Environmental and Social Management System

Facilitating High Impact Climate Finance Investment Opportunities in Africa

Draft

August, 2016
# TABLE OF CONTENTS

1. INTRODUCTION ........................................................................................................... 2

2. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM ........................................ 4
   2.1. ENVIRONMENTAL AND SOCIAL POLICY .......................................................... 4
   2.2. GENDER POLICY ............................................................................................... 6
   2.3. SCOPE AND APPLICABLE REQUIREMENTS ................................................. 6
   2.4. E&S AND GENDER PROCEDURES .................................................................. 7
       2.4.1. INITIATION ............................................................................................... 7
       2.4.2. ENVIRONMENTAL AND SOCIAL DUE DILIGENCE ......................... 8
       2.4.3. LEGAL PROCEEDINGS ....................................................................... 10
       2.4.4. MONITORING AND REPORTING ....................................................... 10
   2.5. ORGANIZATION AND RESPONSIBILITIES ...................................................... 11
       2.5.1. BOARD RISK AND INVESTMENT COMMITTEE ............................. 11
       2.5.2. RISK MANAGEMENT .......................................................................... 11
       2.5.3. ENVIRONMENTAL AND SOCIAL RISK OFFICER ......................... 11
       2.5.4. BUSINESS ORIGINATORS ............................................................... 12
       2.5.5. INTERNAL AUDIT .................................................................................. 12
       2.5.6. EXTERNAL E&S CONSULTANTS .................................................... 12
3. DISCLAIMER .................................................................................................................. 13
4. ANNEX 1. AFC GENDER POLICY ............................................................................ 14
1 INTRODUCTION

To accelerate the development of climate friendly infrastructure projects in target countries in Africa, Africa Finance Corporation (AFC) aims to set up a programme (“Programme”) with co-investment from Global Climate Fund (GCF) that will be used to invest in large-scale, environmentally transformational projects in Africa.

Given the limited resources available to close the significant infrastructure deficit on the African continent, many institutions and governments are reluctant to invest in low carbon emission and energy efficient solutions necessary for resolving the infrastructure challenges, due to the relatively high investment costs of such solutions. Commercial investors have relatively high return expectations which are required to compensate them for the high operating costs and high risk environment. These factors do not incentivize investment in relatively more expensive lower carbon emission solutions for infrastructure projects.

The Programme will focus on infrastructure projects in the following sectors:

Power
Renewables such as solar, wind and hydro face a particularly high investment hurdle because they may not always be cost competitive with thermal plants and thus require higher tariffs. In spite of the recent decline in construction costs for renewables, the costs are still sufficiently high that they continue to constitute a barrier to investment, largely because the high cost of capital (return on equity and interest) in Africa still makes these projects very expensive to finance on a long-term basis.

Transport
Urban rail projects face development and execution delays and setbacks due to the significant capital investments required by Governments to make the projects bankable. The prohibitive development and construction costs coupled with insufficient legislation continues to make countries susceptible to limited economic growth and development as a result of the inability to develop connectivity infrastructure.

Heavy Industries
In the heavy industries sector technologies can be integrated to improve the efficiency of energy utilization and reduce the emissions of the plants either through co-generation or process improvements which reduce the amount of energy utilized or carbon based fuels required. In addition, use of renewable resources with replanting programs, such as forestry, pulp and paper, and biogas to power projects, have significant carbon reduction potential. However, the projects require investors to accept lower returns due to the capital expenditure required, making financing very challenging.

Telecoms Infrastructure
The telecoms sector in Africa is a significant power consumer and distributed generator of power with over 50,000 telecom towers on the African continent. These tower sites are nodes of power generation which are often disconnected from the grid and often use diesel generation. However with falling costs of solar hybrid energy solutions, several telecom infrastructure providers are implementing capital expenditure programs to replace diesel generation with hybrid energy. There is an opportunity to support this transition and encourage these firms to increase the capacity of the energy solutions to potential serve consumers beyond the tower.

