



GENERAL MANAGEMENT POLICY
SUSTAINABLE AND RESPONSIBLE INVESTMENT POLICY

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I. Context and objectives

1.1 Context

The “Plan Senegal Emergent” (PSE) is the vision of the Government of Senegal covering the priority sectors of the economy by 2035, including agriculture. In this context, CNCAS actively participates in the modernization of infrastructure and agricultural practices.

In view of the climatic hazards affecting Senegalese agriculture, improving its productivity requires the control of water through the implementation of programs for the development of hydro-agricultural infrastructure.

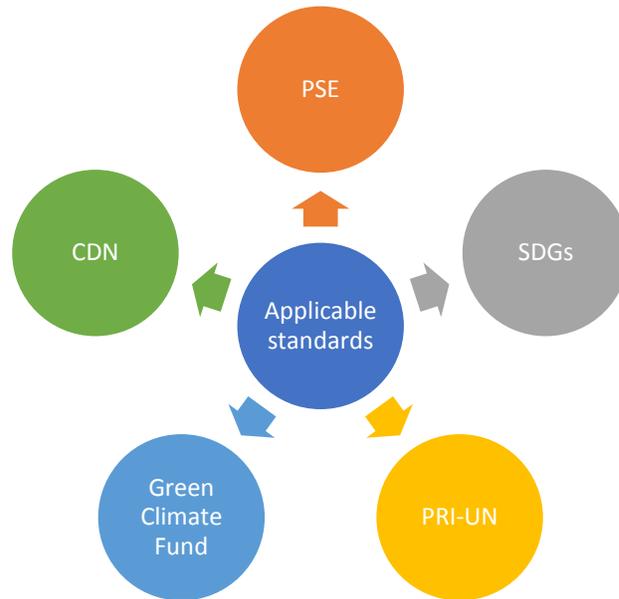
1.2 Purpose

This policy document is designed to ensure that the activities of the CNCAS and its subsidiaries aforementioned as the bank are in line with Green Investment Principles, Standards, and cover: Sustainable energy generation and access, climate change and energy efficiency.

Responsible and sustainable investment will focus on projects covering upgrade agricultural infrastructures to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and processes.

- Clean energy (renewable energy and energy efficiency);
- Energy production and access;
- Sustainable and responsible agricultural practices;
- Resource efficiency and waste management;
- Clean technologies (agricultural machinery and processing equipment for agricultural products that use green energy);
- Agropastoral practices respectful of the environment (organic fertilizer, sustainable agriculture, protection and management of natural resources);
- Adaptation to climate change and remediation.

II. Applicable standards



Applicable Standards of the Sustainable and Responsible Investment Policy

2.1 Local Standards



Plan Senegal Emergent (PSE) is the Local vision of Senegal covering priority sectors and by 2035 as Agriculture is the one of the five priority sectors. CNCAS is therefore participating actively in the modernization of agricultural infrastructure and methods.

The Senegalese NDC (National Determined Contribution) Based on PSE's economic projections has the objective to reduce the GHG Emission of 21% and reduce the vulnerability of the Senegalese economy mostly based on agriculture and fisheries. As an Agriculture Bank, CNCAS aims to Participate in implementation of Adaptation, Mitigation and Cross Cutting projects CDN, specifically on all projects that are conditional to Climate fund. As an example the bank will consider below line of work:

- Intensive Rice production system “Système de Riziculture Intensif (SRI)” with the objective to reduce by 40% the water consumption compared to the tradition rice crop production.
- Natural resource efficiency with water Resource integrated management
- Promoting Sustainable land management technologies, With the improvement and adaptation of vegetal and forestry production.
- The promotion of agricultural insurance, climate information and the scaling of concerted management of resources.

- Implementation of best practices in agroforestry, assisted natural regeneration, and the use of organic manure in half of planted areas by 2035.
- Development of pastoral units
- Development of sustainable fish farming and sustainable management of fisheries

2.2 International Standards

The Sustainable Development Goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. As a Responsible organization CNCAS is working towards all the SDGs but is enhancing its actions towards the goals that are pertaining to its sector and activities:



As a bank committed to agriculture, CNCAS is working toward SDG 2 zero hunger. ensure sustainable food production systems and implement resilient agricultural practices, and increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services.



