
When involuntary land acquisition for a sub-project affects more than 200 people, affects more than 10% of households’ productive assets and/or involves physical relocation.	A comprehensive RAP and/or Livelihood Restoration Plan

Subprojects requiring involuntary resettlement of third parties from public land, the subproject developers develop a RAPs and/or LRPs, and submit to IE and AFD for approval before implementation of land acquisition and resettlement. RAPs will include a detailed description of resettlement planning and implementation. The scope and level of details of the RAP will vary with the magnitude and complexity of the land acquisition and compensation issues. Annex 6 to this document provides an indicative outline of RAP or LRP. The RAPs will be disclosed and implemented by the subproject developers.

4. Negotiated Land Settlement / Voluntary Transaction

The negotiated land acquisition, or voluntary transaction, will be the preferred method for acquiring land. The locations of the subprojects, and supporting infrastructure will be based on some

negotiations as to which site is selected based on land-owners’ willingness to sell or lease land. The IEs and partner institutions will apply the principles for negotiated land acquisition / voluntary transaction to include:

- (a) Meaningful consultations with project-affected people, including those without legal title to land and assets;
- (b) The offer of a fair price for land and other assets at replacement cost. Deduction of income tax for the land transaction will be openly communicated with and agreed by the project affected people;
- (c) Transparency in negotiation free of pressure and coercion with project-affected people to reduce risks of asymmetry of information and bargaining power of the parties. An independent external party will be engaged to document and validate the negotiation and settlement process. Verification (for example, notarized or witnessed statements) of the voluntary nature of land donations must be obtained from each person selling or leasing land.

For land acquisition using willing-seller and willing-buyer approach, subproject developers will document the land acquisition preparation and implementation that will include, at least: list of affected landowners and size of land acquired, the procedure for determining the assets value, minutes of consultation and negotiation and amount/level of compensation offered to the affected landowners.

5. Eligibility criteria for affected persons and cut-off dates

For the purposes of this framework, eligibility for a project affected person is described below.

- (a) any person or household adversely affected by the acquisition of assets or change in use of land due to exploration activities;
- (b) any vulnerable and affected person including women, destitute, artisans, tribal communities, squatters,
- (c) those with usufruct rights, poverty groups depending for livelihood upon the land to be acquired by the project; and
- (d) any other person who may prove and establish his/her right as an affected person to the satisfaction of the subproject developer and agreed with the IEs and AFD.

The cut-off date for eligibility for compensation and/or resettlement assistance is the last day of the census/inventory of assets. The affected people / communities will be informed of the cut-off date through the responsible agencies, community elders and leaders.

6. Entitlement

The ESS safeguards of GCF requires compensation be paid at replacement value in addition to transitional assistance. Land is replaced with that of equal value and amenities. Livelihood assets are replaced with those of equal value. Benefit sharing is assured through additional support mechanisms where possible. Project affected people will be entitled to value compensation, rehabilitation, and resettlement support as described in the entitlement matrix as follows:

Type of Loss	Category of Project Affected Person	Compensation Entitlements
Permanent agricultural land loss	Owner: Person / group with legal title/registration of land	Full replacement cost and relocation allowance.

	ownership (including customary and traditional rights under country's laws and policies)	
	Tenant	Cash compensation for above ground assets and relocation allowance. Owner/tenant agreements apply
	Encroachers/informal or unofficial land users	Cash compensation for above ground assets and relocation allowance
Permanent residential land loss	Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)	Full replacement cost and relocation allowance
	Tenant	Relocation allowance
	Encroachers/informal or unofficial land users	Relocation allowance
Permanent commercial land loss	Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)	Full replacement cost and relocation allowance and compensation for temporary income loss
	Tenant Encroachers/informal or unofficial land users	Relocation allowance, compensation for temporary income loss
Temporary land loss	Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)	Cash compensation for rent, or, plot rehabilitation equivalent to 1/10th of market land value.
	Tenant Encroachers/informal or unofficial land users	Cash compensation lump sum equivalent to 1/10th of market land value shared between land users as per proportions.
Residential building loss	Owner: Person / group with legal title/registration of ownership	Cash compensation for a residential building at replacement value based on market price free of depreciation/transaction costs and salvaged materials plus relocation allowance. Partial impacts will entail the compensation of the affected portion of the building plus repairs to return to at least pre-project standard.

	Tenants / squatters in residential buildings who are identified in the census.	Relocation and severe impact allowance as below.
Commercial and non-residential buildings/ asset loss	Owner of commercial or non-residential buildings/assets with registration or who is identified in the census	Cash compensation for non-residential building and other fixed assets at replacement value based on market price free of depreciation/transaction costs and salvaged materials plus relocation allowance. Partial impacts will entail the compensation of the affected portion of the building plus repairs.

