



# **The Arab Bank for Economic Development in Africa**

## **Sustainable Finance Framework**

***20<sup>th</sup> November 2023***



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# 1. Sustainability at BADEA

## 1.1 Introduction

The Arab Bank for Economic Development in Africa (“BADEA”, “the Bank”) commenced operations in 1975, having been established pursuant to the resolution of the 6<sup>th</sup> Arab Summit Conference at Algiers on Wednesday 28<sup>th</sup> November 1973.

BADEA is a financial institution owned by the following 18 Arab countries, who are members of the League of Arab States (L.A.S.):

- Hashemite Kingdom of Jordan
- United Arab Emirates
- Kingdom of Bahrain
- Republic of Tunisia
- People's Democratic Republic of Algeria
- Kingdom of Saudi Arabia
- Republic of Sudan
- Arab Republic of Syria
- Republic of Iraq
- Sultanate of Oman
- State of Palestine
- State of Qatar
- State of Kuwait
- Republic of Lebanon
- State of Libya
- Arab Republic of Egypt
- Kingdom of Morocco
- Islamic Republic of Mauritania

BADEA is an independent International Institution enjoying full international legal status and complete autonomy in administrative and financial matters, domiciled in Khartoum, Sudan, temporarily relocated to Saudi Arabia, and governed by the articles of its Establishment Agreement<sup>1</sup>.

BADEA’s mission is to consolidate economic, financial and technical cooperation between African countries and the Arab world. In order to achieve its objectives, BADEA undertakes the following three functions:

1. Participation in the financing of economic development in Africa
2. Encouragement of the participation of Arab capital in African development
3. Contribution to the provision of technical assistance necessary for development in Africa

To date<sup>2</sup>, BADEA has extended more than 700 loans to countries in Africa, for a total amount of USD~\$7 bn. In addition, BADEA has extended ~50 loans to private sector institutions totalling USD ~\$1 bn and ~ 35 trade finance facilities, for a total amount of USD ~\$1.8 bn. BADEA’s total lending

<sup>1</sup> Available at [https://www.badea.org/Portal/Document\\_Repository/18/1\\_badea%20eng.pdf](https://www.badea.org/Portal/Document_Repository/18/1_badea%20eng.pdf)

<sup>2</sup> As of 31<sup>st</sup> December 2022

portfolio is USD ~\$10 bn. BADEA’s lending program aims to support development programs in non-Arab, African countries (i.e. non-shareholder countries in Africa), with all loan approvals subject to a study by BADEA.

Social impact is at the heart of BADEA’s priorities and the “BADEA 2030” strategy (detailed below). To achieve its mission, BADEA mainly plays a catalytic role and offers several impactful financial instruments ranging from sovereign loans (with a focus on infrastructure finance), trade and private sector development, agriculture value chain development, entrepreneurship and SME development. BADEA also provides capacity building non-refundable grants to support key development projects in Sub-Saharan Africa aligned with its mandate.



Figure 2: Impact of projects financed by BADEA to-date.



Figure 1: Geographical distribution of BADEA's loans by African country

## 1.2 Sustainability at BADEA

BADEA is strongly committed to working towards the Global Climate Action Agenda and limiting the



severe impact of climate change, having financed more than 400 green projects and grants since 1974 for a total portfolio (completed and active) of around USD ~\$2bn. The BADEA 2030 strategy (see section 1.3 below) has been designed with the UN Sustainable Development Goals in mind, as well as those of the African Union's Agenda 2063.

BADEA's climate adaptation and mitigation projects include more than 210 green public, private sector and trade finance projects and 220 green non-refundable grants ranging from mangrove tree planting initiatives reducing CO<sub>2</sub> emissions and improving coastal defences, smart cities powered by solar energy, agricultural projects addressing food security and supporting local sustainable farming techniques, dams generating clean energy, to water and sanitation infrastructure projects reducing flooding risks, amongst others.

Sustainable development is at the core of BADEA's operations. Project objectives are set out clearly, including expected developmental impacts as well as the specific UN SDGs to which contributions are intended.

### **Sustainability approach and strategy**

The Bank takes environmental, social and governance (ESG) factors into careful consideration in both its investment and lending processes — including factors such as the ethical status of listed equities, environmental sustainability of operations, governance practices and market reputation of beneficiaries — and its corporate culture. The Bank is also a key member of the Arab Coordination Group (ACG), the second largest donor group in the world, and ESG has often been addressed within the Arab Coordination Group – including announcing a commitment to provide a minimum cumulative amount of \$24bn in financing by 2030 to address the global climate crisis, in November 2022. A working group is currently in charge of putting in place a comprehensive common sustainability framework which is expected to be provided within a year.

### **ESG governance, committees and board oversight**

The Bank's new ESG committee will be in charge of overseeing the eligibility of transactions, the nature of their ESG impact and is expected to meet every six months. Ad-hoc meetings may also be held as and when required.

The structure of BADEA's ESG committee will be as follows:

#### Chairman

President's Office

#### Committee Secretary

Investor Relations

#### Members

Investments Department

Risk Department

Public Sector

Private Sector

Environmental Specialist

A strong governance framework is being implemented in the Bank, in line with international best practice as well as the upcoming ACG sustainability framework.

### **ESG-related certifications**

Overall, as an enterprise, the bank has been implementing the "Green BADEA" initiative since 2018, a set of measures aimed at making BADEA more environmentally friendly through improving the



environmental performance of the bank, its buildings, and activities.

The initiatives include transition to a renewable energy/solar powered headquarters building (including the largest on-grid solar system in Khartoum), paperless operations, recycling, and waste management. Following these initiatives, the bank is now fully certified in all ESG standards having received ISO Certifications 14001 (Environmental Management), 26000 (Social Responsibility) and 37000 (Governance) in 2022.

## ESG targets and commitments

To take urgent action to combat climate change and its adverse impact on Sub-Saharan African economies, further ambitious strategic commitments have been made by BADEA to accelerate the Global Climate Action Agenda and drive green growth, within the Arab Coordination Group. The Bank's most recent ESG commitments include:

- USD \$24 Billion geared exclusively towards climate change projects by 2030 (as a group pledge)
  - *This commitment encompasses public sector, private sector and trade finance investments*
  - *The form of this commitment by the Bank is expected to be further detailed towards the end of 2023, during the next ACG meeting.*
- USD \$10 Billion geared towards addressing the current global food crisis and enhancing food security, in the context of the Russian-Ukrainian war, post-Covid 19 challenges, higher global inflation, and a weaker global economy (group pledge).
  - Within this group pledge, the Bank has committed USD 1 Billion.

The Bank's specific annual ESG targets will also be defined in the months to come.

