

The background of the entire page is a vibrant, high-resolution photograph of a tropical forest. In the foreground, a calm river flows through a dense thicket of green trees and bushes. Several large, dark, rounded rocks are scattered along the riverbank and in the water. The lighting is bright and natural, creating a sense of a healthy, thriving ecosystem. The overall color palette is dominated by various shades of green, from deep forest greens to bright, sunlit yellows and whites.

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK FOR CAF OPERATIONS

Introduction

In a constantly evolving global and regional context, where resilient, equitable, and environmentally and socially just economies are increasingly prioritized, CAF – development bank of Latin America and the Caribbean – continues to create opportunities for the Latin American and Caribbean region to become more prosperous, productive, sustainable, and competitive.

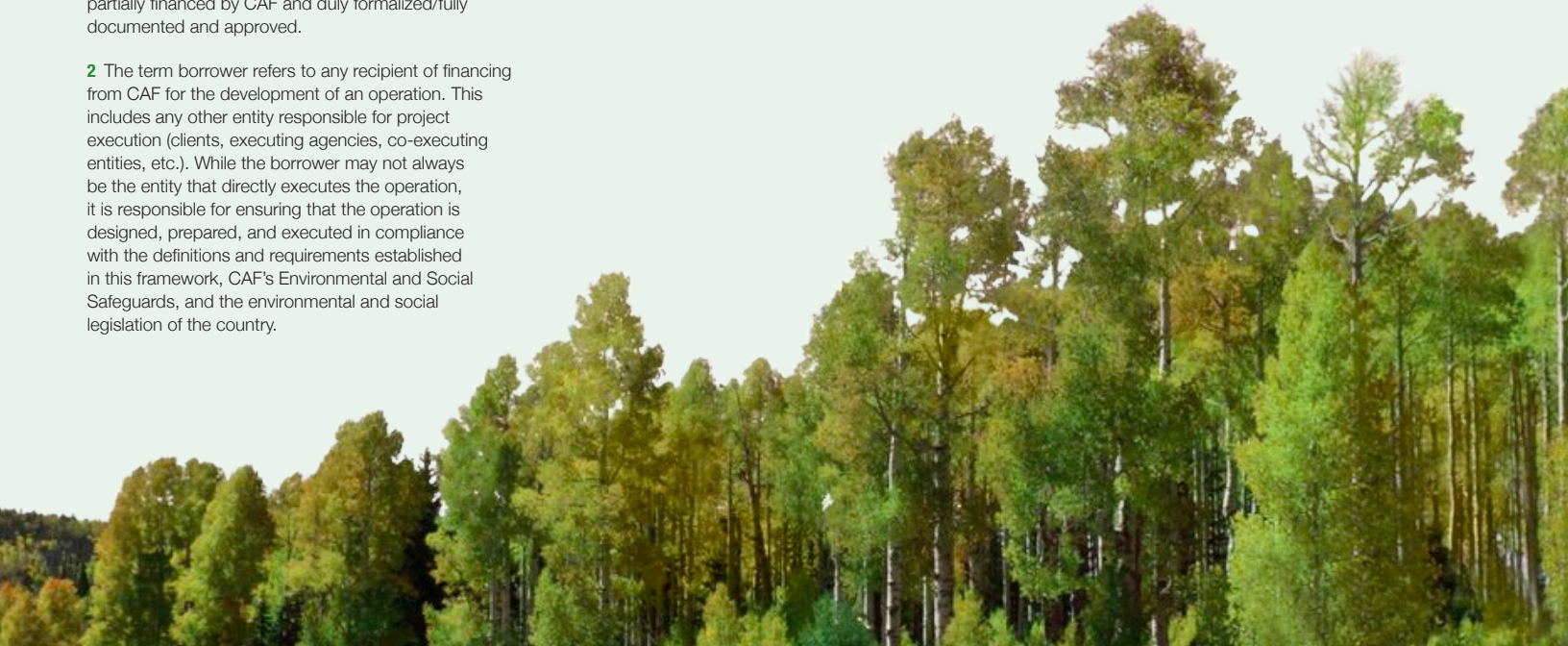
For more than 50 years, our mission has been to promote a comprehensive vision of development—one that values and prioritizes people, the communities in which they live, the region's natural capital, and the social needs necessary for integration into the global production chains that drive the economy.

