## ENVIRONMENTAL AND SOCIAL SCREENING PROCEDURE FOR UNDP PROJECTS

**Guidance** Note

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This Guidance Note will be adapted and revised based on experience and lessons learned from its implementation. Therefore, please share your experiences, recommendations and post questions through Teamworks (<u>https://undp.unteamworks.org/node/69237</u>)

## **1 INTRODUCTION**

"UNDP supports countries to pursue human development – development that is about improving people's lives, based on equitable and inclusive growth, enhancing resilience, and ensuring sustainability for people and the planet." (An Agenda for Organizational Change: Lifting UNDP Performance from Good to Great)

"Environmental and social sustainability, including climate change resilience, is fundamental to the achievement of development outcomes including the MDGs and must be systematically mainstreamed into UNDP's Programme and Project Management cycles. Opportunities to strengthen environmental and social sustainability, including climate resiliency, of programming need to be identified and realized. Potential adverse impacts and risks need to be avoided or minimized, where possible, and mitigated if not". (UNDP POPP)

In 2012, UNDP launched a new project-level environmental and social screening procedure<sup>1</sup>. UNDP is approaching the introduction of this procedure as a new project management service to support countries as they face increasingly complex development challenges. It aims to provide Project Developers/Managers with a set of tools and guidance to be able to strategically design and implement quality projects that support the achievement, equitability and sustainability of development results. It brings together in one process the various issues that need to be considered and mainstreamed into all of the work that we do, providing a more streamlined approach to project management. Recent evaluations of two decades of donor experience are showing that the ratio of benefits to costs in introducing safeguard processes such as this is substantial. Such processes not only protect against environmental and/or social damage or harm, but also assist in the clever design of projects so that opportunities are maximized. Therefore, the screening procedure aims to enable (rather than constrain) UNDP in our efforts to support human development.

Additionally, the screening procedure strengthens UNDP's accountability to the countries and communities we aim to support, stakeholders in the development processes, and the broader development cooperation and donor community. Environmental and social screening and assessment processes for projects have now become standard practice in development cooperation and are usually required by national regulatory frameworks and multilateral and bilateral donors. Therefore, application of UNDP's environmental and social screening and review process allows UNDP to demonstrate to partners and stakeholders that we have the appropriate safeguard measures in place for our projects. Additionally, safeguard approaches have proven to be ideal vehicles for consultation and disclosure of information. When associated with well-designed grievance mechanisms, they can provide an effective process for conflict resolution and mediation.

UNDP's screening procedure is also aligned with the evolving <u>Framework for Advancing Environmental</u> <u>and Social Sustainability in the UN System</u> and <u>UNDAF Guidelines</u> which identify three reinforcing normative principles for programming at the country level: <u>human rights</u>, <u>gender equality</u> and <u>environmental sustainability</u><sup>2</sup>. As such, UNDP needs to ensure these principles are mainstreamed into our own Programme and Project management cycles and need to also be considered as part of the screening process.

<sup>&</sup>lt;sup>1</sup>"Projects" are defined here as being the same as are described in a Project Document. The screening procedure is not applicable to management projects.

<sup>&</sup>lt;sup>2</sup> Additionally, there are related UNDG guidance notes and tools available for mainstreaming <u>indigenous peoples</u>, <u>HIV/AIDs</u>, <u>climate change</u>, <u>disaster risk reduction</u>, and <u>MDGs</u> in country level programming.

This note aims to guide Project Developers/Managers through the screening process by outlining *what* the procedure aims to achieve, *when* it takes place, *who* is responsible, and *how* to do it. A series of Annexes provide additional tools and guidance:

- Annex A. Environmental and Social Screening Template
- Annex B. Additional Guidance for Annex A.1, Question 1 (use of national environmental and social safeguard systems)
- Annex C. Additional Guidance for Addressing Climate Change Issues as Part of the Screening Process
- Annex D. Additional Guidance for Conducting an Environmental and Social Impact Assessment (ESIA)

A Frequently Asked Questions on the environmental and social screening procedure is also available.

