

Transforming Financial Systems for Climate

Environmental and Social Framework

Including Resettlement Policy Framework and

Indigenous Peoples Planning Framework

Please note that the English version of the TFSC E&S framework shall prevail over the other translated versions in case of doubt in its understanding.

Table of Contents

Table of Contents	2
List of Acronyms and Definitions.....	4
Introduction.....	6
I. Program Context	7
1.1. Rationale.....	7
1.2. Program Objectives	7
1.3. Program contents	8
1.3.1. Program contents and implementation scheme.....	8
1.3.2. Eligible entities	9
1.3.3. Eligible investments.....	10
II. Program Approach to E&S Risk Management.....	11
2.1. E&S risks and impacts.....	11
2.2. Environmental and Social Standards	11
2.3. AFD approach to ESRM.....	16
2.3.1. AFD Principles for ESRM for direct financed projects	16
2.3.2. AFD Principles for ESRM for intermediated projects	18
III. E&S Risk Management Scheme for the Program	20
3.1. ESRM at Projects level	20
3.1.1. Identification	22
3.1.2. Instruction	23
3.1.3. Commitment.....	24
3.1.4. Supervision	28
3.1.5. Post-evaluation.....	28
3.2. ESRM at Subprojects level	29
3.2.1. Applicable safeguards.....	29
3.2.2. Risk evaluation criteria	30
3.2.3. Expected ESDD per risk category.....	30
3.2.4. Indicative list of E&S risks and impacts per sector eligible to the Program	31
3.3. Specific E&S issues.....	34
3.3.1. Involuntary Resettlement.....	34
3.3.2. Indigenous Peoples.....	34

3.3.3.	Biodiversity conservation and pollution control	35
3.3.4.	Labor and working relations, and community health and safety	35
3.3.5.	Cultural Heritage	36
IV.	Information Disclosure, Stakeholder Engagement, and Grievance Redress.....	37
4.1.	Stakeholder Engagement and Information Disclosure.....	37
4.1.1.	AFD approach to Stakeholder Engagement and Information Disclosure.....	37
4.1.2.	Approach for the Program.....	37
4.2.	E&S Grievance redress mechanisms	38
4.2.1.	AFD E&S Complaints Mechanism	38
4.2.2.	Grievance mechanisms at Project level.....	39
4.2.3.	Subprojects level	39
V.	Roles and Responsibilities of the Technical Assistance.....	41
5.1.	Contents of E&S Technical Assistance Programs	41
5.2.	TA Recruitment Process	41
	Annex 1 – AFD Exclusion List	44
	Annex 2 – E&S Action Plan template for financial intermediaries financed by AFD.....	46
	Annex 3 – Indicative Template for an Annual E&S Monitoring Report for LFPs	48
	Annex 4 – Indicative Outline of E&S Impact Assessment (ESIA)	53
	Annex 5 – Indicative Outline of E&S Management Plan (ESMP).....	55
	Annex 6 – Resettlement Policy Framework	57
	Annex 7 – Scoping Terms of Reference and TORs for a Resettlement Action Plan (RAP) or a Livelihoods Restoration Plan (LRP).....	64
	Annex 8 – Indigenous Peoples Planning Framework	68
	Annex 9 – Indicative outline of Indigenous Peoples Plan (IPP)	72
	Annex 10 – Indicative Outline of Stakeholder Engagement Plan.....	75

List of Acronyms and Definitions

‘a Project’ or ‘Projects’	Refers to the partnership between AFD and a Local Financial Partner, meaning a credit facility possibly combined with a technical assistance facility, to be financed in the framework of the Program
‘Subprojects’	Refers to the loans granted by a LFP to local companies in the framework of the Program
‘the Program’	Refers to the whole AFD-GCF initiative ‘Transforming Financial Systems for Climate’
AFD	<i>Agence Française de Développement</i> (French Agency for Development)
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 LFP in order to build capacity and improve internal organization to manage E&S risks in a way that is consistent with the Program requirements
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
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
GHG	Greenhouse gases
IFC	International Finance Corporation
ILO	International Labor Organization
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
LFP	Local Financial Partner Refers to the financial institutions (mainly banks and microfinance institutions) that will be involved in the Program through AFD-GCF financing and that will finance Subprojects
LRP	Livelihoods Restoration Plan
NDC	National Determined Contributions
PS	Performance Standard(s)
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
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

Introduction

The present document establishes the Environmental and Social Framework of the AFD and GCF 'Transforming Financial Systems for Climate' Program. It describes standards, procedures, processes, and tools that are considered as the basis of the Environmental and Social Management System of the mentioned Program.

As part of the TFSC, the present Environmental and Social Framework will be applicable in all countries involved in the Programme:

- Benin
- Burkina Faso
- Cameroon
- Côte d'Ivoire
- Ecuador
- Egypt
- Kenya
- Madagascar
- Mauritius
- Morocco
- Namibia
- Nigeria
- Senegal
- South Africa
- Tanzania
- Togo
- Uganda

I. Program Context

1.1. Rationale

To address climate change, the international community is converging towards a common agenda that recognizes the need to build a model with a reduced carbon footprint in order to achieve the Sustainable Development Goals and the objectives of the Paris Agreement. Aligning the financial system for climate protection is not some far-off notion, but has already started. Policy makers and financial regulators have already started to address the need to forge robust and sustainable financial systems.

Local financial institutions have a key role to play in scaling up climate finance for local private investments. Despite the dynamism and profitability of these sectors, investors still face numerous obstacles. Contributing to removing these technical and financial barriers would allow these institutions to finance transformational change towards climate compatible investments.

For that reason, AFD has been engaged for many years in an active partnership with many local financial partners (LFPs) notably through the SUNREF initiative in order to promote climate change mitigation and adaptation investments in developing countries. SUNREF is AFD's green finance label. It consists in an innovative integrated approach to environmental finance through a combination of a financial and technical support. It provides a range of tools and services for this, which are intended to meet the demand of all actors: financial incentives, support to structure green investments, assistance in the implementation of environmental & social management systems and gender strategies, valorization of the results achieved.