## ESG credit policies and standards

In addition to the process, certifications, targets and commitments set out above - on the investments/lending side, BADEA does not invest in any company that derives a significant portion of its revenues from areas and/or activities that the approving committee deems unethical. The Bank's pre-investment KYC and screening procedures are designed to identify any companies with questionable values and activities such as negative environmental impacts, child labour, corruption, political affiliation, and activities in conflict areas, etc. Corporate governance practices and structures of beneficiaries are also carefully assessed and weigh heavily in the KYC and client acceptance decisions.

The financing of any projects (infrastructure, etc.) that have potential adverse environmental and social impacts (population displacement, deforestation, etc.) is also subject to Environmental Impact Assessment by a reputable consultant acceptable to BADEA as well as continuous monitoring provisions.

During 2020, the Bank also upgraded its client screening subscription with Refinitiv (Worldcheck) to add capability for ongoing screening (among other enhancements) which gives the Bank real-time notification of any social, governance or other news affecting its clients and financed projects.

The Bank's BADEA 2030 strategy also puts a great emphasis on four high impact sectors:

1. Infrastructure;
2. Agricultural Value Chains;
3. SMEs Development & Entrepreneurship; and
4. Private Sector & Trade Finance.

All projects financed by the Bank have a direct UN Sustainable Development Goal ("SDG") component

to address both social and environmental global challenges, at the scale of Sub-Saharan Africa. – Most of the Bank's project financings address more than on development goal.

### Most relevant UN SDGs

All of the UN SDGs are important to the Bank. However, most public sector projects approved over these past three years have direct relevance to the following SDGs:

- UN SDG #1: No Poverty
  - *Support to MSMEs and “small businesses” - informal ones – to help people live above the poverty line, with a special focus on women and youth economic empowerment*
- UN SDG #2: Zero Hunger
  - *Agricultural value chains projects, food security projects*
- UN SDG #3: Good Health & Wellbeing
  - Hospital infrastructure projects, water and sanitation projects to reduce illnesses and death rates due to polluted water
- UN SDG #4: Quality Education
  - School infrastructure projects
- UN SDG #5: Gender Equality
  - Optimizing the women/girl component in projects, by funding for instance boarding schools exclusively for girls in remote rural areas and help them access quality education in a safe environment
- UN SDG #6: Clean Water & Sanitation
  - Water & sanitation projects to provide clean drinking water to local populations
- UN SDG #8: Decent work and economic growth
  - Capacity development workshops, support to MSMEs and “informal” small businesses
- UN SDG #10: Reduced Inequalities
  - All projects aimed at increasing purchasing power of low-income groups
- UN SDG #11: Sustainable Cities and Communities
  - Building smarter green cities
- UN SDG #13: Climate Action
  - Climate adaptation projects, such as coastal protection, hydropower plants, mangrove trees projects)

### 1.3 BADEA 2030

The Bank's BADEA 2030 Strategy affirms its ambition to contribute in an innovative way to the sustainable development and transformation of beneficiary countries, ultimately improving the living standards of their populations. Within the framework of BADEA 2030 are four priority pillars in addition to the overarching theme of capacity development:

- Investment in infrastructure for inclusiveness, industrialization and innovation
  - Social infrastructure (education and health), transport (road, rail, ports, airports), energy (production, transport and distribution), industries (focused on the creation of industrial parks), urban development, information and communication technologies and the digital economy
- Agricultural value chain development for empowerment and food security
  - Land use planning, irrigation and water management, agricultural inputs, livestock and fisheries, agro-industrial value chain development (products and markets)
- Stimulate trade and private sector development for growth and job creation
  - Raw materials, mines and minerals, industrial equipment and products, construction materials and supplies, tourism, knowledge services, financial services
- SME development and entrepreneurship

- Microenterprises, participatory finance, technology solutions, with special emphasis on women and youth

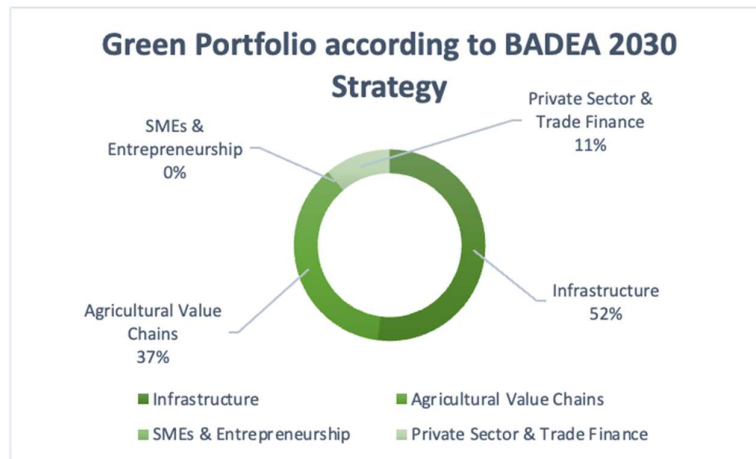


Figure 3: BADEA's Green Portfolio split by BADEA 2030 Pillar

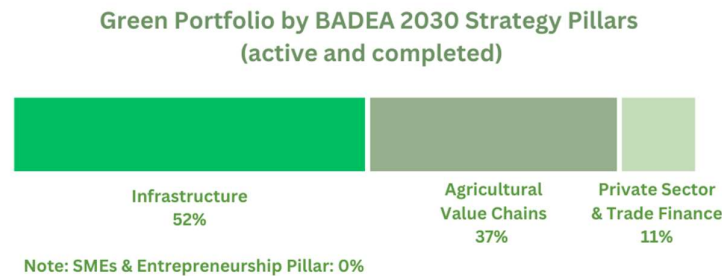


Figure 4: Green Portfolio by BADEA 2030 Strategy Pillars

BADEA's capacity building program is deployed in three forms:

- Project level: Integrated into project management, delivery and scaling up
- Institutional level: To address intangible infrastructure and create an enabling environment for effective development
- Personnel level: To build human capacity

## 1.4 Rationale for Pursuing Sustainable Financing

Inherent within BADEA's core purpose is the financing of economic development in Africa, in order to sustainably improve the quality of life within its beneficiary countries. This by definition aligns BADEA with the purpose of sustainable finance, which ultimately aims to attract capital to support sustainable development<sup>3</sup>. In particular, the need to unlock the greater social benefits achieved by financing socially sound and sustainable projects<sup>4</sup>, as referenced by the International Capital Markets Association ("ICMA"), partners seamlessly with BADEA's central mission.

Under this premise, BADEA has established this Sustainable Finance Framework (the "Framework") under which it intends to issue either Green, Social or Sustainability Bonds (collectively "Sustainable Financing Instruments"). BADEA believes that Sustainable Financing Instruments are effective tools

<sup>3</sup> As set out by the ICMA Green Bond Principles ([https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles\\_June-2022-280622.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf))

<sup>4</sup> As set out by the ICMA Social Bond Principles (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>)





for channelling investments towards projects and assets that support sustainable development. By establishing this Framework, BADEA is aligning its funding strategy with its central mission and objectives.