**Target Countries**

In the long term, the Programme intends to target all countries in Africa. In its initial round of funding, the Programme will target investments in a subset of the following list of countries:

- Botswana
- Cameroun
- Cape Verde
- Cote d’Ivoire
- Democratic Republic of Congo
- Djibouti
- Egypt
- Ethiopia
- Gabon
- The Gambia
- Ghana
- Guinea-Bissau
- Kenya
- Liberia
- Nigeria
- Rwanda
- Sierra Leone
- South Africa
- Uganda
- Zambia

**Alignment with GCF Investment Criteria**

The proposed Programme will be aligned with the GCF investment criteria:

1. Climate Impact Potential: Large-scale deployment of low-emission sustainable infrastructure projects can mitigate negative impacts of climate change. For example an investment of US$100 million in renewable energy projects may reduce carbon emissions by as much as one million tonnes over an assumed life of 20 years.
2. Paradigm shift potential: Renewed and more innovative approaches to the development and investments facilitated by the private sector in sustainable
infrastructure projects. For example, large-scale deployment of low-emission electricity can reduce fossil fuel reliance and mitigate climate change. Reduced costs of capital are expected to make climate finance projects more cost-competitive. Also, innovative approaches as it relates to energy efficiency programs for new and existing infrastructure will have quantifiable impacts on the environment.

3. Sustainable development potential: The development of more climate finance infrastructure projects on the continent especially as it relates to the transport, heavy industries and telecoms infrastructure sectors (which together have more than 50% of the emissions impact) is expected to provide long term sustainable development impact in the local communities, which can be well-documented.

4. Needs of Recipient: Of an estimated investment need of US$93 billion per year across the continent, investment has been less than US$40 billion per year for several years, reflecting shallow capital markets, balance of payment problems and weak institutions, each in varying degrees in different countries in Africa.

5. Country ownership: Government support is one of AFC’s key investment criteria in large-scale infrastructure projects. As a practical matter, large-scale infrastructure projects must have significant government support to be successful in the long term.

6. Effectiveness and efficiency: This facility will target large and medium scale projects which are expected to provide substantial carbon emissions reduction benefits. For example, investment in renewable power projects may reduce emission by as much as 15kg of CO2 for each dollar of investment over a 20-year period (equivalent to approximately US$70/t of CO2). In power projects in many countries in sub-Saharan Africa, the CO2 reduction may be even greater because incremental generation replaces highly inefficient biomass energy sources.

For the purpose of the Programme, the AFC established this Environmental and Social Management System (ESMS). This ESMS details the policy, environmental and social (E&S) standards and procedures to be followed and adhered when investing in projects financed under this Programme.

2 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

2.1. ENVIRONMENTAL AND SOCIAL POLICY

Introduction

AFC is committed to identifying, managing and monitoring on an on-going basis environmental and social (E&S) risk in all areas of its business activities.

In practice, this means adhering to international standards and international best practice in the assessment and management of E&S risks and impacts.
AFC recognizes that the failure to identify and manage E&S risks can represent a serious threat to AFC's reputation and its business. Thus, adherence to the Corporation’s Environmental and Social Policy (the “Policy”) represents a fundamental objective for AFC in order to minimize the risk of damage to the Corporation’s business and reputation risk. Adherence also provides significant benefits to the Corporation, its clients and all stakeholders.

**Applicable Standards and Scope**

When relevant, the applicable standards will be internationally recognized IFC Performance Standards, ILO Conventions and environmental and social country law.

This ESMS is applicable to all transactions financed under this Programme. This ESMS is consistent in all material respects with AFC’s Policy, and therefore AFC has established procedures in place to ensure compliance with the ESMS.