The bank will participate in substantially increase water-use efficiency across agricultural sector and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. The bank will also work towards the improvement of its productivity requires the control of water through the implementation of development programs for development and hydro-agricultural infrastructure.



Encourage universal access to affordable, reliable and modern energy services, increase substantially the share of renewable energy in the global energy mix especially in the rural sector and encourage improvement in energy efficiency. CNCAS will also promote investment in energy infrastructure and clean energy technology.



CNCAS is working towards developing quality, reliable, sustainable and resilient infrastructure, for rural populations and promoting inclusive and sustainable industrialization of the agricultural sector. This will be done by increasing the access of small-scale agricultural enterprises, in Senegal to financial services, including affordable credit, and their integration into value chains and markets



Achieve the sustainable management and efficient use of natural resources, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle.



United Nations Framework Convention on Climate Change capacity on climate change mitigation, adaptation, impact reduction and early warning



The bank will strive to integrate the 6 principles of Responsible investment and as stated in our Environmental and Social Management System the bank incorporates ESG issues into our investment process.

 <p>Green Climate Fund</p>	<p>GCF is a financial mechanism under the UNFCCC which helps fund climate finance investment in low-emission, climate-resilient development through mitigation and adaptation projects and programs in developing countries. The climate funds will be mobilized in projects that could not have happened purely on commercial terms. Therefore, the bank is striving to invest in almost all strategic impact domain of Green Climate Fund.</p>
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Tableau 1: Impact Domains of the Green Climate Fund

Mitigation	Adaptation
<ol style="list-style-type: none"> 1. Energy access and clean energy production 2. Clean transportation 3. Energy intensity in buildings, cities, industries and equipment's 4. Land and Forests use 	<ol style="list-style-type: none"> 1. Protect people, communities and regions livelihood 2. Insure health and wellbeing of people food security and water 3. Infrastructures and built environment resilient to climate change 4. Preservation of ecosystems and related services

The bank also pledges to favor projects that:

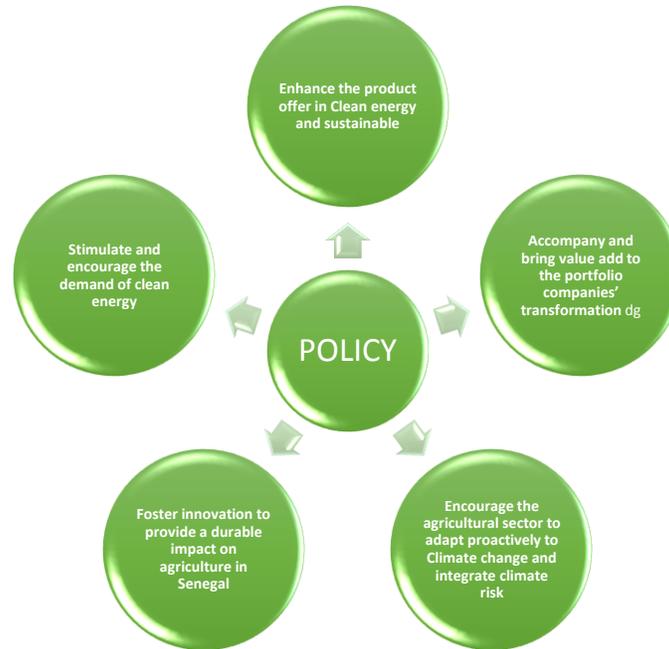
- Have a potential to catalyze the impact beyond an individual program or project
- Have at a larger scale social environmental or gender side-effects
- Reduce vulnerability and address countries financing needs
- That benefit from national acceptance and are aligned with national visions
- That are economically and socially founded

III. Policy content

In the context of the climatic hazards affecting Senegalese agriculture, the improvement of its productivity requires the control of water through the implementation of development programs for development and hydro-agricultural infrastructure.