1.2. Program Objectives

Building knowledge on its experience and expertise, AFD wishes to strengthen further the SUNREF initiative by increasing and diversifying it worldwide. More specifically, the objective of the Program is to redirect financial flows towards more diversified private sector projects to better serve the ecological transition through the financing of: more adaptation projects in agriculture/land use, water management, and resilient infrastructure / buildings to climate change; more green infrastructure and energy efficiency in buildings, but also sustainable forestry programs, and waste management projects on the mitigation site; and also through the support to social inclusion by targeting smaller or less served beneficiaries, including women and individuals in remote areas.

As already done in several countries, co-financing with other international institutions and donors can be considered to allow leverage and build on knowledge of several years of experience, and to ensure successful diversification.

The specific objectives of the Program will be:

- 1. For LFPs, to scale-up climate finance in the countries targeted by the Program by:**
 - building capacities of LFPs on the identification and the implementation of adaptation and mitigation projects,
 - financing pilot and innovative projects and ensuring their significant dissemination,
 - promoting sound E&S risk management and gender equality in operations,
 - building LFPs climate marketing and communication strategies, and

- helping LFPs in taking active stance in the national/regional/international dialogue on climate finance.
- 2. For end beneficiaries, to have a structural effect to ensure their mobilization on the long run by:**
- addressing the private sector needs (the demand) with adapted tools (including financial and technical innovation),
 - increasing competitiveness of the private sector thanks to up-to-date technologies and/or regulatory compliance,
 - creating new job opportunities in the green economy,
 - disseminating technical know-how and good practices therefore ensuring technological transfer and ownership, and
 - reducing negative impacts on the population and on local and global environment by building resilient economy and reducing CO2 emissions.
- 3. For local governments, to serve key public climate-related policies and NDCs implementation by:**
- designing the Program in line with the NDCs and the global 2°C target,
 - contributing to bring feedback to governments to ensure improvement in public policies (reduction of grants to fossil fuels, financial and technical support to private sector, etc.),
 - participating to institutional debates and policy dialogue on climate finance.

1.3. Program contents

1.3.1. Program contents and implementation scheme

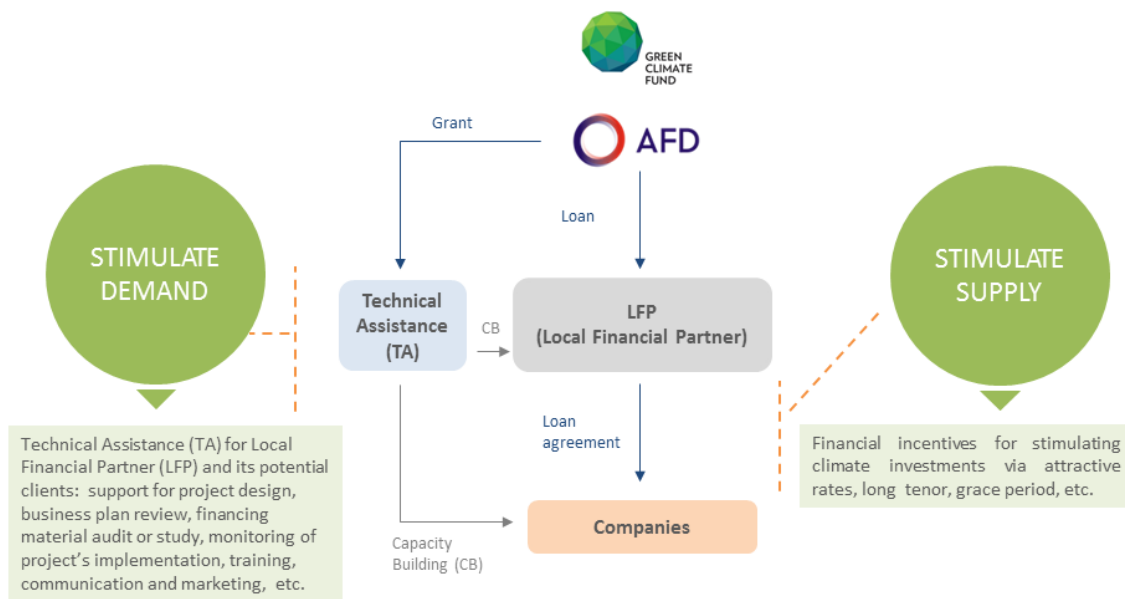


Figure 1 - Program Implementation Scheme

Implemented under the scheme highlighted in Figure 1, the Program will have two complementary components:

1. Credit facilities to local financial institutions with adapted financial incentives and eligibility criteria tailored to foster best local climate investments

The funds provided under the Program to the LFP will then be on-lent to the final beneficiaries for financing investments that fit with these defined eligibility criteria. Eligible investments will be defined country per country to ensure maximum climate and development impacts in line with the local public policies and NDCs. Similarly, financial incentives may include longer tenors, grace periods, lower interest rates or investment premiums depending on the local needs.

2. Dedicated technical assistance (TA) programs

Such TA programs will most of the time be associated to the credit facility to support and expand the financing market for climate investments. The technical assistance of the Program aims at removing technical barriers both at the level of the LFP and of project developers and includes:

- ***Support to identification and development of eligible and bankable climate-related projects:*** building of the financial institution's pipeline of projects and programs, assessment of projects' eligibility, review and improvement of projects' business models, etc. The TA is tailored to the size and complexity of the project and can be provided at all project stages;
- ***Support in the definition and implementation of climate strategies:*** definition of climate objectives/indicators in line with the public policy, setting up of dedicated operational procedures, strategies and internal organization of the team, establishment of assessment tools for climate-related projects (CO₂ measurement, etc.), knowledge transfer on climate-related technologies, etc.;
- ***Assistance in the management of environmental and social risks:*** assessment of the financial, reputational and legal risks in sectors that can have a significant E&S impacts, measuring the resilience of companies to climate change, reducing the risk of environmental non-compliance, etc.;
- ***Support in the definition and implementation of a gender equality strategy:*** gender diagnosis and action plan, training and raising awareness, etc.;
- ***Support to the marketing and communication activities:*** structuring a green offer, defining a marketing plan, providing with leaflets and communication tools, etc. to bridge the gap between supply and demand.

The TA is often essential for the success and sustainability of the program: strengthening capacities and raising awareness of local financial institutions and their clients as well as other key local stakeholders (governments, professional organizations, etc.) is needed to create a favorable environment and to ensure the development of climate finance on the long run. AFD's approach to TA is complementary to what other international financial institutions are proposing as AFD systematically looks for a local institution to be responsible for the TA.