**Approach**

Our commitment to managing environmental and social risks implies the following:

- When applicable, we will collaborate with our clients to meet international standards over time;
- We will not invest in activities that are listed on our Exclusion List;
- Environmental and Social risk assessment and management is integrated into our entire investment process, from pre-investment to exit, with enhanced processes for investments under the Programme;
- Where appropriate, we will engage with stakeholders directly, but usually through representatives of companies in which we invest;
- We will ensure that all investments through the Programme are consistent with the target country’s strategic priorities for financing low-emission and climate-resilient development across its economy;
- Our investments will have appropriate structures that provide appropriate oversight in the areas of audit, risk management and potential conflicts of interest;
- We have a zero tolerance to bribery and other improper payments to public officials in accordance to the U.S. Foreign Corrupt Practices Act, the OECD Anti – Bribery Convention and similar laws in other countries;
- We will encourage entities in which we have invested to manage their supply chain appropriately and in accordance with global best practice; and
- To ensure appropriate risk management of our portfolio and environmental and social E&S impacts resulting from our clients’ business activities, we will categorize our investments into “A” High Risk, “B” Medium Risk and “C” Low Risk categories and apply appropriate standards.

**Implementation of the Policy**
AFC has developed an Environmental and Social Risk Manual that details who does what, when and how as well as Tools for implementing this Policy.

This Policy will be implemented under the guidance of AFC’s Chief Risk Officer.

**Capacity Building**

As part of our commitment to on-going assessment and management of E&S risks, AFC will provide periodic training on environmental and social risk management to management and staff of the Corporation.

**On-going Monitoring**

Beyond compliance at the moment of investment, periodic investment monitoring reports will include updates on environmental and social performance.

**Policy Updates and Revision**

This Policy will be reviewed annually by AFC’s Risk Management department and recommended to Executive Management Committee for endorsement approval and Board Risk and Investment Committee for approval.

### 2.2. GENDER POLICY

Please see Annex 1.

### 2.3. SCOPE AND APPLICABLE REQUIREMENTS

The ESMS is applicable to **ALL** projects financed under this Programme.

AFC will ensure that all projects financed under this Programme will be evaluated against the following applicable E&S requirements:

- AFC Exclusion List;
- All applicable E&S legislation and regulations as stipulated by the country in which a project is located; and
- IFC Performance Standards.

Projects financed under this Programme must comply with the IFC Performance Standards and applicable World Bank EHS Guidelines over time.

The IFC Performance Standards applied to manage E&S risks and their impacts and to enhance development opportunities are listed below:
• Performance Standard 1: Social and Environmental Assessment and Management System
• Performance Standard 2: Labor and Working Conditions
• Performance Standard 3: Pollution Prevention and Abatement
• Performance Standard 4: Community Health, Safety and Security
• Performance Standard 5: Land Acquisition and Involuntary Resettlement
• Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management
• Performance Standard 7: Indigenous Peoples
• Performance Standard 8: Cultural Heritage

Additionally, all projects financed under this Programme will be assessed and monitored for their impact on gender in line with GCF’s Gender Policy and in line with the AFC’s Gender Policy (See Annex 1.)

AFC will contractually bind all its Clients to fully comply with its E&S Policy, its Gender Policy and also with its E&S Applicable Requirements.

2.4. E&S AND GENDER PROCEDURES

AFC fully incorporates the IFC Performance Standards into all of its E&S Procedures and these standards and procedures fundamentally govern this ESMS. Additionally, for all projects financed under this Programme a socioeconomic and gender assessment will be conducted. Adequate information regarding the projects will be will be publicly disclosed in a timely manner.

The main objectives of the E&S and Gender Procedures are:

• To identify and assess E&S and Gender impacts, both adverse and beneficial, in the project’s area of influence;
• To avoid, or where avoidance is not possible, minimize, mitigate, or compensate for adverse impacts on workers, affected communities, and the environment; and
• To promote improved E&S and Gender performance of client companies.

The E&S and Gender Procedures will be integrated into the entire investment process under the Programme, from pre-investment to exit:

2.4.1. INITIATION

Initially, the Business Officers (BO) will apply AFC’s Exclusion List to each potential investment or project. If the project involves an excluded activity, the prospective Client will be so informed, and further consideration of financing for the project will be terminated.
Otherwise, the BOs will proceed with the project. Using a Categorization Tool, the BOs will preliminarily assign the E&S Category according to the project’s potential E&S risks and impacts and indicate E&S Applicable Requirements.

