<table>
<thead>
<tr>
<th>Document Title</th>
<th>AFAP ESMS</th>
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<td>Date of Approval</td>
<td>October 2020</td>
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1. Introduction

The vision of the African Fertilizer and Agribusiness Partnership (“AFAP”) is to position the organization as an effective catalyst of agricultural productivity with smallholder farmers, governments, Regional Economic Communities and SMEs for a prosperous Africa.

AFAP’s core business is to support SME agro-dealers to improve their business viability, integrate them into mutually supportive agro-dealer networks and increase fertilizer flows along the value chain by ensuring that farmers have affordable, timely and reliable access to improved and appropriate fertilizer. AFAP is the recipient of a grant from the Africa Fertilizer Financing Mechanism (AFFM). The objective of the grant is to ensure availability and affordability of financing for the fertilizer value chain through the provision of credit guarantees to address the lack of affordable financing for the fertilizer value chain.

The preparation of this ESMS is to assist AFAP in meeting the internationally accepted environmental and social management requirements of working with and supporting SME agro-dealers and other players in the fertilizer value chain in the countries where it operates.

This ESMS principally:

- Is consistent with the AfDB’s Integrated Safeguard System’s (ISS) operational safeguards, the EIA Procedures and Environmental Assessment Regulations off Nigeria and Tanzania;
- Identifies and manages the corporate and operational risks of AFAP’s activities;
- Demonstrates the management commitment, organizational capacity, resources and expertise requirement and availability to implement the ESMS; and
- Will be disclosed to the public in Nigeria and Tanzania, as well as AFAP’s website.
2. Corporate E&S Policy and management commitment

Policy Statement
AFAP as an organization in the agriculture inputs and agribusiness value chain is committed to embedding environmental and social risk management practices into its operations and those of the fertilizer suppliers and hub-agrodealers it works with in the value chain. Our goal is to promote a culture that embraces environmental sustainability and social inclusiveness. As such, we will develop, implement, and maintain an Environmental and Social Management System (ESMS) that promotes operational effectiveness and regulatory compliance.

Policy Objectives
➢ Our ESMS will act as a guide and decision-making tool to ensure that:
  ▪ We remain carbon neutral and prevent pollution by identifying and managing the risks associated with the fertilizer supply and distribution activities of the supplies and hub-agrodealers we work with
  ▪ We comply with National and International environmental and social laws, policies, regulations, standards, and best practices
  ▪ We monitor the effectiveness of the implementation of actions of our employees and the fertilizer suppliers and agrodealers we work with to ensure compliance and continuous improvement
  
➢ We provide guidelines to conduct our business in a manner that will promote and protect the health and safety of employees, the value chain and the general public
➢ We promote greater transparency and accountability on environmental and social issues internally and externally through disclosure and reporting
➢ We provide community-based incentives and effective grievance redress mechanism for our employees

Management Commitment
Management commits to, and supports the implementing our ESMS as follows:

➢ We approve the contents of this ESMS
➢ We shall provide all the resources required to ensure the ESMS achieves all the objectives above
➢ We shall work with the entire value chain to promote environmental sustainability and social inclusiveness
➢ Our business shall be guided by prescribed environmental and social practices in the agricultural sector as provided by relevant international organizations, regional bodies and member countries where we operate.

Signed

Jason Scarpone
President & CEO, AFAP
October, 2020
3. Institutional and Legal Framework in Nigeria and Tanzania

The implementation of this ESMS in the fertilizer and agribusiness sector by AFAP across all the countries where it operates will be underpinned by a suite of standards, policies, laws, regulations and best practices, collectively referred to as institutional and legal frameworks.

Institutional Arrangements

The institutional arrangements for E&S risk management involves government departments and agencies responsible for environmental protection and regulation across different business sectors. These include:

Nigeria

Federal Ministry of Environment

The Ministry is the competent authority with the mandate to coordinate environmental protection and natural resource conservation for sustainable development in Nigeria. The ministry oversees the implementation of legislation such as the EIA Act of 1992, which covers the risk assessment of projects as well as categorization and disclosure of E&S instruments. The ministry will be responsible for approving the categorizations and location-specific E&S documents of subprojects in Nigeria. It will also issue certificates of compliance to E&S studies that meet the requirements of the Federal Republic of Nigeria. All AFAP-supported operation in Nigeria that meet defined thresholds in the categorization process, and whose operations require such studies shall be subjected the governance and oversight of this ministry.

National Environmental Standards and Regulations Enforcement Agency (NESREA)

NESREA was established by the NESREA Act of 30th July 2007 as an Agency of the FMEnv. NESREA is charged with the responsibility of enforcing all environmental laws, guidelines, policies, standards and regulations in Nigeria. It also has the responsibility to enforce compliance with provisions of international agreements, protocols, conventions and treaties on the environment to which Nigeria is a party. All legal provisions that pertain to environmental protection in Nigeria as well as the international conventions and protocols are enforced by NESREA. The implementation of ESMPs and auditing of subprojects across AFAP’s subprojects within Nigeria shall be coordinated by NESREA.