For this reason, CAF's Environmental and Social Management Framework (ESMF) for Operations¹ establishes the institution's commitment to the sustainable development of its shareholder countries. It defines a set of shared but differentiated responsibilities between CAF and its borrowers,² translating this commitment into practical applications to ensure the environmental sustainability and social responsibility of the investment programs and projects financed by the bank in Latin America and the Caribbean.

This framework addresses key environmental and social aspects relevant to operations, outlining CAF's commitments as a financier of investment programs and projects, as well as the requirements that borrowers must meet to ensure the comprehensive management of environmental and social risks associated with these programs and projects.

¹ The term operation refers to any program, project, work, activity, or investment initiative that is fully or partially financed by CAF and duly formalized/fully documented and approved.

² The term borrower refers to any recipient of financing from CAF for the development of an operation. This includes any other entity responsible for project execution (clients, executing agencies, co-executing entities, etc.). While the borrower may not always be the entity that directly executes the operation, it is responsible for ensuring that the operation is designed, prepared, and executed in compliance with the definitions and requirements established in this framework, CAF's Environmental and Social Safeguards, and the environmental and social legislation of the country.



1

CAF's commitment to environmental sustainability and social responsibility in its operations

Environmental and Social Management Framework for CAF Operations

(a) Human rights: Guaranteeing human rights creates the essential conditions for sustainable development. Through its operations, CAF seeks to improve development opportunities for all individuals and communities, particularly the most vulnerable groups, and supports its borrowers in progressively fulfilling their human rights commitments within the framework of these operations. Through its Environmental and Social Safeguards, CAF effectively and proactively addresses the risks and impacts of the activities it finances, ensuring the prevention of harmful effects on health, access to water and sanitation, food, housing, and land rights—factors that endanger lives and other fundamental rights. CAF also ensures the inclusion of civil society in decision-making processes related to the environment and access to information, providing stakeholders with appropriate accountability mechanisms to address their concerns.

(b) Gender equality: CAF has made it an institutional objective to contribute to equal opportunities and the empowerment of women and girls through an intersectional approach, supporting gender equality policies and mainstreaming gender considerations in its operations, technical cooperation, and financial services. As such, the bank deems it essential to mobilize and promote every effort within its reach to incorporate an intersectional gender perspective in operations where gender-related risks or impacts are identified or where opportunities exist to foster and ensure gender equality. In terms of risk management, CAF requires its borrowers to apply the Gender Equality Safeguard, which provides guidelines for identifying, assessing, and mitigating gender-related risks and impacts in their operations, preventing gender-based violence, and addressing issues covered by other safeguards, such as lack of equitable participation and representation in consultation and decision-making processes, workplace discrimination, or disproportionate gender-based impacts in population resettlement processes. With regard to seizing opportunities, and aligned with its 2022–2026 Gender Equality Strategy, CAF actively promotes women's economic, physical, and decision-making autonomy in its operations.

(c) Non-discrimination: Inequality in Latin America and the Caribbean in many cases is exacerbated by factors such as disability, health status, racialization, skin tone, ethnicity, sexual orientation, gender identity, and cultural and identity characteristics, among others. CAF advocates for ensuring that these characteristics—intrinsic to diverse, multiethnic, and multicultural societies—are never grounds for restricting equal access of individuals or communities—especially the most vulnerable—to the benefits of operations, timely and linguistically and culturally appropriate information, or mechanisms for voicing and addressing concerns. Through its various safeguards, CAF seeks to ensure that risks and impacts affecting these groups are adequately and differentially mitigated, with special emphasis on people with disabilities.

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(d) Inclusion: In its operations, CAF promotes accessibility and the inclusion of people with disabilities, who represent 15% of the population in Latin America and the Caribbean.³ This includes implementing the Convention on the Rights of Persons with Disabilities and accessibility standards, ensuring meaningful consultation and participation of organizations representing people with disabilities, collecting disaggregated data on disability throughout the project cycle when relevant, and guaranteeing that grievance mechanisms are accessible.

(e) Protection and conservation of biodiversity, natural resources, and ecosystems: The conservation of biodiversity is essential for achieving sustainable development. CAF recognizes the significance of biodiversity and its fundamental role in ensuring human well-being across multiple dimensions: the provision of food and medicinal substances, various ecosystem services such as clean water, pollination, pest and disease regulation, and climate regulation; as well as its value in preserving cultural identity and spiritual well-being, among others. This framework, along with the safeguards that form part of it, ensures that CAF-financed operations incorporate the necessary provisions for the responsible use and management of natural resources, the conservation of biodiversity, and the preservation of ecosystem services within the operational environment, following a mitigation hierarchy approach to managing risks and the impacts that they generate.