The BOs will apply the following definitions while categorizing the projects:

<table>
<thead>
<tr>
<th>E&amp;S Risks and Impacts</th>
<th>High Risk (Category A)</th>
<th>Medium Risk (Category B)</th>
<th>Low Risk (Category C)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Projects with significant adverse E&amp;S impacts that are diverse, irrevocable, or unprecedented. These impacts cannot be mitigated or remedied or can only be so at significant cost.</td>
<td>Projects with limited potential adverse E&amp;S impacts that are site-specific and may be readily addressed through mitigation measures.</td>
<td>Projects with minimal or no adverse E&amp;S risks or impacts.</td>
</tr>
</tbody>
</table>

The assigned E&S Category will be confirmed by Environmental and Social Risk Officer (ESRO). The appropriate E&S Category designation will also be reviewed by AFC’s Sub Investment Committee (SUB-INVESTCO) as part of its approval process. Both the ESRO and the SUB-INVESTCO will have the right to override the Category, if deemed appropriate.

The Client will be appropriately notified about the assigned Project’s E&S Category, Applicable Requirements, as well as the depth of an Environmental & Social Due Diligence (ESDD) that needs to be undertaken as part of its appraisal process.

2.4.2. ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

E&S Due Diligence

Depending on the complexity and the E&S Category of the project, the ESDD can be a desk review, can include site visit or require a full scale review conducted by a technically qualified person or E&S consultant.

AFC may request the Client to provide relevant E&S information and data in the form of:

- AFC’s E&S Due Diligence Questionnaire;
- AFC’s Sector-Specific Questionnaire;
- Environmental and Social Impact Assessment (ESIA) and other supporting documents (i.e. copies of E&S Audits;) or specific assessments (i.e. Human
Rights Impact Assessment, Gender Impact Assessment, Socioeconomic Assessment; 
- Client’s E&S Policy and Procedures; 
- E&S-relevant Certifications (i.e. ISO 14001, OHSAS 18001, SA8000); and 
- Other documents, if deemed relevant and necessary.

AFC may also require that the Client conducts or commissions to conduct a project benchmarking to the international standards (i.e. IFC Performance Standards and other standards, if deemed appropriate).

Site visits to the Category A projects by a qualified E&S expert will be compulsory.

As a result of the E&S Due Diligence, the level of Client’s compliance with the Applicable Requirements will be determined and a Client Environmental and Social Action Plan (CESAP) will be developed. The CESAP will specify all of the necessary actions, deliverables, timelines, responsibilities and the budget to bring a project into compliance with the Applicable Requirements. This CESAP will have to be agreed on with the Client in order for the investment to proceed.

**Socioeconomic and Gender Assessment**

A complementary Socioeconomic and Gender Assessment will be required for all projects financed under this Programme. This assessment will examine the specific local context and background of women in the regions where projects are located with information gathered throughout the project cycle, from design to monitoring and evaluation.

The aim of this assessment will be to:
b) collect baseline data (determine how the projects can respond to the needs of women and men in view of the specific climate change issues, identify the drivers of change and the gender dynamics in order to achieve the project’s adaptation or mitigation goals, identify and design the specific gender elements to be included in the project’s activities, estimate the implementation budget, select output, outcome and impact indicators, and design project’s implementation and monitoring approach);
c) ensure gender equitable stakeholders’ consultations;
d) include gender perspective; and

d) screen the projects for gender sensitivity from initial investment to exit.

To achieve this objective AFC will use a number of guidelines, toolkits and sourcebooks available in public sources and will develop a Gender Action Plan (GAP) to complement the Client Environmental and Social Action Plan (CESAP) to be implemented by the Client.