Ministry of Agriculture and Rural Development

The Federal Ministry of Agriculture and Rural Development (FMARD), is a Ministry of the Nigerian government that regulates agricultural research, agriculture and natural resources, forestry and veterinary research all over Nigeria. The vision of the Ministry is to grow Nigeria’s agricultural sector. Specifically, the vision is to “achieve a hunger-free Nigeria through an agricultural sector that drives income growth, accelerates achievement of food and nutritional security, generates employment and transforms Nigeria into a leading player in global food markets to grow wealth for millions of farmers”. One of the ways to achieve
this is to develop agribusiness that will ensure greater increase in agricultural products for both local use and export through the development of fertilizer value chain as one of the most critical input.

**Tanzania**

**Division of Environment, Office of Vice President**

In Tanzania, the Office of the Vice President is responsible for the environment. This office, using the Division of Environment, is responsible for the development of policy options, and coordination of the broad-based environmental programmes and projects. It is also responsible for facilitating meaningful involvement of civil society in environmental activities. In particular, the office is charged with the duties and responsibilities of environmental research, environmental policy making, environmental planning, environmental monitoring, and environmental coordination of both national and international environmental issues.

**National Environment Management Council**

The National Environment Management Council (NEMC) was created through an act of parliament in 1983 to demonstrate the government’s interest in development that takes the environment into consideration. NEMC was created for the purpose of ‘acting as an advisory body to the government on all matters relating to the environment.’ In its advisory capacity, NEMC was to formulate and recommend policy; coordinate activities; evaluate and improve existing policies; stimulate public and private participation in programmes and activities for national beneficial use of natural resources; specify standards and norms; establish and operate a system of documentation; formulate proposals for legislation; establish and maintain liaison in other national and international organisations; and undertake general environmental education programmes.

The council also have specific duties to ‘consider means and initiate the steps for the protection of the environment and for preventing, controlling, abating or mitigating pollution, carrying out investigations into the problems of environmental management.

**Legal Framework**

**Nigeria**

Nigeria’s legal framework for environmental protection and social inclusiveness encompasses laws and regulations enacted by the Government to protect the environment and ensure social equity from the adverse impacts of development projects.

Some of the laws and regulations that borders on the activities of the fertilizer value chain include:
• The constitution of the Federal Republic of Nigeria (1999). All AFAP operations in Nigeria shall be in accordance to the precepts of the constitution of the Federal Republic of Nigeria.

• EIA Act Cap E12 LFN 2004: This Act requires every major development in Nigeria to be subjected to Environmental Impact Assessment Process which will cover environmental and social risk assessment. All AFAP’s operations or projects to be supported in Nigeria shall consider the provisions of the EIA act of 2004 and comply according to the screening and categorisation of the project.

• Land Use Act CAP L5 LFN 2004: The law establishes the legal framework for government expropriation of land from individuals and communities, when it is required for “overriding public interest/good”. It prescribes the circumstances under which the State can revoke rights of occupancy to the land and the compensation provisions that are required. Land acquisition for subprojects across the country will have to comply with the provisions of the Land use Act within the country system.

• Employee's Compensation Act, 2010: The Act provides compensation to employees who suffer from occupational diseases or sustain injuries arising from accidents at their workplace or in the course of employment. Payment of compensation (to the worker or to his dependents in case of death) by the employer is rooted in the accepted principle that the employer has a duty of care to protect the health, welfare and safety of workers at work. This act will also be implemented across all projects supported by AFAP within Nigeria.

• National Fertilizer Quality Control Act, 2019: National Fertilizer Quality Control Act 2019 is a vital component of the Agricultural Policy in Nigeria to reposition the Nigerian economy from oil and gas to agribusiness. The Act aims to safeguard and protect the interest of the entire Fertilizer value chain players such as manufacturers, producers, blenders, importers, distributors and the end-user farmers in Nigeria. The Act provides an enabling environment for Fertilizer enterprises to grow including the protection of investment in the Agric sector and assured that farmers get value for every kobo spent on buying Fertilizer for their farms.

• National Environmental Protection (Management of Solid and Hazardous Wastes) Regulations, 1991: Schedule 12 and 13 of the Regulations provide a comprehensive list of all waste deemed to be hazardous and dangerous as well as their management strategies. All AFAP’s subprojects in Nigeria shall adhere to the provisions of this regulation in their operations.

• National Environmental (Sanitation and Wastes Control) Regulations, 2009: To complement the 1991 regulations, this regulation covers sanitation and waste control. Part 3 of the Regulations states that all owners or occupiers of premises shall provide waste receptacles for storage before collection by licensed waste managers.

