ADAPTATION FUND
Readiness Programme
for Climate Finance

Manual of basic Environmental and Social Management System procedures and functions at National Implementing Entities

April 2016

Table of Contents

List of abbreviations and acronyms used

AF	Adaptation Fund
EE	Executing Entity
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IE	Implementing Entity
ILO	International Labour Organization
NIE	National Implementing Entity
TA	Technical Assistance
TOR	Terms of Reference
UNESCO	United Nations Educational, Scientific and Cultural Organisation

Introduction

The Adaptation Fund Board (AFB) adopted the Environmental and Social Policy (ESP) in November 2013[1]. This policy ensures that projects and programmes supported by the fund promote positive environmental and social benefits, and mitigate or avoid adverse environmental and social risks and impacts. Managing these risks is integral to the success of the projects and programmes supported by the Adaptation Fund (AF) and the desired outcomes are described in the 15 environmental and social principles of the ESP. In March 2016 the Board amended the ESP to align it with the approved Gender Policy.[2]

Under the direct access modality, the onus lies with the national implementing entity (NIE) to ensure compliance with the AF policies and regulations, including the ESP. To this effect, IEs develop or deploy an environmental and social management system (ESMS) to ensure ESP compliance within the AF-funded project or programme. At the project or programme level, environmental and social risks are identified, impacts are assessed and prevention and mitigation used as required.

Irrespective of the NIE's specific ESMS, there are a number of common steps and procedures in all approaches used to comply with the ESP. Essentially, NIEs may demonstrate in any reasonable manner they deem appropriate that their projects or programmes comply with the ESP. In May 2015, the AF published the *Guidance document for Implementing Entities on Compliance with the Adaptation Fund Environmental and Social Policy[3]*. This document provides practical guidance to NIEs on achieving and demonstrating compliance with the ESP in their projects and programmes. The guidance provided in this document is not intended to be prescriptive but it supports NIEs in identifying, assessing and managing environmental and social risks of projects and programmes under their supervision by providing supplemental information about the ESP. **Although this manual is intended to NIEs as part of the Readiness Programme, the guidance it provides is applicable to all IEs.**

The AF further supports national implementing entities (NIE) to achieve compliance with the ESP. The AF *Readiness Programme for Climate Finance* aims to help strengthen the capacity of national and regional entities to receive and manage climate financing, particularly through the Fund's direct access, and to adapt and build resilience to counter changing climate conditions in sectors ranging from agriculture and food security to coastal zones and urban areas. The core activities of the Readiness Programme for Climate Finance include intensive workshops on the full cycle of climate finance, a South-South grants programme whereby experienced NIEs assist countries working to become accredited for climate finance, and online collaboration and knowledge sharing.

A manual of basic ESMS procedures and functions at NIEs

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[1] The version of the policy revised in March 2016 is available at https://www.adaptation-fund.org/wp-content/uploads/2013/11/Amended-March-2016_-OPG-ANNEX-3-Environmental-social-policy-March-2016.pdf

[2] https://www.adaptation-fund.org/apply-funding/policies-guidelines/

[3] http://www.adaptation-fund.org/wp-content/uploads/2015/06/ESP-Guidance-document_0.pdf

The Readiness Programme for Climate Finance includes a component aimed at strengthening the capacity of accredited NIEs to identify and mitigate environmental and social risks as they design, implement and effectively manage concrete adaptation projects and programmes in communities that are vulnerable to the effects of climate change. As part of this effort, accredited NIEs can apply for small technical assistance (TA) grants to build their capacity in environmental and social risk management by tapping into external expertise through short-term consultancies.

The TA grants are meant to support, among other areas, the following types of activities within the grantee NIEs:
- Developing procedures/manuals/guidelines for screening projects for environmental and social risks
- Developing procedures for undertaking project or programme environmental and social risk assessment and for formulating risk management plans
- Developing policies/avenues for public disclosure and consultation
- Developing transparent and effective mechanisms for receiving and resolving complaints about environmental and social harms caused by projects or programmes during implementation
- Training of select entity staff to carry out the relevant tasks related to the implementation of the Adaptation Fund's ESP

Since the adoption of the ESP, the main common challenges for NIEs to comply with the policy have become clear, both from the funding application reviews and from interactions with the NIEs during workshops and their responses to a survey. One of the needs identified is guidance on developing a functioning ESMS system at the NIE and on complying with the ESP through the ESMS in the preparation of funding applications.