## **2 WHAT IS ENVIRONMENTAL AND SOCIAL SCREENING?**

The two main objectives of environmental and social screening are to:

- 1. Enhance the environmental and social sustainabilityofa proposed project. This aspect of screening focuses on the environmental and social *benefits* of a project.
- 2. Identify and manage environmental and social risks that could be associated with a proposed project. This aspect of screening focuses on the possible environmental and social *costs* of an intervention and may point to the need for environmental and social review and management.

Screening thus constitutes an "environmental and social safeguard" approach which is a keycomponent of UNDP's overall quality assurance process<sup>3</sup>. The outcome of the environmental and social screening process is to determine *if* and *what* environmental and social review and management is required (see Figure 1)<sup>4</sup>. The screening process aims to quickly identify those projects where no potential environmental and social issues exist, so that only those with potential environmental and social implications will undergo a more detailed screening process. As a consequence, the outcome of the screening process will be a categorization of the project into one or more of the following categories<sup>5</sup>:

**Category 1.** No further action is needed, either because no significant environmental and social impacts and risks were identified, or because sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project; for example, in cases where national systems for environmental and social safeguards have been applied. (See Section 6 of this guidance.)

Category2. Environmental and social sustainability elements need to be integrated into project

**design** because there are possible environmental and social benefits, impacts,and/or risks associated with the project (or a project component) but these are predominantly indirect or very long-term and so extremely difficult or impossible to directly identify and assess. For example, when UNDP is supporting the elaboration of a development strategy, policy or plan. In these cases, UNDP will often have an important role to play in supporting and developing capacities for taking an integrated approach to development. In doing this, UNDP can draw on a wide variety of in-house expertise to provide a set of services that support an integrated approach, which will need to be planned for and reflected in project design. (See Section 7 of this guidance.)

**Category 3. Further environmental and social review and management is needed** because potential environmental and social impacts or risks are associated with the project (or a project component) and it is possible to identify these with a reasonable degree of certainty. In some cases, determining the significance of these impacts or risks will require environmental and social assessment which, in turn, will lead to the identification of specific environmental and social management measures that need to be incorporated into the project. (See Section 8 of this guidance.)

<sup>&</sup>lt;sup>3</sup> The screening procedure is complemented by UNDP's Checklist for Quality Programming which is to be revised and updated. <sup>4</sup>Regardless of screening outcome, UNDP activities need to be consistent with national and international policy and law.

<sup>&</sup>lt;sup>5</sup>Categories 2 and 3 are not mutually exclusive so projects may fall within both categories.



#### FIGURE 1. Environmental and Social Screening Procedure in UNDP's Project Cycle

The PROJECT DEVELOPER is responsible for conducting the environmental and social screening procedure. The PAC members will need to ensure the results of the environmental and social screening procedure are reviewed and taken into consideration as part of the project appraisal process. The PROGRAMME MANAGER is ultimately accountable to the Administrator for project approval. The PROJECT MANAGER is responsible to ensure that identified environmental and social review and management measures are implemented.

## **3 WHEN SHOULDENVIRONMENTAL AND SOCIAL SCREENING TAKE PLACE?**

The screening procedures will be implemented in phases across UNDP, and will initially apply to projects submitted to a Project Appraisal Committee with a budget of US\$500,000 or more. Fast Track Projects are not required to apply the procedure<sup>6</sup>.

As depicted in Figure 1, UNDP's environmental and social screening procedure is applied at the project level and is part of the project appraisal process (i.e. **Draft Project Documents are screened and results are submitted tothe PAC**). However, in order to systematically mainstream environmental and social sustainability into UNDP's Project Management cycle, environmental and social considerations must be taken into account at the earliest stages of project planning. Therefore, the screening template (Annex A) is a useful tool to refer to when conceptualizing a project(i.e. while undertaking the situation analysis and during the "**Justifying a Project**" stage of the Project Management Cycle) in conjunction with the UNDP Checklist for <u>Quality Programming</u>. At thisstage, the screening template can help the Project Developer think about how to strengthen the environmental and social sustainability of a proposed project. This should influence the design of a project at the earliest stages - not only to ensure that it is environmentally and socially "safe" and complies with international and national standards and regulations - but also to ensure that opportunities to further strengthen the environmental and social sustainability of projects are identified. Such an approach strengthens the achievement of development results and the overall quality of UNDP programming.

