



**AFR**

# Environmental and Social Safeguards Policy

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# ACCESS TO FINANCE RWANDA

## Environmental and Social Safeguards Policy

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## 1. Introduction

AFR embraces the Sustainable Development Goals (SDG) especially SDG 1 which aims at ending poverty by 2030; Goal 12: which aims to ensure sustainable consumption and production patterns and Goal 13: which calls for urgent actions to combat climate change and its impacts. This has informed the development of this environmental and social safeguards policy to ensure there are no negative impacts on the local and global environment while implementing AFR's activities.

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## 2. Policy Statement

AFR is committed to high environmental standards and takes sufficient steps to protect the environment and communities impacted by its activities. AFR passionately believes and commits to the protection of the environment and enhancing sustainable livelihoods as one of its long-term goals. To achieve this AFR will minimise, mitigate, and compensate adverse impacts of projects when avoidance is not possible and encourage grantees, employees, and partners to enhance their capacity to manage environmental and social risks.

AFR social safeguards adhere to the highest principles on the protection of human rights and social responsibility. This is achieved through robust procedures adopted throughout AFR's operations that mitigate the risk of disreputable and illegal employment practices such as forced labour, modern-day slavery, and any other forms of unequal and unethical treatment of its employees.

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## 3. Purpose

The Environmental and social safeguards policy develops and formalises AFR's commitment to promoting environmentally and socially sustainable projects. The policy outlines the principles on which the approach to environmental and social safeguard review and management by AFR is based and sets out the environmental and social safeguard requirements applicable to its projects.

This policy sets out AFR's approach to anticipating, avoiding, preventing, minimising, mitigating, managing, offsetting or compensating any adverse impacts that AFR's financed/implemented projects have on the environment and people throughout the life of a project. AFR activities strive to ensure that environmental and social considerations are embedded into its decision making.

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## 4. Scope

This policy covers all projects done by AFR. It is applicable to all employees of AFR staff and all AFR's associated parties (both during and outside regular working hours) including members of the Investment Committee (IC), implementing partners, vendors, contractors and any other third party. The term 'AFR staff' will be used throughout this policy to refer to those within the scope.

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## 5. Definitions<sup>1</sup>

The following definitions apply in this policy:

**Carbon footprint** - This is the total amount of greenhouse gases emitted into the atmosphere directly and indirectly because of all AFR activities and programmes. It is expressed in equivalent tons of carbon dioxide.

**Environmental impact assessment** - Is a systematic study used to determine the type and level of effects that a proposed project will have on the physical, biological, and social environment. The effects may be positive or negative.

**Environmental and social management framework** – This outlines the roles, responsibilities and processes used to manage environmental and social risks and impacts including screening, preparations, implementation, and monitoring of projects.

**Environmental management plan** – This is a document that outlines the description of measures undertaken to avoid adverse impacts on the environment as well as the timelines.

**Green economy** – This results in improved human wellbeing and social equity while significantly reducing environmental risks and ecological scarcities. It is low carbon, resource-efficient and socially inclusive.

**Green marketing** – This is the process of producing, promoting, packaging, and reclaiming products and services in a manner that is sensitive or responsive to ecological concerns.

**Human rights** – Human rights are rights inherent to all human beings.

Modern slavery is where a person is working illegally against their will.

**Safeguards** – Environmental and social safeguards aim to avoid, and when avoidance is not possible to reduce or compensate for the adverse effects of activities on both the environment and human.

**Sustainability** – This is focused on meeting the current generation's needs while making sure that the future generations are taken care of. It comprises of three pillars, economic, environmental, and social, which are also known as profits, planet, and people.

**Sustainability champion** - Employees who are focal points for sustainability within the various projects and functions in AFR.

**Sustainability reporting** – This is a published report detailing how AFR's everyday activities impacts on the economy, environment, and society. It also presents the organisation's values and governance model and demonstrates the link between its strategy and commitment to a sustainable global economy.

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## 6. Guiding principles

- 1. Precautionary approach** – AFR will take a precautionary approach to environmental challenges through environmental risk assessments, risk management and risk communications. This involves anticipating and avoiding projects that have adverse risks on people and the environment. Where it is impossible to avoid them, mitigation measures and restoration measures will be adopted.