This manual is intended to be a practical guidance document on ESMS that can be customised to specific NIEs. Together with the *Compendium of Reference Materials for Environmental and Social Safeguarding in Adaptation Fund Projects and Programmes*, it forms a tool for consultants hired by aspiring NIEs to provide support and technical assistance on the NIE ESMS. The flexible manual of ESMS procedures and functions at NIE is scalable and applicable to all sizes NIEs. It specifies the minimum requirements for all IEs' ESMS to comply with the AF requirements for AF-funded projects or programmes. The manual and the procedures are intended to be applied to the institutional framework of IEs to develop a bespoke ESMS, or to strengthen or be integrated in an existing one.

The environmental and social safeguarding process

The delivery process for the ESP is described in the policy, identifying the consecutive steps and elements required for compliance: environmental and social risks identification, environmental and social assessment, environmental and social management planning, monitoring, reporting and evaluation, public disclosure and consultation and finally a grievance mechanism.

Project or programme formulation

Generally, the most cost effective and sustainable way of complying with the ESP is to take the policy and its 15 principles into account during the identification and formulation of the project or programme.

This is particularly relevant for those principles where compliance is largely determined by the process that is used. For example, adhering to the principle on Access and Equity can be demonstrated by describing the process used to identify and select project or programme beneficiaries. Adequately documenting such processes is important since it may be hard or impossible to regenerate such information afterwards.

Categorization
The ESP requires that projects and programmes proposed for funding by the Adaptation Fund are categorized according to their potential environmental and social impacts. Table 1 shows the criteria by which the categories are identified.

Table 1 Environmental and social safeguards categories for AF-funded projects/programmes.

ESP category	Criteria
Category A	Projects or programmes **likely** to have significant adverse environmental or social impacts that are for example diverse, widespread and irreversible
Category B	Projects or programmes with **potential** adverse impacts that are less adverse than Category A projects or programmes, because for example they are fewer in number, smaller in scale, less widespread, reversible or easily mitigated.
Category C	Those projects or programmes with **no** adverse environmental or social impacts.

One of the consequences of the categorization of a proposed project or programme according to the ESP is whether or not an environmental and/or social impact assessment is required and the timing of it. On the other hand, it is an important tool that is used by the AFB to monitor the level of risk involved in the AF project/programme portfolio. Hence, it is important that a proposed project or programme be assigned the correct ESP category. Inaccurate or improbable categorization may lead to delays in funding approval.

In practice, this means that the environmental and social risks associated with a project or programme need to have been identified, and, if required, the related impacts have been assessed in a way commensurate to the risk before a category can be assigned. The risks and impacts need to be considered without taking specific mitigation or management measures into account. The proposal needs to be consistent between the risk identification (Section K of the proposal template) and the categorization.

The categorization is best presented as a conclusion of the risk identification and, the case being, the impact assessment.

Category C projects and programmes are generally limited to those that have no material activities.

Projects or programmes with unidentified activities or sub-projects
These projects or programmes require specific attention and a purposeful approach. The ESP requires comprehensive identification of the environmental and social risks that are associated with a proposed project or programme. An unidentified activity or sub-project of a project or programme is one that at the time of submission of the funding application is not specified to the extent that the associated environmental and social risks can be adequately identified. This may be because its exact location, dimensions or other characteristics that determine environmental and social risks are yet to be established. Examples are projects or programmes where the precise location of a specific intervention will be determined in a participatory way during project implementation, or the establishment of a small grants facility.

A general principle of the ESP is that it is best that all the risks be identified prior to approval of the project/programme proposal by the Board.

Regardless of the outcome of the environmental and social risks identification during formulation, a project or programme with unidentified activities or sub-projects requires an environmental and social management plan (ESMP) that includes a framework for the risk identification and any subsequent environmental and social safeguarding activities for such sub-projects as and when these are identified to a stage where risk identification is possible.

Link between the ESMS of an IE and its projects or programmes
Since the adoption of the ESP, the commitment of an IE candidate to comply with the ESP and its capability or access to necessary resources to do so are considered as part of the accreditation process[4], and in this document such commitment and capacity are together called ESMS. The ESMS is only considered for compliance with the AF requirements for AF-funded projects or programmes. IEs accredited prior to that time are assumed to exhibit the same commitment and capability or access to resources when they submit project or programme proposals to the AF, i.e. to ensure that the projects and programmes implemented through the direct access modality by the NIE are compliant with the ESP.

To achieve this, there needs to be a link between the ESMS of the IE and the environmental and social safeguard activities and considerations at the project or programme level. This is particularly the case when the environmental and social impacts of the project or programme require the development and implementation of an ESMP. In such projects and programmes, it is important that the ESMP activities are sufficiently linked to the ESMS of the IE, and that the linkages between the environmental and social policy compliance actions of the NIE and what is happening at the project or programme level are clear, credible, feasible and adequate. The IE is accountable for compliance of the project or programme with the ESP,

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[4] The elements of an ESMS are: identification of risks through screening and of impacts through assessment; formulation and implementation of environmental and social management plans; IE organizational capacity and competence; stakeholder engagement; monitoring and reporting; and a grievance mechanism.

and it is through the description of the link between the IE's ESMS and the project or programme activities and, the case being, its ESMP, that the IE can demonstrate how it will achieve this.