Final environmental and social screening, however, needs to be conducted and documented after a project is fully defined in a Draft Project Document (i.e. during "Defining a Project") and prior to the PAC.<sup>7</sup> The findings and conclusions of the screening process should be documented in the completed Environmental and Social Screening Template (Annex A) which should be submitted, along with the Project Document, to the PAC. Results of the screening will be reviewed and approved as part of the PAC. Any identified environmental and social impacts and risks need to also be documented and tracked through the project Risk Log.

In some instances, substantive changes are made to a project during implementation, so an additional PAC will be required to re-appraise the revised project. In these cases, the environmental and social screening process will need to be repeated.

<sup>&</sup>lt;sup>6</sup>The screening procedure is not mandatory for Fast Track Projects that are triggered by crisis declared, emergency grant and SURGE. Fast Track Projects under the strategic and/or time critical trigger, should apply the screening procedure.

<sup>&</sup>lt;sup>7</sup>The project elements need to be sufficiently defined in order to be able to accurately screen a project.

# 4 WHO ENGAGES IN ENVIRONMENTAL AND SOCIAL SCREENING?

Because environmental and social screening is included in UNDP's policies and procedures for project management, UNDP's accountability framework (refer to the <u>Accountability Platform</u>) and project management roles identified in the POPP (refer to <u>Accountability and Delegation of Authority</u> and <u>Programme and Project Management arrangements</u>) are applicable. Implementation of the screening will require participation of various actors within UNDP, but the following is a list of the key actors who will be accountable:

#### Implementation roles and responsibilities:

- <u>Programme Manager</u> (played by RR, RBx Director, or BDP Director with regard to country, regional, or global projects respectively) has final authorization responsibility for projects and thus is accountable to the Administrator for ensuring the UNDP environmental and social screening procedure has been fully complied with at the project level. Any divergence between the recommendations of the PAC and the decision of the Programme Manager should be recorded on file.
- <u>Project Appraisal Committee (PAC) members</u> participate in PAC meetings and ensure that an environmental and social screening has been conducted and environmental and social issues are considered as part of the appraisal process. Relevant focal points should be included in the PAC, particularly for projects where the screening has identified potential environmental and social issues.
- <u>Project Developer</u> is responsible for ensuring completion of the environmental and social screening process and submitting documentation to the PAC.
- <u>Project Manager</u> is responsible for implementing the identified environmental and social management measures are implemented and monitored.

#### Support roles and responsibilities:

- The <u>Bureau for Development Policy (BDP)</u> will be responsible for developing and facilitating trainings, reporting, establishing a roster of experts, documenting lessons learned, providing technical support, leading the ongoing development and refinement of the tools and guidance, end of year reviews of implementation, and working overall to ensure technical and substantive rigour in the continued development and implementation of environmental and social safeguards within UNDP.
- The <u>Environmental and Social Safeguards Steering Group</u> includes focal points from each Bureau and supports advocacy, awareness raising and implementation of the screening procedure as well as provides strategic guidance on implementation and further evolution of the safeguards. A key role of the Steering Group will also be to ensure that the safeguards are an integral part of broader corporate processes, such as the Agenda for Organizational Change, corporate monitoring and reporting tools, and streamlining of the Programme and Project Management procedures.
- <u>Regional Service Center (RSC)</u>technical advisors and focal points will work closely with BDP to facilitate decentralized trainings, provide technical support, document lessons learned, etc.For example, RSCs may respond to requests to review the environmental and social screening in

cases where the Project Developer is uncertain of potential environmental and social impacts. To facilitate this support, detailed training will be provided to Regional Service Center focal points.

In short, it is the responsibility of Project Developers to actually complete the screening process for each project, and to ensure that the relevant forms are submitted, along with other relevant project documentation, to the PAC. It is then the responsibility of the Project Manager to ensure that identified environmental and social review and management measures are implemented. Therefore, Project Developers/Managers are the main audience for this guidance.