• National Environmental (Surface & Groundwater Quality Control) Regulations 2011: The Regulations also include amongst others, the application and general provisions...
of water quality standards for various uses such as agriculture, industrial, aquatic life and recreation.

Tanzania

The National Environment Management Council Act, 1983
The National Environment Management Council (NEMC) was created through an act of parliament in 1983 to demonstrate the government’s interest in development that takes the environment into consideration. NEMC was created for the purpose of ‘acting as an advisory body to the government on all matters relating to the environment.’ In its advisory capacity, NEMC was to formulate and recommend policy; coordinate activities; evaluate and improve existing policies; stimulate public and private participation in programmes and activities for national beneficial use of natural resources; specify standards and norms; establish and operate a system of documentation; formulate proposals for legislation; establish and maintain liaison in other national and international organisations; and undertake general environmental education programmes.

The council also have specific duties to ‘consider means and initiate the steps for the protection of the environment and for preventing, controlling, abating or mitigating pollution, carrying out investigations into the problems of environmental management.

The Environmental Management Act, 20 of 2004
The Environmental Management Act was passed by the National Assembly in 2004 and in the beginning of 2005 the President assented to the Act. The Act repealed and replaced the National Environment Management Council Act, 1983. This Act is a framework Act (a comprehensive umbrella) in that it is the legislation governing environmental aspects in Tanzania.

The Act includes provisions for; legal and institutional framework for sustainable management of environment; an outline principle for management, impact and risk assessments, prevention and control of pollution, waste management, environmental quality standards, public participation, compliance and enforcement; and the basis for implementation of international instruments on environment. However, the Act further repeals the National Environment Management Act, 1983 and provides for the continued existence of the National Environment Management Council; and provides for the establishment of the National Environmental Trust Fund to provide for other related matters.

Additionally, the Act establishes a national Environmental Regulatory Body (ERB), which oversees Environmental Units (EUs) at district and sectoral levels. The ERB and EUs are responsible for screening projects and the review of environmental impact assessment (EIA) reports. The ERB is to be consulted during scoping, although this is the responsibility of the proponent. ERB is also responsible for approving terms of reference prepared after scoping.

National Environmental Policy 1997
The National Environmental Policy, 1997 provides a framework for making fundamental changes that are needed to bring environmental considerations into the mainstream of decision-making in Tanzania. It also seeks to provide policy guidelines and plans and gives
guidance to the determination of priority actions, for monitoring and regular review of policies, plans, and programmes. It further provides for sectoral and cross-sectoral policy analysis thus exploiting synergies among sectors and interested groups.

The overall objectives of the National Environmental Policy are, therefore, to ensure sustainable and equitable use of resources without degrading the environment or risking health or safety; to prevent and control degradation of land, water, vegetation, and air which constitute the essential life support systems; to conserve and enhance natural and man-made heritage, including the biological diversity of the unique ecosystems of Tanzania; to improve the condition and productivity of degraded areas including rural and urban settlements in order that all Tanzanians may live in safe, productive and aesthetically pleasing surroundings; to raise public awareness; to promote individual and community participation; and to promote international cooperation.

Other applicable environmental and social standards and guidelines relevant to the strategic thrust and operationalization of this ESMS include:

1. **DFI Safeguards Standards – The AfDB ISS, the World Bank Group EHS Guidelines**

   The Integrated Safeguards System (ISS) of the AfDB is the cornerstone of the Bank’s support for inclusive economic growth and environmental sustainability in Africa. The ISS is designed to promote the sustainability of project outcomes by protecting the environment and people from the potentially adverse impacts of projects. This requires that all the projects will comply with the safeguard requirements of the ISS during subprojects preparation and implementation. The AfDB ISS applies on all of AFAP’s operations. Since the screening and categorization process of this ESMS is benchmarked against the ISS, the latter will be elucidated further.

   The World Bank EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP) and are referred to in the World Bank’s Environmental and Social Framework and in IFC’s Performance Standards. The EHS Guidelines contain the performance levels and measures that are normally acceptable to the World Bank Group, and that are generally considered to be achievable in new facilities at reasonable costs by existing technology. The World Bank Group requires borrowers/clients to apply the relevant levels or measures of the EHS Guidelines to all projects that will be supported by funds from the World Bank. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects will be required to achieve whichever is more stringent.

2. **The Fertilizer Industry Code of Practice**: The international code of conduct for the sustainable use and management of fertilizers published by the FAO 2019. Article 7 of the Code stated the responsibilities of all the actors in Fertilizer value chain from the Government to the fertilizer industries and the users. Adoption of these codes by AFAP across all her areas of operations shall enhance the sustainability of AFAP’s environmental and social commitments.
4. Potential Environmental and Social risks associated with AFAP’s operations
AFAP recognizes that there are a number of environmental and social issues that cut across the fertilizer and agribusiness sector. These include: Land related issues, labour conditions, use of energy, emissions into the air, water and soil pollution among others. Accordingly, this ESMS has been prepared to ensure that all emerging risks are identified and adequately addressed throughout the investment cycle. AFAP acknowledges that if the E&S issues are not identified and mitigated, they may compromise the quality of the environment, adversely impact on its operational cost, business efficiency, as well as its reputation.

