

ENVIRONMENTAL & SOCIAL POLICY

Stichting Clean Energy and
Energy Inclusion for Africa

(CEI Africa)

Determined by the Board of CEI Africa on 19-5-2022

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ENVIRONMENTAL & SOCIAL POLICY

The aim of Stichting Clean Energy and Energy Inclusion for Africa ('The Foundation' or 'CEI Africa') is to improve the access of private households, smallholders, small and medium businesses and communal amenities in Sub-Saharan Africa to affordable and clean off-grid energy based on renewable sources – with a special focus on the financing of the expansion of privately developed and operated mini-grids. To realize its mission CEI Africa operates two promotional windows: the “Crowdfunding for Energy Inclusion” ('CL window') and the “Smart Outcomes Fund” ('RBF window'). With its windows, CEI Africa combines co-investing with crowdfunding institutions and grant financing in the form of result-based financing to promote rural development through green off-grid electrification.

CEI Africa has developed this Environmental & Social Policy ('E&S Policy') which sets out objectives, procedures and guidelines to manage CEI Africa's environmental and social risks and its development impacts as well as to monitor and report CEI Africa's E&S risks and developmental impacts to its Contributors and other stakeholders. CEI Africa will develop and implement, no later than 31st August 2022, an Environmental and Social Management System (ESMS) in accordance with this policy, which will entail more detailed tools and templates.

The E&S Policy is a framework which integrates environmental and social risk management and reporting into CEI Africa's processes. It is a set of actions and procedures that are implemented concurrently with CEI Africa's broader risk management procedures.

The E&S Policy ensures that CEI Africa's activities including grant making and investment activities for the Foundation's purposes as defined in CEI Africa's articles of association comply with the environmental and social standards referred to in this E&S Policy.

CEI Africa commits to managing its activities in an environmentally and socially sound manner in line with good international practice by identifying the level of risk of each activity and - if the right risk mitigating measures are determined and in place - to minimize, mitigate and manage these risks adequately. If the activities and projects that have been selected to be supported by CEI Africa through Crowdfunders or Mini-Grid Developers show gaps with regard to E&S risk management, E&S management and action plans are developed to close these gaps within a defined period. In case activities or projects are found to have material non-compliances or gaps regarding E&S risk management and relevant standards that cannot be solved with reasonable actions, CEI Africa cannot support these projects and activities. The Foundation Manager analyzes potential E&S risks by conducting E&S due diligence of the Crowdfunders and Mini-Grid Developers it will work with to ensure the risks of the underlying activities and projects will be well-managed. CEI Africa ensures an adequate supervision and monitoring of the E&S performance of these underlying activities and projects ('investees and grantees') during the term of the investments or grant-funded activities. The Foundation Manager ensures that its personnel has the right E&S capacity and expertise to manage its activities in line with this E&S Policy and the underlying ESMS.

This E&S Policy will be implemented taking into account the relevant standards of the Sustainability Guideline (February 2022) of KfW Development Bank as updated from time to time. These include:

- National legislation;
- CEI Africa's Exclusion List;
- International Finance Corporation Performance Standards ('IFC PS');

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- General and sector specific Environmental, Health and Safety ('EHS') Guidelines of the World Bank Group;
- World Bank Environmental and Social Standard 9 ('ESS9') for Financial Intermediaries; and
- Core Labor Standards of the International Labor Organization ('ILO').

This E&S Policy will regularly be reviewed by CEI Africa's Board and be adapted if necessary in line with CEI Africa's activities, with requirements by new Contributors or changes in the relevant laws or E&S standards this E&S Policy relates to.

Applicable laws and regulation

CEI Africa has sustainable investment as its objective as set out in article 9 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (SFDR). This policy outlines the Foundation's methodology, criteria and indicators used to manage its sustainability objective.

Acronyms

BMZ	German Federal Ministry of Economic Cooperation and Development
DD	Due Diligence
E&S	Environmental and Social
EHS	Environmental, Health and Safety
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
FRAP	Full Resettlement Action Plan
GC	Grant Committee
GMG	Green Mini-Grids
GRM	Grievance Redress Mechanism
IC	Investment Committee
IFC	International Finance Corporation
IFC PS	IFC Performance Standards
ILO	International Labor Organization
MSME	Micro, Small and Medium Enterprises
MWp	Mega Watt Peak
RAP	Resettlement Action Plan
RBF	Results-Based Financing
SHS	Solar Home System
ToR	Terms of Reference
WBG	World Bank Group

Definitions

CL Window	CEI Africa's promotional window "Crowdlending for Energy Inclusion," led by Persistent Energy.
Consortium Partners	Persistent Energy Capital L.L.C. as Foundation Advisor for the CL window and GreenMax Capital as advisor to the Foundation Manager for the RBF window.
Contractual Partners	Mini-Grid Developers of the RBF window and Crowdlenders of the CL window which will act as a financial intermediary to CEI Africa's direct grantees and investees.
Crowdlender	Crowdlenders are any crowdlending or crowdfunding platforms domiciled in an EU member state or EFTA member state incorporated and licensed in accordance with national laws, regulations or decrees and in line with Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 including Crowdlenders, crowdinvesting platforms or hybrid forms of the two. Reward based crowdfunding and donation-based crowdfunding are not eligible but may become eligible if determined so by the Board and approved by the Supervisory Council with no objection by the incorporator.
Foundation Manager	Triple Jump B.V. as Foundation Manager.
Grantee	Underlying grant-funded activities of the RBF window.
Investee	Underlying investments of the CL window.
Lean Lending	The CL window's Lean Lending approach is where Crowdlenders under a framework agreement with CEI Africa can automatically draw small amounts (up to 250k) to on-lend to underlying investees.
Mini-Grid Developer	Mini-Grid Developers develop eligible GMGs, a set of small-scale electricity generators, based on renewable sources and possibly energy storage systems interconnected to a distribution network that supplies electricity from renewable sources to a localised group of customers and operates independently from the national transmission grid. GMGs developed by Mini-Grid Developers range in size from a few kilowatts ('kW's') up to 15 megawatts ('MW's'). GMGs may include back-up fossil fuel power, but if back-up generation is fossil fuel based, electricity generated with fossil fuels can account for maximum 25% of electricity consumed (on an annual basis), with the remainder generated from solar power and stored in batteries. In exceptional cases the Board, with approval from the Supervisory Council, may approve a higher percentage (up to a maximum of 50% fossil fuel back-up) if an action plan is in place to reduce the percentage over time to a maximum of 25%.
RBF Window	CEI Africa's promotional RBF window "Smart Outcomes Fund," led by GreenMax Capital.
The Foundation	CEI Africa, of which Triple Jump B.V. acts as Foundation Manager, Persistent Energy Capital L.L.C. as Foundation Advisor for the CL window and GreenMax Capital as advisor to the Foundation Manager for the RBF window.

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1. Introduction

The Covid-19 pandemic has impeded and limited the financing at near market terms for GMGs as well as other climate friendly off-grid energy solutions in Sub-Saharan Africa. This is why the BMZ has asked KfW to establish CEI Africa in cooperation with like-minded donors and contributors.

The aim of the use of the initial contribution to CEI Africa is to improve the access of private households, smallholders, MSMEs and communal amenities in the Target Region to affordable and clean off-grid energy based on renewable sources – with a special focus on the financing the expansion of GMGs and off-grid energy companies and to contribute to the reduction of greenhouse gases.

To realize its mission, CEI Africa operates two windows: the CL window and the RBF window. With its windows, CEI Africa combines co-investing with crowd-lending institutions and grant-financing in the form of RBF to promote rural development through green off-grid electrification. The E&S Policy represents one of several policies that govern the actions of CEI Africa. The E&S Policy is equal in importance to these other policies.

The E&S Policy processes will occur in parallel with credit due diligence, due diligence steps in the grant-financing and investment processes, legal due diligence, and other activities, and are equal in importance to these other processes in determining if and how grants and investments in both windows are made and managed.

2. Environmental and Social Policy

2.1 Principles

CEI Africa recognizes that the stewardship of the environment and the well-being of local communities are integral aspects of its grant-making and investment activities. CEI Africa recognizes that its grant-financed activities ('grantees') as well as its promotional investments ('investees') benefit from following sound social and environmental practices.

CEI Africa will therefore carry out its business and operations in compliance with all applicable national environmental, occupational health & safety and social laws and regulations.

CEI Africa will prepare, implement and operate its activities in compliance with IFC Performance Standards (Appendix B) and the WBG's general and sector-specific EHS Guidelines.

CEI Africa will develop and regularly review and update its ESMS in conformance with IFC PS 1 and World Bank ESS9 (Appendix C), commensurate with its business nature and the risks associated with its activities based on an ESMS for Financial Intermediaries. For its internal operations, the Foundation Manager and its Consortium Partners will comply with IFC PS 2.

CEI Africa's Foundation Manager will ensure sufficient and suitably trained staff capacities for E&S issues.

The Foundation will ensure that the E&S Policy is fully communicated to, understood by, and implemented at all levels throughout CEI Africa, the Foundation Manager and its Consortium Partners, service providers to CEI Africa, its grantees and investees, and Contractual Partners, and will make the E&S Policy available publicly on CEI Africa's website. CEI Africa will address complaints about breaches of the E&S Policy promptly and use best efforts to satisfy all concerned parties, in line with its Grievance Mechanism Procedure (Appendix D).

CEI Africa will exclude any activities that are likely to result in high environmental and social risks ('Category A'). In the case that CEI Africa or the grantees of Mini-Grid Developers and investees of Crowdlenders are likely to result in moderate environmental or social impacts, CEI Africa and its Contractual Partners will conduct formal environmental and social risk assessments, and will take all possible steps to mitigate these risks.

Across all environmental and social risk categories of its grant making and its investment activities, CEI Africa commits to the following set of guiding principles:

- CEI Africa commits that each grant and investment by CEI Africa will be made in line with this E&S Policy and associated procedures.
- CEI Africa will ensure that each of its grantees, investees and Contractual Partners are evaluated on the basis of the standards on which this E&S Policy is built.
- CEI Africa will encourage the adoption of E&S standards, which align with the E&S Policy, by its grantees, investees and Contractual Partners.
- CEI Africa will contractually bind its grantees, investees and Contractual Partners to comply with the Applicable Environmental and Social Requirements as set out in Section 2.2 below.
- The E&S Policy will be reviewed annually and be updated if necessary or if required by the contributors of CEI Africa.
- Grantees will receive grants only and investees are financed only when the financed activities and investments are expected to be designed, built, operated, and maintained in a manner consistent with the E&S Policy.

- Efforts are made to ensure that all grantees' and investees' activities financed by CEI Africa are and remain in compliance with the E&S Policy.
- CEI Africa commits to a process of continuous improvement in its ESMS design and implementation.
- CEI Africa will monitor and report on E&S performance of grantees, investees and Contractual Partners in a transparent, credible and timely manner to all relevant stakeholders.

2.2 E&S Requirements

The Foundation Manager of CEI Africa will ensure that all grantees and investees are evaluated against the following E&S Requirements (if relevant) and only financed if found compliant or can reach compliance over a defined period of time by implementation of an E&S Action Plan:

- **CEI Africa's Exclusion List** (Appendix A), which outlines categories of grant-financed activities and investments that will not be financeable by CEI Africa under any circumstances (KfW Group exclusion list and the IFC exclusion list—together presenting CEI Africa's Exclusion List);
- National and local environmental, health, safety, and labor laws and regulations, including established requirements on public disclosure and engagement;
- **International standards, conventions, and agreements** on EHS and labor best practices to which the grantees, the investees and the relevant nations are parties; and
- **International standards on the management of E&S risks** to ensure that grantees and investees effectively avoid, manage, and mitigate against all E&S risks of their activities in accordance with environmental and social risk management procedures as defined in the following laws and standards:
 - National legislation;
 - IFC Performance Standards (Appendix B);
 - General and sector-specific EHS guidelines of the WBG;
 - ESS9 for Financial Intermediaries (Appendix C); and
 - Core labor standards of the ILO.

3. Environmental and Social Management System

The core component of CEI Africa's E&S Policy is the ESMS. The performance of a potential grantee or investee and its activities proposed to be funded by CEI Africa along specific dimensions of the applicable E&S requirements will determine whether the respective grant-funded activity or the investment is suitable for commitment and funding by CEI Africa in terms of E&S risk. CEI Africa's Exclusion List and the E&S Assessment Checklists (Appendix E and Appendix F), which includes a list of excluded activities that will not be funded under any circumstances, and a checklist of specific risks expected under each dimension of the applicable E&S requirements, respectively, are tools to be used by the Foundation Manager, its Consortium Partners and its Contractual Partners to evaluate and categorize the potential risks posed by the grantee's or investee's activities. Specific risks that may be encountered within each dimension of the applicable E&S requirements are discussed later in this section.

As CEI Africa plans to invest in a large number of small deals through both windows, CEI Africa will focus its E&S assessments on its Contractual Partners' policies, procedures and implementation thereof to ensure all underlying risks at grantee and investee level are managed properly. In this way CEI Africa can concentrate its attention at grantee and investee level on the highest risks. CEI Africa will also exclude all Category A grant-funded activities and investments.

3.1 E&S Risk Categorization

Potential Mini-Grid Developers of the RBF window and Crowdlenders of the CL window – also referred to as Contractual Partners – will all be evaluated for their ability to manage and mitigate E&S risks and subsequently categorized into one of four levels of risk (Indirect Financial Intermediary (FI)/A, B+, B or C), which then informs subsequent mitigation actions and TA needs. Potential underlying grant-funded activities of the RBF window and investments of the CL window – also referred to as grantees and investees, will all be evaluated for E&S risks and subsequently categorized into one of four levels of risk (Direct A, B+, B or C), which then informs subsequent grant-making, investment and mitigation actions. The division of risk categorization is highlighted in the following table.