	Tenants/squatters in commercial or non-residential buildings/assets who are identified in census	Relocation and severe impact allowance as below.
Crop losses	Owner of crops	Advance notice to harvest the last crop. Cash compensation to the equal amount of market value of crop lost plus cost of replacement of seed based on Agriculture Department estimate.
Tree losses	Owner of the tree	Advance notice to harvest tree products. Salvage material free of cost. Cash compensation to the equal amount of market value of tree lost plus the cost of replacement of seed based on Agriculture Department estimate taking into account type, age and productive value.
Income losses	All project affected people, all income (employment, business)	For a permanent impact, cash compensation. For a temporary impact, cash compensation of net income or salary for the number of months of business or employment stoppage. Assessment to be based on paper evidence or oral testimony and confirmation. At least government decreed minimum salary will be provided.

Community structures or public Infrastructure losses (including religious and public service structures)	The public via leadership of the relevant authority	Reconstruction of lost structure in consultation with the community. They will be fully replaced or rehabilitated to satisfy their pre-project functions taking into account any recognized new needs that could increase use or service levels.
Allowance for severe impacts. Rehabilitation assistance for PAPs with more than 10 percent of landholding affected or to be relocated	All severely affected PAPs including informal settlers and relocated tenants	For severe land impacts, an additional allowance equal to the market value of the land for one year. For those being relocated a rehabilitation allowance.

Allowance for relocation (transport and transition costs)	All project affected people	Provision of funds to cover transport costs and livelihood expenses up to a time determined by law or as agreed.
Allowance for especially vulnerable people	Especially vulnerable' include households headed by a single parent, woman or widow; include a pregnant woman or woman with a newly born child; and have a family member who has a disability, long-term illness, or who has mobility challenges.	Allowance equivalent to 6 months of average annual salary and employment priority for a household family member in project-related jobs.
	Unforeseen impacts	Will be documented and mitigated or compensated in the RAP, based on the principles in this RPF.

## 7. Verification

The Program will monitor and verify all land acquisition for compliance with the ESF and RPF and alignment with the AFD and GCF safeguards standards, through its own processes or through an independent agency. This process will audit the documentation and interview landowners and affected land / resource users to verify both the process and the outcomes. Any discrepancies or non-compliances will be brought to the attention of AFD and will be recorded as a grievance in the GRM for resolution through that process.

## **Annex 7 – Scoping Terms of Reference and TORs for a Resettlement Action Plan (RAP) or a Livelihoods Restoration Plan (LRP)**

This Annex provides suggested terms of reference (TOR) for consultants to be used when requesting proposals for 1) Scoping; and 2) a RAP/LRP.

### ***Indicative Table of Content for a Scoping TOR***

#### ***1. Background and introduction***

#### ***2. Objectives of the scoping:***

- a) determine whether a Resettlement Action Plan (RAP) or a Livelihood Restoration Plan (LRP) is required;
- b) scope project physical and economic displacement;
- c) assess project alternatives to minimise impacts;
- d) define the strategy for land acquisition and resettlement including division of roles and responsibilities between client, external consultants and the government; and
- e) prepare Terms of Reference for a RAP/LRP.

#### ***3. Scope of work:***

- a) Task 1: considering project land needs and assess project alternatives;
- b) Task 2: profiling affected people and consider availability of replacement land / resources;
- c) Task 3: identifying and assessing resettlement sites;
- d) Task 4: assessing design alternatives;
- e) Task 5: defining the legislative framework;
- f) Task 6: developing community grievance procedure; and
- g) Task 7: gaining alignment with Government on land acquisition and resettlement approaches and strategies.

#### ***4. Schedule and budget***

#### ***5. Deliverables.***

### ***ToR for a RAP/LRP***

#### ***1 Background and Introduction***

This section will present an overall summary of the proposed project in terms of the project developer, project components and associated land impacts, based on findings of Scoping Report.

#### ***2 Objectives of the RAP/LRP***

Client to confirm applicable standards to be adopted by the land acquisition and resettlement exercise, typically this is national regulation and lenders requirements.

Objectives of the RAP/LRP include:

- To avoid, and when avoidance is not possible, minimise displacement by exploring alternative project designs.
- To avoid forced eviction.
- To anticipate and avoid, or where avoidance is not possible, minimise adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.
- To improve, or restore, the livelihoods and standards of living of displaced persons.