## 5 HOW TO DO AN ENVIRONMENTAL AND SOCIAL SCREENING

In most cases project screening will be a straightforward, desk-based exercise where Project Developers will draw on their experience as development professionals. The screening process entails the following steps (as depicted in Figure 1):

- **Step 1**: Early in the project cycle (during "Initiating a Project") familiarize yourself with the environmental and social screening process by reviewing this Guidance and annexes (particularly Annex A.1 of the Environmental and Social Screening Template). Utilize the guidance to inform the project development process.
- **Step 2**: After a Draft Project Document is developed, complete Annex A.1 of the Environmental and Social Screening Template (the Environmental and Social Screening Checklist) which guides you through the process to determine if the project is a Category 1, 2 and/or 3.
- **Step 3**: For Category 2 and 3 projects, conduct further environmental and social review as needed and revise the Project Document to incorporate environmental and social sustainabilityelements and management measures (refer to Sections 7 and 8 of this guidance).
- **Step 4**: Summarize the results of the screening process in Annex A.2 of the Environmental and Social Screening Template (the Environmental and Social Screening Summary) which includes guidance on what should be documented.
- **Step 5**: Submit the completed Environmental and Social Screening Template (Annex A.1 and Annex A.2), along with other relevant documentation, to the PAC.The completed template will become part of the project record. If environmental and social risks were identified then enter and track these risks in the Project Risk Log.

The following sections provide additional guidance related to the specific requirements for Category 1, 2 and 3 projects.

## 6 CATEGORY 1 PROJECTS

**No further action is needed**, either because no significant environmental and social impacts and risks were identified or because sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project; for example, in cases where national systems for environmental and social safeguards have been applied (refer to Annex B).

Projects that include activities solely related to procurement, report preparation, training, event coordination, communication and dissemination of results will be Category 1 projects. However, it is important to note that such projects, particularly those with procurement components, may still have potential environmental and social sustainability considerations; however, these are addressed through UNDP's procurement processes rather than the project management process. In these cases UNDP's Procurement Ethics and Environmental Procurement Guide need to be complied with. In addition, there may be relevant resources available through the Greening the Blue initiative related to embedding sustainability in our own operations.

## 7 CATEGORY 2 PROJECTS

UNDP is involved in many different types of projects. Involvement may vary from supporting components of national development planning through to implementation of small-scale development projects that have direct and identifiable impacts. In cases where UNDP is supporting development and poverty-reduction *planning* processes in countries, a project level impact assessment process (e.g. an Environmental and Social Impact Assessment) conducted prior to project implementation is not an appropriate approach. However, environmental and social mainstreaming approaches (e.g. Strategic Environmental and Social Assessment) should be applied <u>as part of project delivery</u> (rather than as a precondition to UNDP support) and is a key area where UNDP can offer capacity development support to countries. Therefore, for Category 2 projects Project Developers/Managers need to ensure that an integrated approach is applied to project design and delivery, rather than applying a prescriptive process for impact assessment to be conducted prior to UNDP engagement. It is about bringing together the relevant in-house expertise and services during project design and implementation to ensure UNDP is supporting strengthened capacities for sustainable human development. A key component of this will be to ensure that UNDP supports strong multi-stakeholder engagement in the planning process.

The task of including environmental and social opportunities or risks in development planning processes is known as *environmental and social mainstreaming*. This concept has been defined as:

"the informed inclusion of relevant environmental and social concerns into the decisions and institutions that drive national, sectoral, city and local development policy, rules, plans, investment and action"<sup>8</sup>.

UNDP, with its mandate to support sustainable human development and poverty-reduction, has a particular role to play in supporting national capacities to mainstream environmental and social issues in development processes.

Project Developers of Category 2 projects thus need to identify the "entry points" for mainstreaming. These entry points e essentially the decision-making processes that mainstreaming intends to influence and strengthen. Past experience suggests the importance of having a broad set of entry points to mainstream into development planning and implementation. Therefore, UNDP's approach for environmental and social mainstreaming is based on service delivery and capacity development through the following six levels of entry points:

**Sub-national/local**: district and local level development plans and regulatory frameworks, provision of services, investment funds, technical guidelines and methods, stakeholder engagement.

**Sectoral**: development sector legislation and regulations, sector strategies and guidelines, program support and extension services, operational standards, codes of practice and other measures, including financial.

**National**: national development policies, plans and budgets, and development programming implementation (e.g. PRS/PRSPs, NAMAs).