Table 1: E&S categorization of CEI Africa’s Contractual Partners, grant-funded and investment activities

Risk Category	Description
<i>For Contractual Partners – Indirect Financial Intermediary (FI) categories</i>	
FI/A High Risk	Mini-Grid Developer or Crowdlender whose existing funding operations include clients classified with Category A. Institutions classified with FI/A need to have a full-fledged ESMS to manage their portfolio risks. In cooperation with these institutions, maximum B+ projects can be supported by CEI Africa.
FI/B+ Medium-high Risk	Mini-Grid Developer or Crowdlender whose funding operations (are expected to) include clients classified with maximum Category B+. These Institutions need to maintain or develop an ESMS in line with international standards and commensurate to the risks of funded operations.
FI/B Medium risk	Mini-Grid Developer or Crowdlender whose funding operations (are expected to) include clients classified with maximum Category B. These Institutions need to maintain or develop an ESMS in line with international standards and commensurate to the risks of funded operations.
FI/C Low risk	Mini-Grid Developer or Crowdlender whose funding operations (are expected to) include clients classified with maximum Category C. Institutions need to have a simple management approach to implement the basic E&S requirements of CEI Africa, such as the exclusion list and working conditions of employees.
<i>For Grantees / Investees – Direct categories</i>	
A High Risk	Grantee or Investee operations which are expected to have potentially high negative impacts or risks that are: <ul style="list-style-type: none"> ▪ Multiple ▪ Irreversible ▪ Unprecedented Impacts may affect a larger area than just the facility under construction, the site or the project area. Category A projects will not be supported under CEI Africa.
B+ Medium-high Risk	Grantee or Investee operations with a potential single significantly adverse E&S risks and/or impacts that are generally beyond the site boundaries, sometimes irreversible and that can be addressed through relevant mitigation measures.

Risk Category	Description
B Medium Risk	Grantee or Investee operations do not have considerable negative effects and have only manageable potential negative effects or risks. Risks can be mitigated with countermeasures or standard solutions.
C Low Risk	Grantee or Investee operations will likely have negligible adverse E&S risks.

The indirect “FI” categories are applied when CEI Africa supports Mini-Grid Developers and Crowdlenders which on-lend CEI Africa’s funds to other companies or projects in the renewable energy sector. These Contractual Partners are classified into four risk categories (FI/A, FI/B+, FI/B or FI/C) depending on the risk level of their existing portfolio and clients financed, as well as the expected types of grantees and investees supported under CEI funding, following the same logic as for the directly funded grantees and investees. FI/A Contractual Partners would have an investment scope that includes Category A projects and therefore need a full-fledged ESMS to manage these risks. As CEI Africa doesn’t fund Category A projects, in cooperation with FI/A institutions, only Category B+, B and C projects can be financed. FI/B+ and FI/B Contractual Partners have an investment scope that includes Category B+ or Category B projects, respectively, with the latter being the case for most crowdlanding institutions. These need to develop and maintain an elaborated ESMS in line with international standards to ensure that only projects are funded that fulfil the E&S requirements of CEI. Category FI/C investees would typically include institutions which finance companies with very limited or no E&S risks, such as distributors of solar lamps to private households or similar. Please refer to Appendix E for the E&S Assessment Checklist for indirect investments.

For the direct categories, a grantee or investee would be categorized as Category A if the respective grantee’s or investee’s activities are likely to experience at least one risk corresponding to Category A in the evaluation checklist (Appendix F), such as activities with involuntary physical resettlement, irreversible impacts to critical habitats or major impacts to Indigenous Peoples. A grantee or investee would be categorized as Category B+ if the grantee’s or investee’s activities are likely to experience no Category A risks and at least one risk corresponding to Category B+ based on the size and sector of the proposed grant or investment. A grantee or investee would be categorized as Category B if the grantee’s or investee’s activities are likely to experience no Category A or B+ risks and any risks corresponding to Category B, such as occupational and community health and safety risks of construction sites or operations which include working in heights. A Category C investee are likely to experience no Category A, B or B+ risks and any risks corresponding to Category C, such as risks related to office work that usually don’t require special management plans to be mitigated.

The following Tables 2 and 3 illustrate the different requirements per risk category for Contractual Partners, to be evaluated by CEI Africa, and grantees/investees, to be evaluated by Contractual Partners, or in some cases by CEI Africa directly.

Table 2: Illustration of the differing requirements for indirect FI risk categories

Category FI/A High Risk	Category FI/B+ Medium-high Risk	Category FI/B Medium Risk	Category FI/C Low Risk
<p><i>Compliance of the FI with:</i></p> <ul style="list-style-type: none"> ▪ National Regulation, ▪ IFC PS 1 and WB ESS9 for the ESMS (incl. publicly accessible Grievance Mechanism) ▪ IFC PS 2 for internal working operations <p><i>Compliance of operations supported by the FI under CEI funding:</i></p> <ul style="list-style-type: none"> ▪ CEI Africa Exclusion List ▪ Local EHS and labor laws, and public disclosure requirements engendered therein ▪ ILO fundamental conventions ▪ General and sector-specific EHS guidelines of the WBG 			
<p><i>Compliance of operations supported by the FI under CEI funding:</i></p> <ul style="list-style-type: none"> ▪ All relevant IFC PS, 			<p><i>Compliance of operations supported by the FI under CEI funding:</i></p> <ul style="list-style-type: none"> ▪ IFC PS 1 and 2
<p><i>Focus on:</i> conclusions of independent assessments and the level of implementation of the ESMS, capacity to manage A risk operations</p>	<p><i>Focus on:</i> developing and maintaining ESMS and level of implementation, governance, capacity and willingness to manage B+ risk grantee/investee operations, ensuring grantee/investee capacity and compliance</p>	<p><i>Focus on:</i> developing and maintaining ESMS and level of implementation, ensuring grantee/investee compliance</p>	<p><i>Focus on:</i> capacity to identify grantee/investee non-compliance, ensuring the grantee/investee has a plan to remedy the non-compliance in a reasonable time frame</p>
<p><i>Required due diligence:</i></p> <ul style="list-style-type: none"> ▪ E&S appraisal of the ESMS and working conditions (prepared with the assistance of outside experts) commensurate with the severity of potential impacts and risks 	<p><i>Required due diligence:</i></p> <ul style="list-style-type: none"> ▪ E&S appraisal of the ESMS and working conditions commensurate with the severity of potential impacts and risks 		<p><i>Required due diligence:</i></p> <ul style="list-style-type: none"> ▪ Simplified E&S appraisal of the management structures to steer existing E&S risks and potential impacts of clients
<p><i>Required outputs:</i></p> <ul style="list-style-type: none"> ▪ ESMS and GRM in line with the above mentioned standards, to be implemented in a reasonable time frame (6-9 months after initial disbursement) ▪ ToR for TA developing/strengthening the ESMS (if needed) ▪ ESAP (if needed) ▪ ESHS clauses in legal documents 			

Contractual Partners are evaluated on the basis of their existing portfolios, as well as the expected operations that will be supported under CEI Africa funding. In the case that the Contractual Partner does not have an ESMS in line with the expected standards, one should be developed and

implemented in a reasonable timeframe (within 6-9 months after initial disbursement). Should projects be proposed for investment or grants from CEI Africa during that timeframe, CEI Africa will conduct a detailed E&S assessment on each project. The ultimate goal of working with a Contractual Partner is to equip it to be able to properly assess and manage the risks of its underlying grantees/investees, comply with CEI Africa requirements and flag to CEI Africa when expected grant-funded activities or investments will be Category B+ risk.

Table 3: Illustration of the differing requirements for direct grantee / investee categories

Category A High Risk (excluded)	Category B+ Medium-high Risk	Category B Medium Risk	Category C Low Risk
<p><i>Compliance with:</i></p> <ul style="list-style-type: none"> ▪ CEI Africa Exclusion List ▪ Local environmental, health, safety and labor laws, and public disclosure requirements engendered therein ▪ ILO fundamental conventions ▪ Stakeholder engagement as appropriate ▪ Grievance mechanism adapted to project context ▪ GOGLA Consumer Protection Principles, if relevant ▪ General and sector-specific EHS guidelines of the World Bank Group 			
<p><i>Compliance with:</i></p> <ul style="list-style-type: none"> ▪ All relevant IFC Performance Standards 			<p><i>Compliance of operations supported by the FI under CEI funding:</i></p> <ul style="list-style-type: none"> ▪ IFC Performance Standards 1 and 2
<i>Excluded</i>	<p><i>Focus on:</i> grantee/investee capacity and willingness to manage E&S risks and mitigate potential E&S impacts</p>		<p><i>Focus on:</i> identifying grantee/investee non-compliance, and ensuring the investee has a plan to remedy the non-compliance in a reasonable time frame</p>
<i>Excluded</i>	<p><i>Required due diligence:</i></p> <ul style="list-style-type: none"> ▪ E&S appraisal, commensurate with the severity of potential impacts and risks ▪ Internal/virtual ESDD focusing on key risks and gaps to relevant international standards and action plan to close them (ESAP) 		<p><i>Required due diligence:</i></p> <ul style="list-style-type: none"> ▪ Simplified E&S appraisal (working conditions, grievance mechanism, if relevant)

Category A High Risk (excluded)	Category B+ Medium-high Risk	Category B Medium Risk	Category C Low Risk
<i>Excluded</i>	<i>Required outputs:</i> <ul style="list-style-type: none"> ▪ Completed E&S Assessment Checklist ▪ Completed ESDD Reporting Template ▪ Full ESIA ▪ ESMP, if relevant ▪ ESAP, if relevant ▪ Stakeholder Engagement Plan (SEP; incl. Grievance Mechanism), if relevant ▪ ESHS clauses in legal documents ▪ Where gaps identified, explore option of Technical Assistance support 	<i>Required outputs:</i> <ul style="list-style-type: none"> ▪ Completed E&S Assessment Checklist ▪ Completed ESDD Reporting Template ▪ Simplified ESIA ▪ Simplified ESMP, if relevant ▪ ESAP, if relevant ▪ Stakeholder Engagement Plan (SEP; incl. Grievance Mechanism), if relevant ▪ ESHS clauses in legal documents ▪ Where gaps identified, explore option of Technical Assistance support 	<i>Required outputs:</i> <ul style="list-style-type: none"> ▪ Policies such as Health, Safety and Environment (HSE), Code of Conduct, GRM etc. depending on risk assessment ▪ ESHS clauses in legal documents ▪ Where gaps identified, explore option of Technical Assistance support

Direct grant-funded activities and investments will be evaluated by Contractual Partners and/or CEI Africa in the cases of co-investments with Mini-Grid Developers or Crowdlenders. In the cases where Contractual Partners are assessing the grantees or investees, the Contractual Partners must share the output documents with CEI Africa for review and approval.

Category A classified grantees or investees will be excluded. Examples of Category A operations include large mini-grids ($\geq 30\text{MWp}$) and equivalent grant-funded activities or investments that require the involuntary resettlement of people, activities in protected areas or within animal migratory corridors, and biomass IPPs that result in significant deforestation or habitat degradation. When filling in the E&S Assessment Checklist (Appendix F) at screening stage, Category A grantees or investees will be flagged and excluded from further engagement.

Category B+ classified grantees or investees represents grant-funded activities or investments in which operations have potential adverse environmental or social risks and/or impacts that are generally beyond the site boundaries, sometimes irreversible but that can be addressed through relevant mitigation measures. Grantees and investees in this category require a completed ESDD Reporting Template (Appendix G), and if applicable, a project specific ESMP and an ESAP to close any gaps. Green mini-grids of 1MWp to 30MWp fall into this category, and will require a full ESIA in line with country regulations and international standards before starting construction. Biomass or hydropower mini-grids are also likely to fall into this Category as these have higher environmental impacts linked to their operations.

Category B classified grantees or investees represents grant-funded activities and investments in which operations are likely to cause fewer or lesser adverse environmental and social impacts than Category B+ activities. Likely impacts are few in number, site-specific, largely reversible, and readily minimized by applying appropriate management and mitigation measures or incorporating

internationally recognized design criteria and standards. Grantees and investees in this category require an ESDD, and if applicable, an ESAP to close any gaps. Green mini-grids between 50kWp and 1MWp will likely fall into this medium risk category, and will require a simplified ESIA as per the operating country’s regulations, but at least a project specific ESMP. Solar home system providers involving installation on the roof and productive use off-grid energy projects (e.g. solar-powered mills and pumps) would also likely fall into this category, and should comply with the GOGLA Consumer Protection Principles (Appendix M). These investments are likely to be funded through the CL window’s Lean Lending approach.

Category C represents grant-funded activities or investments by CEI Africa in which operations will likely have negligible adverse environmental and social risks. Potential investments in this category do not directly or indirectly affect the environment adversely and are unlikely to induce adverse social impacts. They do not require an external environmental and social impact assessment; they only require E&S risk categorization and simplified E&S appraisal by CEI focusing on working conditions. Green mini-grids under 50kWp, some solar home system companies (that don’t do much manual works such as installation of SHS on the roof) and pico-solar providers are likely to fall into this category. These investments are likely to be funded through the CL window’s Lean Lending approach.

3.2 CEI Africa’s E&S Risk Profile

CEI Africa is overall expected to maintain a low to moderate level of E&S Risk, since it predominantly targets grantees or investees of consumer-facing corporates that provide affordable, green electricity access and related services based on renewable energies, as well as small green mini-grids. **Error! Reference source not found.**⁴ sets out specific E&S risks to be expected for the projects as set out in CEI Africa’s Result Based Financing Handbook for the RBF window and investment categories as set out in CEI Africa’s Investment Policy for the CL window.