**Client Environmental, Social and Gender Action Plan (CES&GAP)**
An Environmental and Social Action Plan and Gender Action Plan combined will be referred to as Client Environmental, Social and Gender Action Plan (CES&GAP).

**Public Disclosure**

AFC will disclose and announce to the public:

- in case of Category A projects, the Environmental and Social Impacts Assessment (ESIA) and an Environmental and Social Management Plan (ESMP) at least 120 days in advance of the first investment disbursement;
- in the case of Category B projects, the ESIA and an Environmental and Social Management Plan (ESMP) at least 30 days in advance of the first investment disbursement;
- in the case of Category FI-A projects, the Environmental and Social Management System (ESMS) at least 120 days in advance of the first investment disbursement; and
- in the case of Category FI-B projects, the ESMS at least 30 days in advance of the first investment disbursement.

Projects that do not have any significant environmental or social impact (i.e. Category C project or Category FI-C) shall not require any additional advance information disclosure.

The reports will be available in both English and the local language (if not English). The reports will be available via electronic links on both the AFC’s and the GCF’s website as well as in locations convenient to affected peoples.

**AFC’s Investment Decision**

AFC’s decision makers (BRIC and EXCO) will be systematically informed about the project’s potential E&S and Gender risks and impacts as well as about the Client’s commitment and capacity to manage and mitigate them.

**2.4.3. LEGAL PROCEEDINGS**

All investment agreements of projects financed under this Programme will contain appropriate environmental, social and gender representations, warranties, and covenants requiring that projects are in compliance in all material respects with host country environmental, health, safety and social requirements.
Additionally, projects financed under this Programme will be required to comply with the IFC Performance Standards and the World Bank Environmental, Health and Safety (EHS) Guidelines.

The investment agreements may include the following representations, warranties, and covenants:

- Compliance with the AFC’s Exclusion List (always applicable);
- Compliance with the E&S provisions including compliance and implementation of CES&GAP;
- Compliance with the IFC Performance Standards and the World Bank EHS Guidelines;
- E&S Conditions to be fulfilled prior to disbursement(s);
- E&S Conditions to be fulfilled on best efforts basis;
- Project status reports to be submitted to AFC and GCF by the Client (i.e. in a prescribed format, implementation progress of the CES&GAP, and ad hoc in case of serious relevant E&S events); and
- Other appropriate environmental, social or gender representations, warranties, and covenants, if deemed appropriate and necessary.

2.4.4. MONITORING AND REPORTING

E&S and Gender performance of the Client will be evaluated on an annual basis, including status of implementation of the CES&GAP. The benchmark for performance will be the ongoing compliance against the Applicable Requirements.

Performance evaluation will be undertaken by either the BO or the ESRO, depending on the project’s assigned E&S Category and its risks and impacts. Projects site visits by the BO, ESRO or independent qualified E&S consultants will be undertaken, if necessary.

Independent monitoring conducted by qualified E&S experts will be undertaken, if deemed necessary.

The Client will provide project status reports to AFC in the form and frequency as agreed on in investment agreements. This may take the form of reports in a prescribed format, reports on the implementation progress of the CES&GAP, audit reports, independent review reports and ad hoc in case of serious adverse E&S events.

2.5. ORGANIZATION AND RESPONSIBILITIES

2.5.1. BOARD RISK AND INVESTMENT COMMITTEE
The Board of Directors (BoD), acting through Board Risk and Investment Committee (BRIC), is responsible for the approval, review and supervision of AFC’s E&S Policy [and, by extension, this ESMS].

AFC’s Executive Committee (EXCO) is responsible for ensuring compliance with the Policy [and, by extension, this ESMS] by AFC’s business units, under the supervision of BRIC.

2.5.2. RISK MANAGEMENT

The Chief Risk Officer (CRO) is also the E&S Manager. He is responsible for the corporation’s adherence to the AFC’s E&S Policy and Gender Policy and this ESMS. The E&S Manager bears the overall responsibility for the implementation of the E&S and Gender Policy and this ESMS.