Regional: transboundary programs and other associations.

Global: international negotiations and agreements, and related forums.

Once the entry points are identified, then the Project Developer needs to bring to bear the various inhouse expertise and services that can be delivered through the project. It is important to note that there is not just one prescriptive approach for Category 2 projects. In this regard, a web-based portal will be developed for UNDP staff to access the various tools, guidance, methodologies, and expertise

<sup>&</sup>lt;sup>8</sup>Adapted from Dalal-Clayton, B. and S. Bass (2010), Briefing Note: Environmental Mainstreaming - A Key Lever for a Green Economy: Challenges and Approaches (available at: http://www.environmental-mainstreaming.org/documents/EM% 20Briefing% 20Note% 20(31% 20May% 202010).pdf

that UNDP can offer to support sustainable human development. Some of the key guidance and methodologies available include:

- <u>Mainstreaming Poverty-Environment Linkages into Development Planning: A Handbook for</u> <u>Practitioners</u> (UNDP-UNEP Poverty-Environment Initiative, 2009): This handbook provides guidance for mainstreaming poverty-environment linkages into national development planning and draws on a substantial body of experience at the country level. Related resources can be found on the <u>PEI website</u>.
- <u>UNDP's Key Gender Resources</u>: A table providing a list of key resources related to gender mainstreaming. Specifically, UNDP offers support to countries related to <u>gender responsive economic</u> <u>policy development</u>, <u>gender</u>, <u>environment and sustainable development</u>, and <u>gender and climate</u> <u>change</u>.
- <u>Supporting MDG Strategies</u>: Provides an overview of services UNDP's offers to countries related to MDG strategies, including the MDG Acceleration Framework.
- <u>Climate Change Mainstreaming</u>: UNDP offers many services related to climate change mainstreaming (<u>https://undp.unteamworks.org/node/64709#one</u>). A <u>stocktaking report of tools and</u> <u>guidelines for mainstreaming climate change adaptation</u> has been developed which provides an overview of various approaches and methodologies available.
- <u>Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-Operation, OECD DAC Guidelines and Reference Series</u> (OECD 2006): This guidance points to ways to support the application of SEA in the formulation and assessment of development policies, plans and programmes. It also incorporates social sustainability elements. Related to this is guidance produced by The World Bank on <u>Strategic Environmental Assessment in Policy and Sector Reform</u>.
- <u>UNDAF Guidelines</u> identify three reinforcing normative principles for programming at the country level: <u>human rights based approach</u>, <u>gender equality</u> and <u>environmental sustainability</u>. Additionally, there are related UNDG guidance notes and tools available for mainstreaming <u>indigenous peoples</u>, <u>HIV/AIDs</u>, <u>climate change</u>, <u>disaster risk reduction</u>, and <u>MDGs</u> in country level programming.
- <u>Key citations from the International Association for Impact Assessment</u>: Provides a source of information about the different subfields of impact assessment.

A web-based portal will be developed for UNDP staff to access the various tools, guidance, methodologies, and expertise that UNDP can offer to support environmental and social sustainability mainstreaming in development planning processes. Please share relevant guidance, initiatives and experiences on the Teamworks page (<u>https://undp.unteamworks.org/node/69237</u>).

## 8 CATEGORY 3 PROJECTS

The screening procedure defines Category 3 projects as those that include components that have possible environmental and social impacts and/or risks that can be identified with a reasonable degree of certainty. Determining the significance of impacts will require varying degrees of environmental and social review which, in turn, will lead to the identification of specific environmental and social management measures that need to be incorporated into the project.

Category 3 projects include components that typically involve some physical change to environmental and social conditions through, for example, the alteration of land uses, construction of infrastructure (such as buildings, roads, energy production and distribution facilities, waste management facilities),natural resource management/extraction activities (such as farming, irrigation, mining, fishing), business development and livelihood interventions.

When projects are screened and identified as Category 3, the role of the UNDP Project Developer/Manager is to assist national counterparts in assessing and managing potential impacts. For example, Terms of Reference (ToRs) for environmental and social assessment studies may need to be developed, and this guidance will assist UNDP staff in this regard. In cases where such studies have already been produced by national governments or other partners, or where they are in preparation, this note aims to provide guidance that would allow UNDP Project Developers to appraise their adequacy.