1.3.2. Eligible entities

Local Financial Partners (LFPs) are selected according to financial and compliance/AML due diligence, provided they comply with AFD's Exclusion List set in Annex 1 – AFD Exclusion List

Annex 1 – AFD Exclusion List. In case of double intermediation, AFD reviews the relevance and robustness of fiduciary and ESDD carried out by LFPs to select the ones they want to partner with in the framework of the Program. If gaps are identified with GCF's and/or AFD's fiduciary and E&S standards, AFD supports LFPs to upgrade the related procedures and policies in order to comply with such standards. In particular, regarding E&S management, AFD can provide technical assistance for LFPs to be able to manage the E&S risks of their portfolio. The selection is also based on LFP strategy regarding climate finance, their appetite for such activities, the availability of staff who could be dedicated to climate finance, their client portfolio, their internal procedures from the identification of projects at the level of commercial branches to the final execution of the loan, including their credit risk appraisal process. This selection is crucial to ensure strong involvement of the LFP in the Program.

Eligible LFPs to the Program are expected to be of categories I-1 to I-3.

1.3.3. Eligible investments

All investments entering within the AFD Exclusion List will be excluded from the Program. Eligible sectors and, more particularly, eligibility criteria are detailed in complementary Program documentation such as 'Indicative List of Climate Technologies', the Concept Note and the Funding Proposal. Eligible Subprojects to the Program are expected to be of categories A to C.

Table 1 gives examples of eligible sectors for the Program.

Sectors	Mitigation	Adaptation
Industries / Services	Energy efficiency of industrial processes and in buildings Renewable energy development (incl. IPP, auto consumption, etc.)	Reduction of water leakages Water re-use systems Construction of infrastructures resilient to climate change
Agriculture / Forestry	Methanization of agriculture waste PV solar systems for irrigation /Sustainable forestry exploitation	Irrigation monitoring and control system Rainwater harvesting system Adaptation of cultivated species
Individuals / Professionals	Solar water heaters, bio digesters, PV solar power/High energy performance / quality housing	Installation of water flow limiting devices

Table 1 – Examples of eligible sectors

The Program will finance activities in the countries as outlined in the in the Funding Proposal, depending on the non-objection letters received.

The Program is classified in category I-1 as per GCF standards, as the LFPs to be financed under the Program are expected to be of categories I-1 to I-3, and Subprojects to be financed through the latter from category A to C.

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; (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; (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; and (vii) risks to cultural heritage.

2.2. Environmental and Social Standards

AFD aims to promote sustainable and equitable development in all operations funded, by ensuring that these operations effectively contribute to the objective of sustainable development (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 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 and applies World Bank Group Standards including the World Bank E&S Framework¹ and IFC Performance Standards and the related Guidance and Interpretation Notes².

The Reference E&S Standards for the AFD-GCF 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**³ and is in line with the **Equator Principles**⁴.

The applicability of IFC Performance Standards for the AFD-GCF Program is summarized in Table 2 below. Whereas the Interpretation Note on Financial Intermediaries is the basis of a LFP's approach to E&S risk management, IFC Performance Standards are the reference for Subprojects and will apply for high-risk subprojects as defined in the present manual.

¹ https://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/materials/the_esf_clean_final_for_public_disclosure_post_board_august_4.pdf

² http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards

³ http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_interpretationnote-fi

⁴ <http://www.equator-principles.com/index.php/ep3>

IFC Performance Standards	Objectives	Applicability to the Program
<p><i>PS1 – Assessment and management of environmental and social risks and impacts</i></p>	<ul style="list-style-type: none"> • To identify and evaluate environmental and social risks and impacts of the project. • 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. • To promote improved environmental and social performance of clients through the effective use of management systems. • 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. 	<p>YES</p> <p>Eligible sectors for the Program such as Energy, Water and Waste Management, Agriculture, Urban infrastructure, etc., may have E&S impacts.</p> <p>PS1 aims at identifying E&S risks and defining appropriate mitigation measures for Subprojects in order to avoid, minimize or offset such risks. It defines the relevant scope of E&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>LFPs supported by the Program are expected to finance only the Subprojects for which they have appropriate mitigation measures to manage E&S risks and impacts.</p>
<p><i>PS2 – Labor and working conditions</i></p>	<ul style="list-style-type: none"> • To promote the fair treatment, non-discrimination, and equal opportunity of workers. • To establish, maintain, and improve the worker-management relationship. • To promote compliance with national employment and labor laws. • 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. • To promote safe and healthy working conditions, and the health of workers. • To avoid the use of forced labor. 	<p>YES</p> <p>PS2 is in line with main international conventions and instruments, including those of the ILO and the UN.</p> <p>LFPs supported by the Program have to ensure proper labor and working conditions in their internal organization, but also to ensure the Subprojects they finance do respect the requirements of PS2, meaning that these provisions apply both to LFP 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"> • To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities. • To promote more sustainable use of resources, including energy and water. • To reduce project-related GHG emissions. 	<p>YES</p> <p>E&S risk assessment to be conducted on 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>

<i>PS4 – Community health, safety and security</i>	<ul style="list-style-type: none"> • 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. • 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. 	<p>YES</p> <p>In line with PS3, E&S risk assessment to be conducted on Subprojects will consider community health, safety and security aspects both on project owners and their contractors, all along a project's lifecycle.</p>
<i>PS5 – Land acquisition and involuntary settlement</i>	<ul style="list-style-type: none"> • To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs. • To avoid forced eviction. • 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. • To improve, or restore, the livelihoods and standards of living of displaced persons. • To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites. 	<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.</p> <p>This applies to physical displacement and economic displacement. Impacts on assets and livelihoods must be taken into consideration.</p>
<i>PS6 – Biodiversity conservation and sustainable management of living natural resources</i>	<ul style="list-style-type: none"> • To protect and conserve biodiversity. • To maintain the benefits from ecosystem services. • To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities. 	<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>
<i>PS7 – Indigenous Peoples</i>	<ul style="list-style-type: none"> • To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples. • 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. 	<p>YES</p> <p>PS7 applies for all Subprojects that might have impacts on IPs, such impacts being identified through the initial E&S risk assessment.</p> <p>Free, prior, and informed consent must be applied when IPs are affected by a project in the circumstances defined by PS7.</p>

	<ul style="list-style-type: none"> • To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner. • 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. • 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. • To respect and preserve the culture, knowledge, and practices of Indigenous Peoples. 	Whenever necessary, specific plans must be developed.
<i>PS8 – Cultural heritage</i>	<ul style="list-style-type: none"> • To protect cultural heritage from the adverse impacts of project activities and support its preservation. • To promote the equitable sharing of benefits from the use of cultural heritage. 	<p>YES</p> <p>PS8 defines cultural heritage including both tangible objects and sites, and intangible forms of culture. The initial E&S assessment of Subprojects has to identify if cultural heritage can be affected and, in such case, PS8 applies.</p>

Table 2 - Applicability of IFC Performance Standards to the Program

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, minimize, and/or offset these risks and their impacts;
- Monitor the implementation of these measures during the implementation phase for 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, 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.