Table 4: Illustrative and non-exhaustive matrix of potential environmental and social risks across the two main types of grantees and investees

Topic	Potential Risks	
	SHS	Mini-grids
Environmental and Social Assessment	<ul style="list-style-type: none"> ▪ Potential deepening of gender inequality among widowed or divorced women households given lower access to credit and collateral 	<ul style="list-style-type: none"> ▪ Solar and solar plus battery: May result in replacement of culturally, historically, religious, or archeologically significant areas or indigenous areas ▪ Hydro: May result in flooding of and damage to culturally, historically, religious, or archeologically significant areas or indigenous areas; may result in loss of artisanal fishing income and food sources ▪ Biomass: May result in further exploitation of children or others traditionally designated as biomass collectors; may result in decreased food security due to replacement of food cultivation with biofuel cultivation (either woody or herbaceous).
Involuntary Resettlement and Land Acquisition	<ul style="list-style-type: none"> ▪ Minimal to no risk 	<ul style="list-style-type: none"> ▪ Solar and solar plus battery: May result in the displacement of households or communities ▪ Hydro: Minimal to no risk ▪ Biomass: Minimal to no risk

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Topic	Potential Risks	
	SHS	Mini-grids
Biodiversity and Ecosystem Services	<ul style="list-style-type: none"> ▪ Potential destruction of land and riparian habitats near battery or appliance disposal sites ▪ Potential disruption to nocturnal animals due to light pollution and increased industrial (small business) activity 	<ul style="list-style-type: none"> ▪ Solar and solar plus battery: Small likelihood of bird fatalities due to high temperatures above solar panels; potential destruction of habitat that had been cleared for the solar panels, including disruption of grazing lands and food for pollinators ▪ Hydro: Potential habitat loss for fish and other riverine and riparian species that rely on unobstructed river flow for reproduction or for food sources ▪ Biomass: May result in the loss of native, endemic, and/or endangered plant species if they are collected and used as fuel
Pollution Prevention and Control	<ul style="list-style-type: none"> ▪ Potential soil and water pollution from refilling and disposing of SHS batteries, panels, wiring, and certain lights and appliance 	<ul style="list-style-type: none"> ▪ Solar and solar plus battery: Potential soil erosion after land clearing; Potential contamination of groundwater and drinking water from spills of herbicides, dielectric fluids, dust suppressants ▪ Hydro: Potential water pollution from right-of-way activities and from sediment build-up as a result of small dams or other structures altering flow ▪ Biomass: Potential construction site and general (operational) waste generation; soil erosion from site preparation or right-of-way activities; potential water contamination from effluent
Labor Conditions, Health and Safety	<ul style="list-style-type: none"> ▪ Potential health impacts due to refilling and disposing of SHS batteries, where used ▪ Some potential risk from unsafe installation conditions ▪ High potential for counterfeit products and loss of consumer trust 	<ul style="list-style-type: none"> ▪ All: Potential safety hazards from heavy equipment use during construction and from exposure to electrical hazards ▪ Solar and solar plus battery: Potential for burns, explosions, and other safety hazards associated with petroleum fuels for solar hybrid projects ▪ Biomass: May result in heavy air pollution and subsequent health impacts from biomass combustion
Climate Change	<ul style="list-style-type: none"> ▪ Minimal to no negative impacts, other than minimal impacts from transportation and construction emissions 	<ul style="list-style-type: none"> ▪ Solar and solar plus battery: May result in greater climate vulnerability of affected communities if land used was previously used for food cultivation, and no alternative employment or income source results from increased access to electricity; may result in net negative climate impacts if solar hybrid projects rely more on the petroleum fuel for generation than on solar components; the manufacturing and transporting of energy systems can be carbon intensive ▪ Hydro: Minimal to no negative impacts, other than minimal transportation and construction carbon emissions ▪ Biomass: May result in net negative climate impacts (i.e. greater emissions) if using native trees for fuel and the previous fuel source was cleaner-burning or released fewer emissions
Supply chain	<ul style="list-style-type: none"> ▪ ESG risks may be present in the value chain, e.g. exposure to forced labor in the manufacturing of panels in China 	<ul style="list-style-type: none"> ▪ All: ESG risks may be present in the value chain, e.g. exposure to forced labor in the manufacturing of panels in China

In terms of e-waste management, CEI Africa will subscribe to the principles as set out in Appendix N, E-Waste Management and Recycling Principles.

Grantees and investees will have a comprehensive waste management policy and plan within their broader environmental and social risk management documentation, and this will be agreed in

underlying legal documentation. If grantees / investees do not have a waste management policy and plan at the time of receiving CEI Africa funding, CEI Africa may support the grantee / investee to prepare one in a reasonable timeframe (within 6-9 months after disbursement) through TA support. The grantee / investee can also use GOGLA's sample policy as a basis for its own waste management policy and plan.

CEI Africa's grantee and investees will adhere to their operating countries' national or regional e-waste management legislation governing the treatment of e-waste, regarding collection, transportation, handling and safe disposal of e-waste, including batteries and PV panels and other materials in their supply chain and logistics, retail and generation/distribution infrastructure.

The grantees and investees will focus on two activities to ensure that they remain compliant in each country of operations. These activities are:

- **Maintain awareness of national e-waste legislation:** The grantee / investee will track and maintain an updated repository of national and regional e-waste and waste legislation, including national applications of Basel and Bamako conventions which regulate the regional and international shipment of waste.
- **Create, adhere and update national standard operating procedures (SOPs):** Each grantee / investee will develop national E-Waste Standard Operating Procedures for their operations, defining e-waste flows and proper handling based on national legislation.

CEI Africa will ensure that grantees and investees will seek out recycling partners wherever they are available – recognizing that in some off-grid markets, facilities are nascent or yet to be developed. Where no suitable e-waste processing partner can be identified, grantees and investees should ensure safe storage of e-waste within their facilities and explore other options such as safe disposal or transboundary shipment. Grantees and investees should review the availability of e-waste processors at least annually. Development and implementation of take back systems and initiatives for solar equipment and batteries will be supported by CEI Africa.

4. Impact Assessment

4.1 Impact Objectives

CEI Africa seeks to have a positive E&S impact. It starts with the premise that debt finance to be provided with partner Crowdlenders through CEI Africa's CL window helps to increase the efficiency and affordability of African businesses supporting electricity access at the consumer level. The grant financing of CEI Africa's RBF window helps to promote rural development by incentivizing private Mini-Grid Developers and in the future possibly also other providers of green off-grid energy solution to invest own equity in the expansion of decentralized, green rural electrification. CEI Africa's approach is on the one hand grant funding based on a reverse auction mechanism in the form of result based financing and in the future also social impact incentive financing and on the other hand debt financing in cooperation with Crowdlenders predominantly secured by receivables and inventory, to companies supporting distribution, financing and operation of off-grid energy solutions. This approach translates into four broad impact objectives:

1. **Increased access to finance** for Africa's emerging off-grid energy-access businesses who provide access to sustainably operated, green mini-grids, to commercial and industrial green off-grid energy solutions, to solar home systems, to productive use appliances (e.g. solar powered mills, pumps and cooling systems) and pico solar systems as well as **Closing the equity gap** by incentivizing Africa's Mini-Grid Developers and other emerging off-grid energy access business in Africa through grant financing using result based and social impact incentive financing to invest equity into the expansion of decentralized off-grid energy solutions;
2. Expansion of off-grid renewable energy providers and solutions;
3. **Increased renewable energy access** for MSMEs and households without access to stable on-grid power supply; and
4. Additional economic, social and environmental benefits resulting from increased energy access.

Increased Access to Finance for Off-grid Energy Access Businesses

Over the last few years, new capex subsidy models for mini-grids have been adopted. Result based financing (RBF) is a tool that gives money to mini-grids based on certain milestones being met. It typically provides a fixed grant per customer connected to the mini-grid, with the amount depending on the quality of the connection. Under this scheme, Mini-Grid Developers are in charge of selecting the sites, acquiring all permits and licenses, establishing contact with the community, designing the system and implementing it. The grant enables the developer to make own equity investments in the expansion of green mini-grids financially viable. Although, they may need to raise bridge finance to cover the period before the RBF is paid out.

The level of grant support should be high enough to make projects viable for investors and affordable for end users, while not too high, or broad in focus, that it crowds out private capital. The support should be flexible enough to meet the changing needs of developers, and easy to manage to keep down transaction costs. Ideally, grants and subsidies should also be available for expansion of existing projects as well as for developing new ones. This is why CEI Africa determines the RBF conditions new for any new round of RBF tenders based on local conditions.

The off-grid energy access sector has been growing until the advent of the Covid-19 pandemic. The prevailing business model requires high levels of working capital to fund inventory and customer

receivables and bridge finances to prefinance RBF tenders. The total amounts of funding required across Africa are estimated to be anywhere between USD 1 – 6 billion over the next five years. Most funding is currently provided by institutional investors, most of whom can be classified as development finance institutions or public donors. The pandemic has furthered limited the availability of funding and has generally increased risks.

The amounts required by the industry over the next few years far outstrip the funding expected from the institutional investors only. CEI Africa mobilizes new types of funding by co-investing with Crowdlenders that fulfill high E&S and other standards of transparency and that enable to mobilize private retail financing for green off-grid energy in Africa. To reach this aim CEI Africa will support Crowdlenders to further develop their own due diligence and E&S standards and processes and by offering de-risking instruments.

Expansion of Off-grid Renewable Energy Providers and Solutions and Increased Renewable Energy Access

Large parts of Africa remain without access to reliable grid-power resulting in energy poverty of many rural low-income households and, more broadly, in significant costs and lost business opportunities to African economies. Green mini-grids, off-grid home solar systems as well as small scale off-grid commercial systems have the potential of delivering reliable renewable electricity to retail customers and MSMEs, and are therefore fundamental in driving economic development across Africa.

Off-grid energy's success in Africa has been driven until 2019 by declining prices for solar panels, improved battery capacity and new payment technologies. It remains to be seen if the price increases due to the Covid-19 pandemic and other factors will reverse soon. The emerging energy-access sector has the potential of leapfrogging conventional models of domestic power delivery with far reaching benefits to the environment as well as country-wide electricity distribution costs (fewer high cost connections to be spread across utility customers).

Grants and investments by CEI Africa will directly increase energy-access by providing the necessary funding as well as advisory support where necessary.

Additional Economic, Social and Environmental Benefits

Improving energy access – in terms of the availability, reliability and quality of power based on renewable energy – for households and equivalent consumers unlocks substantial secondary benefits. For many stakeholders in the sector, these benefits are as important as the primary market development, especially where the benefits accrue to base-of-the pyramid or other target populations.

CEI Africa will seek to monitor and, where possible, quantify the environmental, economic and social benefits of the activities supported.

4.2 Result Chain and Impact Framework

CEI Africa's result chain as shown in Appendix I shows how the results will be achieved. A framework is derived to provide the analytical basis for assessing whether and how CEI Africa is meeting the objectives, each measured by several indicators (defined in more detail in Appendix I). The framework is based on an CEI Africa's strategy and best practice impact assessment as used for entities comparable to CEI Africa in the green energy access sector.

CEI Africa in general focuses on metrics that are quantitative but recognizes that certain assumptions have to be made for indicators, in particular related to certain market development parameters and the additional benefits of improved energy access, e.g. reduced/avoided greenhouse gas emissions. CEI Africa will itself not conduct separate industry studies to assess these impact indicators and will instead rely on and promote market best practice and information provided by its Contributors and lead donors and development finance institutions in the energy access space. In certain circumstances, CEI Africa may use grant funds to fund third party reviews to support and further develop its impact reporting.

4.3 Impact Scenarios

Taking a hypothetical portfolio of grant funded projects in CEI Africa’s RBF window and a hypothetical portfolio of investments in CEI Africa’s CL window and indicators relative to the four objectives presented above, we can generate a set of high level impact indicators for CEI Africa. Over the course of CEI Africa’s life (expected until 12/2038), these performance scenarios can be updated to reflect the activities of CEI Africa and changes in the wider operating context.

Table 5: Example Impact Scenario Outputs

IMPACT PROJECTIONS 17 YRS (2022-2038)					
Indicator #	CL Small offgrid	CL Mini-grid	RBF Mini-grid	Total	
1a Mini-grids #	n/a	285	105	390	
1b Connections #	444.448	53.093	36.288	533.829	
2 Mobilized (private) capital (EUR M)	65	69	9,0	143	
3 Installed capacity (MW)	4,9	13,7	5,0	24	
4 CO2te reduction p.a.	76.623	8.535	6.285	91.443	
5 Beneficiaries #	2.444.462	271.573	199.584	2.915.618	

The impact model is linked to CEI Africa’s financial model and based on the following main assumptions, sourced from GOGLA, AMDA and the Consortium Partners own estimates.

Cumulative invested capital USD	2038
CL window off-grid	54,041,513
CL window mini-grid	45,571,513
RBF window	16,027,429

GOGLA Parameters	
Discount for loss	3%
Discount for repeat sales	7%
Household size	5.5
Average CO2te per kerosen lamp	0.431
Replacement ratio of kerosen lamps	0.4

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CL Parameters		Source
CL OG CAPEX/Unit USD	100	CEI Africa
CL MG CAPEX/connection USD	912	CEI Africa
CL OG Average Wp per unit	11	Global Market Report
CL MG Average Wp per connection	62	AMDA 2019 report
Average Wp per MG	48,000	CEI Africa
# MG per SPV	5	CEI Africa

RBF Parameters		Source
Avg # MGs per SPV receiving RBF	5	CEI Africa
CAPEX/connection (USD)	912	CEI Africa
RBF Subsidy per Connection (USD)	464	CEI Africa
Average connection per mini-grid	346	CEI Africa
Average Wp per MG	48,000	CEI Africa
Leverage ratio (mobilized capital)	1	CEI Africa
Of which debt	70%	CEI Africa
Of which equity	30%	CEI Africa

5. Implementation

5.1 Oversight and Responsibilities

CEI Africa applies its E&S Policy as an integral part of its processes outlined for the RBF window, in the “RBF Policy”, “The RBF Operating Manual” as well as through its investment screening and due diligence process for the CL window. CEI Africa will also apply the E&S Policy to any technical assistance of advisory measures financed by grants of CEI Africa to support grantees, investees or crowdlending partners or to promote market. The E&S Policy outlines the E&S reporting to contributors and other stakeholders. This is shown through the different functions of the Foundation Manager (TJ) and its Consortium Partners below, where exact process flow between the Managers and the Partners still need to be detailed:

Table 6: Process flow of different functions of Foundation Manager and Consortium Partners

Function	Sourcing	Due Diligence	Investment Recommendations	Contracting	Portfolio Management
Triple Jump (Foundation Manager)	Define E&S eligibility criteria and E&S assessment templates	Conduct E&S assessment	Write E&S and impact memo for IC and includes investment conditions and TA recommendation if applicable	Define E&S clause in legal template Negotiate ESAP if applicable	Impact and E&S monitoring and reporting Management of grievance mechanism Coordinate TA if applicable E&S support to investees
GreenMax Capital (RBF Window)	Preliminary screening against E&S eligibility criteria	Gather E&S data through application process Support E&S assessment			Overall relationship management and monitoring Gather E&S and impact monitoring data
Persistent Energy (CL window)	Preliminary screening against E&S eligibility criteria	Gather E&S data through application process Support E&S assessment			Overall relationship management and monitoring Gather E&S and impact monitoring data

The Foundation Manager will ensure that during the whole project and investment cycle and during the life time of CEI Africa:

- CEI Africa’s Foundation Manager has a confirmed E&S Manager to have the oversight on the development of the ESMS and E&S performance of the foundation;
- CEI Africa’s Foundation Manager has a confirmed E&S Officer for the operational implementation of the ESMS;
- The E&S Policy and systems are kept up to date;
- CEI Africa has implemented a grievance mechanism satisfactory to the Board, the Supervisory Council and CEI Africa’s incorporator, which is accessible to the general public and in particular to persons affected by projects funded by CEI Africa, and to the workforce engaged in the implementation of such projects; and

- Projects are only supported if they conform to the E&S requirements of CEI Africa.