This section contains the following elements:

- Section 8.1 outlines key elements of environmental and social review and management.
- Section 8.2 provides an overview of how to identify what further environmental and review and management is required.
- Section 8.3 explains options for funding an environmental and social assessment when one is required.
- Section 8.4 gives guidance on how to review the quality of an environmental and social assessment.
- Section 8.5 provides an overview of how environmental and social review and management is integrated in the project cycle.

Additionally, **Annex D** provides guidance on conducting a fullenvironmental and social impact assessment (ESIA), when one is required.

#### 8.1 KEY ELEMENTS

Environmental and social review and management is a flexible and highly contextualized approach that will vary considerably in form and scope depending on the project. For example, review can range from identifying best practices that need to be incorporated into the project, to the conduct of a full environmental and social assessment.

Environmental and social impacts include the physical, biological and social interactions surrounding a specific activity, such as a project, and soenvironmental and social review needs to address both impacts *from* and *to* a proposed activity. For example, an environmental and social review process would not only look at potential greenhouse gas emissions from a proposed activity but also at the potential implications of climate risks to the project. A fullenvironmental and social assessment, when required, identifies ways

for preventing, minimizing, mitigating, or compensating for adverse consequences and for enhancing positive ones. While such a process required additional work during project design, it is known to be a cost-effective means of addressing environmental and social impacts (i.e. applying principles of good planning as opposed to a more costly approach of addressing impacts and risks during implementation).

Regardless of the scope, there remain some key objectives that must be addressed in any environmental and social review and management process. These include the need to:

- Recognize that the "precautionary principle" should be applied when designing projects. In other words, if a project has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the project could be harmful, the burden of proof that it is not harmful falls on those taking the action.
- Ensure environmental and social impacts (direct and indirect) are identified and addressed.
- Engage stakeholders in the process of identifying, reviewing and managing impacts and risks.
- With respect to indigenous communities, consultation processes should be mutually acceptable to project proponents and to the communities, and there should be evidence of agreement between the parties as to the outcome of the consultations.
- Anticipate and avoid, minimize or offset any significant adverse impacts.
- Promote development that is environmentally and socially sustainable.
- Ensure environmental and socialbenefits, impacts and risks are factored into project design and execution.

#### 8.2 DETERMINING THE SCOPE

Environmental and social review varies significantly in breadth, depth and type of analysis depending on the specificities of the proposed project. In some cases, impacts and risks are easily addressed through application of standard best practice (e.g. as identified through a permitting process) so while further review may not be required, management activities will need to be incorporated into the project. In other cases where it is not clear what further review and management is required, a detailed "scoping" exercise will be needed to identify the issues and impacts that are likely to be important and what further review is required. All projects must also comply with applicable national and local environmental laws and regulations of the host country relating to environmental and social assessment requirements. In sum, the scope of environmental and social review and management should be commensurate with the type and scale of the proposed project and the nature and extent of the likely environmental and social impacts.

The scope of further environmental and social review and management generally falls in one of two categories:

- <u>Category 3a</u>: Impacts and risks are limited in scale and can be identified with a reasonable degree of certainty and can often be handled through application of standard best practice but require some minimal or targeted further review and assessment to identify and evaluate whether there is a need for a full environmental and social assessment (in which case the project would move to Category 3b).
- <u>Category 3b</u>: Impacts and risks may well be significant and so full environmental and social assessment is required. These are the higher risk projects and represent a small portion of UNDP's portfolio.

This section provides guidance on how to determine which category the project falls within, and therefore the scope of further environmental and social review that is required. Scoping entails the following steps:

Step 1. Identify if Potential Environmental and Social Impacts Can be Readily Addressed through Minor Modifications to Project. Identify if there are best management practices that can be applied to address potential environmental and social impacts. For example, projects which involve minor

construction, handling of chemicals, or other common activities that have well-developed best management practices associated with them to ensure potential environmental and social impacts are avoided, minimized and mitigated. In some cases, a permitting process may be required to ensure that such management practices are applied.