It is BADEA's expectation that the pursuit of Sustainable Financing Instruments under this Framework will also:

- Reinforce the commitment BADEA has made to advancing sustainable economic development in Africa;
- Drive positive social outcomes via the impact of loan financings in Africa;
- Provide sustainable impact investors the opportunity to further diversify their portfolios with a well-rated and highly-focused eurobond issuer;
- Facilitate continued enhancement of liquidity and depth in sustainable finance markets; and
- Encourage the development of further Sustainable Finance Frameworks by other issuers, including African sovereigns.

## 2. Framework Alignment with Voluntary Market Standards

This Sustainable Finance Framework ('the Framework') establishes the guidelines under which BADEA can issue Green, Social, and Sustainability Financing Instruments (collectively "Sustainable Financing Instruments"). These issuances could include bonds, private placements, and other instruments such as commercial paper and loans, to fund new and existing projects with environmental and/or social benefits.

BADEA's Sustainable Finance Framework is aligned with the June 2021 version (with June 2022 Update) of the Green Bond Principles ("GBP")<sup>5</sup>, the June 2023 version of the Social Bond Principles ("SBP")<sup>6</sup>, and the June 2021 version of the Sustainability Bond Guidelines ("SBG")<sup>7</sup>, each as published by the International Capital Market Association ("ICMA"), as well as the February 2023 versions of the Green Loan Principles ("GLP")<sup>8</sup> and Social Loan Principles ("SLP")<sup>9</sup> published by the Loan Markets Association ("LMA").

This Framework has been prepared in accordance with the core components and key recommendations of the aforementioned guidelines, namely:

### Core Components

1. Use of Proceeds;
2. Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

### Key Recommendations

1. Green/Social/Sustainable Finance Framework; and
2. External Reviews.

BADEA may update this Framework from time to time and at its discretion, to reflect new market developments, including changes to the ICMA Principles and to relevant environmental and social taxonomies and standards, including the EU Green Bond Standard, with the aim of adapting to, and aligning with, best market practices. In the event of material updates to this Framework, BADEA will consult with its Second Party Opinion ("SPO") provider on the need for an updated SPO.

In addition, on a best-efforts basis and wherever possible, BADEA has taken into consideration the developing EU Taxonomy on environmentally-sustainable economic activities in developing the criteria for certain eligible financings under this Framework.

### 2.1 Use of Proceeds

BADEA distinguishes the type of funding instruments that can be issued under this Framework, as follows:

- **Green Financing Instruments**, to finance and/or refinance eligible green projects.
- **Social Financing Instruments**, to finance and/or refinance eligible social projects.
- **Sustainability Financing Instruments**, to finance and/or refinance a combination of eligible green projects and eligible social projects.

<sup>5</sup> Available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp>

<sup>6</sup> Available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp>

<sup>7</sup> Available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg>

<sup>8</sup> Available at <https://www.lsta.org/content/green-loan-principles>

<sup>9</sup> Available at <https://www.lsta.org/content/social-loan-principles-slp>

BADEA will allocate an amount equal to the net proceeds from the issuance of Green, Social or Sustainability Financing Instruments to exclusively finance, and/or to refinance, in whole or in part, Green and/or Social loans that meet the eligibility criteria set out in this Framework (together, “Eligible Projects”).

The lookback period for Eligible Projects is limited to loans with signing dates no earlier than two calendar years prior to the year of issuance.

### Green Eligible Categories and Eligibility Criteria

Below is an overview of the categories of Eligible Green Financing contemplated by BADEA under this Framework. Here, BADEA outlines the categories of potential financing and applicable eligibility criteria under this Framework; highlights how financing of each category may advance specific UN Sustainable Development Goals (“SDGs”), and also maps each category to key EU environmental objectives and example economic activities under the EU Taxonomy. Where possible, and on a best-efforts basis, applicable eligibility criteria have been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated Act as at the time of this Framework’s publication.<sup>10</sup>

ICMA Green Eligible Category	Eligibility Criteria for Project Selection	Key EU Environmental Objectives <sup>11</sup>	Examples of EU Taxonomy sustainable activities <sup>12</sup>	SDG Mapping <sup>13</sup>
<p style="text-align: center;"><b>Renewable Energy</b></p> <p><b>Estimated Proceeds Allocation for First Bond: \$0mm</b></p>	<p>Eligible Projects may include financing related to the construction, development, acquisition, maintenance, and operation of renewable energy projects (including production, transmission, appliances and products) which have been subject to an ESIA:</p> <ul style="list-style-type: none"> <li>• Solar – including PV and CSP projects (provided that 85% or more of electricity production comes from solar)</li> <li>• Wind (onshore &amp; offshore)</li> <li>• Hydro (with capacity up to 1000MW) - provided that any financed hydro project meets at least one of the following criteria: (i) life-cycle carbon emissions intensity is below 50gCO<sub>2</sub>e/kWh; (ii) power density above 10W/m<sup>2</sup>; or (iii) is run-of-river without an artificial reservoir. Refurbishment of existing hydropower plants will only be eligible if it does not result in an increase in the size of the water reservoir.</li> </ul> <p><u>Environmental Benefits</u></p> <ul style="list-style-type: none"> <li>• Increased provision of clean</li> </ul>	<p style="text-align: center;"><b>Climate Change Mitigation</b></p>	<p style="text-align: center;"><b>4.1 Electricity generation using solar photovoltaic technology</b> <b>4.2 Electricity generation using concentrated solar power (CSP) technology</b> <b>4.5 . Electricity generation from hydropower</b></p>	<p style="text-align: center;">3, 7, 8, 9, 11, 12</p>

<sup>10</sup> Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02021R2139-20230101>

<sup>11</sup> The six environmental objectives are: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

<sup>12</sup> Mapping refers to activities set out in Annex 1 or 2 of the EU Taxonomy (Delegated Regulation (EU) 2021/2139 with respect to climate change mitigation and adaptation, available [here](#), as well as Annex 1 of the EU Taxonomy C(2023)3851 with respect to the sustainable use and protection of water and marine resources, available [here](#).