### **3 General Requirements of Contractor**

#### **3.1 Skills and Composition**

The RAP Contractor will provide a team with the requisite skills to carry out the tasks to achieve a resettlement action plan that meets the requirements outlined below. The team will include experts with demonstrated expertise in the following areas: resettlement, socio-economist, land-use planner, public consultation.

#### **3.2 Time Frame**

This section will describe the time frame requirement for preparation of the RAP/LRP.

#### **4 Scopes and Tasks**

##### **4.1 Project Management**

Consultant to appoint a Project Manager with extensive experience in preparing RAP/LRP that meet requirements of host country and applicable international standards. The Project Manager will be responsible for the day to day implementation of the RAP/LRP work including regular updates to Client and timely delivery of the final products

##### **4.2 Description of Regulatory Framework**

- Identification of national, regional land acquisition and resettlement legal requirements, permitting procedures and compensation eligibilities.
- Identification of international financing requirements;
- Identify and bridge gaps between the above two and state project land acquisition and resettlement strategies.

##### **4.3 Project Impacts**

- Identify types of project land use (including restriction of land access), direct and indirect, permanent and temporary.
- Prepare “impact tables” that detail each category of affected land, assets and persons.
- Document project resettlement minimisation process and outcomes.

##### **4.4 Identification of affected people and Community**

Identify project affected people and community through field surveys:

- Census to enumerate all affected people and register them according to location;
- An inventory of lost and affected assets at the household, enterprise, and community level;
- Socio-economic surveys and studies of all affected people (including seasonal, migrant, and host communities);
- Analysis of surveys and studies to establish compensation parameters, to design appropriate income restoration and sustainable development initiatives, and to identify baseline monitoring indicators; and
- Consultation with affected populations regarding mitigation of effects and development opportunities.

##### **4.5 Stakeholder Engagement and Public Disclosure**

Map out key stakeholders and develop specific strategies of engagement throughout the RAP/LRP process. Note: include host communities if physical displacement requires a resettlement site. Client will list disclosure requirements in this section.

##### **4.6 Eligibility Criteria and Compensation**

The consultant will:

- establish criteria for determining the resettlement eligibility of affected households. Eligibility criteria must be advantageous to women and other vulnerable groups, including those without legal title to assets. The eligibility criteria will be disclosed to affected communities and other Project



stakeholders as part of Task 5 above. Feedback from the disclosure process will be used in the delivery of compensation and or livelihood restoration.

- prepare an entitlements matrix listing all likely impacts that identifies:
  - All categories of affected people;
  - All types of loss associated with each category; and
  - All types of compensation and assistance to which each category is entitled.
- Prepare standards for compensation and livelihood restoration. Prepare a formula for setting replacement values for assets lost, including land. Establish options for culturally acceptable replacements for lost services, cultural sites, common property or access to resources for subsistence, income or cultural activities.
- Prepare options for relocation and income restoration which build upon the existing social, economic and cultural parameters both of the people displaced persons and of host communities. Provide for relocation costs, lost income and income support during transition. Where appropriate, prepare relocation plans including selection and preparation of relocation sites. Make provisions for landownership, tenure and transfer, and access to resources.
- Where incomes must be restored, provide for needs assessment, employment generation and credit disbursement. Where affected people are to change their occupation, provide for training and vocational support mechanisms. Review the likely environmental impact of the resettlement process, and build in plans to mitigate any adverse environmental effects.
- Make special provision for vulnerable groups.

#### ***4.7 Grievance Mechanism***

Develop a Grievance and Disputes mechanism as part of the RAP/LRP. The process shall clearly describe how affected persons will seek redress for grievances regarding any aspect of the RAP/LRP. The process should give special attention to women and members of vulnerable groups to ensure that they have equal access to grievance redress procedures.

#### ***4.8 Implementation Arrangement***

Prepare a time frame and implementation schedule for land acquisition and resettlement in conjunction with the agreed implementation schedule for project components, showing how affected people will be informed.

#### ***4.9 Monitoring and Evaluation***

Prepare a monitoring and evaluation plan, identifying the responsibilities, time frame and some key indicators. This will include on-going monitoring by key agencies supplemented by an independent evaluation. Specify the time frame for monitoring and reporting.

#### ***4.10 Budget***

Prepare an indicative budget. Identify indicative land acquisition and resettlement costs. Prepare budgetary allocation and timing. Specify sources of funding and approval process. Prepare an annual budget estimate for resettlement by major category of expenditure

### ***5 Deliverables***

Present the requirements and timeframe for all deliverables.