Some of these impacts include:

**Collateral/Guarantee Risk:** Reduction in the value of the collateral associated with transactions/subprojects due to E&S risks.

**Legal Risk:** E&S Impacts which result in any legal disputes/actions against subprojects, thereby indirectly affecting AFAP.

**Credit/Financial Risk:** Subprojects unwilling or unable to fulfil contractual obligations from E&S issues e.g. civil liability, impaired solvency, settlements etc.

**Funding Risk:** Poor guarantee and support practices resulting in AFAP not being eligible for financing from Development Financial Institutions.

**Liability Risk:** Foreclosure and responsible for E&S liabilities with an asset used as a guarantee, joint liability, internal assets required.

**Reputational Risks:** Risk of negative publicity associated with AFAP’s programmes and project support which may affect AFAP’s brand, share value and image.

5. Application of AFAP’s Corporate Environmental and Social Policy on subprojects
In order to meet the requirements of the E&S policy, AFAP has set the following operational requirements for all its subprojects:

• Screen all subprojects to be supported by AFAP against the Exclusion List (Appendix II).
• Screen all subprojects for E&S impacts and benefits prior to approving any finances through a well-defined due diligence analysis and decision-making process.
• Ensure subprojects comply with national and international environment, social, health and safety regulations applicable to such operations.
• Ensure AFAP supports and invests only in socially inclusive and environmentally sustainable subprojects;
• Ensure conformity with the AFAP E&S policy as defined in this ESMS by all subprojects and business partners;
• Ensure that subprojects are proactive in taking measures that prevent or avoid E&S impacts that may result in future liabilities or insurance claims. This can be achieved
through providing guidance to the decision-making ecosystem as well as securing commitment for sound E&S stewardship.

- Monitor compliance with E&S conditionalities in all agreements with subprojects
- Where applicable, assist subprojects to upskill their capacity and general awareness on E&S risk management;
- Monitor and report on AFAP’s support to subprojects and relevant stakeholders at entry, during implementation and at exit, and in a transparent, credible and timely manner;
- Overall, support the development of the fertilizer value chain in a manner that meets international best standards.

**Screening procedure**

Each project will undergo initial screening and be categorized accordingly to determine the nature and level of E&S investigations, information disclosure and stakeholder engagement required. The categorization shall be informed by the guidance detailed in this ESMS.

Based on the categorization, each subproject will prepare an E&S assessment, including mitigation measures to ensure E&S risks are managed during implementation. For the purpose of this ESMS, AFAP will benchmark its screening and categorization against the AfDB Environmental and Social Assessment Procedures (ESAP). A summary of the AfDB’s project categorization process is set out in the Table below:

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Description</th>
<th>Required E&amp;S Assessments</th>
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<tbody>
<tr>
<td>Category 1</td>
<td>High Risk: Projects with large-scale, irreversible E&amp;S impacts.</td>
<td>Environmental and Social Impact Assessment (ESIA), Full or Abbreviated Resettlement Action Plan/Livelihood Restoration Plan.</td>
</tr>
<tr>
<td>Category 2</td>
<td>Medium Risk – Projects with limited, location-specific E&amp;S impacts that are reversible.</td>
<td>Environmental and Social Impact Assessment focusing on the preparation of an ESMP.</td>
</tr>
<tr>
<td>Category 3</td>
<td>Low Risk: Projects with no E&amp;S impacts that would require the application of mitigation measures.</td>
<td>No ESA required</td>
</tr>
<tr>
<td>Category FI</td>
<td>Projects involving lending through financial intermediaries (FI).</td>
<td>FIs are required to have an ESMS</td>
</tr>
<tr>
<td>Subcategory FI-A</td>
<td>This sub-category indicates that the FI’s proposed portfolio may include</td>
<td>A full ESMS including:</td>
</tr>
<tr>
<td>Project Category</td>
<td>Description</td>
<td>Required E&amp;S Assessments</td>
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</table>
|                  | individual subprojects with likely significant and/or irreversible adverse environmental and social impacts equivalent to Category 1. | • Environmental and social policy statement.  
• Application of Exclusion List.  
• An environmental and social screening procedure to identify subprojects equivalent to Category 1 (or 2) and that require a full environmental and social assessment process, resulting in an ESMP and/or Full RAP commensurate with the level of potential impacts and risks.  
Disclosure of a summary of the ESMS available to the public locally on its website |
| Subcategory FI-B | This sub-category indicates that the FI’s proposed portfolio may include individual subprojects with limited adverse environmental and social impacts that are few, site specific and largely reversible or readily minimized - equivalent to Category 2. | A simplified ESMS including:  
• Environmental and social policy statement  
• Application of Exclusion List  
• A simple environmental and social screening procedure to identify subprojects equivalent to Category 2 and a limited environmental and social assessment process, resulting in an ESMP and/or an Abridged RAP commensurate with the level of potential impacts and risks.  
Disclosure of a summary of the ESMS available to the public locally on its website |
| Subcategory FI-C | This sub-category indicates that the FI’s proposed portfolio includes subprojects that have minimal or no adverse environmental or social impacts equivalent to Category 3. | ESMS need only apply the Exclusion List and ensure subprojects are in compliance with local laws and regulations. |

