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## Environmental and Social Data Sheet

### Overview

Project Name:	<i>AFREXIMBANK AFRICA HEALTH RESILIENCE FL</i>
Project Number:	<i>20220180</i>
Country:	<i>Regional - Africa</i>
Project Description:	The framework loan will support private and public entities in Africa, which are developing manufacturing and production capacities to fulfil an unmet medical need, for medical goods and pharmaceuticals (excluding vaccines), to acceptable internationally recognized standards for quality, safety and efficacy. The operation will also cover investments into health facilities in Africa, in alignment with the common values and fundamental principles of EU health systems and the SDG 3 goal of achieving Universal Health Coverage, being strategic, sustainable solutions for society, scientifically evidence based and promoting equity of access to healthcare.
EIA required:	This is a multi-scheme Framework Loan operation. Some the schemes may require an ESIA
Project included in Carbon Footprint Exercise <sup>1</sup> :	no
(details for projects included are provided in section: “EIB Carbon Footprint Exercise”)	

### Environmental and Social Assessment

#### Environmental Assessment

The framework loan to Afreximbank will support: (i) private and public entities in Africa that are developing manufacturing and production facilities for medical goods and pharmaceuticals (excluding vaccines) complying with acceptable internationally recognized standards for quality, safety and efficacy; and, (ii) health care providers to improve access to high quality health services for the local population. More precisely, the financing would enable companies across different African countries, operating in the pharmaceutical and health sectors, to construct, extend and equip manufacturing plants of essential medicines such as anti-cancer drugs, SVP ophthalmic and otic drugs, dialyses solutions etc. The operation will also cover investments into health facilities in certain low and middle-income countries in Africa, in alignment with the common values and fundamental principles of EU health systems and the SDG 3 goal of achieving Universal Health Coverage.

Due to their technical characteristics, sub-projects to be proposed under this operation would likely require an Environmental and Social Impact Assessment (ESIA) report due to: i) national requirements; or, ii) determination made by the competent authorities in the host country and/or by Afreximbank on a case-by case basis (in order to comply with EIB’s environmental and social standards).

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.



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Afreximbank has in place an Environmental and Social Management System (ESMS) , described in its Environmental and Social (E&S) risk management policy, that enables it to identify, assess, manage and monitor the environmental and social risks and impacts associated with the sub-projects it finances. Afreximbank's ESMS defines the criteria to categorize the sub-projects into high, medium and low risk based on the E&S risks and establishes the processes to assess and manage such risks for each sub-project based on the different categories. As part of the process, the Afreximbank conducts an E&S due diligence that includes the review of the ESIA for adequacy, focusing on the risks identified and the proposed mitigating measures, including identification of relevant stakeholders and the level of engagement required.

Nonetheless, in most cases due to the size or complexity of the sub-projects, Afreximbank will be required to seek ex-ante approval by the EIB of the allocation to ensure compliance with the Bank's environmental and social standards in addition to the compliance with the sector-relevant national regulations. Key potential environmental risks and impacts for the production of pharmaceuticals relate to emissions to water, site contamination and disaster risks and, for the health sector relate to management of infectious and hazardous waste and wastewater.

A proportion of the EIB loan might be targeting smaller eligible sub-projects through Financial Intermediaries to which Afreximbank on-lends EIB's funding. Therefore, an essential component of the E&S risk mitigation for this transaction consists in ensuring that Afreximbank applies robust practices for assessing and monitoring the ESMS of the Intermediaries linked to the EIB financing.

As part of its ESMS, Afreximbank has a specific procedure in place to verify that all Financial Intermediaries have an operating ESMS for managing E&S risks commensurate with the risk inherent in their portfolios. The Intermediaries' ESMS should align with the Afreximbank's E&S Risk Management Policy allowing it to identify the subprojects/transactions that may fall on the Afreximbank's exclusion list, or that will be considered as Category A or B projects if they were to be financed directly by Afreximbank. The Afreximbank also reviews periodic reports submitted by its Intermediaries on the implementation of their ESMS in their portfolio as well as compliance with the Afreximbank's E&S Risk Management Policy. Additionally, Afreximbank may carry out independent due diligence and/or monitoring on selected high/ medium risk transactions being funded by Intermediaries.