## Annex 8 – Indigenous Peoples Planning Framework

### 1. Objectives and Principles

This indigenous peoples planning framework (IPPF) will be applied when indigenous peoples (IPs) are present in a subproject's area of influence as identified during the social and environmental screening process or subsequently during the ESIA. The subproject developers and IEs are responsible for implementing the necessary actions to meet the requirements outlined by this framework.

There is no universally accepted definition of Indigenous Peoples. Indigenous Peoples may be referred to in different countries by such terms as indigenous ethnic minorities, aboriginals, hill tribes, minority nationalities, scheduled tribes, first nations, or tribal groups. The GCF Indigenous Peoples Policy provides the definition and applicability of provisions related to indigenous peoples for projects to be supported by the GCF. This IPPF makes reference to the GCF Indigenous Peoples Policy recognizing the various definition and takes into account commonly accepted and applied criteria for identifying indigenous peoples, respecting self-identification as indigenous or tribal as a fundamental criterion for determining its application.

### 2. General requirements of the IPPF

The subproject developers and IEs will identify, through the social and environmental screening and ESIA, communities of indigenous peoples that may be present in the subproject's area of influence, as well as the nature and degree of the expected social impacts, impacts on physical cultural resources, environmental impacts as well as potential benefits to the Indigenous Peoples. The subproject developers shall put all necessary measures to avoid adverse impacts to indigenous peoples. When avoidance is not feasible, the subprojects will 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 (IPP), or a broader community development plan, depending on the nature and scale of impacts. When the subproject is considered high impact due to other potential risk such as conflict around natural resources, the subproject should include measures to obtain free, prior and informed consent and an agreed process for maintaining such consent for the subproject before commencing the subproject.

Subprojects shall establish a continuing relationship with the affected indigenous peoples and communities as early as possible in the subproject planning and throughout the life of the subproject. Through the Program's technical assistance (TA), specialists may be engaged to assist subproject developers and IEs, to design and implement an appropriate consultation approach. Subprojects with indigenous communities in the project area, the consultation process will ensure their free, prior, and informed consent (FPIC) and 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. The process of community engagement will need to be culturally appropriate and correspond with the potential risks and impacts to the indigenous peoples. In particular, the process will include the following steps:

- (a) Involve representatives or representative bodies of indigenous peoples such as councils, elders, etc.;
- (b) ensuring that consultation will be inclusive of both women and men and of various age groups in a culturally appropriate manner;

- (c) provide sufficient time for the collective decision-making process;
- (d) facilitate the expression of views, concerns, and proposals in the language of their choice, without external manipulation, interference, or coercion, and without intimidation;
- (e) ensure that the grievance mechanism established for the project is culturally appropriate and accessible for indigenous peoples communities; and
- (f) ensure that the IPP and other plans and project documents are available to the affected indigenous peoples and communities in an appropriate form, manner and language.

The aim is to obtain and maintain free, prior and informed consent for the subprojects. 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 subproject level IPP will describe the basis of the determination as well as the consultation process undertaken.

Requirements for free, prior and informed consent are described in the AFD and GCF safeguard standard on indigenous peoples and aligned to the requirements of the GCF Indigenous Peoples Policy.

### **3. Development Benefits**

Through the FPIC process and informed participation of the affected IPs communities, subprojects shall identify opportunities 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 through the IPP and provided to the indigenous peoples and communities in a timely and equitable manner to assist in the deliberation and decision-making.

### **4. Indigenous Peoples Development Plan**

Where indigenous peoples and communities are identified in the project area through the screening process, an IPP will be prepared by subproject developers. The IPP will be informed by a social and economic assessment, as part of the ESIA, and the consultation processes. The Plan will set out the measures through which sub borrowers will ensure that (a) indigenous peoples affected by the subprojects receive or partake in culturally appropriate social and economic benefits; and (b) if potential adverse effects on indigenous peoples are identified, those adverse effects will be avoided, minimized, mitigated or compensated. The IPP will provide important inputs to the design and structure of subprojects. Indicative contents of an IPP are included in Annex 7 of the ESF.

### **5. Social Assessment**

The social assessment will include the following elements, as may be relevant:

- (a) description of the subprojects and potential issues or impacts to communities including indigenous peoples, indicating if there are subgroups such as indigenous peoples that may be affected differently;
- (b) identification of relevant communities and other key stakeholders to be consulted;
- (c) baseline information on the demographic, social, cultural, and economic characteristics of relevant communities;

- (d) assessment of the potential adverse impacts and benefits likely to be associated with the project including views on such derived from consultations; and
- (e) summary of preferences and concerns of communities relating to project objectives, access and cultural appropriateness of project benefits, mitigation of any adverse impacts, and project implementation arrangements.