*Step 2.Determine Need for Additional Scoping and Assessment.* Determine if the key environmental and social issues relating to the proposed project have been adequately identified and addressed and the project revised accordingly. For projects where there are potentially significant impacts, or where these may be controversial in nature, or where there remains debate about whether environmental and social impacts have been adequately addressed, then further scoping and assessment will be needed.

If potential environmental and social impacts are easily addressed through the application of best management practices and minor adjustments to the Project Document, then the project falls within Category 3a and no additional review is required. If further review is necessary then the project falls with Category 3b and an environmental and social assessment is required. The following steps provide additional guidance for Category 3b projects.

*Step 3. Determine Data Availability.* Scoping, and what follows, should build on an adequate understanding of relevant baseline biophysical dimensions, ecosystems conditions, physical and cultural resources, and other environment-related issues. Determine if there is sufficient data available and, if the data are insufficient, plan for and undertake efforts to fill the identified data gaps.

*Step 4. Identify Potential Alternatives.* Identify project alternatives to aid in making decisions among real options, as early as possible in the project design.

Consider all types of alternatives, including: alternative project locations, timing, scales, intensities, designs, operational processes, organizational setups, or alternative ways of dealing with environmental impacts. Confine the scope of alternatives evaluated to those that are appropriate to the project definition/design stage. Also, limit the alternatives considered to those that are cost-effective, technically feasible and financially feasible. Whenever feasible, preference should be given to projects, or project components, that are sited on lands already converted.

*Step 5. Determine the Spatial and Temporal Focus.* For projects involving physical interventions, identify those components of the environment likely to be significantly affected by the project based on past documented experience; project location in relation to topography, water courses, settlement areas and land use; the potential likely geographic and temporal extent, severity and reversibility of the impacts; and the measurements or thresholds to be used to assess significance. Collectively apply these data to define the boundaries of the assessment so that they address how far in distance and time the environmental impacts will be studied. For projects that do not involve physical interventions, a more standardized approach may be applied, e.g. a table of standard boundaries for a particular kind of activity (which may need to be adjusted for project-specific conditions). All projects need to identify potential transboundary environmental and social impacts (including impacts on international waterways or on transboundary river basins, airsheds and ecosystems) and identify potential global environmental impacts (e.g. greenhouse gas emissions and ozone depletion).

*Step 6. Identify Environmental and Social Impacts*. Identify likely environmental and social impacts, considering the type, location, sensitivity and scale of the proposed project. Consider the nature and magnitude of environmental and social impacts, including positive and negative, reversible and irreversible, direct and indirect, past/ongoing and future, short- and long-term, on-site and off-site, third party and supply chain, cumulative, and synergistic impacts.

Perform this analysis for all components and phases of the proposed project. For projects with physical interventions, this includes project pre-construction, construction, operation and closure. Determine if the ecological balance of natural systems, protected or fragile areas, or sites of social importance could be impaired or improved, including under likely conditions of <u>climate change</u>. Determine if increases in consumption, waste, <u>pollution</u> or health problems could result from the proposed project. Identify possible long-term impacts, including indirect or secondary effects of induced unplanned growth and development.

## Step 7. Preliminarily Identify Potentially Applicable Environmental and Social Mitigation, Monitoring and Capacity Development Measures to be Included in the Environmental and Social Management

*Plan.* In the case of unavoidable adverse environmental or social impacts, identify potential environmental or social mitigation and monitoring measures. Determine if there is sufficient capacity within the responsible organizations or institutions for implementing such measures. If not, determine if it will be possible to develop the appropriate capacity and, if so, at what cost and in what timeframe.

In many cases, Project Developers can refer to country-specific best practice management guidance to ensure that relevant environmental and social management measures are integrated into projects. Many countries will already have this kind of sector-specific best practice management guidance in place. For example, for environmental issues are sometimes dealt with through use of "environmental codes of practice." Where this guidance does not exist in partner countries, it may also be appropriate to refer to international standards.