**Environmental and Social Risk Assessment Procedures**

Upon screening and categorization using the adopted AfDB’s screening guidance, where a subproject is identified as:

**High Risk or Category 1**

- Identification of the baseline condition pre-project initiation using ESIA, SEA etc.
- Identification of the potential environment and social risks from the project
• Ascertain regulatory requirements that covers the project and check for non-compliance
• Develop and Environment and Social Risk Action Plan
• Include the ESAP in subproject’s financing agreement
• Disclose the ESIA and associated management plans to the public and on their website
• Monitor and report on the implementation to AFAP on a quarterly basis.

Medium Risk or Category 2

• Identification of the potential environment and social risks from the subprojects
• Ascertain regulatory requirements that covers the project and check for non-compliance
• Employ the use of an Environmental and Social Management System
• Develop and Environment and Social Risk Action Plan
• Include the ESAP in subproject’s legal agreement
• Disclose the ESIA and associated management plans to the public and on their website
• Monitor report on the implementation to AFAP on a six monthly basis.

Low Risk or Category 3

• Prepare an ESMS that applies the Exclusion List and ensures subprojects are in compliance with local laws and regulations;

• Report to AFAP on an annual basis confirming that the portfolio of subprojects still present minimal risk of environmental and social impacts, taking into account the possible cumulative effects of its portfolio.

6. ESMS process flow and procedures

Subproject identification
AFAP being an organization that supports agribusiness in the fertilizer value chain, identification of possible subprojects that aligns with the aim and objectives of the organization shall be the first step in investment or subproject support. This shall be done through the network of partners in the sector.

Project appraisal and assessment
Once subprojects that align with the aim and objectives of AFAP have been identified, the next stage is appraisal and assessments in terms of E&S as well as financial risk assessment. The application of this ESMS focuses on the E&S performance evaluation using the following steps:

• E&S screening and categorization (E&S risk rating).

• Review of available ESAs and where there is none, recommend appropriate ESAs commensurate to the category of subproject.
• Environmental and Social Due diligence to determine level of readiness in terms of E&S performance of subprojects.

• Prepare ESDD report and determine E&S conditions to be inserted in subproject support or investment agreements.

**Legal Documentation**
The application of this ESMS in legal documentation involves insertion of E&S clauses in the subproject support agreement to ensure compliance with AFAP’s ESMS.

**Subproject Monitoring**
AFAP shall monitor subprojects during implementation to ensure compliance with its E&S policy, the financing agreement as well as national legislation. E&S risks of subprojects shall also be reviewed and updated during monitoring.

**Project compliance monitoring and reporting**

**Compliance Monitoring**
Once project support agreements have been signed, the credit guarantee and risk assessment department as well as the monitoring and Evaluation department shall commence monitoring to follow up on the E&S performance. Monitoring shall ensure subprojects comply with the E&S conditions stipulated in their financing agreement, national legislation and international best practice. Monitoring also ensures that the action plan and mitigation and management measures identified in the E&S appraisal are implemented and where the recommended management measures are ineffective or inadequate, corrective alternatives are implemented. In addition, AFAP’s ESMS implementation team shall provide assistance in strengthening institutional capacity of subprojects.

**Reporting**
E&S conditions at the subproject level will be captured and monitored by the use of defined reporting tools, including the following:

- Major Incidents Reporting Form;
- Bi-Annual E&S Monitoring Report;
- Annual Environmental and Social Performance Monitoring Report;
- Grievance Log Form
- Annual Environmental and Social audit Report
- Annual ESMS review and self-assessment

A summary of E&S risk assessment to be conducted and reports to be written and submitted at each stage are as follows:

Table 1.2: E&S reporting requirements

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<th>Report</th>
<th>Author</th>
<th>Stage</th>
<th>Purpose</th>
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</table>
| Reporting on Subproject’s E&S | Post Investment  | Report accidents or injuries that have
Stakeholder Engagement

Stakeholder engagement measures will work proactively towards developing and fostering positive relationships between the client and stakeholders, particularly those directly affected by the project activities.

The management of impacts through stakeholder engagement can be divided into two main strategies.