The ESMS and the projects or programmes can be connected in a variety of ways, and it is to the IE to determine which shape it takes. Depending on the environmental and social risks associated with the project or programme, this connection can range from being minimal, e.g. in the case of category C projects, to intense, elaborate and frequent interactions, e.g. in the case of programmes with mostly activities that are not identified at the time of funding approval and implemented in a vulnerable environment.

A further attribute of this link between IE ESMS and its project or programme is that it provides the mechanism for constant monitoring for new or unforeseen environmental and social risks and/or impacts.

Risk identification

The first function of an ESMS is to screen project or programme proposals to identify potential risks early in the project cycle. IEs may identify environmental and social risks associated with the proposed project or programme in any reasonable manner they deem appropriate; the guidance provided in this document is not intended to be prescriptive.

Reference is made to the [Guidance document](#) for guidance and supplemental information on the specific principles of the ESP.

The process of risk identification or screening for risks should follow the 15 principles of the ESP. Principles 1 (Compliance with the Law), 4 (Human Rights) and 6 (Core Labour Rights) apply to all projects and programmes. The other 12 principles may or may not be relevant for the project or programme that is being screened. Establishing their relevance is one of the outcomes of the risk identification process. It is important not to mix relevance and risk: a principle may be relevant to a project or programme while the related risk may be found to be absent. E.g. in a country where indigenous peoples exist, the principle 7 on Indigenous Peoples would be relevant while there may be no actual risk because of the specific location of the project or programme. In a country without indigenous peoples the principle would not apply.

As a general rule, *all the activities* of a project or programme need to be subjected to risk identification prior to submission of the funding application, or be included in an agreed review process during project implementation. It is essential that no project or programme activity proceeds without having been subjected to a risk identification and any subsequent safeguarding actions as may be required.

The ESP requires that the results of the environmental and social screening be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project or programme.

Principle 1: Compliance with the Law.
This is a universal ESP principle that applies to all projects and programmes. The IE will ensure that the project or programme will comply with applicable domestic and international law.

Compliance with national and local regulations may not be sufficient to comply with all the 15 principles of the ESP.

Process:
- Step 1: Identify all the *specific*, applicable domestic and international laws, regulations, standards, procedures and permits that apply to the project or programme, or to any of its activities.
- Step 2: Identify the project or programme activities that may require prior permission (such as planning permission, environmental permits, construction permits, permits for water extraction, emissions, and use or production or storage of harmful substances).
- Step 3: Identify environmental and social safeguarding requirements, other than those of the AF (e.g. national or of co-financing entities). Use the appropriate screening tools, including any threshold lists and sectoral requirements.
- Step 4: Identify technical or industry standards that apply to any of the project or programme activities.

Resources:
Permitting and certifying authorities. Standards organisations. Sectoral organisations.

Outputs:
Evaluation of the risks of non-compliance with specific laws. For permitting procedures, a description of the requirements and of current status, any steps already taken, and the plan to obtain the permits. For standards, an overview of the standards that will be adhered to.

Principle 2: Access and Equity.
Projects and programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. Projects or programmes should not exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups.

Process:
- Step 1: Identify the project or programme benefits and its geographical area of effect
- Step 2: Identify any marginalized or vulnerable groups among potential project beneficiaries (stakeholder mapping in order to identify the potential beneficiaries, rivals, disputants, marginalized or vulnerable people)
- Step 3: Identify any existing inequities with respect to these marginalized or vulnerable groups
- Step 4: Identify in the project or programme area the existing access to the essential services and rights indicated in the principle
- Step 5: Describe the mechanism of allocating and distributing project or programme benefits, and how this process ensures fair and impartial access to benefits

Resources:
Stakeholder consultations, local authorities

Outputs:
Stakeholder analysis, marginalized and vulnerable groups identification, beneficiary selection and benefits allocation process description.

Principle 3: Marginalized and Vulnerable Groups.
Projects or programmes supported by the Fund shall avoid imposing any disproportionate adverse impacts on marginalized and vulnerable groups including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS. In screening any proposed project or programme, the IEs shall assess and consider particular impacts on marginalized and vulnerable groups.

The risks that need to be identified are those of adverse impacts from the project or programme that are disproportionate to those experienced by others. The Guidance document provides additional information on the definitions of marginalized and vulnerable groups.