While the main focus of CEI Africa is supporting off-grid solar household and mini-grid operations, CEI Africa recognizes that generation assets underpinning certain mini-grids may be reviewed by CEI Africa using different technologies (hydroelectricity, biomass) that entail higher environmental & social risks. The Foundation Manager commits to always applying good international practices as set out in the IFC Performance Standards and seek third party expert advice as required to ensure these projects are appropriately assessed for environmental and social risk.

External consultants may be engaged at specific points in the grant making or investment process (i.e. for B+ investments; Category B and FI investments as needed) to provide objective, expert perspectives on E&S risk evaluation and performance. For sample terms of reference and required qualification of external consultants, please see Appendix L.

5.2 Procedures Across the Investment Cycle (CL window)

In the CL window, the Foundation Manager will follow a streamlined and thorough process to originate, screen, approve, and implement deals with investees. The process, outlined below, consists of four main steps.

Table 7: Illustrative procedures across CEI Africa’s investment activities and E&S risk measures in the CL window

	Lead origination & pipeline development	Due Diligence	Internal & Final Approvals and Financial Close	Implementation & Portfolio Management
CEI Africa CL window activities (Crowdlending for Energy Inclusion)	Deal sourcing Assessment of minimum eligibility Investment Memorandum prepared from initial meetings a) with prospective investee or b) with a Crowdlender presented to Investment Committee (IC)	Due diligence across all potential risk types Subject to due diligence outcome of E&S and other risk categories, drafting of investment proposal for the IC	Submission of investment proposal to the IC Approval from IC Sign-off on deal terms and structure by IC	Issuing of investment notice, including all risk related clauses and conditions CEI Africa investment in target investee or conclusion of framework agreement with Crowdlender for co-investments Active monitoring of portfolio investments
E&S Measures	Screening against E&S Policy, exclusion list Preliminary identification of Crowdlenders’ or investees’ E&S risks and their initial categorization Review Crowdlender ESMS	Comprehensive identification of E&S risks as well as evaluation of compliance with all local laws, regulations, relevant international standards and opportunities Drafting of likely risk mitigation measures, if needed	If E&S issues require significant mitigation, re-evaluation of investment proposal with revised economics If Crowdlender ESMS requires improvements, proposal for TA.	Active monitoring of E&S status, including audits and annual reporting Issuance of annual E&S performance updates to the CEI Africa’s Board Continuous updating of ESMS based on

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				grievances and issues as they occur
E&S Risk Outputs	Contribution to investment memorandum outlining initial assessment of E&S risks	As defined in table 2 and 3: if applicable, an ESIA, as well as ESMP, ESDD, ESAP and Full or Abbreviated FRAP or ARAP	E&S clauses for insertion into investment agreements	Annual report on E&S risks, mitigation, and progress to date Annual report on E&S impact indicators Immediate incident reporting

5.3 Procedures Across the Grant Making Cycle (RBF window)

In the RBF window, the Foundation Manager will follow a streamlined and thorough process to preselect projects, to screen them, to approve, and to grant finance activities of prequalified Mini-Grid Developers. The RBF process, outlined below, consists of 5 main stages.

Table 8: Illustrative procedures across CEI Africa's investment activities and E&S risk measures in the RBF window

	Pre-Qualification Stage	Site Specific Stage	Grant Agreement Signing	Build	Verification & Disbursement
CEI Africa RBF window activities (Smart Outcomes Fund)	Assessment of eligibility of Mini-Grid Developer Investment Memorandum prepared from initial meetings with Mini-Grid Developer presented to the Grant Committee (GC)	Subject to due diligence outcome of E&S and other risk categories, drafting of investment proposal for the GC	Submission of investment proposal to the GC Approval from GC Sign-off on deal terms and structure by GC	Review connection details and meter data on Odyssey	Review claims report CEI Africa disburses to target grantee Active monitoring of portfolio grants
E&S Measures	Screening against E&S Policy, exclusion list, categorization of mini-grid developer Due diligence of E&S risks Review Mini-Grid Developer ESMS Identify areas in need of further TA support, proposal for TA	Comprehensive identification of E&S risks of GMG sites as well as evaluation of compliance with all local laws, regulations, relevant international standards and opportunities Mini-Grid Developer submits E&S assessment checklist for all sites	If E&S issues require significant mitigation, re-evaluation of site proposal or site exclusion	Mini-Grid Developer submits incident reporting if relevant	Active monitoring of E&S status, including audits and annual reporting Issuance of regular E&S performance updates to the CEI Africa's Board Continuous updating of ESMS based on grievances and issues as they occur

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		<p>Mini-Grid Developer performs E&S due diligence across all potential risk types</p> <p>Drafting of likely risk mitigation measures, if needed</p>			
E&S Risk Outputs	As defined in table 2: Contribution to Investment Memorandum outlining assessment of E&S risks and Mini-Grid Developer capabilities	As defined in table 3: if applicable, an ESIA, as well as ESMP, ESDD, ESAP and Full or Abbreviated FRAP or ARAP	E&S clauses for insertion into grantee agreements	If relevant, incident reporting	<p>Annual report on E&S risks, mitigation, and progress to date</p> <p>Annual report on E&S impact indicators</p> <p>Immediate incident reporting</p>

6. Monitoring and Reporting

The Investment Policy outlines CEI Africa's approach for the monitoring and reporting of investments through the CL window. The RBF Handbook outlines CEI Africa's approach for the monitoring and reporting of projects grant-financed through the RBF window. This section outlines those areas most relevant to the E&S Policy. Monitoring and reporting refers here to measurement of E&S risk and of impact for CEI Africa's investments and grant funded activities on an ongoing basis.

6.1 Monitoring

The Foundation Manager commits to monitoring all active grantees and investees for E&S performance, including using its expertise and insights from previous experiences to identify opportunities for proactive risk mitigation and achievement of positive impacts beyond those already planned. The E&S Manager and the team of the Foundation Manager and its Consortium Partners will work with the grantee / investee to collect data on the E&S status on an annual basis to inform CEI Africa's Board of the E&S statuses of all grantees and investees. The annual report including an aggregated reporting on the E&S statuses of all grantees and investees will also be provided to the Supervisory Council and to CEI Africa's contributors.

CEI Africa will contractually ensure that in the case of severe E&S incidents and breaches of conduct (such as those listed in Appendix K), the grantee or investee must inform CEI Africa within twenty-four hours of occurrence. CEI Africa will ensure that the Supervisory Council is informed of any severe E&S incidents and breaches of conduct within 48 hours after CEI Africa has received the relevant information. The Supervisory Council will, after consulting the Board, decide on the communication to the Contributors, who must be informed within 5 working days after CEI Africa has learned of the incident in case of severe E&S incidents and breaches of conduct that may have negative impacts, including negative reputational impacts on any Contributor.

The extent of monitoring will correspond to a grantee's or an investee's risks, likely impacts, and compliance requirements, and will be adjusted over time according to performance and feedback from grantees, investees and Contractual Partners. Upon documenting and analyzing monitoring results, CEI Africa will identify any necessary corrective or preventive measures to the Contractual Partner's ESMS or the grantee's or investee's ESMP as well as to CEI Africa's own E&S policies and procedures to ensure continued relevance and effectiveness.

6.2 Reporting

The Foundation Manager commits to regular reporting on E&S performance to CEI Africa's contributors. Annual E&S reporting to contributors will be based on the requirements of CEI Africa's contributors. Annual reports will profile the E&S performance of each individual investment in accordance with a format to be developed by the Foundation Manager which will be determined by the Board and be approved by the Supervisory Council (see Appendix H for sample format). The annual report will explain performance across all grant funded projects and investments in aggregate. E&S updates will also be included in the semi-annual technical progress reports.

7. External Relations: Grievance Redress Mechanism (GRM)

7.1 Foundation Manager GRM

The Foundation Manager will ensure that members of the public have a channel to easily provide comments or express grievances. CEI Africa seeks to provide a clearly defined grievance redress mechanism (GRM) that ensures grievances are appropriately addressed and are used to prevent similar complaints in the future. The methods of doing so are highlighted in the table below, while the full procedure is outlined in Appendix D, Grievance Mechanism Procedure.

Table 9: Summary of Foundation Manager’s GRM for CEI Africa

Consideration	Method
Provide public with the means to easily communicate grievances, including anonymous ones.	Within 2 months after the launch of CEI Africa’s website, the internet website will provide an email address that members of the public may use to file complaints confidentially. This information will be shared with KfW as the incorporator in order to ensure 3 rd party oversight of all complaints received (complaints@triplejump.eu).
Implementation of a clearly defined process that includes assignment of responsibility and monitoring of outcomes	The Foundation Manager will maintain a log book to monitor progress towards resolution of all complaints. The E&S Officer is responsible for reviewing and recording any complaints received. He/she is also responsible for working with any relevant staff or stakeholders to investigate the complaints, determine the necessary response, and report on and document the outcome.
Ensure grievances are used as a source of continual learning	The E&S Officer will periodical compile all grievances in order to improve operations and proactively prevent future grievances.

7.2 Grantee and Investee GRM

All Contractual Partners are required to create a GRM when receiving funding from CEI Africa if they do not already have such mechanisms in place. Specifically, the GRM must be credible, independent, accessible to stakeholders at all times during the grantee’s or investee’s activities, and have the capacity to receive, process, and resolve affected individuals’ or communities’ grievances regarding the environmental or social performance of a grantee’s or an investee’s project or activities funded by CEI Africa. All responses to grievances must be recorded and included in the grantee’s and investee’s E&S reports and CEI Africa’s E&S reports.

To establish a GRM, the Contractual Partner should allocate staff, financial resources, and equipment. GRMs typically include a team of lawyers, anthropologists and other social scientists, and communication specialists. GRMs are generally designed as part of the ESMS for Contractual Partners that expect to have portfolios with Category A or B+ activities, and as such should be in place within a reasonable timeframe (within 6 months after disbursement). TA support can be used to help develop a GRM if needed.

8. ESMS Review and Continuous Improvement

An effective ESMS is dynamic, responsive to changing circumstances, and continuously improved through iteration and feedback. CEI Africa will develop and implement, no later than 31st August 2022, an ESMS in accordance with this Policy, which will entail more detailed tools and templates.

CEI Africa and its Foundation Manager commit to soliciting feedback annually from its Consortium Partners GreenMax Capital and Persistent Energy, by the Supervisory Council and by its Contributors about the perception of CEI Africa's E&S performance. This will be done during the annual meeting of Contributors. Similarly, CEI Africa will survey a sample of grantees, investees, end-beneficiaries, and impacted communities (where relevant) in regular interval starting after the first year to understand areas of success as well as concerns that have not been addressed. Feedback from these sources will then be reviewed by the Board of CEI Africa, and revisions will be made to CEI Africa's ESMS to improve future performance both for grantee and investees already part of the portfolio, and for future grantees and investees.

If severe incidents or breaches of this E&S Policy occur, the Foundation Manager will suggest to the Board rapid changes to the ESMS. The Board commits to consult with the Supervisory Council and after changes are agreed ensure that the agreed changes to the ESMS are implemented swiftly and changes to this Policy – if required – are determined by the Board and approved by the Supervisory Board with no objection by KfW in line with CEI Africa's Articles of Association.

Appendix A. CEI Africa Exclusion List

Foundation Clean Energy and Energy Inclusion for Africa (CEI Africa) will not finance any of the activities listed below:

Exclusions

Contractual Partners will not finance the following projects within the cooperation with CEI Africa:

1. Production or trade in any product or activity subject to national or international phase-out or prohibition regulations or to an international ban, for example:
 - a. certain pharmaceuticals, pesticides, herbicides and other toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"),
 - b. ozone depleting substances (under the Montreal Protocol),
 - c. protected wildlife or wildlife products (under CITES / Washington Convention)
 - d. prohibited transboundary trade in waste (under the Basel Convention).
2. Investments which could be associated with the destruction¹ or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
3. Production or trade in munitions, weapons and critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, anti-personnel mines, enriched uranium).
4. Production or trade in alcoholic beverages (excluding beer and wine).²
5. Production or trade in tobacco.³
6. Gambling, casinos and equivalent enterprises.³
7. Production or trade in radioactive material. This does not apply to the procurement of medical equipment, quality control equipment or other application for which the radioactive source is insignificant and/or adequately shielded.
8. Production or trade in unbound asbestos. This does not apply to the purchase or use of cement linings with bound asbestos and an asbestos content of less than 20%.
9. Destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km.
10. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
11. Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines.³
12. Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.