In particular the E&S Manager is in charge of:

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

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

2.5.3. ENVIRONMENTAL AND SOCIAL RISK OFFICER

The Environmental and Social Risk Officer (ESRO) is in charge of the day-to-day business with regard to the ESMS. In particular and in line with procedures, the ESRO validates the E&S categorization of each eligible project, and carries out the ESDD for high risk projects. He ensures that decision makers are systematically informed about the E&S risks and impacts. The ESRO directly reports to the E&S Manager.

2.5.4. BUSINESS ORIGINATORS

The business originators (BO)s propose each project’s E&S Category and indicate the ESDD in accordance with the Applicable Requirements. BOs have the overall responsibility to obtain the necessary information from the Client.
2.5.5. INTERNAL AUDIT

Internal Audit is responsible for ensuring that AFC adheres to its own E&S and Gender Policy [and this ESMS]. It does so by arranging for, and supervising, independent consultants to carry out periodic transaction sample inspections, in order to ensure compliance. The modalities for arranging and supervising independent consultants to carry out periodic transaction sample inspections will feature in its annual Audit Plan.

2.5.6. EXTERNAL E&S CONSULTANTS

External E&S Consultants will be commissioned in case AFC intends to finance projects with high E&S risks and impacts (Category A projects) and the information provided by the Client is not sufficient to determine to which degree the Client is complying with the Applicable Requirements (to be decided on a case-by-case basis in consultation with GCF staff).

3 DISCLAIMER

AFC views its E&S Policy, its Gender Policy and this ESMS as a financial industry benchmark for developing individual, internal E&S policies, procedures, and practices. As with all procedures, this does not create any rights in, or liability to, any person, public or private. AFC is adopting and implementing its Policies and Procedures voluntarily and independently, without reliance on or recourse to other supranational financial institutions.
# ANNEX 1. AFC GENDER POLICY

## AFC GENDER POLICY

### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Purpose</td>
<td>15</td>
</tr>
<tr>
<td>2  Definition of Terms</td>
<td>15</td>
</tr>
<tr>
<td>2.1  Gender</td>
<td>15</td>
</tr>
<tr>
<td>2.2  Gender Equity</td>
<td>15</td>
</tr>
<tr>
<td>2.3  Gender Analysis</td>
<td>15</td>
</tr>
<tr>
<td>2.4  Guiding Principles</td>
<td>15</td>
</tr>
<tr>
<td>3  Gender Equity in People Management Practices</td>
<td>16</td>
</tr>
<tr>
<td>3.1  Recruitment and Selection</td>
<td>16</td>
</tr>
<tr>
<td>3.2  Employee Development</td>
<td>16</td>
</tr>
<tr>
<td>3.3  Reward and Recognition</td>
<td>16</td>
</tr>
<tr>
<td>3.4  Work Place</td>
<td>17</td>
</tr>
<tr>
<td>3.5  Gender Balance in Management and Governance Roles</td>
<td>17</td>
</tr>
<tr>
<td>3.6  Work Life Balance initiatives for Gender Specific Roles</td>
<td>17</td>
</tr>
<tr>
<td>4  Health and Safety</td>
<td>18</td>
</tr>
<tr>
<td>5  Sexual Harassment</td>
<td>18</td>
</tr>
<tr>
<td>6  Gender Considerations in AFC’s Investment Activities</td>
<td>18</td>
</tr>
<tr>
<td>6.1  Applicable Standards and Scope for Project Financing</td>
<td>18</td>
</tr>
<tr>
<td>6.2  Approach</td>
<td>18</td>
</tr>
<tr>
<td>6.3  Ongoing Monitoring</td>
<td>19</td>
</tr>
<tr>
<td>7  Gender Equity Considerations in Corporate Social Responsibility</td>
<td>19</td>
</tr>
<tr>
<td>8  Gender Considerations in Communication</td>
<td>19</td>
</tr>
<tr>
<td>9  Gender Policy Enforcement</td>
<td>19</td>
</tr>
<tr>
<td>10 Policy Updates or Revision</td>
<td>20</td>
</tr>
</tbody>
</table>
1. **PURPOSE**

As a supranational organisation, AFC recognises the need to promote an equal opportunity organisation which fosters gender balance, neutrality and addresses gender sensitivities. To this end, the gender policy has been developed to promote a fair, reasonable, nondiscriminatory and consistent approach in treating all employees equitably regardless of their sex, age, marital status, gender, race/ nationality, disability, religion, political opinion, sexual orientation, personal lifestyle or other factors.