Process:
- Step 1: In the influence area of the project or programme, identify the presence of marginalized or vulnerable groups, including but not limited to children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities and people living with HIV/AIDS.
- Step 2: Quantify all the groups identified using accepted methods based, where possible, on disaggregated data.
- Step 3: Describe the characteristics of any marginalized or vulnerable groups, identifying their particular vulnerabilities that would or could make them disproportionately vulnerable to negative environmental or social impacts caused by the project or programme.

Resources:
Local authorities, communities, project beneficiaries, humanitarian organisations, charities.

Outputs:
Identification and quantification of marginalized and vulnerable groups and a description of their risk of disproportionate adverse impacts.

Principle 4: Human Rights.
This is a universal ESP principle that applies to all projects and programmes. Projects or programmes supported by the Fund shall respect and where applicable promote international human rights.

Process:
- Step 1: Determine if the host country is cited in any Human Rights Council Special Procedures, be they thematic or country mandates.

- Step 2: The case being, provide an overview of the relevant human rights issues that are identified in the Special Procedures
- Step 3: Explicitly include human rights issues in stakeholder consultations during project or programme identification and/or formulation.
- Step 4: Include the findings of the consultations on human rights issues in the project or programme document

Resources:
Human Rights Council Special Procedures thematic mandates: http://www.ohchr.org/EN/HRBodies/SP/Pages/Themes.aspx
Country mandates: http://www.ohchr.org/EN/HRBodies/SP/Pages/Countries.aspx
Project or programme stakeholders.

Outputs:
Determination of Special Procedures citations, identification of human rights concerns by stakeholders.

Principle 5: Gender Equality and Women's Empowerment.
Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men 1) have equal opportunities to participate as per the AF gender policy; 2) receive comparable social and economic benefits; and 3) do not suffer disproportionate adverse effects during the development process.

Process:
- Step 1: Identify activities or other elements in the project or programme that are known to exclude or hamper a gender group based on legal, regulatory or customary grounds.
- Step 2: Conduct or consult a gender analysis of the sector the project or programme will support, describing the current situation of the allocation of roles and responsibilities in the project or programme sector or area
- Step 3: Identify elements in the project or programme that maintain or exacerbate gender inequality or the consequences of gender inequality.
- Step 4: Identify particular vulnerabilities of men and women that would or could make them disproportionately vulnerable to negative environmental or social impacts caused by the project or programme.

Resources:
Legal and regulatory context with respect to gender equality and women's empowerment in which the project or programme will take place; gender analysis of the sector; stakeholder and project beneficiary consultation.

Outputs:
Identification of risks of creating or maintaining gender-based inequalities and a description of gender-based risk of disproportionate adverse impacts.

Principle 6: Core Labour Rights.

This is a universal ESP principle that applies to all projects and programmes. Projects or programmes supported by the Fund shall meet the core labour standards as identified by the International Labour Organization (ILO).

Process:
- Step 1: Determine if the host country has ratified the eight ILO core conventions
- Step 2: Review the latest ILO assessments of application of the standards in the project or programme country. Other assessments by reputable sources (e.g. the World Bank or regional development banks) may also be used.
- Step 3: Identify any past/present/planned ILO assistance to meet the standards through social dialogue and technical assistance.
- Step 4: Identify information on any ILO Special procedures relevant to the Member nation or to the project or programme, including details on the triggering representation or complaints.
- Step 5: Identify how the ILO core labour standards are incorporated in the design and the implementation of the project/programme, as appropriate.
- Step 6: Describe the common labour arrangements in the sector(s) in which the project or programme will operate, with particular attention to all forms of child labour and forced labour.

Resources:
Competent ministries (Labour, social affairs), ILO list of ratifications by country
http://www.ilo.org/dyn/normlex/en/f?p=1000:11001:0::NO:::

Outputs:
Determination of the likelihood of compliance with the core ILO standards, in particular with respect to child labour and forced labour.

Principle 7: Indigenous Peoples.
The Fund shall not support projects or programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

Process:
- Step 1: Identify if indigenous peoples are present in the area of influence of the project or programme.
- Step 2: If indigenous peoples are present, quantify the groups identified.
- Step 3: If indigenous peoples are present, determine in the project or programme proposal if there are provisions for a realistic and effective Free, Prior, Informed Consent process, giving a community the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.
- Step 4: Provide a summary of any reports, specific cases, or complaints that have been made with respect to the rights of indigenous peoples by the Special Rapporteur on the rights of indigenous peoples and that are relevant to the project or programme.

Resources:

Local authorities, communities, project beneficiaries, humanitarian organisations, charities. Reports of the Special Rapporteur on the rights of indigenous peoples: http://www.ohchr.org/EN/Issues/IPeoples/SRIndigenousPeoples/Pages/SRIPeoplesIndex.aspx

Outputs:
Identification and, the case being, quantification of the presence of indigenous peoples in the area influenced by the project or programme; identification of indigenous peoples rights issues in the host country.