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<sup>1</sup> Definitions have been partially adopted from International Finance Corporation at <https://www.ifc.org/> and World Bank Group at <https://www.worldbank.org/>

2. **Polluter pays principle** – This means that the polluter will bear the cost of measures to reduce pollution according to the extent of either the damage done to society or the exceeding of an acceptable level (standard) of pollution<sup>2</sup>. Consequently, if any activities of AFR results in any form of pollution to the environment then AFR will bear the cost of managing the pollution to prevent damage to human health or the environment.
3. **Good governance and compliance with applicable law** – AFR will adhere to the rule of law, recognising partnerships among institutions, respecting human rights and participation of communities and will not support any projects/programmes that do not comply with applicable laws and regulations in Rwanda and other International Treaties and Agreements. AFR adopts the United Nations global compact principles on the environment and human rights which aims at a precautionary approach to environmental challenges, promoting greater environmental responsibility, encouraging the development of environmentally friendly technologies, supporting and respecting the protection of internationally proclaimed human rights and ensuring non-tolerance of human rights abuses
4. **Transparency and inclusion** – AFR will make all environmental and social rights decisions transparently and inclusively.
5. **Promotion of environmental protection** – AFR will promote the protection of the environment for the benefit of nature and humans
6. **Resource efficiency** - AFR recognises the importance of utilising resources efficiently through sustainable consumption and production. The four Rs principle (Reduce, Reuse, Recycle and Recover) shall apply while managing and utilising resources.
7. **Gender** – AFR will consider gender impacts in their activities. AFR will seek to partner and work with organisations that have policies related to gender equality, and experience implementing activities targeting women. This requirement will be relevant for all partners and grantees, including those implementing low-risk activities.
8. **Stakeholders consultation and communication** – AFR requires public participation of all stakeholders, transparency, accountability, prior informed consent from all vested interests. AFR shall ensure that stakeholder engagement is inclusive of all genders and non-discriminatory. They shall be involved during the planning stage, implementation and in decision making in funded projects.
9. **Innovation** – AFR will ensure it adopts appropriate technologies
10. **Research** – AFR's environmental decisions shall be guided by evidence-based scientific research. AFR shall also share knowledge, experiences and lessons with other stakeholders. Continual capacity development and training on environmental sustainability

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## 7. Environmental and social management framework

AFR will develop an environmental and social risk management framework that will assist in achieving the goals set out. This framework will contain the entire suite of applicable core standards, the processes of screening, conducting Environmental and Social Impact Assessments (ESIAs) and developing Environmental and Social Risk Management Plan (ESMP)

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<sup>2</sup> OECD definition

AFR has designated the Agriculture specialist as the environmental and social safeguards lead who will develop and oversee the roll-out of the framework throughout the AFR's operations. S/he will be supported by environmental and social sustainability champions representing different projects and functions.

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## 8. The Environmental risk assessment process

AFR shall conduct baseline environmental and social screening of its projects at the design stage to assess the environmental risks where necessary. The assessment will gauge the impacts of risks such as biodiversity, water, air, safety and climate change and social risks and determine proportionate response. AFR will develop its screening and categorisation process and integrate it into the design of its activities. This shall be guided by the screening procedure guideline, which categorises projects into Low Risk, Medium Risk and High Risk.

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## 9. Environmental Impact Assessment (EIA)

Environmental impact assessments will be conducted on projects before implementation. The outcomes of the screening and categorisation will be used to guide the level of Environmental Impact assessment necessary for each project.

1. A full EIA will be required where the project is likely to have significant adverse impacts that are sensitive, diverse or unprecedented and may affect areas broader than the sites subject to physical work.
2. A limited EIA will be required where the potential environmental and social impacts of the project are less adverse, and in most cases, mitigatory measures are readily designed.
3. No EIA will be required if the project is likely to have minimal or no adverse impacts.

Should a full EIA be needed, AFR will consult and where necessary seek relevant licenses from regulatory authorities in Rwanda before embarking on the project.

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## 10. The environmental and social risk management plan

Where the project has negative impacts, AFR shall ensure that a risk management plan has been developed to mitigate and minimise the impacts.

AFR will maintain a risk register that will collate the risks identified and the outcomes of the impact assessments and ensuing mitigation plan.