(f) Ethnic groups: Latin America and the Caribbean are among the world's most ethnically diverse and multicultural regions, with Indigenous peoples representing 15% of the population and Afro-descendants making up 24%.⁴ However, this rich diversity contrasts with the reality faced by self-identified ethnic populations, who continue to experience disadvantages within traditional development models.

As part of the CAF Ethnic-Racial Diversity Strategy in Latin America and the Caribbean 2023–2026 (DiversiCAF 5.0), CAF has set the objective of promoting ethnic-racial equity, ensuring respect for fundamental rights, and fostering the creation of opportunities in its operations.

CAF is also committed to safeguarding the physical, territorial, social, cultural, and economic integrity of ethnic communities, ensuring that the development process upholds the full respect of the collective rights of Indigenous peoples and Afro-descendant communities. This commitment is framed within national laws and international treaties to which these communities are party, as well as their own worldviews and governance structures. Accordingly, CAF explicitly incorporates cases where the free, prior, and informed consent (FPIC) of affected Indigenous peoples and Afro-descendant communities is required, along with necessary considerations for culturally and linguistically appropriate information disclosure and consultations with these and other ethnic communities.

³ CAF Strategy for the Inclusion of Persons with Disabilities 2022–2026.

⁴ CAF Ethnic-Racial Diversity Strategy in Latin America and the Caribbean 2023–2026 (DiversiCAF 5.0).

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Aligned with this purpose, through the CAF Ethnic-Racial Diversity Strategy in Latin America and the Caribbean 2023–2026 (DiversiCAF 5.0), the bank aims not only to fulfill its role as a development agent but also to serve as a model for inclusion and respect for the fundamental rights of ethnic groups. This effort marks a significant step toward a development approach that recognizes and celebrates the cultural diversity of Latin America and the Caribbean, ensuring equal opportunities for all.

(g) Climate change: As climate change and its effects become increasingly frequent and severe, CAF encourages borrowers, where applicable, to identify and manage climate change and climate variability risks by implementing mitigation and adaptation measures—provided these risks are related to a CAF-financed operation and in accordance with the requirements of the Environmental and Social Safeguards. Additionally, CAF ensures that, within the scope of its operations, there is no significant or unwarranted increase in greenhouse gas (GHG) emissions or other factors that contribute to climate change.

(h) Community engagement: To ensure effective mitigation of negative impacts and the pursuit of opportunities for biodiversity conservation and social promotion within communities, CAF encourages its borrowers to disclose relevant operational information, foster transparent, inclusive, and culturally appropriate participation, and establish two-way communication channels to address the concerns and issues of affected communities.





2

Objectives and scope

Environmental and Social Management Framework for CAF Operations

(a) General objective: The Environmental and Social Management Framework (ESMF) for CAF Operations aims to support the bank's mission of supporting Latin American and Caribbean countries' efforts to improve quality of life in the region. It does so by establishing principles and guidelines for the effective management of environmental and social risks in its operations.

(b) Specific objectives

- Strengthen CAF's environmental and social commitments in relation to the protection of human rights, the promotion of gender equality, inclusion and diversity, non-discrimination, the protection and conservation of biodiversity, natural resources, and ecosystems, the safeguarding of ethnic groups and, more broadly, cultural diversity, climate change mitigation and adaptation, and the informed participation of stakeholders in the operations financed by the bank.
- Establish the respective responsibilities of both CAF and its borrowers regarding the comprehensive management of environmental and social risks and impacts associated with operations.
- Define clear and effective performance standards that must be applied throughout all stages of the operations' life cycle, with the goal of effectively supporting the achievement of the development objectives set for these operations.
- Require borrowers to fully comply with all applicable environmental and social legislation⁵ relevant to the operation.
- Strengthen technical cooperation between CAF and its borrowers to develop mutually agreed, relevant, and timely solutions to the environmental and social challenges associated with operations.

(c) Scope: The ESMF applies to all credit modalities defined by CAF, with the exception of Policy-Based Loans (PBL), Sector-Wide Approach (SWAP) operations, technical cooperation operations, contingent liquidity credit lines, and any operations aimed at responding to emergencies resulting from natural disasters, pollution-related accidents, earthquakes, epidemics, conflicts, or other types of crises.