- Proactive engagement where proponents go out to stakeholders to solicit their involvement and to share information in order to address issues that may be of concern prior to them arising. This will be an ongoing process throughout the project implementation.
- Reactive engagement i.e. responding to concerns or grievances raised by stakeholders in a coherent and predetermined manner. This approach will be facilitated through the establishment of a Grievance Procedure.

Grievance Management

Stakeholder engagement measures will help in identifying and addressing concerns and complaints before they become grievances. However, when grievances are reported, they will be addressed in a consistent and verifiable manner. The purpose of this Grievance process is to establish a formalized process (identification, tracking and redress) to manage project-related complaints from communities, workers and other stakeholders. The Grievance process will ensure stakeholder comments, suggestions and objections are recorded and considered. This Grievance process is designed to be a transparent approach that is gender responsive, culturally appropriate, and readily accessible to all segments of the stakeholders at no costs and without retribution. The Grievance process shall be accessible at corporate and country level as well as at subproject level.
In managing grievances, AFAP shall consider positive feedback and suggestions from internal and external parties. The Grievance process shall be:
1. Systematic: All forms of complaints related to the project shall be considered;
2. Transparent: Stakeholders must be informed that a grievance mechanism is in place, and grievances must be documented and registered;
3. Appropriate: Tailored to the Project scope, adapted to local conditions and culturally acceptable; and
4. Lead to corrective actions: Grievances must be answered as relevant and the answers must be documented. Timely resolution of grievances will be vital to ensure successful implementation of a project.

Subprojects shall be responsible for setting up procedures to redress grievances. Such procedures shall be accessible to AFAP at any time. In the event of serious complaints or those that cannot be resolved promptly, the subprojects shall notify AFAP. In addition, AFAP shall maintain a separate channel of communication both at corporate and country level, accessible to local stakeholders in the event that grievances are not satisfactorily addressed by a subproject.

Subprojects shall designate staff as grievance process managers with the responsibility to inform staff and contractors of the existence of a grievance process. The setting and functioning of the process shall ensure it is culturally appropriate, trustworthy and effective.

The grievance log shall contain the following information:
- Name and contact details of complainant (unless requested to remain anonymous);
- Date and description of grievance;
- Response made to the grievance / corrective action implemented.

7. ESMS Implementation Capacity and Organization Responsibilities

**Internal roles and responsibilities**
This ESMS shall be implemented by the following functions as outlined in the Table below:

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<tr>
<th>Title</th>
<th>Responsibilities</th>
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| CEO/President                              | • Overall responsibility for policy formulation, setting of objectives and the strategic thrust of the organization  
• Ensure sufficient resources for the implementation of the ESMS |
| Director of Operations and Compliance      | • Responsible for managing and reporting (to Management and the Board) on operational risks including the E&S Risks;  
• Ensure that assessment of E&S risks is carried out during subproject’s appraisal.  
• Measuring and reporting on aggregated risk exposure across AFAP’s operations and project support (including E&S Risks);  
• Ensure monitoring of compliance with AFAP’s corporate environmental and social policies by subprojects. |
<table>
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<tr>
<th>Role</th>
<th>Responsibilities</th>
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| ESMS Manager/Consultant                   | • Ensure compliance with AFAP’s E&S policies and overall responsibilities for the implementation of the ESMS inhouse and by clients.                              
|                                           | • Participate in project support preparation meetings and other appropriate forums to contribute to investment process.                                                                                         
|                                           | • Prepare terms of reference for the E&S consultant for completion of the E&S Due Diligence (ESDD) based on the list of sector specific questions.                                                                     
|                                           | • Report E&S issues/infringements to AFAP’s management and ensure that risks are appropriately remedied.                                                                                                         
|                                           | • Supervising and approving all E&S reports.                                                                                                                                                                       
|                                           | • Answering any queries from lenders of an E&S nature.                                                                                                                                                           
|                                           | • Ensuring that E&S training needs of staff are met.                                                                                                                                                              
|                                           | • Management of the ESMS document and ensuring that it is reviewed on a periodic basis.                                                                                                                        
|                                           | • He/She shall initiate and lead the ESMS management review process.                                                                                                                                             
|                                           | • He/She shall be the management representative and shall propose revisions/changes to the ESMS to senior management.                                                                                             |
| Investment/Finance Officer               | • Ensure appropriate consideration of E&S aspects at each stage of the investment process.                                                                                                                      
|                                           | • Ensure that appropriate environmental, social representations, warranties, and covenants are incorporated in each client’s agreement.                                                                       
|                                           | • Liaise with the ESMS Coordinator to ensure the correct E&S requirements are included in the investment documents and adequate resources are committed to allow effective and appropriate implementation of the ESMS policy and procedures. |
|                                           | • In consultation with E&S manager, set an appropriate term of reference and budget for the Environmental and Social Due Diligence (ESDD).                                                                       |
| ESMS Coordinator                          | • Ensure that resources are committed at the subproject’s level for E&S and OHS management processes.                                                                                                           
|                                           | • Evaluating environmental and social compliance of subproject activities with the applicable ESMS requirements.                                                                                               
|                                           | • Participate and contribute on all ESDDs whether it is being driven by external consultants or in-house resources.                                                                                              
<p>|                                           | • Work with the Client and the Investment Officer to ensure that adequate resources are committed to allow effective and appropriate implementation of the ESMS policy and procedures. |</p>
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<thead>
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<th>Role</th>
<th>Responsibilities</th>
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<td></td>
<td>• Maintaining and updating a list of potential E&amp;S and OHS risks inherent in AFAP’s evolving subproject support;</td>
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<td>• Maintain on-going liaison and correspondence with the subproject’s ESMS representative.</td>
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<td></td>
<td>• Develop a program with subprojects for the submission of quarterly or semi-annual E&amp;S reports to AFAP.</td>
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<tr>
<td></td>
<td>• Prepare bi-annual reports on local E&amp;S issues/infringements and ensure that all serious incidents are appropriately addressed and risks remedied where possible.</td>
</tr>
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<td></td>
<td>• Prepare a lesson learned report on each investment on an annual basis.</td>
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<td></td>
<td>• Review annual E&amp;S reports on AFAP’s subprojects.</td>
</tr>
<tr>
<td>Legal Officer</td>
<td>• Prepare project support agreement conditions and covenants to ensure appropriate E&amp;S clauses and action plan are included in the legal agreements signed with subprojects.</td>
</tr>
<tr>
<td></td>
<td>• Review any amendments to the loan conditions and covenants.</td>
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<td></td>
<td>• Liaising with the ESMS manager to maintain a current E&amp;S legal register for all the countries within which AFAP operates.</td>
</tr>
<tr>
<td>Client (Borrower/Subprojects)</td>
<td>• Comply with AFAP’s corporate E&amp;S policy</td>
</tr>
<tr>
<td></td>
<td>• Provide project information as requested by AFAP;</td>
</tr>
<tr>
<td></td>
<td>• Carry out appropriate Environmental and Social Assessment along with feasibility studies and public consultations including disclosure of the ESA findings to the authorities and the public securing appropriate E&amp;S permits from the relevant authorities</td>
</tr>
<tr>
<td></td>
<td>• Prepare and E&amp;S management plan and compensation schemes</td>
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<td></td>
<td>• Prepare appropriate agreements on impacts relating to resettlement, livelihood losses and indigenous people.</td>
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<tr>
<td></td>
<td>• Monitor implementation of E&amp;S management plan and action plan to ensure compliance.</td>
</tr>
<tr>
<td></td>
<td>• Submit regular monitoring reports to AFAP.</td>
</tr>
</tbody>
</table>

**Resources and Capabilities**

The ESMS Manager, ESMS Coordinator as well as the Director of operation and compliance shall work with senior management to ensure that adequate resources have been committed to allow efficient and effective implementation of this ESMS policy and procedures. In addition, AFAP shall maintain a pool of qualified E&S Consultants/Specialist in countries where it operates. These consultants may be called upon to assist with the preparation of environmental and social studies or to conduct environmental and social due diligence and reviews as may be required.

**Developing E&S capacity within AFAP**

AFAP shall commit to raising the awareness of its staff and clients. It shall also design and deliver training on specific E&S subjects to targeted functions within the organization and the countries where it operates.
**E&S training for AFAP’s Team**
 Specific E&S training requirements have been identified for AFAP’s team. These may be amended based on the E&S requirements. A comprehensive training involving key business functions shall be undertaken. The training content is outlined in Tables 1.4 - 1.7 below.

**Table 1.4: General Team training requirement**

<table>
<thead>
<tr>
<th>AFAP’s Team</th>
<th>Training content</th>
<th>Frequency</th>
<th>Expected benefits</th>
<th>Examples of training provider</th>
</tr>
</thead>
</table>
| Internal Training | The training content shall include:  
- AFAP’s E&S policy  
- AFAP’s ESMS and other E&S guideline documents  
- Pollution prevention and management (air, water, soil, waste, noise etc.)  
- Management of cultural resources  
- Hazardous materials Management  
- Waste and wastewater  
- Introduction to environmental legal compliance | Bi-annually | General environmental awareness within AFAP’s Team.  
E&S awareness to be included as part of the induction of new staff. | Internal ESMS Manager/Coordinator |