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.

<p>In the framework of the Program, AFD expects LFPs to develop and implement a similar approach to E&S risk management on their portfolio, and, more specifically, on Subprojects to be funded through the Program.</p>

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 able to manage E&S risks on their portfolio and that their internal E&S management is 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 LFP's E&S management system that has to be conducted,
 - AFD's level of demand regarding the LFP 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 Systems 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.

III. E&S Risk Management Scheme for the Program

3.1. ESRM at Projects level

Under the Program, a **Project** will be understood as the partnership between AFD and a Local Financial Partner, meaning a credit facility possibly combined with a technical assistance facility. The credit facility will then be divided into several loans granted by the LFP to local companies. Such loans are referred to as ‘**Subprojects**’.

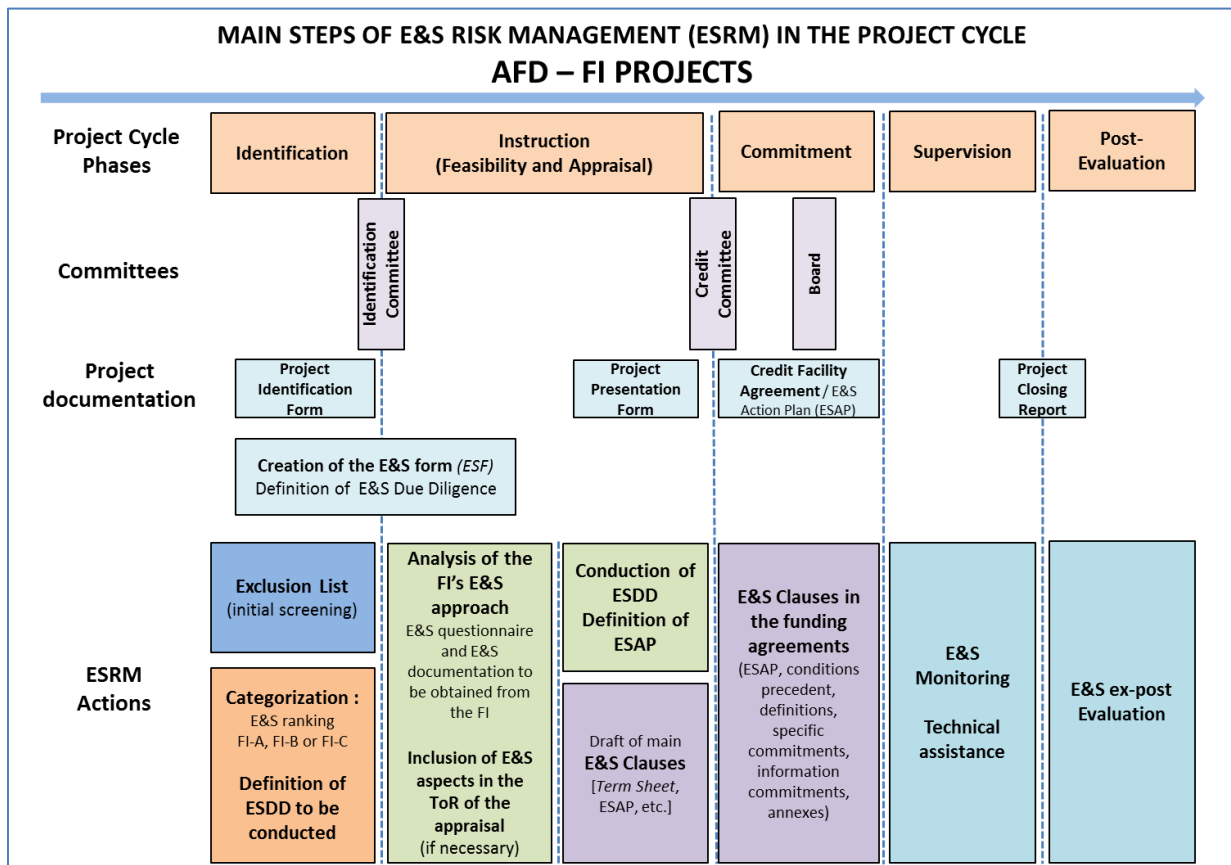


Figure 2 - ESRM in AFD Project Cycle

In line with its approach to E&S Risk Management, and as described in Figure 2, AFD will appraise the Projects following the steps highlighted in Table 3 below.

Project Cycle Step	ESRM actions	Role and responsibilities
<i>Identification</i>	Project and LFP Screening through AFD Exclusions List	AFD Local Offices
	E&S categorization (FI-A, FI-B or FI-C)	AFD E&S Expert (HQ level)
	ESDD to be conducted during project appraisal	
<i>Instruction (Feasibility and Appraisal)</i>	Analysis of LFP ESMS through E&S questionnaire, review of E&S documentation, and possibly exchange sessions with the LFP	AFD E&S Expert, with the support of Project Manager and Local Offices
	Integration of E&S aspects to be addressed in the feasibility study (if relevant)	
	Analysis of specific sectoral and/or country-specific E&S aspects (if relevant)	Feasibility study consultant
	Gap analysis against AFD-GCF requirements and definition of ESAP as the case maybe Drafting of E&S clauses	AFD E&S Expert
<i>Commitment</i>	Finalization of E&S clauses and integration to the credit facility agreement	AFD E&S Expert and Project Manager
<i>Supervision</i>	If necessary: monitoring of technical assistance involved in ESRM through definition of the TA program, meetings, etc.	AFD 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 E&S expert, Project Manager and possibly external consultants
<i>Evaluation</i>	E&S ex-post evaluation (whenever relevant)	AFD or external consultants

Table 3 – FI E&S Risk Management Process for Projects

3.1.1. Identification

Exclusion List

When initiating a partnership with a LFP, the first screening, to be done at AFD local office level, is the one of the **Exclusion List**⁵. If a LFP finances activities that fall under AFD's Exclusion List, the LFP will not be selected as a partner to join the Program.