The Project leads responsible for each project will be responsible for ensuring that the risk register and mitigation plan is developed, updated, and effectively monitored.

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## 11. Reporting

AFR will publish an annual sustainability performance report indicating the organisation's performance with its environmental and social safeguards. The performance will also be reported to the Investment Committee via regular updates.

Reports to third parties, including donors and regulators, will be made in line with contractual agreements and local laws.

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## 12. Climate change

Climate change is a global challenge that is negatively affecting our environment, social wellbeing, and businesses. AFR commits to reducing its carbon footprint as well as working with other organisations to address issues of climate change. It will play its role in reducing greenhouse gases (GHG) as well as supporting and investing in climate-friendly solutions and adaptation measures.

AFR will ensure that climate-related issues are adequately incorporated into the organisation's strategic decision-making processes.

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## 13. Green economy

AFR supports a green economy that aims at reducing environmental risks while supporting sustainable development without degrading the environment.

AFR supports green business practices such as green marketing and eco-labelling and encouraging green supply chain, effective waste management through recycling, reusing and repurposing. AFR commits to minimising its water usage efficiently and effectively through tracking and reducing wastages through its waste management plan.

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## 14. Social responsibility and safeguards

AFR is committed to ensuring its staff and projects do not promote unethical and illegal employment practices, such as modern-day slavery, forced and child labour and other forms of exploitative and unethical treatment of workers and aid recipients.

AFR offers equal opportunity to all regardless of gender, race, age, religion, sexuality, culture or disability and ensures that there is transparency in its operations to avoid inequality or discrimination of any form. AFR will ensure all their projects are gender-inclusive and respect all aspects of social and human rights.

AFR embraces the Ethical Trading Initiatives base codes and will ensure they are ingrained in the recruitment and staff management practices as detailed in the Human Resources manual.

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## 15. Partnerships

Partners and grantees of AFR are expected to comply with requirements set out in this policy.

Partners and grantees must report back to AFR any significant environmental risks and impacts they face.

This policy will form part of the contractual agreement of AFR partners and grantees.



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## 16. Training

AFR will create awareness among employees on environmental and social safeguards issues through training and nomination of Sustainability Champions.

All AFR staff must receive training on environmental and social safeguards in line with their roles. The overall responsibility for ensuring that staff receive regular training and messages about environmental sustainability lies with the COO and CEO.

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## 17. Monitoring and Evaluation

AFR shall set targets on key environmental aspects, measure performance, review periodically and communicate about commitments. AFR shall adopt a participatory approach by engaging and consulting its stakeholders.

AFR and its partners will submit through its annual sustainability reports a section detailing how they have met environmental safeguards obligations.

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## 18. Complaints management

AFR staff must report environmental and social safeguards concerns directly by sending an email to [transparency@afr.rw](mailto:transparency@ afr.rw)

Staff may also use the whistleblowing hotline to report serious breaches of this policy or serious concerns relating to environmental and social safeguards risks. Refer to the whistleblowing policy.

All concerns will be taken seriously and managed through AFR whistle blower policy.

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## 19. Roles and responsibilities

All AFR staff must read, understand and comply with this policy. They must ensure that they report if they become aware of any environmental or social safeguarding concerns.

The Chief Executive Officer (CEO) and CPO are responsible for ensuring employees, Investment Committee members, consultants, vendors and partner organisations are aware of the policy and are supported to implement and work by it, as well as creating a management culture that encourages a focus on environmental and social safeguarding.

Sustainability lead and champions will advocate and promote environmental and social rights awareness within their respective departments.

The Investment Committee will provide governance oversight of activities under this policy.

The Board will ensure that there are adequate and effective systems and process in place to mitigate any environmental or social safeguards risks.

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## **20. Review of this policy**

The Chief Operations Officer is responsible for overseeing and updating this policy and associated procedure, taking into consideration any legal obligations and other external requirements. This policy will be reviewed after five years and whenever necessary.

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## **21. Related policies**

This policy is interlinked to other AFR policies such as:

1. Human Resources Policy and Procedures Manual
2. Code of Conduct
3. Whistleblowing policy
4. Child safeguarding and Prevention of Sexual Harassment Exploitation and Abuse policy

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