All operations covered by ESMF must fully comply with CAF's Environmental and Social Safeguards, which are designed to help borrowers develop and implement effective environmental and social impact management strategies, using a risk- and results-based approach.

⁵ This legislation refers to, but is not limited to, all national, local, and sector-specific regulations (laws, decrees, ordinances, etc.) that are in force and applicable to operations in the respective country. It encompasses all environmental and social aspects, including those related to occupational health and industrial safety, inclusion, gender equity, labor issues, human rights, and international environmental agreements or treaties signed and ratified by the country.

⁶ Technical feasibility is based on the premise that the proposed measures and actions can be implemented using commercially available skills, equipment, and materials, while taking into account prevailing local factors such as climate, geography, demographics, infrastructure, security, governance, capacity, and operational reliability. Financial feasibility is based on relevant financial considerations, including an assessment of the relative magnitude of the incremental cost associated with adopting such measures and actions compared to the investment, operational, and maintenance costs of the operation, as well as an analysis of whether this incremental cost could render the operation unviable for the borrower.

The mitigation measures implemented in an operation—resulting from the application of CAF’s Environmental and Social Safeguards—must be relevant, sufficient, and appropriate based on factors such as the borrower’s experience, operational capacity, technical and economic feasibility,⁶ the level of risk associated with the operation, along with other inherent factors, the natural and social environment in which it takes place, and the specific characteristics of the borrowers.

When CAF co-finances an operation with other multilateral or bilateral financing entities or international financial institutions, it may agree, on a case-by-case basis, to apply the policies and standards of these co-financiers—provided that they allow the operation to achieve objectives that are substantially consistent with CAF’s Environmental and Social Safeguards.



3

Roles and responsibilities

Environmental and Social Management Framework for CAF Operations

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(a) General: The borrower must fully comply with all environmental and social legislation applicable to the operation, CAF's Environmental and Social Safeguards, and any other actions or conditions agreed upon within the framework of the legal documentation and related documents.

(b) Environmental and social risk and impact assessment and management: The borrower must conduct an Environmental and Social Assessment (ESA) of the operation to ensure environmental sustainability and social responsibility in accordance with the Environmental and Social Safeguards. The ESA must be proportionate to the nature, scope, and complexity of the operation, as well as its associated risks and impacts. It will serve as the basis for defining the necessary mitigation measures to achieve this objective. The ESA must identify, assess, and propose mitigation measures for the identified risks and impacts, along with a strategy for their control, monitoring, and continuous improvement.

The borrower must apply a mitigation hierarchy in the management of environmental and social risks, which includes: (i) anticipating and avoiding risks and impacts, and when avoidance is not possible, minimizing or reducing them to acceptable levels; and (ii) once risks and impacts have been mitigated and significant residual impacts remain, compensating or offsetting them when technically and financially feasible.

(c) Institutional capacity: The borrower must ensure the availability of adequate human, technical, and financial resources to effectively implement, within a form and timeframe acceptable to CAF, the mitigation measures resulting from the ESA and any other actions or conditions agreed upon with the bank.

(d) Stakeholder engagement and information disclosure: The borrower must conduct a broad and inclusive process to disclose relevant information about the operation and ensure meaningful participation of stakeholders, in accordance with the requirements established in the Environmental and Social Safeguards. This process may include:

- conducting meaningful consultation processes with stakeholders in line with the Environmental and Social Safeguards. The consultation process must include clear and appropriate identification and characterization of stakeholders, along with documented records of their participation. These records should include a description of the stakeholders consulted and a summary of the feedback received. Additionally, the borrower must document and disclose the date, location, methodology, content, and language used in these consultations. Documents must be translated into the language of local communities when necessary;

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- the information to be disclosed must include, at a minimum, but is not limited to: (i) the objectives and scope of the operation; (ii) the potential positive and negative impacts it may generate; (iii) the management measures to be implemented to prevent, mitigate, or compensate for negative impacts and enhance positive ones; (iv) the tentative execution schedule for project works; (v) the existence, scope, and functioning of the Grievance Redress Mechanism (GRM) at the operational level, as well as CAF's Environmental and Social Grievance Mechanism (ESGM); and (vi) any other information required under applicable environmental and social legislation.
- the consultation process and information disclosure must be conducted in a culturally appropriate manner, adapted to the nature and characteristics of the target population to ensure comprehension. When necessary, materials must be translated into the local or community language.
- the borrower must, where applicable, provide the necessary means or implement differentiated consultation strategies based on the nature and characteristics of the stakeholder groups to ensure non-discriminatory participation and information disclosure, particularly for vulnerable individuals or groups.
- when the operation involves the resettlement of ethnic groups and Indigenous peoples or when it affects their territory, natural resources, or cultural heritage—including sacred sites or elements of special value to the community—the borrower must obtain the free, prior, and informed consent (FPIC) of the affected communities. Additionally, the borrower must engage, from the early stages of the operation, the national entities responsible for ethnic affairs, where applicable.