Initial Categorization

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

If the information is available before AFD Identification Committee, AFD'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 LFP 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 LFP, regardless of the nature of the funding granted through the Program.

High Risk Portfolio (FI-A)	Moderate Risk Portfolio (FI-B)	Low Risk Portfolio (FI-C)
<ul style="list-style-type: none">• Financial institutions with more than 20% of the total portfolio dedicated to category A (and B+) projects.• In case of double intermediation, LFP having at least one FI-A client.	<ul style="list-style-type: none">• Financial institutions with business activities or projects that have limited adverse E&S impacts and with a very limited proportion of projects involving important to high E&S risks (less than 20% of the total portfolio dedicated to category A and B+ projects).• In case of double intermediation, FI having at least one FI-B and no FI-A client.	<ul style="list-style-type: none">• Financial institutions with activities or projects involving little E&S risks (financial institutions specialized in retail and micro enterprises (>80% of the total portfolio)).
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 LFP.		

Table 4 - FI E&S Risk Categorization

Based on the available information at the time of the Identification Committee, the AFD E&S expert defines the E&S due diligence tasks to be carried out during Project appraisal phase. These tasks, as

⁵ See Annex 1 – Exclusion List

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.

3.1.2. Instruction

Scope

With the support of AFD local office, the AFD 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 LFP portfolio: sectors, volume of financing, financing tools, etc.;
- Capacity of the LFP 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 LFP;
 - E&S documentation of projects financed by the LFP, e.g. E&S impact assessments, list of consulting firms usually mandated by the LFP, E&S monitoring reports, etc.;
 - Human and financial resources dedicated by the LFP to E&S management.
- Country(ies) in which the LFP is active (specific regulations and conditions of application);
- E&S standards to which the LFP refers;
- Sector and type of sub-projects to be financed by the Project.

AFD supports LFPs 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 LFP, internally and externally.

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

High Risk Portfolio (FI-A)	Moderate Risk Portfolio (FI-B)	Low Risk Portfolio (FI-C)
<ul style="list-style-type: none"> • Review of the E&S evaluation questionnaire completed by the LFP: <ul style="list-style-type: none"> ○ Validation of the categorization, ○ Analysis of compliance with legislation, national and international standards in the fields of environment, health & safety and employment law. 		
<ul style="list-style-type: none"> • In-depth analysis of existing and/or expected risks related to the LFP's portfolio and of the LFP's capacity to manage E&S risks. • Gap analysis between the LFP's approach to ESRM and AFD requirements, and identification of improvement needs regarding E&S risk management with a view to developing an E&S action plan if necessary. 		

Table 5 - E&S Due Diligence per level of risk

According to the level of E&S risk of the LFP portfolio, the ESMS must cover the requirements detailed in Table 6.

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

Table 6 - E&S requirements per risk category

3.1.3. Commitment

The commitment phase deals with the E&S clauses to be inserted in the Credit Facility Agreement to be signed between AFD and the LFP. 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 LFP before the AFD Board decision, and included in the Term Sheet in order to ease the negotiation process.

If the LFP 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. The LFP commits in implementing the ESAP during Project implementation in order to upgrade their ESMS in conformity with AFD 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 E&S Expert can participate to the negotiation mission in order to ensure proper inclusion of E&S clauses in the Credit Facility Agreement.

E&S clause	Description	Optional (Yes/No)
Environmental and Social Responsibility	<p><u>Implementation of environmental and social measures</u></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 Institutions request that] the Beneficiary Clients comply with such standards in the conduct of their business.</i></p>	<p>No</p> <p>Applies to all Projects.</p>
Implementation of ESAP	<p><u>Option 1:</u></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] take into account its social and environmental responsibility, for example by:</i></p> <ul style="list-style-type: none"> <i>• providing an exclusion list setting out the projects that the Borrower undertakes not to fund;</i> <i>• implementing an environmental and social risk management policy in relation to the projects funded by the Borrower; and</i> <i>• implementing a corporate social responsibility policy (the “CSR”).</i> <p><i>On each anniversary of the signing of this Agreement, the Borrower shall deliver to the Lender an annual report in relation to its environmental and social responsibility policy.</i></p> <p><u>Option 2:</u></p> <p><i>The Borrower shall (as applicable):</i></p> <p><i>within [two (2) years] of the Signing Date, develop and put in place an environmental and social management policy, 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 responsibility policy, 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 responsibility policy and a timetable of the contemplated steps.</i></p>	<p>Yes</p> <p>On the basis of the E&S evaluation carried out by AFD’s E&S Expert, one or the other option will be selected, based on the operational capacity of the LFP to manage E&S risks on its portfolio.</p>
E&S grievance management	<p>(a) <i>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</i></p>	<p>Yes</p> <p>This clause is highly recommended but</p>

	<p><i>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>	not compulsory. In any case, AFD’s E&S grievance mechanism remains applicable.		
Schedule 1A – Definitions	<p>Example :</p> <table><tr><td>ESAP</td><td><i>means the environmental and social action plan set out in Annex 10), setting out the method of operation, the timetable, and the human and financial means allocated by the Borrower to its environmental and social upgrade for the purposes of producing or improving its exclusion list, its environmental and social risk management approach for the projects it finances and its corporate social responsibility (CSR).</i></td></tr></table>	ESAP	<i>means the environmental and social action plan set out in Annex 10), setting out the method of operation, the timetable, and the human and financial means allocated by the Borrower to its environmental and social upgrade for the purposes of producing or improving its exclusion list, its environmental and social risk management approach for the projects it finances and its corporate social responsibility (CSR).</i>	Yes This Schedule includes definitions related to E&S risk management if necessary, for instance if an ESAP is required it is defined here.
ESAP	<i>means the environmental and social action plan set out in Annex 10), setting out the method of operation, the timetable, and the human and financial means allocated by the Borrower to its environmental and social upgrade for the purposes of producing or improving its exclusion list, its environmental and social risk management approach for the projects it finances and its corporate social responsibility (CSR).</i>			
Schedule 2 – Project Description	Describes Project contents such as objectives, main components, eligibility criteria, etc.	Yes 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.		
Schedule 3 – Exclusions List	See Annex 1 – AFD Exclusion List Annex 1 – AFD Exclusion List	No Applies to all Projects.		
Schedule 4 – Conditions Precedent	Describes conditions precedent to be satisfied at different stages of the Project (signature, first drawdown)	Yes According to the Project, E&S conditions precedent can be included in this schedule		
Schedule 10 – ESAP	See Annex 2 – E&S Action Plan template for financial intermediaries financed by AFD	Yes Applies as per the 2 options described above.		
Schedule 11 –	[to be completed depending on the Project] - <i>E&S Scoping Report</i>	Yes		

