

AFRICAN DEVELOPMENT BANK GROUP



**PROJECT: AFRICAN TRADE & INVESTMENT DEVELOPMENT INSURANCE- EQUITY INVESTMENT
(ATIDI)**

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COUNTRY: MULTINATIONAL

**ASSESSMENT REPORT OF AFRICAN TRADE & INVESTMENT
DEVELOPMENT INSURANCE
ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM
(ESMS)**

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Acronyms

AfDB	African Development Bank
ATIDI	African Trade & Investment Development Insurance
CRI	Credit Risk Insurance
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
FI	Financial Intermediary
IFC	International Finance Corporation
ISS	Integrated Safeguards System (AfDB)
OS	Operational Safeguards (AfDB)
PRI	Political Risk Insurance
PS	Performance Standards (IFC)
USD	United States Dollar

1. Project Description

1.1 Background

The proposed project is a USD 25 million equity investment in the African Trade & Investment Development Insurance (ATIDI), a multilateral institution established by treaty to support trade, investments, and productive activities in Africa. ATIDI provides political risk insurance (PRI) and trade credit insurance (CRI) to catalyze foreign direct investment and intra-African trade. The investment will bolster ATIDI's capital base, enabling it to expand its underwriting capacity and directly address the estimated USD 120 billion trade finance gap in Africa.

1.2 Management of E&S Risks

ATIDI, as a financial intermediary, is exposed to environmental and social (E&S) risks through the projects and companies it insures. Its primary mechanism for managing these risks is its corporate-level Environmental and Social Management System (ESMS), which is operationalized through its ESG Policy and detailed ESMS Guidelines.

1.3 Geographical Focus

ATIDI's operations are continent-wide, covering its 24 African member states. Its head office is in Nairobi, Kenya, with representative offices in Benin, Côte d'Ivoire, Tanzania, Uganda, and Zambia. The investment will support transactions across these regions, including in fragile states.

1.4 E&S Categorization and Due Diligence

The proposed equity investment in ATIDI is classified as a **Financial Intermediary (FI) operation**. According to the AfDB's Integrated Safeguards System (ISS), the project is proposed as **Category 1 (High Risk)**. This categorization is based on the potential for ATIDI's portfolio to include sub-projects with high-risk E&S impacts (e.g., in infrastructure, energy, or agribusiness), which are managed through ATIDI's ESMS. A full assessment of ATIDI's portfolio and ESMS implementation has been conducted as part of this due diligence.

2. Overview of ESMS

Preliminary evaluation undertaken April 2025 confirms the existence of an Environmental and Social Management System (ESMS). The ESMS is articulated through two core documents as outlined below.

- **ESG Policy (July 2023):** Approved by the Board of Directors, this policy outlines ATIDI's high-level commitments and principles for E&S sustainability.
- **ESMS Guidelines (July 2023):** A detailed manual providing the procedures, tools, and responsibilities for implementing the ESG Policy across the project cycle.

The ESMS is benchmarked against international standards, primarily the IFC Performance Standards (PS), and also references the policies of other institutions, including the AfDB's ISS.

3. Review of ATIDI's ESMS

3.1 Status of Compliance

The assessment of ATIDI's ESMS is structured according to the four essential pillars of a sound management system.

I. Pillar 1: High-level E&S Policy Statement - (Status – Compliant).

ATIDI's Board of Directors has formally approved a stand-alone ESG Policy. The policy clearly states the institution's commitment to managing E&S risks, defines its scope, references international standards (including AfDB's ISS), and includes an Exclusion List of prohibited activities.

II. Pillar 2: E&S Management Procedures (Status: Compliant)

ATIDI has a robust, four-step E&S risk management process integrated into its underwriting:

1. **Screening** - Uses an Exclusion List and Rapid Risk Assessment.
2. **Classification**-Categories transactions as A (High), B (Medium), or C (Low/No Risk) based on potential impacts which concurs with the AfDB's categorization system of 1,2 and 3.
3. **Due Diligence**-Requires E&S due diligence commensurate with risk, conducted by independent consultants. It includes a plausibility check for projects already reviewed by major Financial Institutions.
4. **Monitoring & Reporting**-Requires clients to implement Environmental and Social Management Plans (ESMPs) and submit regular E&S reports.

III. Pillar 3: Institutional Capacity - (Status - Compliant).

ATIDI has designated a Senior ESG Officer with overall responsibility for the ESMS. Roles and responsibilities for E&S review and oversight are clearly assigned to underwriters, management, and the Board. The institution has committed budget for training and capacity building for its staff.

IV. Pillar 4: Environmental and Social Governance (ESG) of the Organization - (Status – Compliant).

- **Stakeholder Engagement & Grievance Mechanism:** ATIDI requires its clients to establish project-level grievance mechanisms and provides a supplemental, corporate-level grievance mechanism for affected parties

- **Transparency & Disclosure:** ATIDI has a public disclosure policy for high and medium-risk projects and commits to annual corporate ESG reporting. Disclosure is mainly in English and French, which is aligned with languages of the member countries of ATIDI.

3.2 Conclusion and Recommendations

Conclusion: ATIDI’s ESMS is substantially aligned with the requirements of the AfDB's Integrated Safeguards System. The framework is well-structured, resourced, and based on internationally recognized good practice. The ESMS provides a sound basis for managing the E&S risks associated with the Bank's equity investment.

The project can proceed from an E&S perspective, subject to the implementation of an Environmental and Social Action Plan (ESAP) to address the identified gaps and further strengthen the system.

4. Environmental and Social Action Plan (ESAP)

The following actions are required to ensure full and ongoing alignment with AfDB standards.

#	Measure	Responsibility	Timeline
1.	Integrate Climate and Green Growth Screening: Integrate a climate risk and opportunity screening tool into the transaction screening and categorization process, aligned with AfDB’s Climate Change and Green Growth Policy.	ATIDI Senior ESG Officer with AfDB support	Within 12 months of Board approval
2.	Reporting to AfDB: For the duration of the Bank's investment, ATIDI shall provide AfDB with an annual E&S performance report, summarizing ESMS implementation, portfolio E&S risk profile, and status of this ESAP.	ATIDI Senior ESG Officer	Annually