Pillars

In line with the local and international standards as well as the CNCA's objectives our Sustainable and Responsible policy is based on 5 pillars (strategic objectives) that summarize the areas of focus of Energy-Climate investments financing:



- **Stimulate and encourage the demand of clean energy investments by fostering a dynamic investment environment**

Our objective will be to stimulate and encourage the demand of clean energy investment. This will be done by generating information for developers, improving relevant infrastructure, or changing policies. The Agricultural sector should be ready to shift the energy mix. the target will be directed towards clean energy readily applicable to agricultural sector on projects on adaptation and remediation to climate change.

- **Enhance the product offer in Clean energy and sustainable project investment and engage in refinancing activities**

Our objective will be to improve the investments eligible to GCF. A product labelled “Energy-Climate Investment” will be created for that purpose. The bank also have the objective to engage in refinancing activities and help other partners financial institution to benefit from GCF, improving the product offer with different and new product range. This will imply offering concessionary rates products.

- **Accompany and bring value add to the portfolio companies’ transformation towards cleaner energy climate adaptation and remediation**

With an enhanced product range will also come a diversified portfolio companies that will need monitoring and consulting on the topics of climate change adaptation and remediation. CNCAS will put an adequate organization throughout its network for project detection, customer support and monitoring.

- **Foster innovation to provide a durable impact on agriculture in Senegal and improve the competitiveness to the complete value chain**

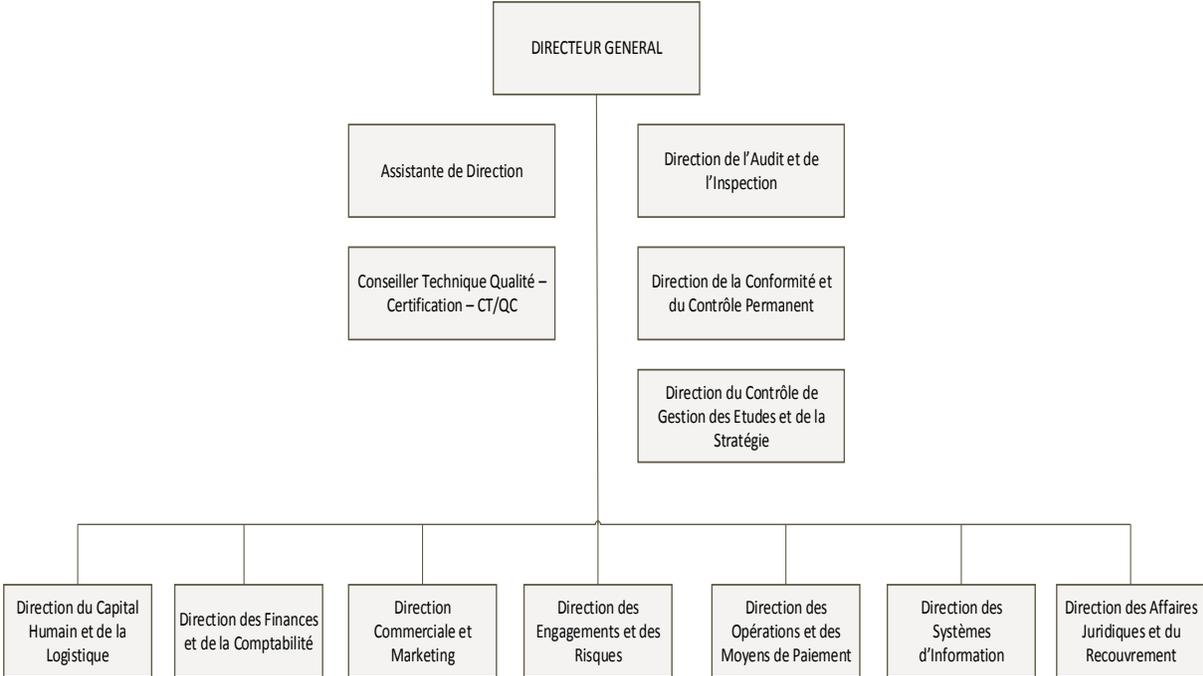
Supporting innovative projects that can have a transformational impact on low-carbon development and resilient to climate change across the entire value chain from land management to processing and marketing of products, is a major challenge to improve competitiveness agricultural sector.