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"> - <i>Environmental and Social Impact Assessment (ESIA)</i> - <i>Environmental and Social Management Plan (ESMP)</i> - <i>Environmental and Social Management Framework (ESMF)</i> - <i>Resettlement Action Plan (RAP)</i> - <i>Resettlement Policy Framework (RPF)</i> - <i>Environmental and Social Engagement Plan (ESEP)</i> - <i>Limited environmental and social assessment</i> - <i>Limited environmental and social action plan</i> - <i>Chapter from the environmental and social feasibility study</i> - <i>Chapters from the environmental and social monitoring reports</i> - <i>ESEP implementation monitoring reports</i> 	<p>Applies as described above if the E&S grievance management clause is concerned.</p>
---	--	--

Table 7 - List of E&S commitments in the Credit Facility Agreement

3.1.4. 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 8 below. AFD local office and AFD Project Manager will be responsible for the collection of E&S documentation from the LFP, and in particular E&S reports. Such documentation will be reviewed by AFD 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.

High Risk Portfolio (FI-A)	Moderate Risk Portfolio (FI-B)	Low Risk Portfolio (FI-C)
<ul style="list-style-type: none">• Verification of compliance with contractual commitments of the LFP regarding E&S issues.• Production of an E&S annual monitoring report by the LFP that meets AFD requirements, including incidents that occurred during the year and corrective measures that were put in place.• Review of the E&S annual monitoring report.• Evaluation of the implementation of the E&S action plan if applicable.• If necessary, definition of preventive and corrective measures to be implemented.• If necessary, monitoring of E&S issues during supervision missions.		

Table 8 - E&S Monitoring plan per risk category

An E&S report is expected every year, and must comprise at least of the following elements:

- Breakdown of LFP 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 and the LFP, progress reports detailing the implementation of ESAP must be sent at least on a six-month basis to AFD by the LFP. The technical assistance is expected to have a significant part in this regard.

3.1.5. Post-evaluation

The conduction of ex-post evaluation on AFD 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 local offices, AFD evaluation team and, if necessary, AFD E&S experts.

3.2. ESRM at Subprojects level

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

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

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

Project Cycle Phases	ESRM actions	Roles & Responsibilities
<i>Identification</i>	Screening of subproject against AFD-GCF / LFP exclusion list	LFP Investment Officer
	Assignment of E&S risk category (A/B/C)	LFP E&S Expert (or Investment Officer) ⁶
<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.) C: Verification of conformity with national regulations (permits, etc.)	LFP E&S Expert + Investment Team ⁷
	A and B: Conduction of necessary studies (ESIA, etc.)	External consultants
	Review and final approval of the conducted studies	LFP E&S Expert ⁸
<i>Commitment</i>	Preparation of E&S clauses to be integrated to CFA	LFP E&S Expert and Investment Team ⁹
<i>Supervision</i>	Site visits, review of ESMP monitoring reports	LFP E&S expert ¹⁰

Table 9 - E&S Risk Management Process for Subprojects (to be conducted by LFPs)

3.2.1. Applicable safeguards

As described below, the applicable E&S safeguards on subprojects are (i) national legislation on all projects, and (ii) IFC Performance Standards on high-risk projects.

⁶ See 3.3: In case the LFP is in the process of strengthening its ESMS, such due diligence can be supported by the Technical Assistance.

⁷ See 3.3: In case the LFP is in the process of strengthening its ESMS, such due diligence can be supported by the Technical Assistance.

⁸ See 3.3: In case the LFP is in the process of strengthening its ESMS, such due diligence can be supported by the Technical Assistance.

⁹ See 3.3: In case the LFP is in the process of strengthening its ESMS, such due diligence can be supported by the Technical Assistance.

¹⁰ See 3.3: In case the LFP is in the process of strengthening its ESMS, such due diligence can be supported by the Technical Assistance.

3.2.2. Risk evaluation criteria

In order to assign a risk category, each Subproject has to be evaluated by the LFP 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.

3.2.3. Expected ESDD per risk category

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

E&S risk level / category	High-risk	Medium-risk	Low-risk
E&S regulatory framework	National and international regulations applicable in the country concerned (including ILO conventions) AND IFC Performance Standards	National and international regulations applicable in the country concerned (including ILO conventions)	National and international regulations applicable in the country concerned (including ILO conventions)
Required ESDD	<p>E&S Impact Assessment (ESIA) Conducted simultaneously with the technical studies and by independent experts.</p> <p>=> <u>E&S documentation needed (to be validated by LFP E&S expert):</u></p> <ul style="list-style-type: none"> - ESIA and ESMP [OR E&S Management Framework - ESMF - framing the future ESIA/ESMP]; - [In case of involuntary population displacement] <p>Resettlement Action Plan - RAP [OR Resettlement Policy Framework - RPF - framing the future RAP];</p> <ul style="list-style-type: none"> - [+possibly] other specific E&S studies (e.g. IPP, IPPF). 	<p>Commensurate E&S study (possibly integrated to the feasibility study)</p> <p>=> <u>E&S documentation needed (to be validated by LFP E&S expert):</u></p> <ul style="list-style-type: none"> - Commensurate E&S Study and Action Plan OR E&S chapter in the feasibility study (+ any other additional specific E&S documents). 	Initial E&S risk screening.