(e) Supervision: The borrower must establish a monitoring and follow-up plan to oversee and adjust the environmental and social management of the operation, ensuring that identified risks and impacts in the ESA—as well as any emerging risks due to special circumstances—are effectively controlled, mitigated, or compensated for in a timely and appropriate manner. The plan must ensure compliance with applicable environmental and social legislation, the requirements of the Environmental and Social Safeguards triggered for the operation, and any other actions or conditions agreed upon within the framework of the legal documentation and related documents. The scope of the monitoring and follow-up plan must be proportionate to the environmental and social risks and impacts of the operation.

(f) Reporting: The borrower must inform CAF, in accordance with the terms and frequency established in the legal documentation, on the performance of the operation in meeting the agreed Environmental and Social Action Plan (ESAP), fulfilling obligations under applicable environmental and social legislation, and complying with any other actions agreed upon with CAF. The borrower must also report on any circumstances that could affect compliance status or alter the risk profile of the operation, as well as the actions taken in response. Borrowers must facilitate CAF's supervision and evaluation throughout the execution of an operation.





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(g) Grievance and Complaint Mechanism: The borrower must design and implement a Grievance and Complaint Mechanism (GCM) to receive and address complaints, grievances, and any concerns raised by affected individuals and communities or any other stakeholders.

The scope and scale of the GCM must be proportionate to the environmental and social risks of the operation and must be widely disseminated and communicated among stakeholders in a linguistically and culturally appropriate manner to ensure accessibility and comprehension. When necessary, translations must be provided, along with clear information on the available channels and means of access, the mechanism's scope and functionality, and the expected response process and timelines. The mechanism must also ensure guaranteed access for vulnerable individuals or communities.

The dissemination and communication process of the GCM must be documented, specifying the date, location, methodology, content, and language used during the process.

(h) CAF Environmental and Social Grievance Mechanism (ESGM): The ESGM is the bank's accountability mechanism, made available to citizens and stakeholders to address and manage concerns or grievances related to actual or potential adverse environmental and social impacts on individuals, communities, or the environment during the implementation of a CAF-financed operation. It functions as an extrajudicial, supplementary, and subsidiary mechanism to the Grievance and Complaint Mechanisms (GCMs) established for individual operations.

The borrower must ensure the dissemination and awareness of CAF's ESGM under the same terms as those outlined for the operation's GCM, mentioned above.

(i) Technical assistance: If necessary, CAF may provide technical and financial assistance to strengthen and enhance the borrower's technical capacities, ensuring effective management of the environmental and social risks and impacts of the operation and full compliance with the requirements established in the ESMF and CAF's Environmental and Social Safeguards.

CAF

(a) Categorization of operations and risk level: CAF analyzes and classifies its operations based on the type and characteristics of the operation, the magnitude and nature of environmental and social risks and impacts, its location and the sensitivity of the environment where it will take place, and the capacity of the executing entity, among other factors. Based on this assessment, CAF assigns an environmental and social risk classification, which consists of four categories:

- Category I: High environmental and social risk. This includes operations with the potential to cause significant, widespread, irreversible, difficult-to-assess, or unprecedented negative environmental and/or social impacts. It also includes operations developed in environmentally sensitive areas or ecosystems, those that irreversibly affect natural resources, or those that significantly alter the nature, characteristics, or functional relationships of communities. These impacts generally extend beyond the immediate physical intervention area.
- Category II: Moderate environmental and social risk. This includes operations with the potential to cause localized, short-term negative environmental and/or social impacts, for which effective mitigation measures are available and within the reach of the executing entities and other involved stakeholders. These impacts typically occur specifically within the areas of physical intervention.
- Category III: Low environmental and social risk. This includes operations with the potential to cause low-intensity, temporary, and reversible environmental and/or social impacts, or no impacts at all. These operations may not require a due diligence process, without prejudice to any requirements CAF deems necessary to ensure environmental and social management aligned with the bank's principles and standards.
- Category FI (Financial Intermediaries). This category includes operations where CAF-provided funds are allocated to banking institutions, microfinance entities, investment funds, solidarity or cooperative sector financial entities, and other financial institutions that typically channel these resources for multiple purposes or third parties. In these operations, the responsibility for managing environmental and social risks associated with financed projects, works, or activities lies with these financial intermediaries.