<sup>13</sup> Mapping provided per ICMA guidelines, available [here](#)

	<p>energy to local populations</p> <ul style="list-style-type: none"> <li>• Reduced reliance on fossil fuels/non-renewable energy sources for operation of systems</li> </ul>			
<p><b>Sustainable Water and Wastewater Management</b></p> <p><b>Estimated Proceeds Allocation for First Bond: ~\$0mm</b></p>	<p>Eligible Projects may include financing related to:</p> <ul style="list-style-type: none"> <li>• Sustainable infrastructure for clean and/or drinking water (e.g., tube wells with automatic pumps, sustainable river dams, water intakes, gravity mains, water treatment plants, clean water pumping stations, concrete reservoirs), wastewater treatment (e.g., water intakes, water distribution networks), sustainable urban drainage systems and river training and other forms of flooding mitigation</li> <li>• Development of flood-protected areas in urban environments (including road rehabilitation, rainwater draining systems, public lighting, and developing social institutions such as educational and health centres)</li> </ul> <p><u>Project Examples</u></p> <ul style="list-style-type: none"> <li>• Drinking Water Supply Project in Chad</li> <li>• Urban Rehabilitation Project in cities in Senegal</li> </ul> <p><u>Environmental Benefits</u></p> <ul style="list-style-type: none"> <li>• Improved supply of clean drinking water to local populations, throughout the year</li> <li>• Improved protection of local infrastructure from erosion and flooding</li> </ul>	<p><b>Sustainable use and protection of water and marine resources</b></p>	<p><b>2.3 Sustainable urban drainage systems (SUDS)</b></p>	<p>6, 11, 12</p>
<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p> <p><b>Estimated Proceeds Allocation for First Bond: \$0mm</b></p>	<p>Eligible Projects may include financing related to:</p> <ul style="list-style-type: none"> <li>• Climate smart farm inputs such as biological crop protection</li> <li>• Environmentally sustainable forestry, including afforestation or reforestation, where resources are not exploited post-project</li> <li>• Preservation or restoration of natural landscapes (where the activity did not previously cause damage to the natural landscape)</li> </ul> <p><u>Environmental Benefits</u></p> <ul style="list-style-type: none"> <li>• Increased crop productivity through sustainable farming and irrigation practices</li> <li>• Improved technical skills of local farmers due to assistance and training provided on sustainable practices</li> </ul>	<p><b>Climate Change Mitigation</b></p>	<p><b>1.1 Afforestation</b> <b>1.2 Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event</b> <b>1.3 Forest Management</b> <b>1.4 Conservation Forestry</b> <b>2.1 Restoration of wetlands</b></p>	<p>2, 11, 12, 14, 15</p>

## Social Eligible Categories and Eligibility Criteria

Below is an overview of Eligible Social Financing contemplated by BADEA under this Framework. It outlines the categories of Projects and related eligibility criteria, together with the target population for each category. The definitions of these target populations have been provided below the overview. Furthermore, the categories have been mapped to the relevant UN SDGs.

ICMA Social Eligible Category	Eligibility Criteria for Project Selection	Target Populations	Contribution to the UN SDGs
<p><b>Affordable Basic Infrastructure</b></p> <p><b>Estimated Proceeds Allocation for First Bond: \$0mm</b></p>	<p>Eligible Projects may include financing to support:</p> <ul style="list-style-type: none"> <li>• Water, Sewers &amp; Sanitation               <ul style="list-style-type: none"> <li>○ Increasing the number of people with access to clean drinking water</li> <li>○ Expanding access to improved sanitation and hygiene services for individuals, households and public spaces</li> </ul> </li> </ul> <p><u>Project Examples</u></p> <ul style="list-style-type: none"> <li>• Integrated Rural Development Project (Phase II) in Ghana</li> <li>• Water Development Project in the Botha Bothe Region in Lesotho</li> <li>• Dowa Water Supply Project in Malawi</li> <li>• Rainwater drainage network in Kigali Innovation City, Rwanda</li> <li>• Riviere des Anguilles Dam Project in Mauritius</li> </ul> <p><u>Social Benefits</u></p> <ul style="list-style-type: none"> <li>• Increased access to potable water throughout the year for those presently without access</li> <li>• Increased access to sanitation and hygiene services</li> </ul>	<ul style="list-style-type: none"> <li>• Underserved people, owing to a lack of quality access to essential goods and services</li> </ul>	<p>2, 3, 6, 7, 9, 11</p>
<p><b>Access to Essential Services</b></p> <p><b>Estimated Proceeds Allocation for First Bond: ~\$244mm</b></p>	<p>Eligible Projects may include financing to support access to essential services such as:</p> <ul style="list-style-type: none"> <li>• Health &amp; Healthcare               <ul style="list-style-type: none"> <li>○ Rehabilitation and expansion of hospitals and hospital capabilities</li> <li>○ Financial assistance to governments for the purposes of expanding health services and achieving development goals (e.g. introduction of new information systems, funding of existing projects in the health sector as well as additional new projects covering the rehabilitation and equipment of health centres and clinics, the provision of equipment for hospitals and health centres, and the construction/rehabilitation of some hospitals and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Underserved people, owing to a lack of quality access to essential goods and services</li> <li>• Women and/or sexual and gender minorities</li> </ul>	<p>1, 2, 3, 4, 8, 9, 10</p>

ICMA Social Eligible Category	Eligibility Criteria for Project Selection	Target Populations	Contribution to the UN SDGs
	<p>specialized centres, as well as strategic frameworks for the health sector in total).</p> <ul style="list-style-type: none"> <li>• Education &amp; Vocational Training               <ul style="list-style-type: none"> <li>○ Construction and equipping of educational facilities and associated infrastructure (e.g. student living quarters)</li> </ul> </li> <li>• Financing &amp; Financial Services               <ul style="list-style-type: none"> <li>○ Support measures for MSMEs to increase access to financial institutions</li> </ul> </li> </ul> <p><u>Project Examples</u></p> <ul style="list-style-type: none"> <li>• Integrated Rural Development Project (Phase II) in Ghana</li> <li>• Construction and equipping of Technical Services College and student hostel facilities at Dori University and Fada N'Gourma University in Burkina Faso</li> <li>• Rehabilitation and expansion of university hospital in Burundi</li> <li>• Construction and equipping of university hospital in Cote D'Ivoire</li> <li>• Financial support measures for MSMEs following COVID-19 in Equatorial Guinea</li> <li>• Health Sector Budget Support Program and Infrastructure Development in Gabon</li> <li>• Building new boarding schools (exclusively dedicated to girls) and rehabilitation of old schools in Niger</li> <li>• Expansion of state university in Tanzania</li> <li>• Rehabilitation and expansion of Bugiri Hospital in Uganda</li> </ul> <p><u>Social Benefits</u></p> <ul style="list-style-type: none"> <li>• Reduction in pregnancy deaths, under-five mortality and other associated health metrics</li> <li>• Increased hospital capabilities</li> <li>• Increased access to high-quality education, with reduced failure rates, for local populations</li> <li>• Increased access to financing helping to avoid MSME defaults</li> </ul>		
<p><b>Affordable Housing</b></p> <p><b>Estimated Proceeds Allocation for First Bond: ~\$125mm</b></p>	<p>Eligible Projects may include financing to support:</p> <ul style="list-style-type: none"> <li>• Financing provided to sovereigns for management of social and affordable housing, carried out by governmental authorities, to increase housing access where the ownership of the units goes directly to the target population consisting of underserved people, low- and middle-income population and offered to the Target Population at below-market commercial levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Underserved people, owing to a lack of quality access to essential goods and services – specifically the low- and middle-income portions of the country's population as determined on a local basis (e.g. via local committee decision or locally-set income threshold)</li> </ul>	<p>1, 11</p>