Table 10 - E&S due diligence according to risk category for Subprojects

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

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

Sector	Examples of projects	Environmental risks/impacts	Social risks/impacts
<i>Biodiversity & Conservation</i>	Creation or extension of a protected area Restauration projects	Impacts on biodiversity Impacts of biophysical changes on ecosystems	Involuntary displacements Impacts on land tenure and land use Impacts on IP livelihoods (e.g. ecosystem services) Risks related to the governance of the areas and neighboring areas
<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 labor and working conditions Increase of noise pollution Impacts on existing infrastructures and networks Enhanced exposure and exposure to health and safety risk 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 organization
<i>Water and Sanitation</i>	Sea water desalinization Water adduction projects Construction of water treatment plants Potable water networks Waste water reuse	Impacts on marine ecosystems linked to water collection or release of waste water Release of pollutants links to the construction, rehabilitation and/or use of infrastructures Impacts linked to underground water collection Increase of waste water Impacts linked to the release of effluents (pollution of ecosystems, concentration of pollutants, agricultural use, contamination, etc.) Increase of energy consumption, GHGs emissions Impacts on biodiversity Pressure on quality and quantity of water resource	Use of chemical products All risks related to labor and working conditions Stakeholder engagement, consultation and participation of local communities Impacts on livelihoods (e.g. fishing for marine areas, farming in case of changes induced in land tenure/use) Involuntary displacements Health and safety impacts on local communities (noise, air or sea pollution, odors, landscape changes, etc.) Access to water resource and related infrastructures (including affordability of services) Impacts on cultural heritage

Sector	Examples of projects	Environmental risks/impacts	Social risks/impacts
<i>Waste Management</i>	Waste collection Waste transportation Waste treatment	Various pollutions, including surface and underground water contamination, linked to the dispersal of waste, the release of pollutants used for waste treatment, etc. Increase of GHG emissions Impacts on quantity and quality of water resource Risks of fire and explosion in waste storage facilities Impacts on biodiversity	All risks related to labor and working conditions Impacts on land tenure, involuntary displacement, loss of livelihoods, particularly for informal workers involved in waste collection or selection Health and safety impacts on local communities (noise, air or sea pollution, odors, landscape changes, etc.) Impacts on cultural heritage Risks linked to the lack of stakeholder engagement and local communities participation
<i>Agriculture and forestry</i>	Annual crops Irrigation projects Forest management Plantations	Risks of deforestation Increased erosion Soil and water pollution due to the use of chemicals for pest management Waste management, in particular related to pest management Increased GHG emissions due to mechanization Loss of biodiversity and related impacts on sensitive areas Impacts on quantity and quality of water resource Risks of cumulative impacts whenever several small projects are supported	Risks linked to informal labor, child labor Exposure to chemicals Land tenure and land use issues and induced social conflicts, risks of related social conflicts Impacts on food security Impacts on cultural heritage Risks on local livelihoods, with possibly different level of risks on different communities and increased vulnerability of IPs Increased gender inequalities Disturbance in local balances between environment and social organization
<i>Urban transportation</i>	Construction or improvement of urban transportation network (metro, tram lines, etc.)	Increased water and energy consumption Air, soil, water pollution Increase of GHGs Impacts on sensitive areas due to changes in surface water runoff Impacts on humid areas, water banks, etc.	All risks related to labor and working conditions Impacts on cultural heritage (in particular for underground networks) Impacts on local livelihoods Involuntary displacement, land tenure and land use Risks linked to social acceptability and access to new infrastructures for local communities Impacts on community health and safety Visual and noise impacts Stakeholder engagement and community participation Impacts on cultural heritage

Sector	Examples of projects	Environmental risks/impacts	Social risks/impacts
<i>Energy</i>	<p>Marine or terrestrial wind farms</p> <p>Solar farms</p> <p>Energy grid projects</p> <p>Heat production plants and networks</p> <p>Improvement of energy efficiency in buildings and industries</p>	<p>Impacts on biodiversity: landscape, sea ecosystems, habitats, birds and bats, etc.</p> <p>Impacts on water resource quality (surface water, sea turbidity)</p> <p>Erosion and soil degradation</p> <p>Environmental impacts linked to construction works: pollutions, dust, hazardous and non-hazardous waste management (including electronic waste), increased GHG emissions, etc.</p> <p>Risks of fire (in particular for solar farms)</p> <p>Risks of chemical pollution</p>	<p>All risks related to labor and working conditions</p> <p>Impacts due to construction works on community health and safety (dust, pollution, noise, etc.)</p> <p>Visual and architectural impact, noise</p> <p>Impacts on land tenure and use, involuntary displacement</p> <p>Stakeholder engagement and participation of local communities</p> <p>Risks linked to interference with telecommunications (for wind farms in particular) and other health impacts induced by new energy networks</p> <p>Social risks linked to grid connections and access energy (including tariffs)</p> <p>Impacts on cultural heritage</p>

Table 11 - E&S risk and impacts per sector

3.3. 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 high-risk project, IFC Performance Standards and related Guidance and Interpretation Notes must apply. The LFPs are responsible for such application on Subprojects and AFD ensures, through appropriate E&S due diligence on Projects, that LFPs do apply such requirements and have the capacity to do so.

3.3.1. 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.

3.3.2. Indigenous Peoples

AFD 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 LFPs 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.

3.3.3. 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.

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.

3.3.4. Labor and working relations, and community health and safety

As mentioned in 3.1.3, LFPs are committed through Credit Facility Agreements to respect all national and international labor regulations applicable in the country, including fundamental conventions of the International Labor Organization (ILO). Compliance with such regulations as well as basic requirements in terms of HR management and corporate social responsibility and labor and working conditions within the LFPs are assessed by AFD during E&S appraisal of the LFP capacity.

In addition, LFPs 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 LFP's clients as well as project contractors.

3.3.5. 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).

LFPs 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.

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 Handbook¹¹.

4.1.1. AFD approach to Stakeholder Engagement and Information Disclosure

In line with its Corporate Social Responsibility (CSR) Policy¹², 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 portal¹³, on the “International Aid Transparency Initiative” website¹⁴, and on the open data platform of the French public data¹⁵. 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. Approach for the Program

Stakeholder consultation has been carried out during Program appraisal phase at country level. Stakeholders to be involved in the Program at country level are very country-specific, and cover governmental and non-governmental organizations, representatives of the private sector and civil society and financial institutions. At Subprojects level, stakeholders concerned by a Subproject are more likely to be local communities, local individuals, and their representatives. During stakeholder consultation, it has been noted that stakeholders are required to be kept in the loop of Program implementation, and consulted as much as necessary. The approach to stakeholder engagement for the Program has been designed to answer such expectation.