1 "Destruction" means (i) the destruction or severe deterioration of the integrity of an area caused by a major and prolonged change in the use of land or water, or (ii) the alteration of a habitat which leads to the inability of the affected area to perform its function.

2 This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

3 Investments in power transmission grids with significant coal-based power feed-in will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the share of coal-based power in the relevant grid. In developing countries, heating stations and cogeneration facilities (CHP) essentially fired with coal can be co-financed in individual cases based on a rigid assessment, if there is a particularly high sustainability contribution, major environmental hazards are reduced, and if there demonstrably is no more climate-friendly alternative.

All Contractual Partners, except those engaged in activities specified below*, must apply the following exclusions, in addition to the Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor⁴/harmful child labor.⁵
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

* When investing in **microfinance** activities, Contractual Partners will apply the following items in addition to the Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

* **Trade finance projects**, given the nature of the transactions, Contractual Partners will apply the following items in addition to the Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.

Supplementary Guidelines

In selected sectors, the Contractual Partner ties its financial commitment under the cooperation with CEI Africa to the following qualitative conditions:

- Outside the EU and the OECD high income countries, large agricultural or forestry enterprises producing palm oil or wood must either comply with recognized international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions, or must be in the process of achieving compliance.
- Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation.⁶
- Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards,
 - that no material groundwater drawdown or contamination is to be expected,
 - that measures for resource protection (in particular water) and recycling are taken,
 - that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

4 Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

5 Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

6 Dams with a height of at least 15 meters measured from the foundation or dams with a height between 5 and 15 meters with a reservoir volume of more than 3 million cubic meters.

Appendix B. IFC Performance Standards

The IFC is the private sector arm of the WBG and the largest global development institution focused on private sector development in developing countries. The IFC's approach to and standards on E&S sustainability, particularly the IFC PS, have become a benchmark for private sector investing in emerging markets, with many DFIs and investors formally adopting or incorporating the IFC's standards and guidelines in their own E&S policies and procedures. The Equator Principles are based on the policy frameworks established by the IFC.

The IFC has published a set of Guidance Notes corresponding to the PS with explanations on the requirements of the PS and good sustainability practices to improve project performance. Furthermore, the WBG publish EHS Guidelines as technical reference documents for implementation of the PS, with examples of Good International Industry Practice (GIIP) for environmental, occupational health and safety and community health and safety management and performance. In addition to General EHS Guidelines, which includes guidelines specific to construction and decommissioning of projects, various Industry Sector EHS Guidelines have been published. Relevant guidelines include those for Electric Power Transmission and Distribution⁷, Geothermal Power Generation⁸ and Wind Energy⁹.

Overview of the IFC Performance Standards

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

PS 1 underscores the importance of managing environmental and social performance throughout the life of a project. A good management system appropriate to the size and nature of project operations promotes sound and sustainable environmental and social performance, and can lead to improved financial, environmental and social development outcomes. The management system should incorporate the following elements, as relevant: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.

The objectives of PS1 are to:

- Identify and evaluate environmental and social risks and impacts;
- 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;
- Promote improved environmental and social performance through the effective use of management systems;
- Ensure that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately; and
- Promote and provide means for adequate engagement with Affected Communities on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated.

7 [EHS Guidelines for Electric Power Transmission and Distribution, 2007](#)

8 [EHS Guidelines for Geothermal Power Generation, 2007](#)

9 [EHS Guidelines for Wind Energy, 2015](#)

CEI Africa will ensure that investee's and grantee's ESMS contain all elements as defined by IFC PS 1, and as appropriate to the nature and scale of operations and associated risks and impacts.

PS 2: Labor and Working Conditions

PS 2 recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection for basic rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the sustainability of the enterprise. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention and can jeopardize an investment.

PS2 sets out the standards that must be adhered to with regard to direct workers, where there is a clear employment relationship and complete control over their working conditions and treatment. Obligations with regard to the labor and working conditions, specifically health and safety, of workers employed by third parties and those within the primary supply chain are also set out in this PS. The requirements set out in this PS have been in part guided by a number of international conventions negotiated through the International Labor Organization and the United Nations.

The primary objectives of this PS are to:

- Promote the fair treatment, non-discrimination and equal opportunity of workers;
- Establish, maintain and improve the worker-management relationship;
- Promote compliance with national employment and labor laws;
- Protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties and workers in the company's supply chain;
- Promote safe and health working conditions, and the health of workers; and
- Avoid the use of forced and child labor.

CEI Africa will comply with the Fundamental Conventions of the ILO. If the ILO Fundamental Conventions have not been fully ratified in a country where a project financed by CEI Africa is implemented, CEI Africa will take appropriate measures to enable alternative means in the scope of the project financed by CEI Africa to safeguard labor conditions in the intention of the said ILO conventions

PS 3: Resource Efficiency and Pollution Prevention

PS 3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels. PS 3 requires the implementation of measures to improve efficiency in the consumption of resources (e.g. energy and water), focusing on core business activities. Ambient conditions must be considered and pollution prevention and control technologies and practices applied that are best suited to avoid or, where avoidance is not feasible, minimize or reduce adverse impacts on human health and the environment, while remaining technically and financially feasible and cost-effective.

The objectives of PS3 are to:

- Avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- Promote more sustainable use of resources, including energy and water.
- Reduce project-related greenhouse gas emissions.

CEI Africa will ensure compliance with the IFC PS3.

PS 4: Community Health, Safety and Security

PS 4 recognizes that, in addition to benefits such as employment, services and opportunities for economic development, development activities, equipment, and infrastructure can also increase the potential for community exposure to risks and impacts arising from accidents, structural failures, and releases of hazardous materials. Communities may also be affected by impacts on their natural resources, exposure to diseases, and the use of security personnel. While acknowledging the public authorities' role in promoting the health, safety and security of the public, this PS addresses the Fund Manager's responsibility to avoid or minimize the risks and impacts to community health, safety and security that may arise from development activities. The level of risks and impacts described in this Performance Standard may be greater for projects located in conflict and post-

The objectives of PS4 are to:

- Anticipate and avoid adverse impacts on the health and safety of Affected Communities from both routine and non-routine circumstances.
- 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 Affected Communities.

CEI Africa will ensure compliance with the IFC PS 4 requirements, as and where relevant.

PS 5: Land Acquisition and 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 means of livelihood) as a result of project-related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for affected persons and communities, as well as environmental damage and social stress in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided or at least minimized. However, where it is unavoidable, appropriate measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented. In many countries, there are national legislation that guide the resettlement (and compensation) process. However, project proponents are required to ensure that any resettlement undertaken on their behalf also meets the requirements as set out in in this PS.

The requirements of PS5 aims to:

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

CEI Africa will ensure that RAPs and/or LRPs are compiled for all cases of involuntary resettlement, regardless of the number of people affected. CEI Africa will ensure compliance with the IFC requirements in cases of government-led resettlement.

PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS 6 recognizes that protecting and conserving biodiversity – the variety of life in all its forms, including genetic, species and ecosystem diversity – and its ability to change and evolve, is fundamental to sustainable development. The components of biodiversity, as defined in the Convention on Biological Diversity, include ecosystems and habitats, species and communities, and genes and genomes, all of which have social, economic, cultural and scientific importance. This PS reflects the objectives of the Convention on Biological Diversity to conserve biological diversity and promote use of renewable natural resources in a sustainable manner. PS 6 addresses how project proponents can avoid or mitigate threats to biodiversity arising from project operations as well as sustainably manage renewable natural resources. Where projects pose risks to biodiversity or ecosystem services (including where there are knowledge gaps), this PS requires the adoption of practices that integrate conservation needs and development priorities in order to:

- Protect and conserve biodiversity.
- Maintain the benefits from ecosystem services.
- Promote the sustainable management of living natural resources.

CEI Africa will ensure compliance with the IFC PS 6 requirements, as and where relevant.

PS 7: Indigenous Peoples

PS 7 recognizes that Indigenous Peoples are often among the most marginalized and vulnerable communities among a population. The ability of Indigenous Peoples to defend their rights to and interests in land and natural or cultural resources is often restricted by their economic, social and/or legal status. They are often more vulnerable to the adverse impacts associated with development than non-indigenous communities.

Private sector developments may create opportunities for Indigenous Peoples to participate in and benefit from development-related activities that may help them fulfil their aspiration for economic and social development. In addition, the recognizes that Indigenous Peoples may play a role in sustainable development by promoting and managing activities and enterprises as partners in development.

The objectives of this Performance Standards are to:

- Ensure respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.
- Anticipate and avoid adverse impacts on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.
- Promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.
- Establish and maintain an ongoing relationship based on Informed consultation and participation with Indigenous Peoples.
- Ensure Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples in specific circumstances.
- Respect and preserve the culture, knowledge, and practices of Indigenous Peoples.

CEI Africa will ensure compliance with the IFC PS7.

PS 8: Cultural Heritage

PS 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this PS aims to protect irreplaceable cultural heritage. In addition, the requirements of this PS on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.

The objectives of this Performance Standard are to:

- Protect cultural heritage from the adverse impacts of project activities and support its preservation.
- Promote the equitable sharing of benefits from the use of cultural heritage.

CEI Africa will ensure compliance with IFC PS8.

Appendix C. World Bank ESS9 for Financial Intermediaries

Source: [ESFFramework.pdf \(worldbank.org\)](#)

Introduction

1. ESS9 recognizes that strong domestic capital and financial markets and access to finance are important for economic development, growth and poverty reduction. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.
2. Financial Intermediaries (FIs) are required to monitor and manage the environmental and social risks and impacts of their portfolio and FI subprojects, and monitor portfolio risk, as appropriate to the nature of intermediated financing. The way in which the FI will manage its portfolio will take various forms, depending on a number of considerations, including the capacity of the FI and the nature and scope of the funding to be provided by the FI.
3. FIs are required to develop and maintain, in the form of an Environmental and Social Management System (ESMS), effective environmental and social systems, procedures and capacity for assessing, managing, and monitoring risks and impacts of subprojects, as well as managing overall portfolio risks in a responsible manner.

Objectives

- To set out how the FI will assess and manage environmental and social risks and impacts associated with the subprojects it finances.
- To promote good environmental and social management practices in the subprojects the FI finances.
- To promote good environmental and sound human resources management within the FI

Scope of Application

4. This ESS applies to Financial Intermediaries (FIs) that receive financial support from the Bank. FIs include public and private financial services providers, including national and regional development banks, which channel financial resources to a range of economic activities across industry sectors. Financial intermediation also includes provision of financing or guarantees by FIs to other FIs. For the purposes of this ESS, the term "FI subproject" refers to projects financed by FIs with support from the Bank. Where the project involves on-lending by the FI to another FI, the term "FI subproject" will include the subprojects of each subsequent FI.
5. The requirements of this ESS apply to all FIs that receive support from the Bank, either directly from the Bank or the Borrower, or through the Borrower or other FIs, as follows:
 - (a) Where Bank support is provided to the FI to fund clearly defined FI subprojects, the requirements of this ESS will apply to each of the FI subprojects;
 - (b) Where Bank support is provided to the FI for a general purpose, the requirements of this ESS will apply to the entire portfolio of the FI's future subprojects from the date on which the legal agreement becomes effective;
 - (c) Where an FI receiving support from the Bank provides financing or guarantees to other FIs, the FI will apply the requirements of this ESS and will cause each subsequent FI to apply the requirements of this ESS.

Requirements

6. FIs will put in place and maintain an ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level. Where the FI can demonstrate that it already has an ESMS in place, it will provide adequate documented evidence of such an ESMS, indicating which elements, if any, will be enhanced or modified to meet the requirements of this ESS.
7. The FI's ESMS will include the following elements: (i) environmental and social policy; (ii) clearly defined procedures for the identification, assessment and management of the environmental and social risks, and impacts of subprojects; (iii) organizational capacity and competency; (iv) monitoring and review of environmental and social risks of subprojects and the portfolio; and (v) external communications mechanism.
8. Where FI subprojects are likely to have minimal or no adverse environmental or social risks or impacts, the FI will apply national law.
9. The FI will review and adjust, in a manner acceptable to the Bank, its ESMS from time to time, including when the environmental and social risk profile of its portfolio changes significantly.
10. The FI will comply with any exclusions in the legal agreement and apply relevant national law for all FI subprojects. In addition, the FI will apply the relevant requirements of the ESSs to any FI subproject that involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage.
11. An FI may be required to adopt and implement additional or alternative environmental and social requirements, depending on the nature of the FI, its activities, the sector or countries of operation, and the environmental and social risks and impacts of the potential FI subprojects.
12. The FI will provide a safe and healthy working environment. Accordingly, relevant aspects of ESS2 will apply to the FI itself. The FI will have in place and maintain appropriate labor management procedures, including procedures relating to working conditions and terms of employment, non discrimination and equal opportunity, grievance mechanisms, and occupational health and safety. The FI will provide adequate documented evidence of such procedures.

Environmental and Social Policy

13. The environmental and social policy of the FI will be endorsed by the FI's senior management and will include organizational commitments, objectives, and metrics with regard to the FI's environmental and social risk management. The policy will clearly state applicable requirements for FI subprojects, and will include the following: (a) All FI subprojects will be prepared and implemented in accordance with relevant environmental and social national and local laws and regulations; (b) All FI subprojects will be screened against exclusions in the legal agreement; (c) All FI subprojects will be screened for environmental and social risks and

impacts; and (d) All FI subprojects which involve resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage will apply relevant requirements of ESSs.

Environmental and Social Procedures

14. The FI will put in place and maintain clearly defined environmental and social procedures which reflect and implement the FI's Environmental and Social Policy. The procedures will be proportionate to the nature of the FI and the level of potential environmental and social risks and impacts associated with the FI subprojects.

Monitoring and Reporting

21. The FI will monitor the environmental and social performance of the FI subprojects in a manner proportionate to the risks and impacts of the FI subprojects, and provide regular progress reports to the FI's senior management. This will include periodic review of the effectiveness of the FI's ESMS.

Appendix D. Grievance Mechanism Procedure

This procedure provides guidance on how to report or complain to CEI Africa about misconduct or malpractice by CEI Africa or its Contractual Partners, grantees or investees, which is alleged to breach the principles set out in the E&S Policy.