## **6. Special Requirements**

Because indigenous peoples may be particularly vulnerable to the subproject circumstances, appropriate requirements will be required such as those related to addressing impacts to traditional and customary lands, relocation of indigenous peoples, and cultural resources. When any of these special cases apply, the Program will engage qualified external experts through its technical assistance (TA) to assist in conducting the social assessment and ensuring their adequate inclusion in the IPP or community development plan.

### **(a) Impacts on traditional or customary**

Indigenous peoples have association with their customary lands and the natural and cultural resources on the land. The use of the land, including seasonal or cyclical uses, by the indigenous peoples and communities for their livelihoods, or cultural, ceremonial, or spiritual purposes that define their identity and community, can be substantiated and need to be duly documented. If the subproject location is decided to be on traditional or customary land, and adverse impacts are expected on the livelihoods or cultural, ceremonial, or spiritual uses that define the identity and community of the indigenous peoples, subproject developers shall ensure that the process of land acquisition is respectful of their use of the land. They will do this by taking the following measures:

- (i) subproject developers shall document efforts to avoid or at least minimize the proposed subproject footprint;
- (ii) experts will be engaged to document land uses in collaboration with the affected indigenous peoples communities without prejudicing their land claim;
- (iii) affected indigenous peoples communities are informed of their rights with respect to their land under national laws, particularly those recognizing customary rights or use;
- (iv) subprojects may offer the affected indigenous peoples 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
- (v) subproject developers enter into good faith negotiation with the affected indigenous peoples communities and document their informed participation and outcomes of consultations.

### **(b) Relocation of indigenous peoples**

Subproject developers and IEs shall consider alternative subproject designs to avoid relocation of indigenous peoples from their communally held traditional or customary land. If such relocation is unavoidable, subprojects will not proceed, unless there has been good faith negotiation with the affected indigenous peoples communities, and document evidence of free, prior and informed consent (FPIC) as an outcome from the negotiation and validated by the IE and AFD. Any relocation of Indigenous Peoples will need to be consistent with the AFD and GCF standards on 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.

### **(c) Cultural resources**

Where a subproject proposes to use the cultural resources, knowledge, or practices of indigenous peoples for commercial purposes, subprojects shall document and inform the indigenous peoples and communities of: (i) their rights under national laws; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. Subprojects shall not proceed with such commercialization unless it: (i) enters into a good faith negotiation with the affected indigenous people communities; (ii) evidence the free, prior and informed consent as outcome from the negotiation and such consent to be validated by the IE and AFD; and (iii) provides for fair and equitable sharing of benefits.

## Annex 9 – Indicative outline of Indigenous Peoples Plan (IPP)

- A. Executive Summary of the Indigenous Peoples Plan: Concisely describes the critical facts, significant findings, and recommended actions
- B. Description of the Project: General description of the project, the project area, and components/activities that may lead to impacts on indigenous peoples
- C. Description of Indigenous Peoples: A description of affected indigenous people(s) and their locations, including:
  - i. description of the community or communities constituting the affected peoples (e.g. names, ethnicities, dialects, estimated numbers, etc.);
  - ii. description of the resources, lands and territories to be affected and the affected peoples connections/ relationship with those resources, lands, and territories; and
  - iii. an identification of any vulnerable groups within the affected peoples (e.g. uncontacted and voluntary isolated peoples, women and girls, the disabled and elderly, others).
- D. Summary of Substantive Rights and Legal Framework: A description of the substantive rights of indigenous peoples and the applicable legal framework, including:
  - i. An analysis of applicable domestic and international laws affirming and protecting the rights of indigenous peoples (include general assessment of government implementation of the same).
  - ii. Analysis as to whether the Project involves activities that are contingent on establishing legally recognized rights to lands, resources, or territories that indigenous peoples have traditionally owned, occupied or otherwise used or acquired. Where such contingency exists (see Standard 6 Guidance Note, sections 6 & 7), include:
    - a) identification of the steps and associated timetable for achieving legal recognition of such ownership, occupation, or usage with the support of the relevant authority, including the manner in which delimitation, demarcation, and titling shall respect the customs, traditions, norms, values, land tenure systems and effective and meaningful participation of the affected peoples, with legal recognition granted to titles with the full, free prior and informed consent of the affected peoples; and
    - b) list of the activities that are prohibited until the delimitation, demarcation and titling is completed.
  - iii. iAnalysis whether the Project involves activities that are contingent on the recognition of the juridical personality of the affected Indigenous Peoples. Where such contingency exists:
    - a) identification of the steps and associated timetables for achieving such recognition with the support of the relevant authority, with the full and effective participation and consent of affected indigenous peoples; and
    - b) list of the activities that are prohibited until the recognition is achieved.
- E. Summary of Social and Environmental Assessment and Mitigation Measures
  - i. A summary of the findings and recommendations of the required prior social and environmental impact studies (e.g. limited assessment, ESIA, SESA, as applicable) – specifically those related to indigenous peoples, their rights, lands, resources and territories. This should include the manner in which the affected indigenous peoples participated in such study and their views on the participation mechanisms, the findings and recommendations.
  - ii. Where potential risks and adverse impacts to indigenous peoples, their lands, resources and territories are identified, the details and associated timelines for the planned measures to avoid, minimize, mitigate, or compensate for these adverse effects. Identification of special