Principle 8: Involuntary Resettlement.
Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation.

Process:
- Step 1: Review the project or programme to identify if physical or economic displacement is required or will occur as a consequence of its implementation
- Step 2: If displacement is required, determine if it is voluntary or involuntary.
- Step 3: Identify stakeholders whose livelihoods may be affected, directly or indirectly, by the project or programme and if this may lead to resettlement
- Step 4: Identify stakeholders whose assets or access to assets may be affected, directly or indirectly, by the project or programme and if this may lead to resettlement and its consequences including indemnification, compensation, etc.

Resources:
Stakeholders consultation, local authorities.

Outputs:
Identification of the risk of physical or economic resettlement; identification and quantification of possibly affected people or communities.

Principle 9: Protection of Natural Habitats.
The Fund shall not support projects or programmes that would involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities.

Process:
- Step 1: Identify all the critical natural habitats in the region that may be affected by the project or programme. The area considered should be large enough to be credible and be chosen in function of the impact generating agent (e.g. noise) and an appreciation of its propagating ability. The habitats to be considered include all those

recognized as critical in any way, be it legally (through protection), scientifically or socially.

- Step 2: For each identified critical natural habitat, identify the mechanism by which it is particularly vulnerable.
- Step 3: Consider all the project or programme activities to identify actual risks for each of the natural habitats identified taking into account the specific characteristics of the activity (location, dimension, duration etc.) and the vulnerability mechanism(s) of each habitat identified.

Resources:
Competent ministries (typically ministries of environment, natural resources, marine affairs), experts (universities, conservation organisations), local communities

Outputs:
A map and inventory of all the critical natural habitats in the influence area of the project or programme; for each a description of its particular vulnerabilities; findings of risk identification.

Principle 10: Conservation of Biological Diversity.
Projects or programmes supported by the Fund shall be designed and implemented in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species.

Process:
- Step 1: Identify all the elements of biodiversity interest in the region that may be affected by the project/programme. The area considered should be large enough to be credible and be chosen in function of the impact generating agent and an appreciation of its propagating ability. It is important in the identification of the elements of biodiversity interests not to limit this to the species level but to include all elements of biodiversity interest, including landscapes, ecosystem processes, habitats, hydrological cycles, processes of erosion and sedimentation and interactions between taxa. Include all elements enjoying local or international protection.
- Step 2: For each identified biodiversity element, identify the mechanism by which it is particularly vulnerable. E.g. changes in flow regime or water quality for a seasonal wetland or disruption of migration routes.
- Step 3: Consider all the project or programme activities to identify actual risks for each of the biodiversity elements identified taking into account the specific characteristics of the activity (location, dimension, duration etc.) and the vulnerability mechanism(s) of each biodiversity element identified.
- Step 4: Examine all the project or programme activities to identify the potential of introducing – intentionally or accidentally – known invasive species.
- Step 5: Examine all the project or programme activities to identity the use of living modified organisms resulting from modern biotechnology.

Resources:
Competent ministries (typically ministries of environment, natural resources, marine affairs), experts (universities, conservation organisations), local communities, IUCN Red List of

Threatened Species[5], UNESCO Man and the Biosphere Programme reserves list[6], Ramsar sites inventory[7] etc.

Outputs:
The outputs depend on the findings of the risk identification. In most cases, a map indicating the relative position of the biodiversity elements of interest and the project or programme location will be useful.

Principle 11: Climate Change.
Projects or programmes supported by the Fund shall not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.

Process:
- Step 1: Determine if the project or programme belongs to a sector mentioned in the Guidance document for which a greenhouse gasses emission calculation is required.
- Step 2: Carry out a qualitative risk identification for each of the following drivers of climate change: emission of carbon dioxide gas from the use of fossil fuel and from changes in land use, methane and nitrous oxide emissions from agriculture, emission of hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, other halocarbons, aerosols, and ozone.
- Step 3: Carry out a qualitative risk identification of any impact by the project or programme on carbon capture and sequestration capacity.

Resources:
Guidance document

Outputs:
Qualitative risk identifications, listed sector screening outcome

Principle 12: Pollution Prevention and Resource Efficiency.
Projects or programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

Process:
- Step 1: Identify in the project or programme activities with preventable waste or pollution production
- Step 2: Determine the nature and quantity of the waste, as well as those of possible pollutants the project or programme may produce
- Step 3: Determine if the concept of minimization of waste and pollution production has been applied in the project or programme design and if this will be effective during implementation.