2. **DEFINITION OF TERMS**

   a. **Gender**

   Gender refers to the social attributes associated with being born male or female. Based on social constructs, gender has significantly influenced what is expected, allowed and valued in male and female across all ages. Invariably, gender goes beyond biological differences between men and women and includes the ways the differences have influenced access to opportunities, responsibilities and resources which typically leads to inequalities.

   b. **Gender Equity**

   Gender equity refers to a deliberate recognition of the varying interests, needs and priorities of both women and men and the application of appropriate consideration of these differences without discrimination.

   c. **Gender Analysis**

   Gender analysis refers to the variety of methods used to understand the relationships between men and women, their access to resources, their activities, and the constraints they face relative to each other. It also covers the process of analysing the impact of a policy, program or project on a gender relative to the other.

   d. **Guiding Principles**

   The gender policy highlights specific areas which AFC will strive to pay unabated attention in order to achieve gender equity and neutrality across all business and people management practices in the Corporation. It seeks to address the social and cultural nuances
as well as individual mental constructs which foster gender inequity by formulating policies to directly tackle them.

This document contains key gender related policies covering several critical aspects of people management practices in the Africa Finance Corporation.

3. GENDER EQUITY IN PEOPLE MANAGEMENT PRACTICES

a. Recruitment and Selection

AFC shall endeavour to undertake concrete and verifiable efforts which ensures that recruitment is carried out on a fair and non-discriminatory basis. Such efforts includes but not limited to; engaging the use of varying advertising media with maximal reach, ensuring gender balance in interview panel as well as deploying nondiscriminatory and equal opportunity based strategies in the assessment and selection of employees.

In addition, to the extent possible, AFC shall strive to deploy appropriate measures to identify gender imbalance across the organisation and address the imbalance across functions, departments and divisions.

b. Employee Development

AFC shall strive to ensure that all employees are offered equal opportunities to appropriate learning and development opportunities required for the employee's development regardless of age, gender, marital status, nationality, etc. Such opportunities includes but not limited to formal and informal training, international exposure through travels, secondments, exchange programs, networking events, client development opportunities, coaching and mentoring programs, etc.

Specifically, AFC shall strive to eliminate assumptions on the basis of gender and age to ensure that all employees have equal opportunities for development.

c. Reward and Recognition

In valuing the contributions of employees for the purpose of reward and recognition, AFC shall strive to adopt and deploy deliberate
measures to ensure that stereotyping and discrimination on the basis of gender, age or other factors are eliminated.

d. Work Place

AFC shall endeavour to foster a workplace environment which provides a safe and non-threatening space where women and men are respected, free and able to express their views. In addition, AFC shall ensure gender equity in the allocation of office resources such as office work space, parking space and other applicable resources.

e. Gender Balance in Management and Governance Roles

To the extent possible, AFC shall strive to achieve a gender neutral leadership by taking deliberate measures to maintain the balance between men and women in decision making roles across the corporate board of directors, executive management and other levels of management.