¹¹ http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_stakeholderengagement_wci_1319577185063

¹² <https://www.afd.fr/fr/un-developpement-responsable>

¹³ <https://opendata.afd.fr/page/accueil/>

¹⁴ <https://iatiregistry.org/publisher/afd>

¹⁵ <http://www.data.gouv.fr/fr/>

In the framework of the Program and in line with GCF approach to stakeholder engagement, AFD requires LFPs 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 English, French, Spanish, and Arabic.

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.

As per activities financed through LFPs, LFPs 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 LFPs 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 GCF Policy (7.3) 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 LFP'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 Mechanism¹⁶ and to AFD's E&S Complaints Mechanism¹⁷ is made possible for all levels of the Program.

4.2.1. AFD 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

¹⁶ <http://www.greenclimate.fund/independent-redress-mechanism>

¹⁷ <https://www.afd.fr/fr/un-developpement-responsable>

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 Counterparty in order to find a solution to the problem(s) that led to the Complaint;
- 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 website¹⁸ 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.

4.2.2. Grievance mechanisms at Project level

As described above, partner LFP are encouraged to involve in AFD's E&S grievance mechanism through the Credit Facility Agreement. AFD's Mechanisms Rules of Procedures are introduced to the LFP during Project appraisal, if not already done.

In the framework of their capacity-building in ESRM, LFPs involved in the Program are strongly encouraged to have their own E&S grievance mechanisms¹⁹. On a case-by-case basis to be discussed between AFD and the LFP, support to LFPs in design or implementation of such mechanisms can be added to technical assistance programs.

4.2.3. Subprojects level

At 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 free, and

¹⁸ <https://www.afd.fr/sites/afd/files/2018-02-10-11-40/rules-procedure-environmental-social-complaints-mechanism.pdf>

¹⁹ See contractual requirements in 3.1.3.

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 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 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.

As defined by IFC Performance Standards that must apply at least on high-risk 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. Roles and Responsibilities of the Technical Assistance

Where necessary, a Technical Assistance Program (TAP) will be defined and implemented by external experts recruited through a procurement process. The approach to technical assistance programs will be

5.1. Contents of E&S Technical Assistance Programs

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

(a) Supporting the LFP in the development or strengthening of the LFP ESMS

In line with the ESAP discussed and adopted between AFD and the LFP, the TA will help the LFP 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 LFP employees and top management in ESRM,
- Design and/or update of procedures and tools, and sectoral guidelines if relevant,
- Training of LFP staff on E&S risk management and new procedures and tools,
- Support to E&S reporting.

(b) Supporting ESDD on subprojects

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 on Subprojects: E&S risk categorization, conduction of ESIA or support to the LFP in ESIA review, definition of ESMPs, etc.

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 requirement²⁰.

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 LFP 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,

²⁰ <https://www.afd.fr/sites/afd/files/2017-09/directives-passation-marches-etats-etrangers-english-version.pdf>; <https://www.afd.fr/en/responding-bid-invitation>

preferably IFC safeguards. They do not need to have strong financial expertise but rather adaptability to be able to understand the LFP credit cycle and how it can be consistent with ESDD processes, as well as strong capacity and willingness for team work.

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 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 labour²¹ or child labour²².
3. Trade in wildlife or wildlife products regulated under CITES²³.
4. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
5. Any activity involving or requiring destruction²⁴ of Critical Habitat²⁵ 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 fibbers and products containing PCBs²⁶.
7. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances²⁷ 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 in²⁸:
 - weapons and/or munitions;
 - tobacco;
 - hard liquor for human consumption.
10. Gambling, casinos and any equivalent enterprises⁸⁺²⁹.

²¹ 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

²² 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.

²³ CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. (Washington, 1993).

²⁴ 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.

²⁵ 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.

²⁶ 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.

²⁷ 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.

²⁸ 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

²⁹ 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

11. Any business relating to pornography or prostitution.
12. Any activity involving significant alteration, damage or removal of any Critical Cultural Heritage³⁰.
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.
15. Any sector or service subject to United Nations, European Union and/or French embargo without any threshold.

³⁰ Is considered as « Critical Cultural Heritage » any part of cultural heritage acknowledged by international or national community for its historical, social or cultural interest.

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
1. Implementation of the Environment and Social Management System (ESMS)			
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 (<i>RSE</i>) / ISR (<i>RSI</i>) action awareness briefing for targeted individuals	Training certificate	E&S Controller	At the latest 2 months after first payment
2. Implementation fo the E&S Policy and approval			
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	E&S policy	Chairman / Board	6 months after first

Board	approved		payment
3. Definition and implementation of E&S procedure and tools in compliance with national standards			
Development of E&S procedure and tools (E&S projects classification tool, E&S risks valuation tool, E&S sectoral guides (if needed), E&S model clauses to insert in facility agreements, ...	Provision of tools	E&S Controller + monitoring committee + expert consultant	12 months after first payment
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
4. Internal training			
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
5. Implementation of E&S procedures and Consultant's validation assignment			
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
6. Monitoring			
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 LFPs

This template is indicative. AFD requires LFPs to submit an Annual E&S Monitoring Report covering at least the points listed in paragraph 3.1.4.

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			

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
---	---

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 LFPs, LFP'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 LFPs 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 LFP 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 programme 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 LFPs 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, LFPs, 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 LFPs 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 LFPs 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 LFPs will provide information on land requirements including existing land ownership and land use. AFD and LFP 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 LFPs 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 LFP 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 LFPs 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 LFPs 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 ownership (including customary and traditional rights under country's laws and policies)	Full replacement cost and relocation allowance.
	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	Owner of commercial or non-residential buildings/assets with registration or who	Cash compensation for non-residential building and

buildings/ asset loss	is identified in the census	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	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.

affected or to be relocated		
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 programme 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 LFPs 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 LFPs 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 programme's technical assistance (TA), specialists may be engaged to assist subproject developers and LFPs, 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 programme 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 LFPs 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 LFP 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 LFP 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. Analysis 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 Plan

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/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES

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