External reports and complaints handling process

Who can make a report or complaint?

Individuals, groups, communities or other parties who believe they have been adversely affected or have the potential to be adversely affected by CEI Africa's Contractual Partner, grantee or investee in which CEI Africa is invested, including prospective CEI Africa grantees and investees.

How can reports or complaints be made?

Complaints and reports can be made in writing by emailing:

- complaints@triplejump.eu.
- Or by calling the following number: XXX (to be provided by TJ)

Please ensure that your report or complaint includes the following information:

- Optional: Your name and contact details
- Identification of the CEI grantee or investee (e.g. name of grantee or investee company, Mini-Grid Developer, Crowdfunder, or project) to which the report or complaint relates
- Information regarding the misconduct or malpractice that is alleged to violate the CEI E&S Policy
- Information regarding any harm caused by the alleged misconduct or malpractice, provided in as much detail as possible, including an explanation of whether you are directly affected
- Any documents that support the allegation of misconduct or malpractice
- Information on any steps taken prior to this report or complaint to address the alleged misconduct, malpractice or harm
- Whether your identity should be kept confidential
- Information on what you hope to achieve with your report or complaint: in other words, the redress or resolution sought

Will confidentiality of reports or complaints be respected?

It is CEI Africa's policy not to reveal the identity of an individual or entity making a report or complaint to any third party without explicit permission from the relevant individual or entity. Within CEI Africa, relevant details of the report or complaint, and the identity of the external party making the report or complaint, are only shared with staff directly involved in the review of complaint. Sometimes the details of a report or complaint may need to be shared with third parties, including law enforcement authorities or regulators, which may make it difficult to protect the anonymity of the external party making the report or complaint. In these circumstances, we will discuss this with the relevant external party and seek to agree an appropriate way forward.

What happens when a report or complaint is filed?

CEI Africa will acknowledge receipt of the report or complaint, and CEI Africa's E&S Officer will determine the eligibility of your report or complaint for investigation. Reports or complaints that do not relate to CEI Africa or its grantees / investees, or that do not allege misconduct or malpractice in breach of the E&S Policy, will not be eligible.

If your report or complaint is deemed ineligible, you will be notified and informed of the reason within 10 working days. If your report or complaint is deemed eligible, you will be notified within 10 working days and we set out below the process for handling the report or complaint.

How are eligible reports or complaints handled?

All eligible reports or complaints will be independently managed by CEI Africa's E&S Officer under the supervision of the E&S Manager.

The E&S team will initiate an investigation of the misconduct or malpractice alleged in the report or complaint, and coordinate with the relevant internal teams to gather facts, determine whether there may have been a breach of the E&S Policy, and consider whether further action is required. The nature and timeframe of the investigative process may depend on a range of factors, including (without limitation): the extent of our involvement in the alleged misconduct or malpractice; the seriousness of the allegation; the extent to which we have access to relevant information or documents; the existence of litigation, law enforcement action, or regulatory interventions in relation to the same or related allegations; and the willingness of other relevant parties (such as Mini-Grid Developers or Crowdlenders) to cooperate with our investigative work.

Throughout the investigation process we will endeavor to keep the external party that made the report or complaint informed and updated unless, in our reasonable opinion, this is inappropriate. When dealing with some cases, CEI Africa may need to consult an external adviser or investigator to assist with the investigation (subject to the need to preserve the complainant's anonymity). In all cases, a formal written response will be provided to the external party that made the report or complaint on the outcome of the investigation.

In the case that the External Party is not satisfied or does not agree with the outcome of the investigation, a second cycle of investigation will be conducted with CEI Africa's management involvement and if required a third cycle will be conducted with external mediation.

CEI Africa is committed to transparency in the complaint handling process, but external parties should be aware that our ability to provide detailed information on the steps we have taken in response to reports or complaints may be limited by the nature of the investigative work; our legal obligations to investee companies, funds or other third parties; our legal and regulatory duties; and the need to preserve legal professional privilege over our investigative process.

Appendix E. E&S Assessment Checklist for Indirect Investments (Contractual Partners)

This checklist represents a list a potential E&S risks and opportunities against which a potential Contractual Partner will be evaluated and its activities categorized (as Category FI/A, FI/B+, FI/B or FI/C). This is used to directly inform each Contractual Partner’s E&S assessment and the screening. Approval must be received prior to the Crowdlender or Mini-Grid Developer receiving approval for the Framework Agreement or Pre-Qualification, respectively.

E&S Assessment Checklist				
General information				
Name of Contractual Partner (FI):				
Type of investment: <input type="checkbox"/> <i>Crowdlender</i> <input type="checkbox"/> <i>Mini-Grid Developer</i> <input type="checkbox"/> <i>Other</i>				
Current portfolio: <input type="checkbox"/> <i>Solar home systems</i> <input type="checkbox"/> <i>C&I</i> <input type="checkbox"/> <i>Productive Use</i> <input type="checkbox"/> <i>Mini-grids</i> <input type="checkbox"/> <i>Microfinance</i> <input type="checkbox"/> <i>NBFIs</i> <input type="checkbox"/> <i>Other</i> _____				
Countries of current portfolio operations:				
Expected portfolio under CEI Africa funding: <input type="checkbox"/> <i>Solar home systems</i> <input type="checkbox"/> <i>C&I</i> <input type="checkbox"/> <i>Productive Use</i> <input type="checkbox"/> <i>Mini-grids</i> <input type="checkbox"/> <i>Other</i> _____				
Countries of expected portfolio operations:				
Brief description of proposed activities, including proposed type of energy generation technology:				
ES risk management				
Y	N	N/A	Description	Comment
			All categories:	
			FI has an Environmental and Social (ES) Policy outlining the FI’s vision and commitments around ES risks, opportunities, and impacts	
			FI has a list of activities / projects that will <u>not</u> be financed, which is aligned with CEI Africa’s excluded activities	
			FI has a documented process to assess E&S impacts and risks of its transaction-related operations (ESMS)	
			FI has an ES risk categorization process to categorize projects from an ES perspective	
			FI includes specific ES clauses (where relevant) in its legal agreements with underlying investments	
			FI has an established and operational credible, independent grievance and redress mechanism (GRM)	
			FI has a major incident reporting procedure	
			FI’s internal operations comply with labor and working condition requirements as set out in IFC PS 2	
			FI has sufficient capacity for periodic reporting as well as annual reporting on E&S performance	
			FI’s proposed grantee / investee activities include the use of lead acid or lithium ion batteries, but investees have a system in place for the collection, refilling, replacement, and safe recycling of these batteries	

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			FI's proposed grantees / investees have a waste management policy and place in place in regard to responsibly managing and recycling its e-waste	
Current portfolio				
Y	N	N/A	Description	Comment
			Category C:	
			Current portfolio activities have negligible adverse environmental and social risks	
			Category B:	
			Current portfolio activities do not have considerable negative effects and have only manageable potential negative effects or risks	
			Category B+:	
			Current portfolio activities have a single significantly adverse environmental or social risks and/or impacts that are generally beyond the site boundaries or irreversible	
			Current portfolio activities have required the voluntary physical or economic resettlement of up to 50 people	
			Category A:	
			Current portfolio activities have potentially high negative impacts or risks that are multiple, irreversible and/or unprecedented. Impacts may affect a larger area than just the facility under construction, the site or the project area	
			Current portfolio activities have required the voluntary physical or economic resettlement of more than 50 people, or involuntary settlement of at least one person	
Expected portfolio				
Y	N	N/A	Description	Comment
			Category C:	
			Expected portfolio activities entail construction of power generation plants or mini-grids producing <50kWp	
			Expected portfolio activities include solar home system providers with limited installation and/or pico-solar providers	
			Category B:	
			Expected portfolio activities entail construction of power generation plants or mini-grids between ≥50kWp and 1 MWp	
			Expected portfolio activities include solar home system providers involving installation on the roof and/or productive use off-grid energy projects (e.g. solar-powered mills and pumps)	
			Category B+:	
			Expected portfolio activities entail construction of power generation plants or mini-grids between >1MWp and 30 MWp	
			Expected portfolio activities include construction of a biomass or hydropower plant rather than solar, wind, or other renewable source	
			Category A:	
			Expected portfolio activities entail construction of power generation plants or mini-grids >30 MWp	
Final risk categorization				
Tally				
Category FI/A: _____ Y statements				

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Category FI/B+: _____ Y statements

Category FI/B: _____ Y statements

Category FI/C: _____ Y statements

All categories: _____ N statements

Risk categorization

- Category FI/A (if 1+ Y Category A statements)
- Category FI/B+ (if 1+ Y Category B+ statements)
- Category FI/B (if 1+ Y Category B statements)
- Category FI/C (if 1+ Y Category C statements)

Appendix F. E&S Assessment Checklist for Direct Investments (Grantees and Investees)

This checklist represents a list a potential E&S risks and opportunities against which a potential grantee or investee will be evaluated and its activities categorized (as Category A, B+, B or C). This is used to directly inform each grant funded project’s or investment’s E&S assessment and the screening. Approval must be received prior to the grantee or investee receiving approval for the grant or the investment, respectively.

Environmental & Social (E&S) Assessment Checklist				
General information				
Name of grantee/ investee:				
Type of investment: <input type="checkbox"/> <i>Solar home systems</i> <input type="checkbox"/> <i>C&I</i> <input type="checkbox"/> <i>Productive Use</i> <input type="checkbox"/> <i>Mini-grid</i> <input type="checkbox"/> <i>Other</i> _____				
Grant or Lending amount and financial purpose:				
Proposed countries of operation:				
Brief description of proposed activities, including proposed type of energy generation technology:				
ES risk assessment and management (Covering IFC PS 1, 2, 3, 4)				
Y	N	N/A	Description	Comment
			All categories:	
			Grantee / Investee has a policy with regard to ES risk management that was approved by Senior Management	
			Grantee / Investee complies with international and national agreements, such as on child and forced labor, pollution, and fair wages	
			Grantee / Investee has a documented process to assess ES impacts and risks of its operations	
			Grantee / Investee has prepared or in in the process of preparing a mitigation action plan as part of its Environmental and Social Management Plan (ESMP) outlining all actions it will take to proactively mitigate against risk	
			Grantee / Investee has an established and operational credible, independent grievance and redress mechanism (GRM)	
			Grantee / Investee involves civil society groups, academics, and potentially impacted communities in decision-making	
			Grantee / Investee has created or is in the process of creating a Resettlement Action Plan (RAP)	
			Grantee / Investee confirms to cooperate and to identify opportunities for positive ES impacts beyond those already planned for or identified	
			Grantee / Investee activities are likely to offset 100,000 MT CO ₂ -equivalent or more per year	
			Grantee / Investee activities include the use of lead acid or lithium ion batteries, but grantee / investee has a system in place for the collection, refilling, replacement, and safe recycling of these batteries	
			Grantee / Investee has a waste management policy and place in place in regard to responsibly managing and recycling its e-waste	

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			If a SHS provider using PAYGO model, investee has committed to the GOGLA Consumer Protection Code	
			Grantee / Investee agrees to conduct baseline, midterm, and final evaluations, including greenhouse gas emissions calculation	
Sector classification				
Y	N	N/A	Description	Comment
			All categories:	
			Project site(s) is/are expected to be:	
			Rural	
			Urban	
			Industrial	
			Forested	
			Adjacent to or within a water body	
			Adjacent to or within a protected area	
			Adjacent to or within a culturally sensitive or indigenous area	
			Category C:	
			Grantee / Investee activities entail construction of power generation plants or mini-grids <50kWp	
			Grantee / Investee activities include solar home system providers with limited installation and/or pico-solar providers	
			Category B:	
			Grantee / Investee activities entail construction of power generation plants or mini-grids between ≥50kWp and 1 MWp	
			Grantee / Investee activities include solar home system providers involving installation on the roof and/or productive use off-grid energy projects (e.g. solar-powered mills and pumps)	
			Category B+:	
			Grantee / Investee activities entail construction of power generation plants or mini-grids between >1MWp and 30 MWp	
			Grantee / Investee activities include construction of a biomass or hydropower plant rather than solar, wind, or other renewable source	
			Category A:	
			Grantee / Investee activities entail construction of power generation plants or mini-grids >30 MWp	
Pollution prevention and control (Covering IFS PS 3)				
Y	N	N/A	Description	Comment
			Category B+:	
			Grantee / Investee activities are likely to result in increased soil or water pollution, such as if they require clearing of forested or planted areas on slopes or sandy soils, and therefore result in erosion	
			Grantee / Investee activities require the use of pesticides, herbicides, or fungicides	
			In the case of hydropower, Grantee / Investee activities are likely to increase water turbidity and sedimentation, and thereby decrease water quality	
			Grantee / Investee activities during construction, transportation, operations, or completion of activities may result in the emissions of greenhouse gases exceeding 100 MT CO ₂ -equivalent	
			Category A:	