CAF regularly reviews the risk classification assigned to an operation, including during its execution phase, and modifies it if necessary to ensure its continued adequacy. This review considers not only the evolution of environmental and social management but also other factors such as the quality of execution, the governance of the executing entity, the political context, transparency, and sustainability. The objective is to strengthen environmental and social aspects as needed to ensure the successful achievement of the operation's proposed objectives.



Environmental and Social Management Framework for CAF Operations

(b) Due diligence: CAF conducts environmental and social due diligence for all operations seeking its financing, in accordance with the provisions of the ESMF and the Environmental and Social Safeguards. The purpose of this due diligence is to assist the bank in determining whether to support the operation and, if so, to define how environmental and social risks will be addressed throughout the operation's life cycle to promote environmental sustainability and social responsibility.

The scope and depth of due diligence are determined by the nature and scale of the operation, the characteristics of the context in which it takes place, and the proportionality of the associated environmental and social risks and impacts.

CAF's environmental and social due diligence includes an assessment of: (i) the borrower's ability to accurately and promptly identify environmental and social risks and impacts; (ii) the institutional capacity required by the borrower to ensure adequate management of these risks and impacts; and (iii) the proper implementation of the requirements set forth in the Environmental and Social Safeguards. This analysis is based on information provided by the borrower.

In cases where CAF is asked to support a project already under construction or one that has already received national permits, including the approval of local environmental and social impact assessments, the bank's due diligence will include an analysis of any gaps in relation to CAF's Environmental and Social Safeguards. The objective is to determine whether additional studies or mitigation measures are required to meet CAF's requirements.

(c) Environmental and Social Action Plan: If the due diligence process identifies gaps in relation to its requirements and/or those of the Environmental and Social Safeguards, CAF agrees with the borrower on an Environmental and Social Action Plan (ESAP). This plan outlines the necessary actions to ensure the operation meets these requirements within a defined timeframe. The ESAP is an integral part of the legal documentation for the operation.

Environmental and social due diligence is incorporated into the comprehensive risk analysis of the operation, and its results are reviewed by CAF's credit authorities as a prerequisite for decision-making. Both CAF's management and business units are informed and actively involved in the management of the environmental and social risks associated with the operation.

(d) Stakeholder engagement and information disclosure: In accordance with its Policy on Access to Information and Institutional Transparency (PAITI, for its acronym in Spanish), CAF discloses environmental and social information related to its operations.

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CAF ensures that the borrower has conducted a broad and inclusive process to disclose relevant information about the operation and has guaranteed meaningful stakeholder participation, including differentiated approaches or strategies to facilitate the participation of vulnerable groups or stakeholders. This includes—but is not limited to—verifying consultation processes, execution timelines, the relevance of the disclosed information, the use of appropriate communication channels, and broad, non-discriminatory participation. Additionally, CAF places particular emphasis on ensuring that consultation processes involving ethnic groups and Indigenous peoples comply with the requirements set forth in the Environmental and Social Safeguards.

(e) Monitoring and supervision: CAF conducts continuous monitoring to assess the environmental and social performance of operations. This includes verifying compliance with the ESMF, the requirements of the Environmental and Social Safeguards activated for the operation, and any other actions or conditions agreed upon with the bank as part of the legal documentation and related agreements. CAF also monitors whether any environmental and social risks arising from changes introduced to the operation are adequately mitigated and remain in compliance with the bank's policies and standards.

The scope, depth, and frequency of this monitoring are determined by the environmental and social risk level of the operation.

If discrepancies are identified between the borrower's environmental and social management of the operation and CAF's policies and standards, corrective action plans are agreed upon as necessary. To address any concerns related to the operation's implementation, CAF maintains an ongoing dialogue with the borrower.

(f) Financial intermediaries (FI): When financing is provided through a financial intermediary, the FI assumes the delegated responsibility for identifying, assessing, and mitigating the environmental and social risks and impacts of the operations financed with CAF's resources. This must be done in compliance with the terms and conditions established in the ESMF, CAF's Environmental and Social Safeguards, and applicable environmental and social legislation.