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[5] www.iucnredlist.org
[6] www.unesco.org/new/en/natural-sciences/environment/ecological-sciences/man-and-biosphere-programme
[7] www.ramsar.org

- Step 4: Determine if applicable local, national and international regulations regarding any waste and pollution generation by the project or programme have been applied and will be complied with.
- Step 5: Determine if the concept of minimization of resource use has been applied in the project or programme design and if this will be effective during implementation.
- Step 6: Determine where international standards for maximizing energy efficiency and minimizing material resource use may apply.

Resources:
Local authorities, competent ministries

Outputs:
Identification of waste and pollution generation, including that part which is preventable; determination of minimization concept use in project or programme activities and design; determination of compliance with application regulations.

Principle 13: Public Health.
Projects or programmes supported by the Fund shall be designed and implemented in a way that avoids potentially significant negative impacts on public health.

Process:
Identify using an appropriate health impact screening tool (check list) potentially significant negative impacts on public health generated by the project or programme

Resources:
Guidance document, health impact screening tools, competent ministries (public health)

Outputs:
Health impact screening outcome.

Principle 14: Physical and Cultural Heritage.
Projects or programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects or programmes should also not permanently interfere with existing access and use of such physical and cultural resources.

Process:
- Step 1: Determine if the host country has ratified the 1972 UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage.
- Step 2: Identify the national and local legal and regulatory framework for recognition and protection of physical and cultural heritage.
- Step 3: Describe in the influence zone of the project or programme all the elements of the cultural heritage, their location and their vulnerabilities. The area considered should be large enough to be credible and be chosen in function of the impact generating agent (e.g. vibrations, landscape elements) and an appreciation of its propagating ability. Include all elements enjoying local or international protection.

- Step 4: Determine if the cultural heritage is being accessed by communities.
- Step 5: Determine if any of the heritage elements included in the List of World Heritage in Danger[8] is in the influence zone of the project or programme.
- Step 6: Consider all the project or programme activities to identify actual risks for each of the heritage elements identified taking into account the specific characteristics of the activity (location, dimension, duration etc.) and the vulnerability mechanism(s) of each heritage element identified.

Resources:
Competent national authorities; Inventory of the physical and cultural heritage present in the wider project or programme area that enjoys recognition at community, national, or international levels.

Outputs:
A map indicating the relative position of the physical and cultural heritage elements of interest and the project or programme location; list of physical and cultural heritage in the project or programme influence area.

Principle 15: Lands and Soil Conservation.
Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive lands or land that provides valuable ecosystem services.

Process:
- Step 1: Identify the presence of fragile soils within the influence area of the project or programme.
- Step 2: Identify project or programme activities that could result in the loss of otherwise non-fragile soil.
- Step 3: Identify productive lands and/or lands that provide valuable ecosystem services within the influence area project or programme.
- Step 4: Identify project or programme activities that may lead to land degradation.

Resources:
Soil maps, competent authorities.

Outputs:
Maps, lands and soil at risk.

Risk screening – non-ESP environmental and social safeguarding requirements
Screening a project or programme proposal for environmental and social risks is a term often used interchangeably with the term risk identification. On the other hand, screening is also used to describe the step in which the regulatory requirements are identified with which a proposal must comply, irrespective of any explicit risk identification.

For the AF ESP, the screening outcome is a risks identification, which determines the need for further environmental and social impact assessments as these are required to be

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[8] http://whc.unesco.org/en/danger

commensurate with the risks. Projects and programmes that are proposed for AF funding also must meet the national and local legal and regulatory requirements (principle 1 of the ESP). National and local environmental and social safeguarding regulations may use a variety of screening methods. Under these regulations, the requirements for environmental and social impact assessments may be defined by screening lists, general screening principles, sectoral lists, lists based on location etc. The procedures and functions at IEs that are described in this document further focus on the ESP requirements.

Environmental and social risk identification in the proposal document
The outcome of the risk identification process should be clearly documented and described in the appropriate sections of the project or programme proposal. Findings on presence or absence of certain risks is best presented together with a concise justification of these findings. Most of the information used in the environmental and social risks identification would normally be included in the introductory sections and in the description of the proposed project or programme. In complex, extraordinary, elaborate or improbable cases, additional information can be added as an annex to the proposal.

In addition to the outcome of the ESP risks identification, any environmental or social safeguarding requirements under national and local regulations should be included in the proposal and concisely described.

In addition to the information included in the fully-developed project or programme proposal, the IE can consolidate all the information demonstrating compliance with the ESP in a single separate document or annex. This annex could have the following structure:
• Summary description of the project or programme
• Risk identification and categorization
• Environmental and social impact assessment
• Environmental and social management plan
• Monitoring and evaluation arrangements.
This annex can also include further details of public consultations and their outcomes, and the institutional, operational and financial arrangements for the environmental and social safeguarding activities.