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			Grantee / Investee activities are likely to release toxic chemicals into the environment, including known carcinogens or teratogens	
			Grantee / Investee activities may result in the release of dust, smoke, odors, noise, fumes, vibrations above limits outline in IFC EHS Guidelines on Community Health and Safety, or traffic congestion above national legislated standards, or in their absence, current WHO Guidelines for Air Quality and Community Noise	
			Grantee / Investee activities during construction, transportation, operations, or completion of activities may result in the emissions of greenhouse gases exceeding 1,000 MT CO2-equivalent	
			Grantee / Investee activities are likely to increase greenhouse gas emissions compared to not undertaking the operations	
			Grantee / Investee activities include use of thermal generation	
Land Resettlement, Indigenous People and Cultural Heritage (Covering IFC PS 5, 7 and 8)				
Y	N	N/A	Description	Comment
			Category C:	
			If land is to be acquired, the land plot is currently not used for productive use (to grow crops or for aquaculture, or for livestock ranching and herding, or for active commercial or industrial activity)	
			Grantee / Investee activities will not require the voluntary or involuntary physical or economic resettlement of any individuals	
			Category B:	
			Grantee / Investee activities will require the acquisition of rights to land not currently leased or owned by the organization	
			Category B+:	
			Grantee / Investee activities may take place on, or flood and damage, land previously used as farmland or for other productive use, and may therefore have negative economic impacts on affected communities; grantees / investees plan to actively compensate for lost income and offer at least as equally attractive alternative income generation opportunities	
			Grantee / Investee activities may require the physical and/or economic resettlement of between one to 50 persons, provided resettlement is voluntary and does not involve any vulnerable groups	
			Grantee / Investee activities will require the transplantation of businesses or other productive ventures	
			If land is to be acquired, the land plot is currently used for productive use (to grow crops or for aquaculture, or for livestock ranching and herding)	
			Category A:	
			Grantee / Investee activities may damage a community's or group's historical, cultural, religious, or archaeological heritage	
			Grantee / Investee activities may require the physical and/or economic resettlement of over 50 persons, provided resettlement is voluntary and does not involve any vulnerable groups	
			If land is to be acquired, the land plot is currently lived on, leased by, or used by indigenous peoples, ethnic or religious minorities, by those in the lowest income quintile, or by other vulnerable populations, such as the elderly or widows	

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			Grantee / Investee activities will require involuntary physical resettlement of any people, including minorities or vulnerable populations as defined in IFC PS7	
			Grantee / Investee activities will flood at least 30 ha of land currently used by local populations (such as in the case of hydropower IPPs)	
Biodiversity and ecosystem services (Covering IFC PS 6)				
Y	N	N/A	Description	Comment
			Category B+:	
			Grantee / Investee activities are to be sited within 20 km of a protected area or wildlife corridor, including bird and bat migration routes or rookeries (nesting areas)	
			Grantee / Investee activities are likely to adversely affect bees, birds, bats, and other pollinators through poisoning, loss of food sources or nesting areas, introduction of disease, or other reasons	
			Grantee / Investee activities are likely to adversely affect non-managed forests, including secondary-growth forests, through deforestation, fire, or other means	
			Grantee / Investee activities are likely to require planting and harvesting managed forests with exotic tree species on land that was previously “degraded,” “dryland,” or previously used for occasional food production	
			Category A:	
			Grantee / Investee activities will occupy a land area of 30 ha or more	
			Grantee / Investee activities will require the construction of roads or other means of right-of-way that are 50 km or longer, in highly populated, cultivated, or forested regions	
			Grantee / Investee activities will require the construction of 110 kV or greater-voltage above-ground transmission lines	
			Grantee / Investee activities are to be sited within a protected area or wildlife corridor, including bird and bat migration routes or rookeries (nesting areas)	
			Grantee / Investee activities are likely to affect populations of endangered species	
			Grantee / Investee activities are likely to adversely affect riparian and near-riparian habitats through compromised water quality, increased sediment loading, or habitat loss	
			Grantee / Investee activities are located in fish or amphibian spawning areas and are likely to prevent movement of these species upstream or downstream, thereby threatening species survival	
			Grantee / Investee activities are likely to require planting and harvesting managed forests with exotic tree species on land that was previously forested with native species, in wetlands, or on lands used for food production for at least one growing season per year	
			In the case of hydropower, Grantee / Investee proposed grantee / investee activities are to be sited within a waterway that is a known habitat for endangered aquatic or riparian species that are not likely to be able to move upstream after construction of the hydropower infrastructure	
Final risk categorization				
Tally				

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Category A: _____ Y statements

Category B+: _____ Y statements

Category B: _____ Y statements

Category C: _____ Y statements

All categories: _____ N statements

Risk categorization

Category A (if 1+ Y Category A statements) - **EXCLUDED**

Category B+ (if 1+ Y Category B+ statements)

Category B (if 1+ Y Category B statements)

Category C (if 1+ Y Category C statements)

Appendix G. Indicative E&S Due Diligence Reporting Template

This indicative reporting template presents the information to be gathered for E&S due diligence for each prospective investment. This template will be complemented and finalized no later than 31st August 2022.

ENVIRONMENTAL & SOCIAL (E&S) DUE DILIGENCE REPORTING TEMPLATE	
General information	
Name of potential grantee / investee:	
Type of grant project / investment: <input type="checkbox"/> Solar home systems <input type="checkbox"/> C&I <input type="checkbox"/> Productive Use <input type="checkbox"/> Mini-grid <input type="checkbox"/> Other	
Grant / Lending amount and purpose:	Proposed location of activities:
Brief description of proposed activities, including proposed type of energy generation technology:	
Management commitment to ESMS	
<input type="checkbox"/> Grantee / Investee organization has a policy with regard to Environmental and Social (E&S) risk management that was approved by Senior Management <input type="checkbox"/> Grantee / Investee organization has a documented process to assess E&S impacts and risks of its operations (or investments in the case of financial intermediaries) <input type="checkbox"/> If classified as Category B+ or B, the potential grantee / investee has implemented or is committed to create an Environmental and Social Management Plan (ESMP) <input type="checkbox"/> If classified as Category B+ or B, the potential grantee / investee is willing to create a mitigation action plan as part of its ESMP outlining all actions it will take to proactively mitigate against risk <input type="checkbox"/> If classified as Category C, the potential grantee / investee commits to proactively mitigating all potential E&S risk, and understands that it may be classified as 'Category B' if it is unable to mitigate risks <input type="checkbox"/> The potential grantee / investee has prepared a Resettlement Action Plan (RAP) if applicable <input type="checkbox"/> The potential grantee / investee confirms to cooperate and to identify opportunities for positive E&S impacts beyond those already planned for or identified; in the case of financial intermediaries, the intermediary is willing to financially support grantees / investees' mitigation efforts	
Risk evaluation for proposed activities	
Overall risk categorization based on E&S risk assessment checklist:	
<input type="checkbox"/> Category A (high risk) <input type="checkbox"/> Category B+ (medium-high risk) <input type="checkbox"/> Category B (medium risk) <input type="checkbox"/> Category C (low to no risk)	
Environmental and social assessment	
<input type="checkbox"/> Category A (high risk) <input type="checkbox"/> Category B+ (medium-high risk) <input type="checkbox"/> Category B (medium risk) <input type="checkbox"/> Category C (low to no risk)	
Reasoning:	

Necessary mitigation measures:

Involuntary resettlement and land acquisition

- Category A (high risk)
- Category B+ (medium-high risk)
- Category B (medium risk)
- Category C (low to no risk)

Reasoning:

Necessary mitigation measures:

Biodiversity and ecosystem services

- Category A (high risk)
- Category B+ (medium-high risk)
- Category B (medium risk)
- Category C (low to no risk)

Reasoning:

Necessary mitigation measures:

Pollution prevention and control

- Category A (high risk)
- Category B+ (medium-high risk)
- Category B (medium risk)
- Category C (low to no risk)

Reasoning:

Necessary mitigation measures:

Labor conditions, health, and safety

- Category A (high risk)
- Category B+ (medium-high risk)
- Category B (medium risk)
- Category C (low to no risk)

Reasoning:

Necessary mitigation measures:

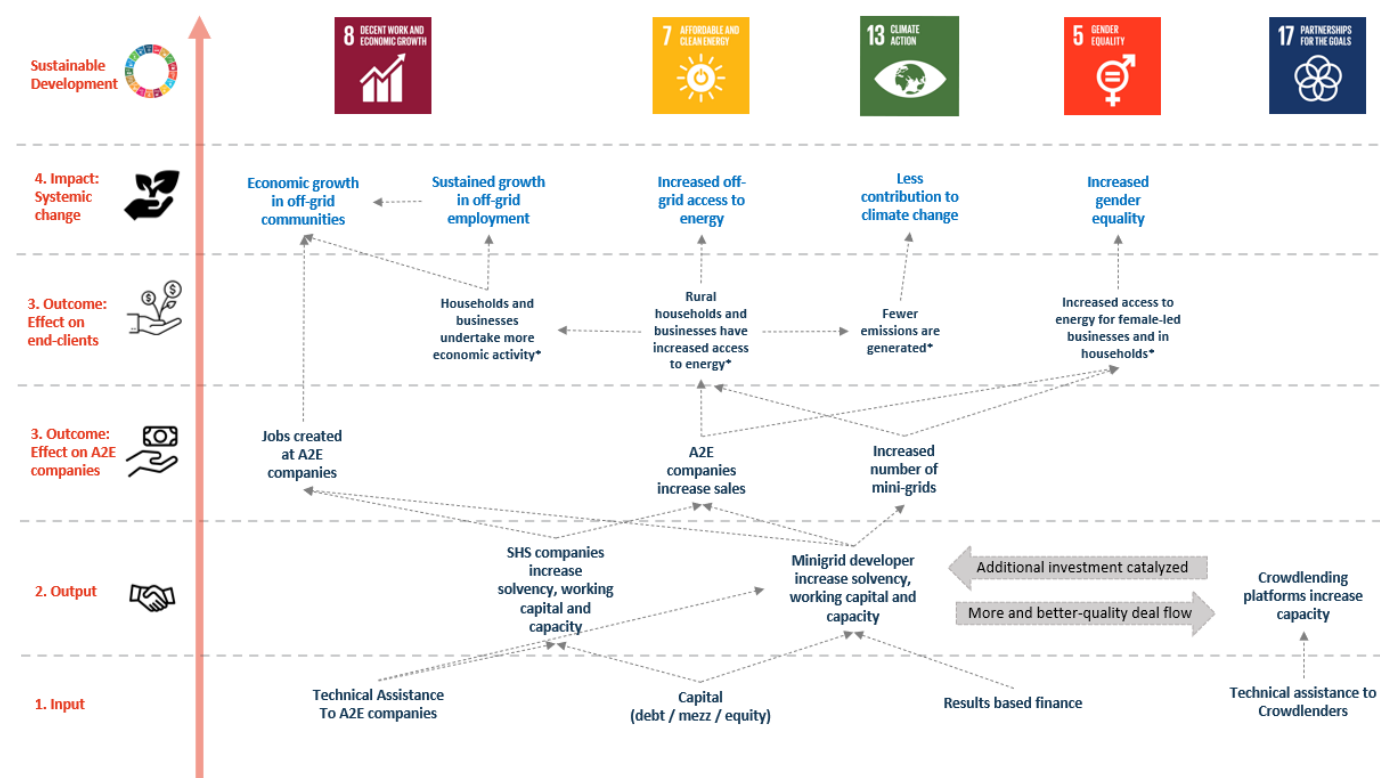
Climate change
<ul style="list-style-type: none"> <input type="checkbox"/> Category A (high risk) <input type="checkbox"/> Category B+ (medium-high risk) <input type="checkbox"/> Category B (medium risk) <input type="checkbox"/> Category C (low to no risk) <p>Reasoning:</p> <p>Necessary mitigation measures:</p>
Mitigation potential
<ul style="list-style-type: none"> <input type="checkbox"/> Potential grantee / investee has full human capacity and other resources necessary to mitigate against all Category A and Category B+ risks Detail: <input type="checkbox"/> Potential grantee / investee plans to invest in all of the mitigation measures identified Detail:
Risk evaluation of broader investee portfolio
Risks
<ul style="list-style-type: none"> <input type="checkbox"/> During the two years prior to the due diligence period, the potential grantee / investee engaged in activities on CEI's exclusion list Detail: <input type="checkbox"/> During the two years prior to the due diligence period, the potential grantee / investee experienced incidents of severe E&S incidents or policy breaches, including forced resettlement Detail:
Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> Beneficiaries of and community members affected by the potential grantees' / investees' previous activities maintain positive opinions of the grantee / investee organization and their activities Detail: <input type="checkbox"/> If severe incidents have occurred, the potential grantee / investee has since modified their own E&S policy and procedures to prevent against future such incidents Detail: <input type="checkbox"/> If proposed activities are classified as Category A or B+, the potential grantee / investee has experience with previously, successfully mitigating against the risk of such activities Detail:

Appendix H. Indicative E&S Portfolio Monitoring and Reporting Template

This monitoring and reporting template represents the types of information to be gathered for E&S monitoring on an annual basis for each investment.

ENVIRONMENTAL & SOCIAL PORTFOLIO MONITORING TEMPLATE
General information
<p><i>Name of grantee / investee:</i></p> <p><i>Type of grant funded project / investment and grant / lending amount:</i></p> <p><i>Percent disbursed so far:</i></p> <p><i>Brief description of the status of financed activities, including location, type of energy generation technology, and stage of construction or installation:</i></p>
E&S Risk
<p><i>E&S risk categorization:</i></p> <p><i>Reasoning for categorization (previously identified potential E&S risks, i.e. reduced household income from loss of livelihoods, pollution, death of wild animals, etc.):</i></p> <p><i>Status of mitigation actions:</i></p> <p><i>Ongoing or newly reported E&S risks and issues since the last reporting period:</i></p> <p><i>Recommended corrective actions and implementation schedule, for ongoing and new risks or issues:</i></p>

Appendix I. E&S Result Chain and Impact Indicators



CEI Africa uses different indicators to measure its performance on the CEI Africa’s impact objectives. The indicators are derived from best practice impact assessment as used for activities by comparable foundations and entities in the energy access sector.