ICMA Social Eligible Category	Eligibility Criteria for Project Selection	Target Populations	Contribution to the UN SDGs
	<ul style="list-style-type: none"> <li>Financing to support creation of new ways to obtain social housing (e.g. State subsidies)</li> </ul> <p>For the avoidance of doubt, all such housing will be offered to the Target Population at below-market commercial levels.</p> <p><u>Project Examples</u></p> <ul style="list-style-type: none"> <li>Construction of housing for 5,400 people in Benin</li> <li>Construction of housing for 30,000 people in Cote d'Ivoire</li> </ul> <p><u>Social Benefits</u></p> <ul style="list-style-type: none"> <li>Reduced homelessness</li> <li>Higher quality of life for low-income local populations</li> </ul>		
<p><b>Employment Generation</b></p> <p><b>Estimated Proceeds Allocation for First Bond: ~\$69mm</b></p>	<p>Eligible Projects may include financing to support:</p> <ul style="list-style-type: none"> <li>Programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises</li> <li>SME financing and microfinance</li> <li>Provision of financial resources to support financial inclusion efforts for low-income people as well as MSMEs via micro-finance</li> <li>Creation of new MSMEs generating new jobs</li> </ul> <p><u>Project Examples</u></p> <ul style="list-style-type: none"> <li>National Fund for Inclusive Finance in Burkina Faso</li> <li>Supporting MSMEs in the agricultural value chain in the Comesa region</li> </ul> <p><u>Social Benefits</u></p> <ul style="list-style-type: none"> <li>Increased income levels in local populations leading to higher quality of life</li> </ul>	<ul style="list-style-type: none"> <li>Underserved people, owing to a lack of quality access to essential goods and services</li> <li>Aging populations and vulnerable youth</li> <li>Women and/or sexual and gender minorities</li> </ul>	8, 9
<p><b>Food Security &amp; Sustainable Food Systems</b></p> <p><b>Estimated Proceeds Allocation for First Bond: ~\$100mm</b></p>	<p>Eligible Projects may include financing to support:</p> <ul style="list-style-type: none"> <li>Physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements</li> <li>Measures to increase crop productivity/production and help achieve food security for the Target Population, including: <ul style="list-style-type: none"> <li>Sustainable irrigation networks such as furrow irrigation, canal irrigation, pivot irrigation and drip irrigation systems, alongside construction of earthen reservoirs/pumps/upper tanks<sup>14</sup>.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Underserved people, owing to a lack of quality access to essential goods and services</li> <li>Aging populations and vulnerable youth</li> <li>Women and/or sexual and gender minorities</li> </ul>	2, 12

<sup>14</sup> Such systems will be used to grow plant-based food products without further processing, such as raw

ICMA Social Eligible Category	Eligibility Criteria for Project Selection	Target Populations	Contribution to the UN SDGs
	<ul style="list-style-type: none"> <li>○ Preparing land before planting season<sup>15</sup></li> <li>○ Provision of agricultural inputs such as seeds, sustainable fertilizers<sup>16</sup> and other sustainable chemicals, via certified processes such as EU Organic, USDA Organic, and/or labels accredited by IFOAM.</li> <li>● Farmer training on sustainable agricultural practices</li> </ul> <p><u>Project Examples</u></p> <ul style="list-style-type: none"> <li>● Establishing sustainable irrigation networks in Benin</li> <li>● Farm Income Enhancement and Forest Conservation Programme to improve agricultural production quality in Uganda</li> <li>● Development of Rice Value Chain in Sierra Leone</li> <li>● Integrated Agricultural Zones and Youth Employment programme in Ethiopia</li> </ul> <p><u>Social Benefits</u></p> <ul style="list-style-type: none"> <li>● Improved access to food for local populations where food security is not guaranteed</li> </ul>		

## Target Population Definitions

As set out in Section 1, the majority of BADEA’s financing activity is in the form of loans to countries in Africa, as well as certain private sector institutions with operations in those same countries. Therefore, the people impacted by BADEA’s financing activity are the citizens of the 44 African countries where the financing is provided.

Per the World Bank’s latest classifications<sup>17</sup>, the majority of BADEA’s countries of operation (37 out of 44) have been classed as Lower-Middle Income or Low-Income countries. Within these countries, BADEA’s financing is aimed at maximizing social impact by focusing wherever possible on those groups who are specifically underserved for a particular reason, as set out above.

Country	Status	Country	Status
Seychelles	High income	Zambia	Lower middle income
Botswana	Upper middle income	Zimbabwe	Lower middle income
Equatorial Guinea	Upper middle income	Burkina Faso	Low income
Gabon	Upper middle income	Burundi	Low income
Mauritius	Upper middle income	Central African Republic	Low income
Namibia	Upper middle income	Chad	Low income
South Africa	Upper middle income	Congo, Dem. Rep.	Low income

vegetables, fruits, salad, pulses, nuts, seeds, oats, rice, cereals, cassava, sorghum and millet.

<sup>15</sup> Preparing land will not include use of water polluting pesticides (aldicarb, carbofuran, atrazine, alachlor, chlorothalonil, ethylene dibromide (EDB), DCPA or 1,2-dichloropropane).

<sup>16</sup> Such fertilizers will not include nitrogen, phosphate or urea-based fertilizers.

<sup>17</sup> Available [here](#) for the 2024 fiscal year



Angola	Lower middle income	Eritrea	Low income
Benin	Lower middle income	Ethiopia	Low income
Cabo Verde	Lower middle income	Gambia, The	Low income
Cameroon	Lower middle income	Guinea-Bissau	Low income
Congo, Rep.	Lower middle income	Liberia	Low income
Côte d'Ivoire	Lower middle income	Madagascar	Low income
Eswatini	Lower middle income	Malawi	Low income
Ghana	Lower middle income	Mali	Low income
Guinea	Lower middle income	Mozambique	Low income
Kenya	Lower middle income	Niger	Low income
Lesotho	Lower middle income	Rwanda	Low income
Nigeria	Lower middle income	Sierra Leone	Low income
São Tomé and Príncipe	Lower middle income	South Sudan	Low income
Senegal	Lower middle income	Togo	Low income
Tanzania	Lower middle income	Uganda	Low income

Figure 5: BADEA's countries of operation, ranked by World Bank classification

## Exclusions

For the avoidance of doubt, BADEA will explicitly exclude from Eligible Projects any financing for purposes within the following sectors:

- Exploration, production/refining and/or storage of fossil fuels, fossil fuel power generation and infrastructure dedicated to the transport of fossil fuels
- Alcohol, gambling, tobacco, and adult entertainment
- Weapons and defense-related goods and expenditures
- Child labour or forced labour
- Any activity that is illegal according to any applicable laws or regulations where the project operates or the financing is utilised
- Nuclear power generation
- Deforestation and degradation of forests

BADEA has also worked with borrowers on a best-efforts basis, to ensure that any Eligible Projects, which are fully funded by BADEA and may receive allocations under this Framework, do not receive allocations under any Framework or financing instrument issued by the borrower.