Impact assessment

For those principles where environmental or social risks have been identified an impact assessment is required. The ESP specifies that the scope of the environmental and social impact assessment (ESIA) shall be commensurate with the scope and severity of potential risks. No further assessment actions are required for principles for which no risks have been identified.

The assessment will be carried out to internationally accepted standards of methods and practice, involving all relevant stakeholders, to the extent possible. This implies that findings are evidence-based and can be substantiated. Risks and adverse impacts need to be identified and assumptions in the risk assessment need to be stated and justified. To the greatest extent possible, interpretation needs to be separate from the presentation of facts and data. Knowledge gaps should be identified, and where these prevent adequate risk assessment, an

explanation should be included on how this was addressed. Expert opinion may be necessary when objectively verifiable information is not available. Expert opinion must be clearly identified as such.

Impacts should be assessed based on the description of the activities, without taking specific mitigating or avoidance measures into account.

The ESP implies that the ESIA is comprehensive both in terms of the activities considered as in the nature of the impacts that may be caused. This means that not only direct impacts should be considered but also those that are indirect, secondary or cumulative with other impacts or developments. It also means that the ESIA should be undertaken at a time when the project or programme activities have been identified to an extent that permits adequate impact assessment. Furthermore, the area of influence or impact needs to be appropriately identified. In the case of co-financed projects or programmes, the AF ESP applies to the entire project or programme, including the co-financed elements.

Process:
- Prepare terms of reference (TOR) for the impact assessment. Based on the findings of the risk identification, the IE shall prepare the terms of reference for the environmental and social impact assessment. The impact assessment needs to be at least in line with the ESP requirements for impact assessments. It is often cost-effective to carry out the impact assessment so that any national and local requirements for impact assessment are also met at the same time. The terms of reference for the impact assessment shall specify which areas, topics and subjects should be covered based on the risk identification, as well as the scope and extent of impact assessment commensurate with the risks identified.
- ESIA TOR typically include:
    - the objectives of the ESIA, including a summary of the risks identification findings
    - a time frame
    - methods to be used to assess impacts, including reference standards
    - consultation to be carried out on the risk assessment findings
    - reporting format
    - (at least) a summary in English
    - budget for the ESIA
    - qualifications of consultants and expertise required
    - description of the ESMS of the IE
- Additionally, the TOR may include elements to comply with national and local requirements for environmental and social safeguarding.
- IEs may carry out ESIAs in-house or contract qualified consultants or institutions. Attention should be paid to prevent conflicts of interest, e.g. where an agency contracted to carry out the ESIA is also the enforcement agency.
- Identify and, as required, quantify the measures required to mitigate, reduce or avoid environmental and social impacts.
- Organise public review of the ESIA document. The ESP requires that the draft environmental and social assessment be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for

communities that are directly affected by the proposed project or programme. For this, include an executive summary that clearly outlines the information necessary for the general public to understand the decision-making process leading to the proposed project. The executive summary should be concise, analytical, and avoid excessively technical jargon. It should be easily readable by lay people.

Resources:
Effective risk identification will provide much of the baseline information needed for impact assessment. The Guidance document provides suggestions and recommendations for each of the 15 ESP principles for the assessment of specific impacts.

Outputs:
Environmental and social impacts assessment document; identification of environmental and social management measures, including alternatives; public review outcome.

For projects or programmes with unidentified activities or sub-projects, the ESIA can be carried out for common elements of those activities that are known at the time of formulation. This can then later serve as a framework within which project or programme activities are acceptable as they are identified, as well as expediting EISA of the sub-projects.

Risk management: formulation of an Environmental and Social Management Plan

The environmental and social impacts assessment may lead to findings that are such that a substantive modification of the proposed project or programme is required to meet the ESP requirements, or that the proposal as a whole may be abandoned.

When this is not the case, and all environmental and social impacts can be avoided, reduced or mitigated, an ESMP is required. This is also the case for projects or programmes with unidentified activities or sub-projects.

The ESMP shall be commensurate in scope and ambition to the potential scope and severity of the environmental and social risks inherent in the design of the project or programme. The ESMP is the place where the different components of the environmental and social safeguarding measures come together and are integrated. A project or programme can have one ESMP or have a collection of plans integrated at the project or programme level.

Process:
- Based on the findings of ESIA, acknowledge the need for the formulation of an ESMP at the project or programme level.
- Determine if the ESIA was comprehensive and included all the project or programme activities, and that these were sufficiently formulated at the time of ESIA to permit adequate impact assessment.
- If there are unidentified activities or sub-projects, develop a framework to identify environmental and social risks and to assess impacts commensurately as and when these activities or sub-projects are developed during project or programme implementation.

