



Infrastructure Development Bank of Zimbabwe

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY

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ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY (ESSP)

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List of Acronyms used

AfDB	African Development Bank
CITES	Convention on International Trade in Endangered Species
GCF	Green Climate Fund
GHG	Greenhouse Gas
IDBZ	Infrastructure Development Bank of Zimbabwe
IFC	International Finance Corporation
ESIA	Environmental and Social Impact Assessment
ESMPs	Environmental and Social Management Plans
ESSMS	Environmental and Social Sustainability Management System
JV	Joint Venture
NASSA	National Social Security Authority
PPP	Public Private Partnership
PS	Performance Standard
RMCF	Resource Mobilization and Climate Finance
SPV	Special Purpose Vehicle
UNFCCC	United Nations Framework Convention on Climate Change

1.0 ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY

1.1 Environmental and Social Sustainability Policy Statement

1.1.1 Overview

The Infrastructure Development Bank of Zimbabwe (IDBZ) envisions a Zimbabwe with robust, inclusive and sustainable growth and development. The Bank champions sustainable infrastructure development in Zimbabwe. IDBZ is committed to sustainable environmental and social management practices, climate change management, staff wellness, worker and community health and safety. The Bank engages in systematic identification, assessment, management, mitigation and compensation (where required) of environmental and social risks and impacts associated with all projects the Bank is involved in. Projects are developed and implemented with full participation of key stakeholders and in compliance with all applicable national legislation and international laws and standards. The Bank endeavours to ensure that environmental, social and gender issues are an integral part in decision making and fundamental in informing economic policies.

1.1.2. Purpose

The policy seeks to:

- i. Identify and manage environmental and social risks and impacts of all IDBZ – supported projects throughout the project cycle;
- ii. Optimise the social and environmental outcomes of all IDBZ supported activities;
- iii. Enhance equitable access to development benefits;
- iv. Give due consideration to vulnerable populations, groups, and individuals (including women, children, people with disabilities and youths), local communities, indigenous peoples and other marginalised groups of people and individuals that are affected by or have an interest in IDBZ-financed activities;
- v. Provide guidance and capacity building to project proponents in identifying and managing environmental and social risks and impacts;
- vi. Provide a robust framework for managing the Bank’s operational and reputational risks related to environmental and social safeguards matters; and

- vii. Facilitate cooperation on environmental and social safeguards matters with joint-financing partners.

1.1.3. Scope

This policy covers all IDBZ operations. IDBZ-related infrastructural development project categories will include:

- i. IDBZ's own infrastructural development projects. These are projects that are owned and implemented by IDBZ directly, including and not limited to water and sanitation, housing, energy (power generation and transmission), transport (road construction) and any such projects that may fully be under the purview of IDBZ and may have potential to generate environmental and social risks or impacts. Environmental and Social Management Plans (ESMPs) will be developed for specific projects to address the identified risks and impacts, and they will be monitored to improve on their effectiveness.
- ii. IDBZ intermediary projects. These are projects where IDBZ is the financial intermediary through which other implementing agents/entities access investment capital from the Government (Public Sector Investment Projects), Bilateral and International Financiers such as the Green Climate Fund (GCF), African Development Bank (AfDB) and the World Bank. In this case, IDBZ will ensure that the implementing agency (also referred to as borrower/investee) complies with the environmental and social requirements of both the national and relevant International Financiers through this policy by ensuring that the agencies have relevant safeguards measures in place that will endeavour to improve the environmental and social outcomes and generate positive co-benefits to the environment and the communities.
- iii. Joint financing with partner institutions. These are projects where funding is jointly provided by IDBZ and other institutions, such as the Joint Ventures (JV) Arrangement, Public-Private Partnership (PPP) and Special Purpose Vehicles (SPV). In this case, the Bank will have to be satisfied that the partner institution's Environmental and Social Impact Assessment

(ESIA), ESMP, Environmental and Social Sustainability Management System (ESSMS) and/or specific requirements for funding of the project are consistent with this Policy and that appropriate monitoring modalities are foreseen. On a case by case basis, the Bank will decide whether to rely on the partner institution's assessment of compliance with the applied policies and procedures or the Bank will need its own independent assessment, or the assessments are conducted by partners under Bank support. In all the cases, the Bank must be satisfied that the environmental and social requirements are synchronized with the project life cycle.

Capacity Building and Knowledge generation: The Bank will also support institutional capacity building to enable institutions to integrate environmental and social safeguards and support knowledge generation and share lessons learnt.