Table 10: Summary of CEI Africa’s Impact Indicators

Metric	Indicator	Methodology
Impact Objective 1: Increased access to finance for mini-grid and off-grid energy providers		
Mobilized (private) capital	<ul style="list-style-type: none"> Mobilized private retail investments via crowdlending Mobilized private equity mobilized via RBF Mobilized private institutional capital via private contributions to CEI Africa directly 	<ul style="list-style-type: none"> Direct collection of data from Crowdlenders Direct collection of data from developers Data collected directly by CEI Africa
Impact Objective 2: Expansion of renewable energy providers and solutions		
Number of mini-grids and off-grid companies financed	<ul style="list-style-type: none"> Number of mini-grids financed Number of off-grid companies financed % of capital invested going to local owned energy providers 	<ul style="list-style-type: none"> Direct collection of data Direct collection of data Direct collection of data
Number of connections (mini-grids) and units sold (offgrid)	<ul style="list-style-type: none"> Number of connections (mini-grids) Number of off-grid units sold 	<ul style="list-style-type: none"> Direct collection of data through Odyssey platform, attributed to CEI Direct collection of data from investees, attributed to CEI

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Installed capacity based on renewable sources	<ul style="list-style-type: none"> ▪ MWp installed off-grid electricity capacity based on renewable energy financed through CEI 	<ul style="list-style-type: none"> ▪ Direct collection of data through Odyssey platform and investee reports, attributed to CEI
Impact Objective 3: E.g. Increased Renewable Energy Access		
Off-grid renewable energy access	<ul style="list-style-type: none"> ▪ Number of people with improved access to renewable energy 	<ul style="list-style-type: none"> ▪ Based on number of connections and product sold, applying GOGLA formula and discounts for repeat sales and loss
Impact Objective 4: E.g. Additional Environmental, Economic and Social Benefits		
Avoided CO2 emissions	<ul style="list-style-type: none"> ▪ Tons of CO2e avoided through the use of units sold and connections financed by CEI 	<ul style="list-style-type: none"> ▪ Based on number of connections and product sold, applying GOGLA formula (for small off-grid energy) and separate suitable formula to be agreed for mini-grids.
Jobs created and supported at financed companies	<ul style="list-style-type: none"> ▪ Number of FTE employees and agents at energy providers financed ▪ Number new jobs created at energy providers 	<ul style="list-style-type: none"> ▪ Direct collection of data ▪ Direct collection of data
Gender equality	<ul style="list-style-type: none"> ▪ % of investees meeting the 2x criteria 	<ul style="list-style-type: none"> ▪ Direct collection of data

Market Assumptions

Indicators specific to each grant / investment can be integrated with wider assumptions about products and consumers in order to create a broad set of feedback on the potential impact that CEI Africa will have across Sub-Sahara Africa.

The following impact assumptions may be used by CEI Africa and periodically updated, amended, and expanded over the life of CEI Africa (until 2038) or tailored to a specific geography, grantee, investee or product:

Table 11: Summary Impact Assumptions

Input	Benchmark	Unit
Units not used	3%	Ratio
Units upgraded	10%	Ratio
Size of typical household	5.5	people
Business use of products	10%	Ratio
Replacement ratio	2x	Ratio
Average usage of status quo product	4	Hours per day
Average light of status quo product	20	Lumens
Average annual operating cost of SQ	79.10	USD equivalent
Annual GHG emission of SQ source	370	tCO2e
Embodied GHG of solar product	7.64	tCO2e
<i>(sources: GOGLA, SE4All, IRIS)</i>		

Appendix J. Indicative Example of E&S Clauses for Grant and Investment Agreements

The grant agreements between CEI Africa and all grantees benefitting from grants by the RBF window and the investment agreements (or equivalent instrument) between CEI Africa and all investees by the CL window will include appropriate social and environmental clauses that address and protect E&S objectives in contractual agreements. These clauses shall as a rule include:

- A general environmental warranty/covenant that the grantee / investee is currently in compliance with, and will continue to comply with, all applicable national social and environmental laws and regulation, and with all ratified international agreements:
 - “The Grantee / Investee has not received nor is it aware of any existing or threatened complaint, claim, citation or notice from any authority under applicable [specify country] laws and local requirements.”
 - “The Grantee / Investee shall design, construct, operate, maintain and monitor its operations in compliance with the Government of [specify country] and local requirements, and with all international conventions and agreements ratified by the Government.”
- A general environmental and social warranty or covenant that the grantee / investee will comply with the E&S Policy of CEI Africa:
 - “The Grantee / Investee shall ensure that the social and environmental performance of its activities comply with the CEI Africa’s Environmental and Social Policy.” “The Grantee / Investee shall provide CEI Africa with annual updates on its environmental and social performance, including about compensation implementation when applicable, and respond within a reasonable time period to requests for further information.”
- A general environmental and social warranty or covenant that any contractors of the grantee / investee will be subject to and must comply with all relevant policies of the CEI Africa’s E&S Policy:
 - “The Grantee / Investee shall only choose contractors who agree to comply with CEI Africa’s Environmental and Social Policy, and will monitor their activity to ensure it is fully implemented.”
- Notification clause which requests the Grantee / Investee to notify CEI Africa of any serious adverse environmental and social incident:
 - “Immediately and no later than 24 hours after its occurrence, the Grantee / Investee shall notify CEI Africa of any major social and environmental incidents as a result of the Grantee’s / Investee’s operations (e.g., death, riot, spills, explosions, exhaustive negative media coverage, etc.). Notification will be in the form of an email and formal letter to the Foundation Manager.”
- A warranty or covenant that the grantee / investee will create a waste management plan and comply with national and where applicable international regulations governing the treatment of e-waste including batteries and PV panels and other materials in their supply chain and logistics, retail and generation/distribution infrastructure.

Appendix K. Major Incidents Requiring Immediate Reporting

In the event that any of the below incidents occurs at a CEI-funded grantee / investee site or at the site of a Contractual Partner, the grantee / investee or Contractual Partner must report the incident to CEI Africa within twenty-four hours of occurrence, including a description of remediation measures already taken and to be taken. A template for reporting will be developed no later than 31st August 2022, as part of the ESMS.

- Fires or explosions;
- Significant fuel/Chemical spills;
- Significant pollution discharges above limits of normal operation;
- Major work-related injuries (including employees, contractors and/or members of public);
- Work-related fatalities (including by employees, contractors and/or members of public);
- Incidents significantly affecting the health of employees, contractors or members of public;
- Regulator enforcement actions/notices;
- Major security breaches;
- Strikes or employee unrest;
- Incidents requiring operations to be substantially curtailed or shut-down; and
- Significant community unrest or public relations incidents.

Appendix L. Sample ToRs for E&S Due Diligence Consultants

If deemed necessary by the Board and the Supervisory Council or if required by (and paid for by) a Contributor, the template below can be used as a guide for developing a Terms of Reference (ToR) for a Consultant to perform certain aspects of the E&S appraisal of prospective grant-funded projects, investments, or Contractual Partners of CEI Africa, as well as ongoing supervision of the portfolio of grant-funded projects and the investment portfolio.

Introduction

The purpose of this Terms of Reference is to ensure that the Consultant performs the environmental and social (E&S) review of a project that will potentially be grant funded or of the prospective investment, and later, the ongoing evaluation and supervision of activities according to CEI Africa's environmental and social management policies and procedures.

CEI Africa is committed to promoting sustainable development through off-grid renewable energy generation and distribution, which contributes to economic growth, social development and environmental conservation. CEI Africa realizes this aim by carrying out appropriate E&S due diligence of proposed and committed investments or projects to be financed by a grant, e.g. through result based financing or social incentive financing. CEI Africa will ensure that all grantees / investees it funds comply with CEI Africa's Environmental and Social Policy (ESMS).

Consultant Qualifications

The Consultant must have substantial experience in the E&S review in the African energy sector, with particular focus on the support of finance activities (minimum 8 years). They must be thoroughly knowledgeable of CEI Africa's E&S policy and procedures. The experts must have appropriate knowledge and understanding of E&S management aspects in line with the requirements of the relevant international standards (IFC Performance Standards, World Bank Group EHS Guidelines, KfW Sustainability Guidelines etc.).

Scope of Work

The Consultant will conduct the E&S appraisal of a prospective grantee / investee, as well as the ongoing supervision of E&S performance of all grantee / investee activities consistent with CEI Africa's E&S policy and procedures.

For **new appraisals**, the four tasks include:

1. *Preliminary Review*: Review all available information and documentation related to grantee's / investee's environmental and social impacts and risks. Prepare a list of additional information and/or questions that will be needed to continue the appraisal.
2. *Site Visit and Further Review*: Conduct site inspections, review facility based records, and interview key staff, including both sponsor personnel and relevant stakeholders (regulatory officials, community leaders, suppliers, and customers).
3. *E&S Performance Gaps and Necessary Corrective Actions Analyses*: Analyze grantee's / investee's, Crowdlender's or Mini-Grid Developer's environmental and social performance in relation to CEI Africa's Environmental and Social Policy. Identify gaps and any corresponding corrective actions that will be necessary. Prioritize these and recommend acceptable and justified implementation schedules.
4. *Due Diligence Documentation*: Prepare a report summarizing the results of the E&S due diligence. The report shall include a summary of the impacts and risks associated with the

grantee's/ investee's activities, including the related performance gaps and corresponding correction actions that will be necessary in order for CEI Africa to provide grant funding or to invest.

For **supervision** of CEI Africa's grant-funded project portfolio or CEI Africa's investment portfolio, the three tasks include:

1. *Review Monitoring Reports*: Review periodic documentation submitted by the grantee / investee regarding implementation of any corrective actions included as conditions of investment or for grant making, as well as overall environmental and social performance. Also, review information submitted by the sponsor concerning significant incidents or fatalities. Identify any follow-up corrective actions that might be necessary.
2. *Site Visit and Further Review (Optional)*: Where directed by CEI Africa, conduct a site visit to confirm E&S performance and/or to investigate incidents. Identify any follow-up corrective actions that might be necessary.
3. *Supervision Documentation*: Prepare a report summarizing the findings of the supervision activity.

Schedule

The Consultant shall submit a draft [*Due Diligence/Monitoring*] Report by [*insert date*]. The final Report shall be submitted within 2 weeks after receiving comments from CEI Africa on the draft report. All reports should be written and prepared in English and delivered in electronic and hard copy.

Appendix M. GOGLA Consumer Protection Code

Source: <https://www.gogla.org/consumer-protection>

Applicable for consumer facing projects, especially those with pay-as-you-go lending / leasing structures (e.g. SHS, pico-solar).

TRANSPARENCY

- The company shares clear and sufficient information on the product, service, payment plan and personal data privacy practices to enable consumers to make informed decisions.
- The company shares relevant and timely information before, during and after sales.
- The company communicates in a language and manner consumers can understand.

RESPONSIBLE SALES AND PRICING

- The company takes adequate care to ensure consumers can afford to pay for the product and / or service without becoming overburdened.
- The company ensures consumers' characteristics are taken into account in the price, payment structure and fees of the product and / or service.

GOOD CONSUMER SERVICE

- The company ensures availability of technical and after-sales service support, including warranty and post-warranty service for a reasonable period of time.
- An accessible, effective and timely mechanism for complaints and problem resolution is in place.
- The company instructs consumers on proper use and care, and any health and safety risks, related to the product usage or disposal.
- The company considers measures to enable continued operability of the product in the event of the failure of the company.

GOOD PRODUCT QUALITY

- The company ensures the product / system is appropriate, good quality, safe and performs as advertised.
- The company ensures the user interface / payment platform is appropriate for consumers.
- The company takes reasonable measures to ensure product longevity (including ease of operation and maintenance, repairability and durability).

DATA PRIVACY

- The company applies good practices and comply with relevant laws and regulations governing consumer data privacy.
- The company only collects, use, retain and share personal information that is necessary for the stated consumer service and legitimate interests of the business.
- The company ensures consumer data is kept secure and confidential.

FAIR AND RESPECTFUL TREATMENT

- The company ensures fair and respectful treatment of current and prospective consumers, with adequate safeguards in place against corruption and abusive treatment.
- The company promotes inclusive practices and do not discriminate, for example, by gender, religion or ethnicity.

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- The company seeks consumers' views and feedback on the design and delivery of the product, service and payment plan.

Appendix N. E-Waste Management and Recycling Principles

One of the major challenges facing the off-grid energy access sector as it moves beyond the useful life of first-generation products is the safe and environmentally sustainable treatment of electronic waste (e-waste) derived from grantees' / investees' products or infrastructure.

Given the relative immaturity of the sector, local and international regulations and general market best practice are still very much in development so we cannot subscribe to a ready-made set of principles. Instead, CEI Africa will take three steps to maximize the role of CEI Africa in promoting responsible e-waste management and recycling as follows:

- The Foundation Manager commits to participate in industry activities to harmonize and enhance waste management policies for mini-grid project with sector organizations like AMDA and for smaller off-grid-energy solutions based on renewable energy through proactive membership in the GOGLA e-waste working group, and make every effort to be aware of international best practice from a wider range of stakeholder/sector-linked initiatives and apply and promote these across its portfolio;
- CEI Africa's grantee / investee companies must ensure compliance with national and where applicable international regulations governing the treatment of e-waste including batteries and PV panels and other materials in their supply chain and logistics, retail and generation/distribution infrastructure;
- CEI Africa's grantee / investee companies must have a comprehensive waste management policy and plan within their broader E&S risk management documentation¹⁰. If grantee / investee companies do not have a waste management policy and plan at the time of receiving CEI funding, CEI Africa may support the grantee / investee to prepare one in a reasonable timeframe (within 6-9 months after disbursement) through TA support. The waste management policy and plan should generally prefer local service provider or solutions, noting that environmental and health and safety related performance needs to be assessed carefully in this regard. In case no local service provider or solution can be identified for this task, exports to specialized plants might also be organized via an international service provider. The waste management policy and plan should, where applicable, incorporate the following major underlying elements of the energy access product range:
 - Batteries will be collected for either second-life application or sound recycling and disposal in accordance with international environmental and social standards and best-practice;
 - Electrical equipment (transformers, PCBs) will either be reused on other developments/projects or recycled;
 - PV panels will be removed from the fixed aluminum frames and tracker systems and then transported to approved recycling facilities, as per National Waste Regulation and international best practice;
 - Fixed aluminum frame and tracker system structures will be removed, reused or recycled;
 - Cable runs (where applicable) will be removed and recycled;
 - For buildings, all reusable material will be removed, the structures demolished, and the rubble transported to a municipal waste site.

¹⁰ Where companies do not have a waste management policy and plan, the fund may proceed if a TAF CIP has been prepared to support a company to prepare a waste management policy and plan.

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The grantee / investee may use GOGLA's Sample E-Waste Management and Recycling Policy as a basis, taken from GOGLA's E-Waste toolkit, available here: <https://www.gogla.org/e-waste>.