measures to promote and protect the rights and interests of the indigenous peoples including compliance with the affected peoples' internal norms and customs.

- iii. If the Project will result in the relocation of indigenous peoples from their lands and territories, a description of the consultation and FPIC process leading to the resulting agreement on relocation and just and fair compensation, including the possibility of return.
- iv. A description of measures to protect traditional knowledge and cultural heritage in the event that the Project will result in the documentation and/or use and appropriation of such knowledge and heritage of the indigenous peoples and the steps to ensure FPIC before doing so.

F. Participation, Consultation, and FPIC Processes

- i. A summary of results of the culturally appropriate consultation and, where required, FPIC processes undertaken with the affected peoples' which led to the indigenous peoples' support for the Project.
- ii. A description of the mechanisms to conduct iterative consultation and consent processes throughout implementation of the Project. Identify particular Project activities and circumstances that shall require consultation and FPIC.

G. Appropriate Benefits: An identification of the measures to be taken to ensure that indigenous peoples receive equitable social and economic benefits that are culturally appropriate, including a description of the consultation and consent processes that lead to the determined benefit sharing arrangements.

H. Capacity support

- i. Description of Project activities aimed at increasing capacity within the government and/or the affected indigenous peoples, and facilitating exchanges, awareness, and cooperation between the two.
- ii. Description of measures to support social, legal, technical capabilities of indigenous peoples' organizations in the project area to enable them to better represent the affected indigenous peoples more effectively
- iii. Where appropriate and requested, description of steps to support technical and legal capabilities of relevant government institutions to strengthen compliance with the country's duties and obligations under international law with respect to the rights of indigenous peoples.
- I. Grievance Redress: A description of the procedures available to address grievances brought by the affected indigenous peoples arising from Project implementation, including the remedies available, how the grievance mechanisms take into account indigenous peoples' customary laws and dispute resolution processes, as well as the effective capacity of indigenous peoples under national laws to denounce violations and secure remedies for the same in domestic courts and administrative processes.

J. Monitoring, Reporting, **Evaluation**

- i. Mechanisms and benchmarks appropriate to the Project for transparent, participatory joint monitoring, evaluating, and reporting, including a description of how the affected indigenous peoples are involved.
- ii. Define the mechanisms put in place to allow for periodic review and revision of the IPP in the event that new Project circumstances warrant modifications developed through consultation and consent processes with the affected indigenous peoples.

- K. Institutional Arrangements: Describes institutional arrangement responsibilities and mechanisms for carrying out the measures contained in the IPP, including participatory mechanisms of affected indigenous peoples. Describes role of independent, impartial entities to audit, conduct social and environmental assessments as required, and/or to conduct oversight of the project.
- L. Budget and Financing: An appropriately costed plan, with itemized budget sufficient to satisfactorily undertake the activities described.



## **Annex 10 – Indicative Outline of Stakeholder Engagement**

Stakeholder Engagement will be carried out in line with World Bank Group E&S Standards:

<http://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards#ess10>

[https://www.ifc.org/wps/wcm/connect/affbc005-2569-4e58-9962-280c483baa12/IFC\\_StakeholderEngagement.pdf?MOD=AJPERES&CVID=jkD13-p](https://www.ifc.org/wps/wcm/connect/affbc005-2569-4e58-9962-280c483baa12/IFC_StakeholderEngagement.pdf?MOD=AJPERES&CVID=jkD13-p)

As well as GCF Revised Environmental and Social Policy:

<https://www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf>

### **1. Introduction**

- 1.1. Project presentation
- 1.2. Project context
- 1.3. Principles of stakeholder engagement related to the project

### **2. Applicable regulations related to stakeholder engagement**

- 2.1. Applicable national regulations and related requirements
- 2.2. Applicable international standards and related requirements
- 2.3. Other applicable standards

### **3. Analysis of project stakeholders**

- 3.1. Approach to stakeholders identification
- 3.2. Definition and proposed approach to groups of stakeholders