- **Encourage the agricultural sector to adapt proactively to Climate change and integrate climate risk**

Taking climate risks into account in the projects financed will enable developers to guarantee the socio-economic performance of their projects and will also enable the bank to reduce its risks and ultimately offer more advantageous conditions access to credit

IV. Commitments

The National Agricultural Credit Fund of Senegal (CNCAS) is a bank specializing in the financing of agricultural value chains. It has a headcount of 327 employees located in headquarters, and local offices network. This network has 33 agencies and offices that ensure a good coverage of the national territory in connection with our mission of financing the rural economy.



CNCAS Organizational chart

Over the years, CNCAS has established procedures and an organization that allows the Bank to respond effectively to the needs of its customers, to reduce risks and to take into account environmental and sustainable development requirements. The use of climate funds and the

development of Energy-Climate Projects will be fully integrated into the current procedures and organization.

In order to implement effectively this policy relevant update and modifications will impact:

- Internal organization of the bank
- Capacity building
- Review procedures and Related Documents
- Monitoring and Evaluation System

Internal Organization

At the agencies levels and within each department, the identification of an Energy-Climate Investment referent will provide a relay to disseminate useful information and ensure the sustainability and reliability of the monitoring and evaluation system. The sensitization of all employees to the detection and promotion of Energy-Climate projects will allow to implement effectively this policy and its objectives.

Reviewed related procedures

Climate Energy investment projects will be the subject of preferential treatment through dedicated lines of credit and guarantee. Their detection at the agency level will make it possible to evaluate them while respecting all the fiduciary rules of the banks but especially by ensuring the coherence with the local context. Advantageous credit conditions will be offered to Energy-Climate Investment projects.

Capacity Building

The bank is committed to establishing and delivering a targeted capacity building program that can evolve based on results and lessons learned.

Capacity Building Program	Target audience	Frequency
The challenges of climate change	All bank employer and partners	Once a year
Energy efficiency and renewable energies technologies	Customer advisers, Energy-Climate referents, Heads of services, Heads of agencies	Twice a year
Technical and Financial Assessment of Climate Change Mitigation and Adaptation Projects	Energy-Climate referents, Heads of services, Heads of agencies and heads of agencies	Once a year
Reporting of climate projects	Energy-Climate referents, , Heads of agencies and heads of agencies, General Management Board of Directors	Once a year

Stakeholder engagement and materiality exercise

The bank will engage its stakeholders by informing and conducting a stakeholder engagement exercise. This will include stakeholder's consultations on the objectives and pillars of this policy at the earliest stage.

This will also consist in identifying material topics for stakeholders and mapping them against the bank's operations.

Monitoring and evaluation System

The bank will ensure that each program or project has its own M & E system, all of whose provisions must remain consistent with this framework and contribute to its implementation

Beyond its usefulness in the management of project implementation, the various products resulting from the implementation of this monitoring and evaluation framework will have to provide information on the results that can be exploited by the various actors to

- ✓ Evaluate and adjust strategies and planning:
- ✓ Better program new actions and strategies
- ✓ Report progress and impacts to stakeholders
- ✓ Identify and exchange with stakeholder's good practices and lessons learned

Beyond its didactic nature, the framework of the Monitoring and Evaluation system must be regarded as a communication and awareness tool that can evolve according to the realities (increase in the number of funded programs and projects, additional information needs) for adapt and constantly meet the needs of the bank and its technical and financial partners