- Develop the ESMP framework based on the institutional and personnel arrangements at the IE, as well as those at the Executing Entity (EE). This includes identifying roles and responsibilities, lines of communication, reporting and oversight.
- Based on the environmental and social management measures identified in the ESIA, elaborate specific environmental and social management objectives, corresponding actions, expected outcomes, indicators and a monitoring regime. The actions should be quantified, costed, and scheduled in time.
- Turn the specific environmental and social management actions into an operational plan at the project or programme level, identifying the required financial and human resources.
- Develop a specific budget for the implementation of the ESMP, avoiding these cost to be included in the activity's budget.
- Ensure integration of the ESMP with the existing system of annual project or programme performance reports and evaluation reports, modifying the system if needed to track any required environmental and social risk management plan or changes in project or programme design
- Include provisions for monitoring for unanticipated environmental and social risks that may occur during implementation
- Organise public consultations on the proposed ESMP that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project or programme.
- Disclose the final environmental and social assessment to project-affected people and other stakeholders.

Resources:
ESIA, description of ESMS at NIE, institutional and personnel structure at EE

Outputs:
Environmental and Social Management Plan. In projects or programmes with unidentified activities it is recommended that the ESMP is formatted as a stand-alone document. The same applies to projects or programmes with extensive ESMPs. Public consultation record.

Public disclosure and consultation

Public disclosure and consultation are key elements in the identification, formulation and implementation of any project or programme.

Process:
- Identify the stakeholders in the proposed project or programme, with particular attention to include any marginalized or vulnerable groups and individuals.
- Involve the stakeholders as early as possible in the planning of any project or programme supported by the Fund
- The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project or programme. Determine appropriate ways for public consultations.

18

- Provide the final environmental and social assessment to the AF Secretariat which will publicly disclose it through the Fund's website as soon as it is received.
- Disclose the final environmental and social assessment to people affected by the project or programme and other stakeholders.
- Publicly disclose project or programme performance reports, including the status on implementation of environmental and social measures.
- Any significant proposed changes in the project/programme during implementation shall be made available for effective and timely public consultation with directly affected communities.

Resources:
Stakeholder analysis, local authorities, environmental and social risks identification outcome, draft ESIA, draft ESMP, final ESIA, performance reports.

Outputs:
The main outputs of public disclosure and consultation are records of disclosure, lists of stakeholders consulted, records of public comments and feedback, records of responses to public comments and feedback, and of any subsequent modifications or alterations to the disclosed information.

Grievance mechanism

The fully-developed project or programme document will include a description of a grievance mechanism, which is accessible by employees of the IE and its implementing partners, and affected people and communities. The mechanism will be designed to receive and address their complaints about environmental or social harms caused by any AF-funded project or programme in a transparent, fair and effective manner and will be commensurate to the complexity of the risks. This mechanism is particularly important in projects with involuntary resettlement or indigenous peoples. The mechanism can be pre-existing, national, local, or institution- or project-specific.

Process:
- Identify for all the stakeholder groups the most suitable contact point for lodging grievances related to the project or programme
- Establish a contact point and handling procedure for grievances at the EE, integrated with the ESMP where this exists. Identify roles and responsibilities and a time frame for handling grievances received.
- Establish a contact point and handling procedure at the NIE, integrated with the ESMS. Identify roles and responsibilities and a time frame for handling grievances received.
- Develop a communication scheme to inform stakeholders of their opportunity to express their grievances to the EE or the NIE, including through the entities' website.

Resources:
Stakeholder analysis, risk identification for involuntary resettlement and indigenous peoples (ESP principles 7 and 8).

Outputs:

Grievance mechanism at EE and NIE, communication scheme.

Monitoring, Reporting and Evaluation

The IE will develop a monitoring programme commensurate with actions identified in the ESMP and will report on the monitoring results to the Fund in the mid-term, annual and terminal performance reports, or according to an agreed reporting schedule. Monitoring will be done to ensure that actions are taken in a timely manner and to determine if actions are appropriately mitigating the risks and impacts or if they need to be modified in order to achieve the intended outcome.

Process:
- Based on the ESMP, identify the monitoring and evaluation needs for the project or programme, taking into account, the case being, that there may be additional monitoring requirements emerging from impact assessments of unidentified activities or sub-projects.
- Based on the monitoring needs, identify a schedule for monitoring activities, timed to generate timely inputs in the scheduled overall project or programme reporting.
- Identify human and financial resources required for the monitoring and subsequent reporting.
- Prepare TOR for ESMP aspects of the scheduled project or programme evaluation(s).
- Allocate roles and responsibilities for monitoring and reporting.

Resources:
ESMP, overall project or programme monitoring, reporting and evaluation schedule.

Outcomes:
Monitoring, reporting and evaluation programme.