### **4. Activities related to stakeholder engagement**

- 4.1. Communications and information disclosure for the project and related studies
- 4.2. Consultation activities carried out to date
- 4.3. Activities and monitoring indicators for stakeholder engagement

### **5. Grievance redress mechanism**

- 5.1. Principles
- 5.2. Procedure

### **6. Monitoring and reporting for stakeholder engagement activities**

- 6.1. Monitoring
- 6.2. Reporting of activities
- 6.3. Annual reporting

Appendixes

- List of stakeholders
- Communications and information disclosure scheme
- Grievance redress scheme

The disclosure of safeguards information will be made in accordance with GCF Information Disclosure Policy for category B projects/subprojects:

Type of document	Time of disclosure	Method of disclosure	Exception
Environmental and social safeguards reports from Accredited Entities (AE)	120 days (Category A / I-1 projects) or 30 days (Category B / I-2 projects) before the GCF or AE Board meeting date, whichever is earlier. No advanced disclosure required for Category C / I-3 projects.	Posted on the AE website / Locations convenient to affected peoples / Posted on GCF website together with funding proposal	n/a

## Annex 11 \_ Environmental and Social Commitment Plan (ESCP) template

Theme	Action	Resources and Responsibilities	Funding	Chronogram and deadlines	Achievement Indicator
1. Assessment and Management of E&S risks and Impacts					
2. Labor and Working conditions					
3. Resource Efficiency and Pollution Prevention and Management					
4. Community Health and Safety					
5. Land Acquisition and Involuntary Resettlement					
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources					
7. Indigenous Peoples					
8. Cultural Heritage					
9. Financial Intermediaries					
10. Information Dissemination and Stakeholders involvement					

## Annex 12\_ Guidelines for the Environmental and Social monitoring report

### Guidelines for the Environmental and Social monitoring report

The list below presents the minimum information to be included in the environmental and social monitoring report of the projects. The aim of this report is to ensure the project's compliance with applicable normative framework, including national regulation (environmental permits and clearances, labor law...)

#### **General information, status of the project and evolution of E&S impacts**

- Name and location of the project
- Reporting period
- Authors of the report (project owner / inspection / consultant) and the nature of sources (internal audit, site visit, E&S documentation, construction monitoring report, etc.)
- Technical status of the project and potential changes to the initial project (new activities, extension of area of influence, new sites, site closing...)
- Number of employees during the reporting period specifying if they are men / women, permanent / temporary, project owner / subcontractor.
- Every new environmental or social issue identified and the way it has been dealt with.

#### **Compliance to E&S commitments**

- Implementation of conditions precedent and E&S undertakings
- Implementation of the Environmental and Social Commitment Plan (ESCP) using, for example, the follow-up table provided below
- Implementation of the measures of the Environmental and Social Management Plan (ESMP) and/or the Resettlement Action Plan (RAP), following the monitoring procedures defined in these documents
- Results of inspections by local authorities, if any, or of third party audit

The report will present identified non-compliances and the corresponding mitigation or corrective measures, difficulties or delays in the implementation, if applicable, as well as progress on previously identified measures.

Follow-up table of the Environmental and Social Commitment Plan (ESCP)

Original ESCP			Monitoring period		
Action	Deadline and responsibility	Achievement indicator	Progress status / comments	Compliant / non-compliant	Complementary action (including deadline and responsibility)

#### **Management of environmental and social performances**

- Evolution of budgets spent on environmental and social matters and temporary budget for next year

- Teams in charge of E&S topics (EHS Manager, HR Manager; Stakeholder Relations Manager, etc.) at the project owner, subcontractors and companies.
- Evolution of main environmental and social indicators measured during previous years / months, such as:
  - Number of non-compliances
  - Accident statistics within the project owner and subcontractors (near misses, first aid cases / light injuries, incidents resulting in more than three days of absence, fatalities)
  - Number and type of complaints
  - Indicators identified in the ESMP/ RAP, such as:
    - Noise measurements, air quality analysis, wastewater discharges...
    - Archeological discovery
    - ...
- Analysis of the efficiency of the measures implemented, of residual social and environmental impacts and related potential corrective measures.
- Every newly introduced E&S policy or changes made to existing policies and/or E&S improvement initiatives (ISO certifications, external audits, etc.)

