

Stakeholder Endnotes

According to OECD/DAC evaluation standard, in case stakeholders find that there is substantial disagreement between their views regarding the team’s findings, conclusions

and recommendations, such disagreements can be included as a footnote in the report. Such disagreements should be linked to specific findings/conclusions/recommendations.

This annex presents such footnotes requested by Norfund, the embassies in Dar es salaam and Tanzania, and Innovation Norway.

FOOTNOTES REQUESTED BY NORFUND

Page number*	Report	Requested footnote
Executive summary		
Page 6	<i>“Norfund has a significant weakness in that is human rights commitment is not well elaborated and that it does not recognise UNGP as such in its policies”</i>	Norfund disagrees with the assessment that the lack of explicit reference to the UNGP is a significant weakness. It is Norfund’s understanding that the policy commitment required by UNGP 16 refers to a commitment to <u>core internationally recognised human rights</u> . There is no requirement or suggestion in the UNGP that the policy commitment should refer explicitly to the UNGP document itself. The evaluation places great emphasis on the fact that Norfund policy documents do not refer to UNGP. From this it erroneously infers that Norfund does not “recognise” UNGP.
Page 10 (and 68)	<i>“GIEK includes supply- and value-chains in their human rights due diligence scope, whereas there is a need for Norfund to do the same”</i>	Norfund finds this statement incorrect. The supply chain of clients is already included in Norfund’s due diligence scope, ref §10 of IFC PS 1 which states that “Where the client can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary supply chains.”
Introduction		
Page 13	<i>“IFC PS does not say anything about prioritization on the basis of risk to people. For these reasons, IFC PS may not by itself secure a sufficiently broad and focused human rights due diligence to fully implement UNGP”</i>	Norfund disputes this claim. Performance Standard 1, §5 requires the client to “conduct a process of environmental and social assessment, and establish and maintain an [environmental and social management system] appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts.” Similarly, Performance Standards 1, §15 specify that “the priority of the identified measures and actions will be commensurate with the project’s risks and impacts”. Further guidance on prioritisation is provided in Guidance Note 1.
Chapter 3.4. Norfund		
Report p. 33	<i>“The IFC PS [...] does not say anything about Norfund’s own commitments and due diligence procedures”</i>	Norfund’s Principles for environmental and social responsibility specify that Norfund “seek to identify any negative social and environmental consequences of our investment projects and contribute towards mitigating any adverse effects”. It further explains that we use the IFC PS “for assessing the sustainability of investment opportunities”.
Report p. 33	<i>“Norfund’s approach to ESG risks does not specify how inputs from stakeholders should be integrated in the appraisal”</i>	Norfund disagrees with this statement. IFC PS 1, §25-28 presents procedures for stakeholder engagement.

* We request that the footnotes are repeated in all other sections where these claims are presented.

Page number *	Report	Requested footnote
Report p. 34	<i>“Several of Norfund’s investment partners and even some of its investees reviewed in the case studies are established outside of project countries and in jurisdictions with favourable tax regimes – creating the risk that these structures be used (even if not directly by Norfund) for aggressive tax optimisation purposes. In total, locations such as the Cayman Islands, the state of Delaware, Luxembourg or Mauritius channel 20% of Norfund’s investments in 2018. Policy makers and NGOs alike have repeatedly drawn attention on the risks related to the use of tax havens by DFIs to channel development funds. Despite recent progress in this area, it still does not appear that several DFIs, including Norfund, thoroughly assess these risks. The issue, although not directly within the scope of this evaluation, needs to be mentioned as tax abuses do have human rights implications.”</i>	This comment insinuates that Norfund is involved in tax abuses, which we refute. Norfund’s use of third country jurisdictions is fully transparent and limited to countries with which Norway has a tax information agreement and/or comply with Global Forum on Transparency and Exchange of Information for Tax Purposes agreed standards. Norfund requires full transparency and access to all transactions of investees. The fund does not accept any financing structures that facilitates tax evasion or other negative consequences for the host country of the investment. Norfund has taken an active role internationally and the initiative to develop common principles for tax policy for the European DFIs.
Report p. 36	<i>“Norfund does not publish information regarding affected individuals and treats information on ESG performance as confidential and requires its investees to act likewise”</i>	Norfund disagrees with the latter part of this statement. Norfund does not put any obligations on investee companies not to disclose environmental and social information.
Report p. 37	<i>“According to Norfund’s Investment Manual, the ESG risk appraisal shall deal with risks to the project, rather than risks to people”.</i>	Norfund disagrees with this statement. Norfund’s investment manual clearly states that “Norfund subscribes to the IFC Performance Standards on Social & Environmental Sustainability” and that “Norfund expects that its investees comply with these Standards”. The standards define social impacts as “any change, potential or actual, to [...] surrounding community and workers, resulting from the business activity to be supported”, and thus clearly address “risks to people”.
Report p. 34	<i>“The facility has been used in several cases to fund ESG interventions [...]. However, there are only few illustrations of such uses.”</i>	Norfund disagrees with this claim, as 80 percent of active category 2 interventions in 2016 had ESG components.
Chapter 4.3.2. African Century Real Estate and Annex 10		
Report p. 57 Annex p. 54	<i>“Yet Norfund and Takura Capital did not engage directly with local communities or required any particular action in this respect”</i>	Even though these were land leases entered into prior to Norfund investment, and the properties were urban, without habitation, the risks were properly analysed. The legal due diligence and documentation showed that due process had been followed in the land acquisition process. Norfund engaged a Mozambican legal counsel to verify that community consultations and public announcements had been carried out. The review by legal counsel did not disclose any issues that necessitated further investigations or actions by Norfund.
Annex p. 52	<i>“Takura organised a visit on site in January 2015 – but Norfund did not take part in the visit”</i>	This visit of Takura was not part of the ESG DD process. Norfund and Takura jointly developed the basis for the assessment, reviewed the responses together and carried out further assessments based on key risks identified. Norfund visited the site(s) on four occasions during the period 2014–2016.
Annex p. 54	<i>“Norfund does not conduct routine inspections of existing ACRE development and does not revise its assessment of ESG risks”</i>	Norfund changes ESG risks classification based on new information or developments. As there has been no new developments, there has not been any reason to reclassify the project nor conduct periodic inspections.
Chapter 4.2.4. The Yara fertilizer terminal in Dar es Salaam and Annex 8		
Report p. 52 Annex p. 48	<i>“Yara International has an ethics hotline that can be used to receive grievances from external stakeholders, but with limitations; members of Yara Tanzania Limited’s middle management interviewed for this evaluation did not refer to it, and the internet-based hotline is not necessarily easy to find for a Tanzanian stakeholder”.</i>	Grievances in a country like Tanzania would typically be received from regular meetings with different stakeholder groups or through individual direct contacts with the Yara. An internet-based mechanism in Swahili is seen by Norfund as a useful additional safeguard.