1.1.4 Integrated Project Life Cycle.

This policy will apply to all project categories and project phases, ensuring that the environmental and social risks and impacts are identified, assessed, evaluated, mitigated, managed and compensated while positive impacts are enhanced during the following phases:

- Project Identification
- Project Appraisal
- Project Implementation
- Project Completion

The environmental and social sustainability management cycle will be synchronized with the IDBZ project life cycle (Bank Loans and Project Investment Approval Process) and the two will be integrated to ensure that the environmental and social assessments add value to the conventional project life cycle approach. The Policy owner and all project managers in responsible Divisions will ensure that the environmental and social sustainability processes do not lag behind the other aspects (technical, financial) of the project life cycle. The integrated project life cycle will be applied to both IDBZ implemented projects and those implemented by other implementers/agencies where IDBZ is the financial intermediary.

1.1.5 Compliance

All employees of the Bank and stakeholders are required to abide by this Policy always. Any exceptions to this Policy shall require Board Approval. The Bank will consistently conduct regular reviews of the policy to ensure continual improvement of the Environmental and Social Sustainability Management System (ESSMS). The RMCF through its Climate Finance and Sustainability Division will receive feedback from internal and external stakeholders on the ESSMS and initiate timely policy recommendations for consideration by Management. Management will be responsible for recommending final policy review to the IDBZ Board for approval.

1.1.6 Related Information

The Environmental and Social Sustainability Policy will be integrated with other complementary existing IDBZ policies and manuals, including and not limited to;

- Operations Manual
- Gender Policy
- HIV and AIDS Policy
- Human Resources Management Policy
- Procurement Policy
- Risk Management Policy
- Lending and Investment Policy
- Information Disclosure Policy
- Emergency Preparedness Procedure

1.1.7 Policy Administration

Director – Resource Mobilisation and Climate Finance

1.1.8 IDBZ Environmental and Social Sustainability Policy Commitments

In pursuit of this policy, IDBZ commits to undertake the following:

- Mainstream climate change in project design and implementation, incorporating innovative technology that enhances adaptation to climate change and mitigation of climate change impacts
- Continually undertake comprehensive environmental and social planning management consistent with the project life cycle approach and commensurate with the scope of the project i.e.

- Formulating specific objectives, implementing programs and activities that enhance environmental protection management; and
- Implement the mitigation and adaptation measures encompassing prevention of water pollution, land degradation, inefficient use of resources, air pollution (including greenhouse gas emissions), occupational accidents, community health impacts, involuntary resettlement and/or economic displacement.
- Establish an appropriate ESSMS implementation structure, engage suitably qualified and experienced staff with proven professionalism, assigning clear roles and responsibilities to ensure objective formulation, effective implementation and timely monitoring and evaluation of all environmental and social risk management initiatives.
- Communicate the provisions of this policy to both internal and external stakeholders,
- Strive to obtain prior, free and informed consent in project development
- Communicate inconsistency with all public disclosure standards that the IDBZ subscribes to.
- Ensure compliance with all applicable Zimbabwean legislation, national obligations under international law (including United Nations Framework Convention on Climate Change (UNFCCC)) and standards to which IDBZ subscribes, including and not limited to the Environmental Management Act (CAP 20:27) and related regulations, National Social Security Authority (NSSA) Regulations, the Green Climate Fund (GCF) Policies and, depending on circumstances, those of the World Bank, African Development Bank, Development Bank of Southern Africa and the International Finance Corporation (IFC) Performance Standards PS1-PS8 which are:
 - **PS1.** Assessment and management of environmental and social risks and impacts;
 - **PS2.** Labour and working conditions; protect the rights, health and safety of workers, including those working on projects overseen/supported by IDBZ;

- **PS3.** Resource efficiency and pollution prevention;
 - **PS4.** Community health, safety and security;
 - **PS5.** Land acquisition and involuntary resettlement;
 - **PS6.** Biodiversity conservation and sustainable management of living natural resources and ecosystems;
 - **PS7.** Respecting the rights of Indigenous Peoples; and
 - **PS8.** Cultural Heritage Protection.
- Achieve the aspirations of this policy through the formulation, implementation and review of the ESSMS. The ESSMS includes the following key elements:
- a. Environmental and Social Sustainability Planning Framework
 - Identification and analysis of environmental and social risks and impacts;
 - Determining the significance of environmental and social aspects/impacts/risks;
 - Framework for compliance with legal and other compliance requirements, and
 - Framework for setting environmental and social sustainability objectives, targets and programs.
 - b. Implementation arrangements;
 - c. Monitoring mechanisms.
 - d. Management review framework.