In this regard, AFC shall review and set periodic goals towards raising the number of any gender which is found to be underrepresented across the decision making roles.

f. Work Life Balance initiatives for Gender Specific Roles

AFC shall strive to continually develop appropriate policies to support work life balance of employees across key areas of personal and professional life. Examples of such policies currently applied in AFC are as follows:

- Maternity leave with full compensation for a period not exceeding twelve (12) weeks will be granted to female members of staff who have been confirmed and have spent a minimum of one (1) year at the time of making the application for the leave;
- Paternity leave with full compensation for a maximum of five (5) working days shall be granted to confirmed male employees to enable such employees attend to family commitments within six (6) months of the delivery of the baby;
- Upon resumption from maternity, nursing mothers shall be entitled to one hour after resumption and one hour before closing time off each working day for a period of three months i.e. 9am-4pm;
• Unconfirmed female employees requesting for maternity leave shall be required to obtain the CEO’s approval for a leave of absence without pay to cover the maternity period.

4. HEALTH AND SAFETY

AFC shall strive to develop and implement appropriate policies to address the health, safety and wellbeing of all employees. To the extent possible, deliberate measures shall also be enforced to address areas of gender vulnerabilities in the area of Health, safety and freedom from violence. For example, AFC shall ensure that:

• All employees have access to information on gender related health conditions by organising health sessions to address such peculiar health conditions across genders;
• Ensure the safety of male and female employees and vendors in the workplace and during company related travels; and
• Address unsafe working conditions by providing protection from exposure to hazardous or toxic chemicals in the workplace which could affect the health of men and women, including reproductive health.

5. SEXUAL HARASSMENT

AFC shall effectively address a breach of its sexual harassment policy to ensure that all forms of sexual harassment including gender based sexual harassments such as condescending/ derogatory language, stalking, victimisation resulting from dress code preference etc. are discouraged amongst AFC employees.

6. GENDER CONSIDERATIONS IN AFC’S INVESTMENT ACTIVITIES

a. Applicable Standards and Scope for Project Financing

AFC will strive to support investee companies in their path to implementing gender equity policies that are consistent with AFC’s Gender Policy. As much as possible, AFC would actively encourage its investee companies to provide:

• Equity of economic opportunities; and
• Equity of access to finance and support to female sponsors.

b. Approach
AFC’s commitment to gender policy as it relates to its investment activities, implies the following:

- To the extent possible, AFC shall work towards conducting gender analysis to ensure that gender issues are addressed as part of its investment process;
- Encourage entities in which we have invested to educate their supply chain in managing gender equity in accordance with global best practice;
- Gender equity assessment is integrated into the AFC Investment process;
- AFC shall not establish business relationships with organisations that condone, support or otherwise participate in trafficking, including labour or sexual exploitation; and
- Environmental and social action plans would include sex disaggregated data.

c. **Ongoing Monitoring**

Periodic investment monitoring reports shall include updates on gender equity.

7. **GENDER EQUITY CONSIDERATIONS IN CORPORATE SOCIAL RESPONSIBILITY**

AFC shall strive to support CSR initiatives geared towards gender equity and women empowerment. Specifically, AFC shall consider CSR initiatives geared towards education, health, infrastructure development and other initiatives which promote gender equity.

8. **GENDER CONSIDERATIONS IN COMMUNICATION**

AFC shall strive to ensure that all communications/publications released by the corporation have the following characteristics:

- Gender balance across contributors to the publication;
- Use of images which reflect gender equity;
- Use of gender sensitive language;
- Lack of gender stereotyping in the presentation of information; and
- Adoption of distribution strategies which ensure that all gender has access to the communication.

9. **GENDER POLICY ENFORCEMENT**
• Any employee found in breach of the gender and inclusion policy shall be subject to AFC’s disciplinary committee, the outcome of which could lead to suspension or dismissal based on the severity of the issue. In addition, AFC shall promote a nonretaliatory policy to enable employees freely express their grievances;
• The AFC gender policy shall be communicated and readily available to all AFC employees. In addition, AFC shall continually identify and address gender issues within the Corporation; and
• AFC shall strive to ensure that every employee is educated on gender and inclusion concerns through formal and informal training activities.

10. POLICY UPDATES OR REVISION

This Policy will be reviewed annually by AFC’s Human Resource department and proposed amendments recommended to Executive Management Committee for endorsement approval and Board Risk and Investment Committee for approval.