In the event that a project is co-financed partially by BADEA and partially by a separate funding source, BADEA will only allocate proceeds under this Framework up to the amount of funding provided by BADEA to the project, and any other non-BADEA Framework or financing instrument under which proceeds are allocated to the same project should exclude the amount of funding provided by BADEA to the project. In doing so, no project financing should be double-counted for allocation purposes across the Frameworks of BADEA and any other lender to the project, or any of BADEA's borrowers.

## 2.2 Process for Project Evaluation and Selection

BADEA has established an internal process to evaluate Green and Social Eligible Projects based on compliance with the Eligibility criteria set out in Section 2.1 above.

The evaluation and selection process is governed by BADEA's Sustainable Finance Working Group (SFWG), formed by representatives from the following departments:

- Office of the President

- Public Sector Department
- Private Sector & Trade Finance Department
- Investments Department
- Risk Management Department
- Legal Department

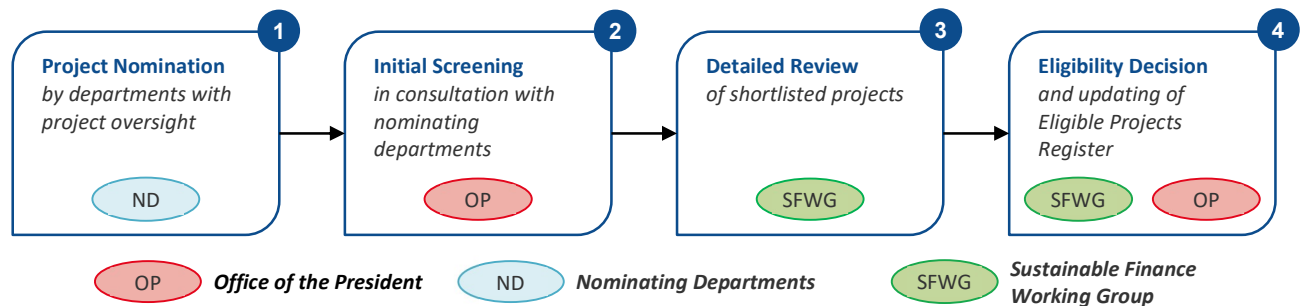
The SFWG is chaired by BADEA’s Head of Investor Relations, an independent member not involved in the public sector, private sector or trade finance operations of the Bank, and forms a key component of the governance around project evaluation and selection under BADEA’s Framework.

As required, additional attendees can be nominated by the Sustainable Finance Working Group on an ad-hoc basis. The SFWG intends to meet biannually. Ad-hoc meetings may also be held as and when required.

The composition of the SFWG may be adjusted over time, under the oversight of BADEA’s Head of Investor Relations, to ensure that key stakeholders of projects which have received (or are expected to receive) material allocations under this Framework are integrated into the project evaluation and selection process and related sustainable finance governance.

### Initial Project Evaluation & Selection – Compilation of Eligible Project Register

Below is an illustration of the initial project evaluation and selection process and related governance:



#### 1. Project Nomination

All relevant departments within BADEA have been provided with the project eligibility criteria under this Framework and are invited to nominate potentially eligible projects to the Office of the President for further consideration of an allocation. Departments are requested to make nominations as new loans are originated in connection with their ordinary course credit process.

Any nomination for an allocation under this Framework should not only indicate which eligible Green and Social categories the project is considered to fall into, but also any material environmental or social risks associated with the project, how these were assessed, and what the key mitigants are for any residual risks.

#### 2. Initial Screening

The Office of the President will be responsible for the initial screening of nominated projects against the eligibility criteria of this Framework, and will follow up with nominating departments to clarify any questions regarding eligibility as required, before shortlisting them for further consideration by the SFWG.

#### 3. Detailed Review

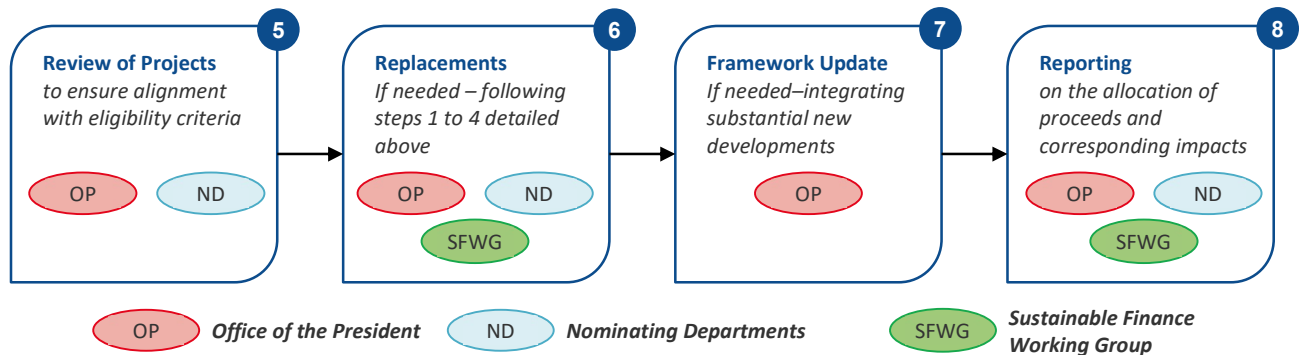
The Office of the President will share the nominated project shortlist with the SFWG in order for them to consider not only whether the technical criteria for project eligibility under this Framework have been met, but also whether any environmental and social risks associated with a project requires further diligence from the nominating department, together with potential mitigants.

#### 4. Eligibility Decision

Where a project has been determined by the SFWG, following the screening described above, to be an Eligible Project, it will confirm to the Office of the President that it can add the screened project to the register of eligible Green and Social projects which is maintained by Investor Relations for the purposes of proceeds tracking (the “Eligible Projects Register”). The Office of the President will inform the nominating department that its project has been added to the Eligible Projects Register and will confirm with the nominating department what impact metrics it expects to be able to feed through to the Office of the President for compilation of its annual allocation and impact report during the subsequent annual reporting cycle.

