

20 February 2025

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DRAFT IFU AFRICA FACILITY

The Danish Institute for Human Rights (the Institute) welcomes the opportunity to provide input to the draft IFU Africa Facility (the Facility).

The stated objective of the Facility is “to support regional and local growth, employment and development in African countries through investments in African countries and increased commercial engagement between African and Danish businesses.” The Institute welcomes the development of the Facility to complement IFU’s existing activities, supports its overall objective and includes three observations and recommendations below.

First, in support of the stated objective of the Facility the Institute recommends strengthening and making more explicit the description of responsible business conduct and respect for human rights in the envisaged programme objectives, theory of change and results framework. The draft helpfully includes a focus on technical assistance and offering support in relation to ESG and due diligence (p.12). The Institute however recommends strengthening the focus on ESG and due diligence beyond aspects related to technical assistance, i.e. in the stated overall approach. This could include making clear that human rights due diligence is expected of all business partners and explicitly conditioning investments on implementation of the UN Guiding Principles on Business and Human Rights (UNGPs) by both Danish and African business partners. Making human rights due diligence an explicit part of the envisaged approach supports the non-financial additionality and impact proposition of the Facility and is especially pertinent when recalling IFU’s legal requirement to apply the UNGPs¹.

Second, it should be ensured that any difficulty in attracting and identifying Danish or African partners for these investments does not lead to relaxation of requirements related to ESG and human rights due diligence. The draft includes other examples of relaxations and necessary adjustments to ensure use of the Facility. A special point of attention in that context is that the involvement of Danish businesses can lead to assumptions of higher ESG/human rights performance levels, which might not always

¹ Lov on internationalt udviklingssamarbejde §9 stk.1: ‘Fonden skal anvende relevante internationale standarder for bæredygtighed og samfundsansvar baseret på mellemstatslige aftaler, herunder UN Guiding Principles on Business and Human Rights’.

be substantiated. For example, the Institute's previous human rights benchmarks of Danish companies show that in fact most large Danish companies struggle to demonstrate implementation of the UNGPs². As a result, UNGP compliance cannot be assumed and must be proactively requested and ensured as part of IFU's investment due diligence and monitoring activities.

Finally, the Institute acknowledges the need for support to ensure robust implementation of human rights due diligence by business parties and hence welcomes the focus on technical assistance and offering support in relation to ESG (p.12). The table highlights a few specific areas in focus, however human rights or human rights due diligence is not specifically mentioned. The Institute recommends that a focus on human rights due diligence is made explicit in relation to the Facility's technical assistance priorities.

² Danish Institute for Human Rights (2024): Documenting Respect for Human Rights, a 2024 benchmark of large Danish companies. <https://www.humanrights.dk/news/danish-companies-struggle-demonstrate-respect-human-rights>