Based on the results of due diligence, CAF may require the FI to implement and maintain an Environmental and Social Risk Management System (ESRMS) to manage and continuously monitor the environmental and social risks and impacts of its operations. The ESRMS must enable the FI to: (i) conduct an early classification of the environmental and social risk level of its operations; (ii) determine the cases and scope in which due diligence will be applied; (iii) define mitigation measures for identified risks and impacts, based on due diligence findings; (iv) establish, within the legal documentation framework, the obligation for beneficiaries to implement these mitigation measures; and (v) conduct monitoring and provide feedback to beneficiaries to ensure proper environmental and social management.



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The ESRMS must be proportionate to the nature and magnitude of the environmental and social risks associated with the FI's financed operations and the overall risk of its portfolio.

CAF may require the FI to adopt and implement additional or alternative environmental and social requirements based on the potential risks of its operations and the characteristics of the sectors represented in its portfolio. Likewise, CAF will monitor the FI's performance, which may include on-site visits to the FI or to the beneficiaries of the operations it finances.

All projects financed by the FI using CAF's funds must comply with CAF's exclusion list.

CAF's due diligence of FIs aims to determine: (i) the FI's environmental and social policies and procedures, as well as its commitment, capacity, and track record in applying them; (ii) the environmental and social aspects related to the FI's existing and potential future portfolio, which could expose CAF to environmental, social, or related risks; and (iii) the necessary measures to strengthen the FI's ESRMS.

The requirements established by CAF and their scope for FIs depend on the nature of the investment and the level of environmental and social risk associated with the intermediary's activities.

Based on the due diligence findings and the FI's capacity, CAF may restrict financing for certain types of operations undertaken by the intermediary.

4

Borrower's legal framework

Environmental and Social Management Framework for CAF Operations

CAF may consider the use of specific requirements from the borrower's legal framework to address certain provisions of the ESMF or CAF's Environmental and Social Safeguards, provided that these requirements enable the achievement of objectives that are substantially aligned with those of the bank.

All agreed-upon measures and actions, along with the timelines for their implementation, will be incorporated into the Environmental and Social Action Plan (ESAP) and included in the legal documentation, as applicable.



5

Grievance mechanism and accountability

Environmental and Social Management Framework for CAF Operations

CAF's accountability mechanism—the Environmental and Social Grievance Mechanism (ESGM)—serves as an alternative dispute resolution resource and a direct and timely means for citizens and stakeholders to raise and address concerns or grievances related to actual or potential adverse environmental and social impacts on individuals, communities, or the environment during the implementation of a CAF-financed operation.

The ESGM ensures equal access and non-discriminatory treatment, regardless of age, sex, gender, sexual orientation, beliefs, disability, or ethnicity, and guarantees linguistically and culturally appropriate responses, recognizing the specific cultural differences of individuals involved in each case.

While the processes to review, handle, and respond to grievances may involve significant timeframes, the ESGM strives to provide the most timely response possible to minimize potential risks to claimants, the environment, other stakeholders, and CAF. Claimants are informed of the expected timeframes.

Borrowers are required to widely and continuously disseminate information about the existence of the ESGM to affected communities as part of their stakeholder engagement and information disclosure process.

CAF disseminates information about access to and operation of the ESGM through various communication channels. Additionally, CAF publishes the ESGM Annual Report, providing detailed information on its implementation and the grievances managed during the reporting year. CAF does not tolerate any form of retaliation against claimants and advises its borrowers on implementing measures to prevent retaliation in their operations.

6

Legal documentation and agreements related to operations

Environmental and Social Management Framework for CAF Operations

The legal documentation and agreements related to operations will include the provisions necessary to ensure compliance with CAF's applicable environmental and social standards, as established in the ESMF. They will also incorporate the specific operational requirements identified through CAF's due diligence analysis and in accordance with the ESAP agreed upon with the borrower.

7

Review of the Environmental and Social Management Framework (ESMF) for Operations and continuous improvement

Environmental and Social Management Framework for CAF Operations

CAF allocates the necessary technical, human, and financial resources to ensure the proper and timely implementation of the considerations outlined in the ESMF. As part of a continuous improvement process, CAF will review and adjust the ESMF whenever deemed necessary to incorporate best practices, new institutional policies, and lessons learned from its implementation.



