

Summary on investments and human rights

EDFI – the Association of European Development Finance Institutions – exists to support and promote the work of bilateral Development Finance Institutions (DFIs). With a combined portfolio of €44 billion, EDFI's 15 member institutions share a vision of a world where the private sector offers people in low- and middle-income countries opportunities for decent work and improved lives, and where private investment flows are aligned with the Sustainable Development Goals and the Paris Climate Agreement.

EDFI members often operate in challenging human rights environments, as these are frequently the contexts that most require development support. To deliver inclusive, private sector-led growth, EDFI members must be prepared to work in countries and communities where respect for human rights remains imperfect, and to ensure that their operations and those of their clients take due account of their human rights commitments and promote human rights improvements. EDFI members work closely together to act as role models for other investors and sustainable business in developing countries.

Accordingly, EDFI members apply the following principles and standards:

- The [EDFI Principles for the Responsible Financing of Sustainable Development](#) underscore the aim of EDFI members to have a positive long-term impact in the local communities where they invest and to take active steps to promote respect for human rights and environmental and social sustainability throughout the life of the investment. The EDFI Principles provide helpful guidance in the context of EDFI members' extensive co-financing arrangements.
- The [United Nations \('UN'\) Guiding Principles on Business and Human Rights \(UNGPs\)](#) constitute an internationally agreed global reference point on the responsibilities of business in relation to human rights and provide guidance in EDFIs' commitment to respect human rights throughout the investment cycle. Following an update in 2019, the EDFI Principles for Responsible Financing of Sustainable Development commit members to uphold "all internationally recognized human rights, as defined in the International Bill of Human Rights and in line with the understanding of the United Nations ('UN') Guiding Principles on Business and Human Rights".

- The [IFC Performance Standards on Environmental and Social Sustainability](#) provide operational guidance that is widely recognised and applicable to private investors that invest alongside DFIs. IFC has analysed its sustainability framework, and specifically the IFC Performance Standards, and concluded that this approach is broadly convergent with the UNGPs and their emphasis on due diligence. The IFC Standards recognise that “certain high-risk circumstances” require a focused human rights due diligence effort and provide guidance on specific human rights risks in relation to business activities and how these should be assessed and addressed.
- The EDFI Harmonised E&S Standards define an [exclusion list](#), E&S categorisation and E&S due diligence requirements for co-financing members and follow international environmental, social, and human rights standards. The EDFI harmonised E&S standards refer to the IFC Performance Standards as their primary practical reference, as well as to the UNGPs, ILO Core Labour Standards and ILO Basic Terms and Conditions of Employment.

EDFI member institutions recognise that the implementation of the IFC Performance Standards and the UNGPs is a learning process and EDFI members continue to improve their practices in relation to responsible financing, including by means of frequent exchange of experience and by harmonising approaches in joint investments.

As investors focussed on development impact, EDFI members strive to respect human rights and are committed to constructive engagement with companies, communities, civil society, and other stakeholders in their operations.

EDFI – the Association of European Development Finance Institutions – was established in 1992 to support and promote the work of bilateral Development Finance Institutions (DFIs). With a combined portfolio of €44 billion, including over €10 billion of climate finance, EDFI's 15 member institutions share a vision of a world where the private sector offers people in low and middle-income countries opportunities for decent work and improved lives, and where private investment flows are aligned with the Sustainable Development Goals and the Paris Climate Agreement. EDFI's mission is to promote the joint interests of its members, inform policy, and drive innovation in industry standards. EDFI's membership includes BIO (Belgium), British International Investment (UK), Cofides (Spain), DEG (Germany), Finnfund (Finland), FMO (The Netherlands), IFU (Denmark), Norfund (Norway), OeEB (Austria), Proparco (France), SIFEM (Switzerland), Simest and CDP Development Finance (Italy), SOFID (Portugal), Swedfund (Sweden).