1.1.9 Guiding Principles

In the operationalisation of this policy, IDBZ is guided by the following principles in all projects;

a) Environmental and Social Impacts Management Hierarchy

All projects, in consistency with other IDBZ sustainability principles, should ensure incorporation of project risk management options that will exhibit the following impact management outcomes in the following order of preference:

- (i) Impact anticipation and avoidance.
- (ii) Impact reduction.
- (iii) Impact mitigation,
- (iv) Impact compensation as necessary, including ecological offsets.

Through its environmental and social assessment and monitoring processes, the Bank will seek to ensure that the Projects it finances, co-finances and/or administers are designed and implemented in such a way as to:

- Optimise social and environmental benefits;
- Implement the adaptation measures
- Avoid, minimise and or mitigate adverse environmental and social impacts/risks and
- Comply with appropriate environmental and social standards

b) The Precautionary Principle

IDBZ is guided by the understanding that negative project impacts should be prevented, even if there is no conclusive scientific proof of linking that activity to environmental and social damage. The precautionary approach will be implemented in view of Zimbabwe’s local choice of “acceptable risk”, best practices, the need for transparent and knowledge sharing about project impacts and options, comprehensive monitoring, recognition of different cultural contexts and the diversity of knowledge sources including indigenous knowledge systems. The Bank will not knowingly support Projects which:

- i. Are identified as harmful to human beings or undermining human rights;
- ii. Are likely to cause significant and irreversible negative environmental and/or adverse social impacts and
- iii. Fail to meet established environmental and social safeguard requirements.

c) Exclusion List

Based on the IFC Exclusion List, IDBZ will not finance the following activities:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, persistent organic pollutants such as Polychlorinated Biphenyls (PCB's), wildlife or products regulated under Convention on International Trade in Endangered Species (CITES)

- Production or trade in weapons and munitions¹
- Production or trade in alcoholic beverages (excluding beer and wine)¹
- Gambling, casinos and equivalent enterprises¹
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded
- Drift net fishing in the marine/aquatic environment using nets more than 2.5 km. in length.

A reasonableness test will be applied when the activities of the financial intermediary client would have a significant development impact, but circumstances of Zimbabwe require adjustment to the Exclusion List.

IDBZ will also apply the following exclusions:

- Production or activities involving harmful or exploitative forms of forced labour and in line with the constitution the Bank will not support any form of child labour
- 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.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

d) Stakeholder Engagement

The Bank upholds good governance, sound business ethics and the importance of prior, free and informed consent with all its stakeholders. IDBZ will ensure timely identification and engagement of stakeholders when and where applicable, consistent with the project life cycle to ensure the input of the stakeholders add value at every stage of the project. A stakeholder engagement plan will thus be developed for each project. Project information will be packaged in an appropriate format and communicated through the appropriate media to the relevant

¹ 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.

stakeholders to ensure adequate understanding of projects, programs and activities for inclusive stakeholder engagement. Stakeholder engagement will uphold the IDBZ Gender Policy and guidelines (Equitable participation of women and men), be non-discriminatory and assure prior, free and informed consent of interested and project affected persons, including clear application of the grievance redress mechanism.

e) Addressing Climate Change

The Bank acknowledges that the carbon footprint of its Projects can influence the extent of climate change in future. To address the challenges of climate change and to support a low carbon economy, IDBZ will carry out screening of proposed Projects to identify potential climate change risks and impacts as well as opportunities for climate change mitigation and adaptation. The screening process will determine if, and which climate considerations are relevant and whether further analysis is needed to assess them. The climate change parameters will include, but not be limited to:

- i. ***Carbon Footprint potential:*** to determine if the Project is expected to generate significant volumes of Green House Gas (GHG) during its economic lifetime
- ii. ***Climate Change sensitivity:*** to determine the likely vulnerability of the Project or its target population to climate change and whether further climate risk analysis should be considered. The vulnerability analysis will capture the extend of vulnerability of women and men in the project, including their different needs and perspectives;
- iii. ***Mitigation and adaptation potential:*** to identify the Project's potential for contributing to climate change mitigation and adaptation, typically in terms of the reduction of GHG emissions and adopting new technologies. The Bank will strive to target Projects with high mitigation and adaptation potential.

1.1.10 Conclusion

The Infrastructure Development Bank of Zimbabwe will undertake due diligence and give priority to ensuring that environmental and social safeguards are considered in appraising and financing infrastructure projects in order to avoid, minimise and/or mitigate adverse impacts and risks. The Bank endeavours to enhance the positive impacts (benefits; co-

benefits) of each project to protect the environment and improve the livelihoods of the people and their communities. IDBZ will not engage in or support projects that are likely to create significant irreversible adverse environmental and social risks and impacts, including any with activities on the Exclusion List.