### Ongoing Review and Preparation for Annual Reporting

Below is an illustration of the governance process for ongoing review of eligible projects and compliance with Framework reporting undertakings:



#### 5. Review of Projects

Prior to the preparation of annual allocation and impact reports, the Office of the President will reach out to all nominating departments in order to reconfirm that projects against which proceeds have been or will be allocated have not changed materially and remain in compliance with the technical eligibility criteria under this Framework.

#### 6. Replacements

Where the consultation with nominating departments indicates that a project previously included on the Eligible Projects Register no longer meets the eligibility criteria under this Framework, the Office of the President will flag this to the SFWG, and proceeds will be reallocated to eligible projects as soon as possible, on a best-efforts basis.

#### 7. Framework Update

The Office of the President will review this Framework on an annual basis to consider whether there has been any substantial changes in relevant legislation, the sustainable finance market or BADEA’s sustainability strategy which might merit integration into an updated Framework. If it is determined that updates to the Framework are required, these will be flagged to the SFWG prior to any amendments, and the Office of the President will confirm with the existing second party opinion provider any updates to the SPO which may be required.

#### 8. Reporting

Prior to the preparation of annual allocation and impact reports, the Office of the President will reach

out to all nominating departments to confirm final project spend and collate impact KPIs. Investor Relations will compile the draft allocation and impact report and share with the external reviewer (detailed below in section 3.2). Following external reviewer input, Investor Relations will present the draft allocation and impact reports to the SFWG for comment, following which Investor Relations will coordinate report publication. The Office of the President will be involved in the process and provide the final approval.

## 2.3 Management of Proceeds

BADEA may use proceeds from the issuance of any Sustainable Financing Instruments issued under this Framework for any use as may be specified in the applicable offering document for such issuance. An amount equivalent to the net proceeds of any Sustainable Financing Instrument issuance under this Framework will be applied to Eligible Projects per the eligibility criteria set out in section 2.1 above.

The Eligible Projects Register, managed by BADEA's Head of Investor Relations, will reflect the working list of eligible projects based on the screening process described above, and will indicate the projects against which proceeds from any Sustainable Financing Instrument issuance have been matched.

The Eligible Projects Register will therefore reflect the net proceeds from each Sustainable Financing Instrument issuance, the amount of proceeds matched against specified eligible projects, and the amount of proceeds remaining to be allocated for each Sustainable Financing Instrument series. Management of proceeds will be attested to by BADEA via a formal internal process linked to BADEA's lending and investment operations for Green and Social Projects. The net proceeds will be managed on an instrument-by-instrument approach.

BADEA will endeavour to fully match the net proceeds from any Sustainable Financing Instrument issuance to Eligible Projects within two years from the date that the relevant Sustainable Financing Instrument has been issued, and will manage proceeds from any Sustainable Financing Instrument issuance accordingly on a per-issuance basis. In the event that amounts raised from Sustainable Financing Instruments are not immediately and fully allocated to Eligible Projects, BADEA will manage unallocated proceeds in line with its normal cash management guidelines, while also in line with the Exclusions list provided above, and will ensure that its cash accounts maintain a balance that is no less than the amounts unallocated under any outstanding Sustainable Financing Instrument issuances.

## 2.4 Reporting

BADEA is committed to reporting on any Sustainable Financing Instrument issuance under this Framework in line with best market practice.

This reporting includes both allocation and impact reporting annually, until such time as the net proceeds from each issued Sustainable Financing Instrument have been fully allocated against Eligible Projects. BADEA's Head of Investor Relations will assume primary responsibility for BADEA's annual allocation and impact reports which will be subject to review by the BADEA SFWG prior to publication.

BADEA's post-issuance reporting will be made available on BADEA's website.

### Allocation Reporting

BADEA undertakes to make publicly available on its website, no later than the end of the calendar year

following the year of any Sustainable Financing Instrument issuance, an allocation report which includes at least the below details.

- Total net proceeds from any Sustainable Financing Instrument (listed by ISIN) which have been allocated to Eligible Projects and the total net proceeds from any Sustainable Financing Instrument issuance which remains to be allocated
- Breakdown of the allocation of net proceeds from Sustainable Financing Instrument issuances between each of the Eligible Green and Social Project categories set out in this Framework
- Split of allocations between past projects receiving allocations in reliance under the refinancing lookback period under the Framework vs. new projects initiated post-issuance
- Breakdown of the allocation of net proceeds from Sustainable Bond issuances by ICMA category
- Breakdown of the allocation of net proceeds from Sustainable Bond issuances by UN SDG
- Breakdown of the allocation of net proceeds from Sustainable Bond issuances by geography

In addition, to the above data, the allocation report will confirm:

- That the Eligible Projects Register is up to date
- That BADEA has maintained cash in line with its normal cash management guidelines that cover at least the amount of unallocated net proceeds from any Sustainable Financing Instrument issuance
- With respect to previously reported allocations, that proceeds remain applied to projects which meet the eligibility criteria set out in the Framework or, alternatively, that suitable replacement allocations have been made where required due to changes in underlying project eligibility

## Impact Reporting

BADEA will also use its best efforts to provide annual reporting on the expected impacts of the Green and Social Projects receiving allocations from Sustainable Financing Instruments issued under this Framework.

BADEA expects its annual impact reporting to be integrated with its allocation reporting described above, and will reflect the recommendations contained in ICMA’s June 2023 Harmonised Frameworks for Impact Reporting for Green and Social bonds<sup>18</sup>.

The impact reports published by BADEA will contain, where relevant and feasible, information addressing the positive environmental and social impacts of Eligible Green and Social Projects receiving allocations from Sustainable Financing Instruments issued under this Framework, and may include case studies or summaries of eligible projects against which proceeds have been matched.

The table below outlines the impact metrics that BADEA intends to use on a best-efforts basis, as applicable and to the extent feasible given the data available to it, in its annual impact reports. This list should be considered non-exhaustive, and BADEA may update these metrics or provide additional metrics in the future.