In parallel, with the support of Technical Assistance (TA), the Bank will continue to support the Afreximbank in all its efforts to increase its capacities in assessing and implementing all sub-projects in alignment with Bank's environmental and eocial sustainability policies as well as the Bank's Transparency Policy, which aims at facilitating access by the public to environmentally relevant information.

**EIB's Paris Alignment for Counterparties (PATH) Framework** Special regime for National Promotional Institutions has been applied. In accordance with the PATH procedure, the EIB has engaged in dialogue with Afreximbank in respect of their Paris Alignment and Taskforce for Climate-related Financial Disclosures strategy. Afreximbank is currently (i) raising its climate risk management capabilities and (ii) working on a climate finance strategy with the assistance of external consultants. Afreximbank's goal is to submit a holistic climate finance plan/ strategy to their governing bodies for approval towards the end of 2023.

### **Social Assessment**

The project is expected to have important social benefits. The investments into entities manufacturing essential medicines and into new health care infrastructures will improve access to essential health services in low and middle-income countries in Sub Saharan Africa, which are currently underserved in these areas. However, due to the characteristics of the expected sub-projects (e.g. construction or extension of new manufacturing plants, as well as hospitals and polyclinics) the project may also give rise to involuntary resettlement. This, as well as



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potential risks and impacts related to vulnerable groups, labour, occupational and community health, safety and security, will be assessed and addressed as relevant in line with Afreximbank's ESMS and the EIB's E&S Standards, e.g. through the development of a Resettlement Action Plan or a Livelihood Restoration Plan in the case of involuntary resettlement.

## Public Consultation and Stakeholder Engagement

Afreximbank requires its clients or investees to engage in constructive dialogue with relevant stakeholders to build the relationship necessary for successful management of E&S risks and impacts, including establishing adequate consultation and engagement processes. Furthermore, it also requires to its clients and investees to develop a grievance redress mechanism to: (i) enable those that are affected by their business activities to easily report any grievances about their E&S performance; and (ii) to ensure that grievances are promptly resolved and that responses are provided to affected communities in a timely manner.

## Conclusions and Recommendations

The capacity of the Afreximbank – with the support of a Technical Assistance (TA) – shall be enhanced to adequately manage the social and environmental risks and impacts related to this project. Therefore, subject to conditions mentioned below, the Project is acceptable to the Bank in environmental and social terms.

In line with its ESMS, it is anticipated that Afreximbank shall:

- Have and request Financial Intermediaries to have in place a mechanism for meaningful stakeholder engagement and effective means to raise grievances on ECS matters in connection with sub-projects benefiting from EIB support.
- Conduct an independent due diligence and monitoring of sub-projects entailing higher ECS risks (e.g. category A or category B that require an ESIA) proposed by Intermediaries, as may be necessary.

### Undertakings:

Afreximbank shall ensure that the sub-projects and that Financial Intermediaries undertake to ensure that sub-projects comply with EIB's Environmental and Social Standards by means of strengthening its current ESMS, as described in the E&S risk management policy, and reinforcing its capacity to implement it through an action plan with the support of the TA.

As part of its ESMS, Afreximbank shall directly or, by assessing the Financial Intermediaries' ESMS, indirectly ensure that financial intermediaries<sup>2</sup>:

- Integrate E&S considerations in compliance with: (i) national legislation; (ii) EIB E&S Standards; and (iii) EIB list of excluded activities, into their investment decision-making processes;

<sup>2</sup> Only intermediaries with ESMS acceptable to Afreximbank and that comply with EIB's E&S standards can receive EIB funding under this operation.



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- Verify that the sub-projects obtain, maintain and comply with the requirements of environmental and social permits or authorisations provided by competent authorities, including the mitigating measures resulting from the ESIA process.
- Ensure access to all relevant documents related to the sub-project upon request, including environmental and social studies and plans related to the ESIA process, where applicable, such as Resettlement Action Plans (RAP), Livelihood Restorations Plans (LRPs) and Stakeholder Engagement Plans (SEP) and that those are in line with EIB's E&S standards.