**E&S major events**

<b>Type of event</b>	<b>Yes</b>	<b>No</b>
Fatalities	<input type="checkbox"/>	<input type="checkbox"/>
Strikes	<input type="checkbox"/>	<input type="checkbox"/>
Conflict with nearby communities	<input type="checkbox"/>	<input type="checkbox"/>
Pollutions (spills, explosions, uncontrolled discharges...)	<input type="checkbox"/>	<input type="checkbox"/>
Negative media attention	<input type="checkbox"/>	<input type="checkbox"/>
Lawsuits / grievance management procedure from AFD	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>

**Circumstances / remedial action**

For every major event mentioned above, provide a detailed explanation of circumstances (nature, fundamental causes), consequences, and the action plan implemented or to be implemented (remedial and preventive actions with correspondent resources and people on charge).

**Annexes**

Attach pictures, complementary studies or any other document that can illustrate the measures taken and provide detail on information presented and the evolution of the project's E&S impact.

## Annex 13 - Background on Accepted International Practice in Conducting and Compiling Environmental Audit Reports, References and Links to Examples according to IFC's Guidance Note for PS1

An environmental audit is a tool to be used to determine the degree to which an activity, process, operation, product or service is meeting stipulated requirements. Stipulated requirements are considered audit criteria. They are the requirements to be audited against—and can vary depending on the need/outcome for the audit. They can be focused on media (e.g., water or air), the requirements of a specific piece of regulation, permit requirements or element of a management system, only look at a limited geographic coverage (e.g., specific plant or area of operation that may be a target of acquisition) or they can be used to assess ongoing performance or other attributes or activities of a business as needed. Criteria and the organization or entity to be audited form the scope of the audit. The scope defines what is to be audited and (by definition) what is not. Scope must be carefully considered to ensure that all that is material to the audit is reviewed during the conduct of the audit.

Regardless of the scope of an audit, the audit must strictly follow an audit procedure to ensure it is planned, staffed, and conducted in a manner that ultimately allows the results to be used with confidence. Confidence means that when the audit presents the difference between what is supposed to occur (the requirements) and what is actually occurring or has occurred (based on observations, records reviewed or interviews with people to generate objective evidence) such findings can be relied upon as truthful and accurate. Findings are detailed in an audit report and summarized as audit conclusions. Often it is only the conclusions that are reviewed by those who originally commissioned the audit and that are used to inform decisions. It is therefore very important to have conducted the audit in a manner that allows the recipients of the conclusions to trust them implicitly.

A good specification on the conduct of all audits is contained within ISO 19011, available from the International Organization for Standardization (ISO) at <http://www.iso.org/iso/home.htm>.

As mentioned above, the report, and often only the audit conclusions, is the key output of an environmental audit. The content of the report should necessarily vary depending on the scope of the audit. Nonetheless, the following outline is a good example of what can be included in an environmental audit report.

- *Executive Summary*: A concise discussion of all environmental and occupational health and safety areas of concern. Possible additional summary information may include recommended mitigation measures and their priority, the cost of mitigation, and a schedule for compliance. These are sometimes made by auditors but are also sometimes left to the organization that “owns” the issues as it may be better placed to provide more accurate data. The inclusion of such information depends on the terms of reference that guide the conduct of the audit and must be agreed upon prior to conducting the audit.
- *Scope of the Audit*: A description of what the audit focused upon (where the audit was conducted), what was audited (processes, organization, operations, etc.), when the period of

performance began and ended (did the audit cover a month, a year, or all operations since inception?).

- *Regulatory Setting*: Tabular summary of host country, local and any other applicable environmental and occupational health and safety laws, regulations, guidelines, and policies as they may directly pertain to the scope of the audit.
- *Audit and Site Investigation Procedure*: Brief overview of the approach used to conduct the audit. A discussion of the records review, site reconnaissance, and interview activities; a description of the site sampling plan and chemical testing plan, field investigations, environmental sampling and chemical analyses and methods, if applicable.
- *Findings and Areas of Concern*: Detailed discussion of all environmental and occupational health and safety areas of concern. The areas of concern should be discussed in terms of both existing facilities and operations and contamination or damages due to past activities, including the affected media and its quality and recommendations for further investigation and remediation, if applicable. The report may wish to consider prioritizing findings into categories: immediate action; mid-term action; and long-term action.
- *Corrective Action Plan, Costs and Schedule (CAP)*: For each area of concern, the audit report may include specifics on the appropriate corrective actions to mitigate them and why they are necessary. If so, the report should indicate priorities for action, provide estimates of the cost of implementing the corrective actions and a schedule for their implementation if this has been agreed to between the auditor and auditee. Schedules should be recommended within the context of any planned capital expenditure for the facility.
- *Annexes*: These should include references, copies of interview forms, any details regarding the audit protocol not already included, and data obtained during the audit but not included directly above.