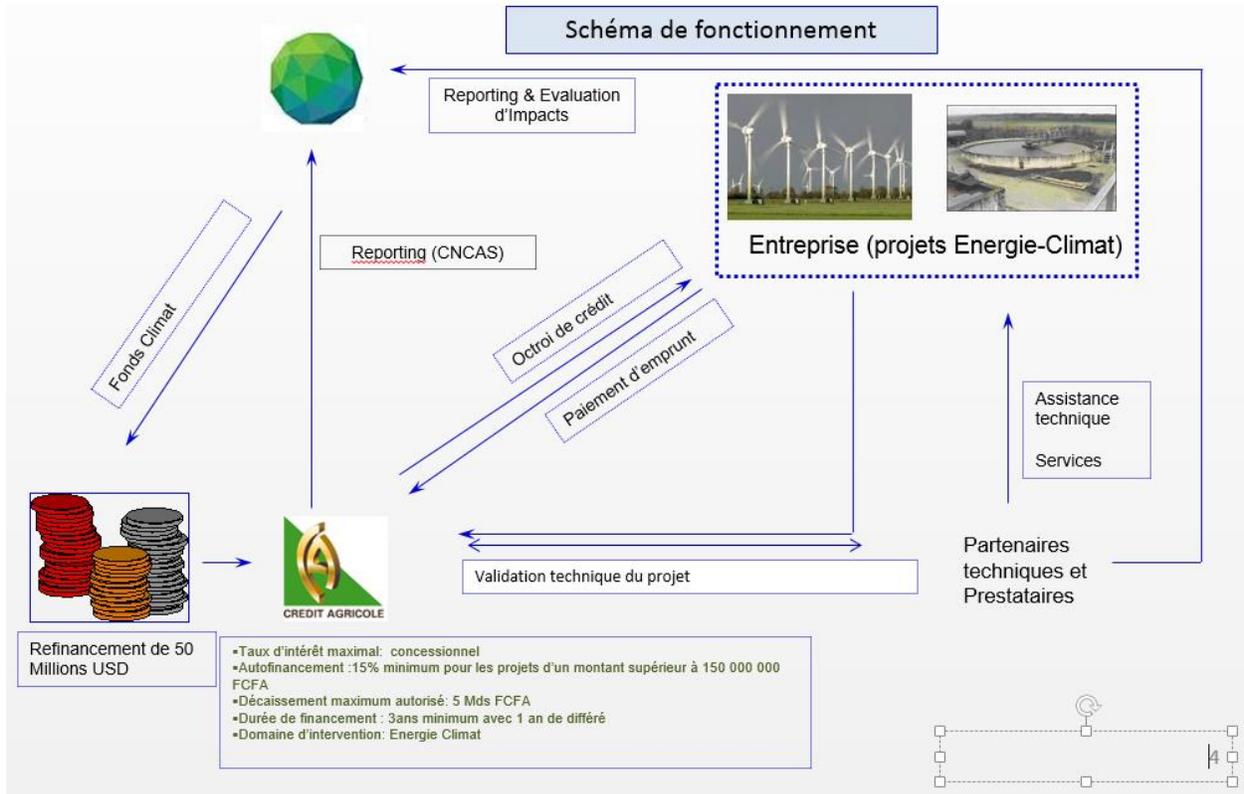
Following KPI are a starting point of the M&E System to measure:

- The rate of transformation of the portfolio
- The size and quality of energy-climate projects
- Impacts on improving energy efficiency of customers
- The impacts on the integration of the ENRs by the customers
- Impacts in reducing greenhouse gas emissions from customers
- Impacts on the reduction of vulnerability to climate change of customers
- The bank's ability to mobilize additional climate funds
- The development of internal capacities

Annexes

List of KPIs

KPIs	Units	Frequency of measurement
Share of the Energy-Climate portfolio - Value - Quantity	FCFA - % NBR - %	3 months
Mitigation Projects - Value - Quantity	FCFA NBR	3 months
Adaptation Projects - Value - Quantity	FCFA NBR	3 months
Cross Cutting Projecs - Value - Quantity	FCFA NBR	3 months
Additional Funds Mobilized by the Bank	FCFA	1 year
Additional Funds Mobilized by the customers	FCFA	1 year
Renewable Energy Installed Power	KW	1 year
Energy Efficiency power decreasing	KW	1 year
Reduction of Energy Consumption	KWh electricity/an TEP (Oil products)	1 year
GHG emission reduction	Tonnes Eq / year	1 year
Population impacted by adaptation projects	NBR	1 year
Water Save	km3/Year	1 year
Area irrigated by Renewable Energies	Ha /an	1 year
Climate funds Mobilized by The Bank	FCFA / an	1 year
Capacity Building and training achieved - Internal - External	Work-days Work-days	6 month 1 year



Investment sample Flowsheet