Green Project Categories	Sample KPIs
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Annual renewable energy generation in MWh/GWh</li> <li>• Solar/Hydropower plant capacity in MW</li> <li>• Number of people benefitting from project</li> </ul>
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>• Number of people with improved access to clean drinking water</li> <li>• Annual volume of clean drinking water supplied in m<sup>3</sup></li> <li>• Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts</li> </ul>

<sup>18</sup> Available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf> and <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Harmonised-framework-for-impact-reporting-for-social-bonds-June-2023-220623.pdf>

<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<ul style="list-style-type: none"> <li>• Area of land covered by new, or rehabilitated efficient irrigation in m<sup>3</sup> or hectares</li> </ul>
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Social Project Categories	Output	Outcome	Impact
<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>• Number of water infrastructure projects built/upgraded</li> <li>• Number of new household water connections</li> <li>• Number of people provided with access to drinking water and/or sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage/size of populations provided access to clean water and/or sanitation</li> <li>• Decrease in number of hospitalisations linked to water-related diseases</li> <li>• Reduction in healthcare costs for family or local government</li> <li>• Reduction in incidence rate of sanitation-related diseases</li> <li>• Reduction in % of water-borne diseases in community</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in access to clean, affordable water and sanitation</li> <li>• Improvement in health outcomes for community</li> <li>• Reduction in risk of pandemics/communicable diseases</li> </ul>
<b>Access to Essential Services</b>	<p><u>Health &amp; Healthcare</u></p> <ul style="list-style-type: none"> <li>• Number of patients benefitting from healthcare or medical treatment</li> <li>• Number of individuals receiving preventative care</li> <li>• Number of hospital beds</li> <li>• Number of hospitals and other healthcare facilities built/upgraded</li> <li>• Number of units of medical equipment purchased</li> <li>• Live births in hospitals</li> </ul> <p><u>Education &amp; Vocational Training</u></p> <ul style="list-style-type: none"> <li>• Students reached (including breakdown by gender)</li> <li>• Number of new education facilities and/or initiatives</li> <li>• Number of textbooks and teaching materials supplied</li> <li>• Number of vulnerable students</li> <li>• Teachers trained</li> </ul> <p><u>Financing &amp; Financial Services</u></p> <ul style="list-style-type: none"> <li>• Number of loans to SMEs in low-income areas and/or microenterprises</li> <li>• Number of people provided with access to financial services</li> <li>• Number of low-income people provided with access to affordable microcredit/microfinance</li> <li>• Number of low-income people provided with access to micro insurance or savings products</li> </ul>	<p><u>Health &amp; Healthcare</u></p> <ul style="list-style-type: none"> <li>• Increase in hospital bed capacity and/or decreased density</li> <li>• Decrease in distance to healthcare facilities in a region</li> <li>• Reduction in average distance between patient and healthcare provider</li> <li>• Improvement in proximity or connectivity of healthcare system</li> <li>• Improvement in timeliness or promptness of care</li> <li>• Reduction in average time between diagnosis and treatment</li> </ul> <p><u>Education &amp; Vocational Training</u></p> <ul style="list-style-type: none"> <li>• Increase in % of girls or gender parity in school</li> <li>• Increase in % of girls or young women with advanced degrees</li> <li>• Increase in school enrolment rate</li> <li>• Reduction in school dropout rate</li> <li>• Improvement in child literacy rate</li> <li>• Improvement in teacher-student ratio</li> </ul> <p><u>Financing &amp; Financial Services</u></p> <ul style="list-style-type: none"> <li>• Increase in income</li> <li>• Increase in savings</li> <li>• Increase in insurance coverage</li> <li>• Improvement in financial literacy</li> <li>• Improvement in access to financial markets</li> <li>• Strengthening of financial</li> </ul>	<p><u>Health &amp; Healthcare</u></p> <ul style="list-style-type: none"> <li>• Improvement in quality of life</li> <li>• Increase in life expectancy</li> <li>• Morbidity and mortality reduction</li> <li>• Improvement in health equity</li> <li>• Improvement in healthcare accessibility</li> <li>• Improvement in healthcare affordability</li> <li>• Improvement in responsiveness of healthcare system</li> </ul> <p><u>Education &amp; Vocational Training</u></p> <ul style="list-style-type: none"> <li>• Increase in literacy rate</li> <li>• Decrease in youth unemployment rate</li> <li>• Increase in percentage of population graduated from tertiary education</li> </ul> <p><u>Financing &amp; Financial Services</u></p> <ul style="list-style-type: none"> <li>• Enhancement of financial resilience/security of population</li> <li>• Expansion of financial accessibility for low-income families</li> <li>• Improvement in economic growth/GDP</li> </ul>

		inclusion	
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>• Number of dwellings</li> <li>• Number of individuals/families benefitting from subsidised housing</li> <li>• Share of underserved tenants (such as women, minorities, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement in access to affordable housing or housing loans</li> <li>• Reduction in number of people experiencing poor housing and homelessness</li> <li>• Increase in women's ownership of property and housing</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement in safety and shelter outcomes</li> </ul>
<b>Employment Generation</b>	<ul style="list-style-type: none"> <li>• Number of loans to SMEs and/or microenterprises</li> <li>• Jobs created, supported, and/or retained</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in unemployment</li> <li>• Number of people benefitting from new jobs or improved employment</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in GDP</li> </ul>
<b>Food Security and Sustainable Food Systems</b>	<ul style="list-style-type: none"> <li>• Number of people provided with access to affordable, safe, nutritious, and sufficient food</li> <li>• Farmers provided with training (climate smart training/organic etc.)</li> <li>• Farmers provided with access to agricultural inputs (financial inputs, equipment, etc.)</li> <li>• Farmers provided with fair prices</li> <li>• Hectares of land cultivated for which use has been improved, i.e. replanted, reforested, landscaped</li> <li>• Number of people benefitting from agricultural projects and using improved farming technology</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in number of food insecure people</li> <li>• Increase in proportion of population provided with safe, nutritious and sufficient food</li> <li>• Improvement of yield</li> <li>• Reduction of wastage</li> <li>• Improvement of soil quality</li> <li>• Improvement of water efficiency</li> <li>• Reduction of pesticide use</li> <li>• Increase in production with organic and/or sustainability standards</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in malnutrition rates</li> <li>• Increase in rates of agricultural productivity</li> <li>• Increase in share of target population with adequate food supply</li> <li>• Reduction of rates of poverty for farmers</li> <li>• Increase in rates of economic, social and environmental resilience for farmers</li> <li>• Reduction in per capita food waste</li> <li>• Increase in efficiency of local resources</li> <li>• Strengthening of climate resilience of agri-food chain</li> </ul>

### **3. External Review and Verification**

#### **3.1 Pre-issuance: Second Party Opinion**

BADEA has obtained an independent Second Party Opinion ('SPO') in line with international market practice from ISS Corporate Solutions to confirm the alignment of this Framework with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, as well as with the LMA Green Loan Principles and Social Loan Principles.

BADEA will review this Framework on a regular basis, including its alignment to updated versions of the above principles as and when they are released, with the aim of adhering to best practice. Such reviews may result in this Framework being updated and amended, and any material updates are expected to be covered by an updated SPO.

#### **3.2 Post-issuance: Verification of Annual Reporting**

BADEA will engage an independent third party to provide assurance in connection with each annual report confirming the amount of proceeds matched to Eligible Projects and the amount remaining to be matched, as well compliance with the eligibility criteria set out in this Framework.

The annual reports published by BADEA, together with the external assurance report, will be made public on BADEA's website.



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