**Table 1.5: Departmental Training Requirements**

<table>
<thead>
<tr>
<th>E&amp;S Departmental Staff/Champions</th>
<th>Training content</th>
<th>Frequency</th>
<th>Expected benefits</th>
</tr>
</thead>
</table>
| Certificate E&S Training | The training shall cover the following topics:  
- Introduction to environmental assessment and management  
- Introduction to environmental law  
- Sustainable development  
- Case studies in environmental and social risk management such as:  
  - Land management  
  - Pollution  
  - Water management  
  - Biodiversity  
  - Coastal and marine management  
  - Human settlements  
  - Environmental health  
  - Energy consumption | Annually | One or two weeks certificate course.  
Basic requirements for E&S identification and management in line with the ESMS. |
- E&S technology solutions
- Natural disasters and environmental performance
- Gender and non-discrimination
- Labour practices

<table>
<thead>
<tr>
<th>E&amp;S and ESMS Training</th>
<th>Training content</th>
<th>Frequency</th>
<th>Expected Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Review the ESMS requirements and the tools used to ensure compliance with the ESMS.</td>
<td>Annually after ESMS review</td>
<td>ESMS contents, operating procedures and AFAP’s commitments with regards to E&amp;S management. Advanced training on E&amp;S to provide input into the implementation and management of the ESMS. Understand the lessons learnt from previous experiences and the improvements in the ESMS and way to achieve better performance.</td>
</tr>
</tbody>
</table>

Table 1.6: ESMS Manager and Coordinator Training Requirements

<table>
<thead>
<tr>
<th>ESMS Manager and Coordinator</th>
<th>Training content</th>
<th>Frequency</th>
<th>Expected Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;S Comprehensive Training</td>
<td>• Introduction to environmental and social management</td>
<td>Every Two Years</td>
<td>Comprehensive understanding of E&amp;S issues that may impact on AFAP’s operations. Expected outcomes include obtaining a Certificate or diploma in environmental</td>
</tr>
<tr>
<td></td>
<td>• Environmental and social legislation and corporate governance</td>
<td></td>
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<tr>
<td></td>
<td>• Environmental management systems and instruments</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Pollution prevention, management and resource productivity</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Monitoring, auditing and state of the environment reporting</td>
<td></td>
<td></td>
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<td></td>
<td>• Sustainability</td>
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<td></td>
</tr>
</tbody>
</table>
Table 1.7: Director’s Training Requirements

<table>
<thead>
<tr>
<th>AFAP’s Director</th>
<th>Training content</th>
<th>Frequency</th>
<th>Expected benefits</th>
<th>Examples of training provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Training</td>
<td>The training content should include: AFAP’s ESMS and other E&amp;S guideline documents</td>
<td>Once every two years</td>
<td>General environmental awareness within AFAP’s Directors.</td>
<td>Consultant who reviews AFAP’s ESMS</td>
</tr>
<tr>
<td></td>
<td>Environmental awareness and management</td>
<td></td>
<td>E&amp;S awareness to be included as part of the induction of new Directors.</td>
<td></td>
</tr>
</tbody>
</table>
8. ESMS Review process

This ESMS shall be reviewed periodically (every 3 years) by AFAP and will be informed by lessons learned across the projects supported as well as other good practices that AFAP subscribes to. This review shall include the Appendices. The review shall be informed by emerging E&S risks that may affect AFAP’s activities in the future and ensuring they are incorporated into the ESMS.

A review of the ESMS may also be triggered by any change in operations that may induce measurable environmental, social or occupational health and safety risk.

AFAP shall notify the donors, lenders and other stakeholders of any significant changes to this ESMS.

Typical agenda for management review of this ESMS shall be:

- The ESMS performance overview – performance against corporate objectives and targets
- Review of nonconformities
- Review of ESMS corrective and preventive action Plan
- Review compliance with environmental and labour laws and regulations
- Proposed review of the ESMS – Minor/Major
- Resources required for the ESMS review process
- Review and approval from senior management

9. Conclusion

This ESMS provides a framework for integrating environmental and social risk management into AFAP’s business processes through the use of environmental and social due diligence procedures implemented concurrently with AFAP’s existing risk management arrangements. Consequently, the ESMS shall ensure that AFAP identifies and implements the appropriate environmental and social management measures for its subprojects prior to loan or investment approval. The ESMS shall also ensure that AFAP implements the necessary level of supervision of subprojects during the term of the loan or investment agreement. The implementation of this ESMS shall enhance AFAP’s operational effectiveness, reduce running costs, manage its corporate, operational and reputational risks; while complying with the AfDB and other donor policy requirements and the country systems where it has operations.

10. Contact Person

Any questions or information request relating to this ESMS should be addressed to:
<table>
<thead>
<tr>
<th>Name</th>
<th>Email</th>
<th>Phone Number</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Maria Wanzala-Mlobela</td>
<td><a href="mailto:mwanzala@afap-partnership.org">mwanzala@afap-partnership.org</a></td>
<td>+27(0)11844-7320 Cell +27(0)73 256-0282</td>
<td>Head of Operation and Compliance/ Director of Policy</td>
</tr>
</tbody>
</table>

**ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) VERSION 2.0**