*Step 8. Determine Scope of Environmental and Social Assessment.* Based on the results of the previous scoping steps and initial stakeholder consultation, determine the key environmental and social issues relating to the proposed project and the focus of required further assessment. Identify the project component and/or phase that can be mostly affected by or pose the most serious adverse environmental or social impacts. Identify the data needed to fully evaluate those issues and the types of instruments and methodologies that will be most appropriate. Methodologies can be varied and could include any (or any combination of) the following:

- Gender Assessment
- Poverty and Social Impact Assessment
- Strategic Environmental (and Social) Assessment
- Cumulative Impact Analysis
- Environmental (and Social) Impact Assessment

Many developing countries now have regulations in place that support Environmental Impact Assessment (EIA) for project level interventions, and Strategic Environmental Assessment (SEA) for programmes, policies and plans. These will often be the most widely required and applied approaches for further assessment. In most cases EIA and SEA will also allow for the integration of social impacts. UNDP thus refers to "Environmental and Social Impact Assessment (ESIA)" recognizing that national systems typically will refer to EIA. In this regard, UNDP can play a key role in strengthening national capacities to integrate social issues into existing environmental assessment regulatory frameworks and processes. Because there are often national systems in place for EIA, **Annex D**provides specific guidance on the steps that should be taken to conduct an ESIA. Project Developers/Managers can use this guidance either to review existing assessments produced by partners (or internally within UNDP), or as a template for ESIA Terms of Reference where the assessment is yet to be undertaken.

#### Step 9. Prepare Terms of Reference and Selection Criteria for the environmental and social

*assessment*. When a Project Developer is asked/required to assist or lead in developing a Terms of Reference for an assessment, there may be a need to identify the types of specialists needed to undertake the work. Depending on the scope of the assessment and nature of the potential adverse impacts,

consideration should be given to retaining consultants who are independent and objective with respect to the proposed project. Outline the criteria for selecting the environmental and social assessment preparer. Prepare the Terms of Reference for the preparer. If the proposed project is related to potentially significant adverse environmental and social impacts that are diverse, irreversible, or unprecedented, consider forming an Independent Advisory Panel to oversee the environmental and social assessment process. Determine the budget and schedule adequate for preparing the assessment, including data collection and analysis, report preparation, and implementation of the associated public disclosure, stakeholder consultation and independent advisory panel processes.

Additional guidance on preparing ToR for an environmental and social assessmentcan be drawn from (with additional emphasis on the social side) <u>A Common Framework for Environmental Assessment, A</u> <u>Good Practice Note</u>, Multilateral Financial Institutions Working Group on Environment, 2005 (pp. 13-14).

*Step 10. Develop Stakeholder Engagement Plan.* Identify the project stakeholders who will be affected directly or indirectly, positively or negatively by the project, including local communities, NGOs and individual citizens, especially those who are disadvantaged or of vulnerable status. This status may stem from an individual's or a group's:

- Race, color, culture, gender, language;
- Religion;
- Political or other opinion;
- National or social origin, property, birth or other status;
- Sickness, physical or mental disability;
- Poverty or economic disadvantage;
- Dependence on unique natural resources.

Where groups are identified as being disadvantaged or vulnerable, the project will include differentiated measures so that adverse impacts do not fall disproportionately on them, and they are not disadvantaged in sharing development benefits and opportunities.

For all project stakeholders, including indigenous peoples (see <u>UNDP's Policy of Engagement with</u> <u>Indigenous Peoples</u>) determine the likely effect of the proposed project on each stakeholder group and identify their likely position relative to the proposed project. Determine how they are organized, especially relative to project-related issues, and who their legitimate representatives are. Determine how they typically participate and communicate in public decision-making processes. Conduct initial consultations with stakeholders to engage them in the scoping and project design process to gain feedback on potential environmental and social impacts, alternatives, mitigation measures, and the need for further review and management.

Prepare a detailed plan and schedule for public information sharing and stakeholder consultation processes capable of providing the project stakeholders with needed project-related information and consultation opportunities that will address their specific issues in ways corresponding to how they are organized, participate and communicate. Project stakeholders will be engaged in this planning process to communicate and confirm the plan, methods, schedule and reporting, as well as the capacity development needed for them to participate effectively.

Project stakeholder engagement is an ongoing process involving the disclosure of information to, and consultation with, project stakeholders. When project stakeholders may be affected by risks or adverse impacts from a proposed project, a plan for stakeholder engagement will be developed that will build and maintain over time a constructive relationship with project stakeholders. The nature and frequency of the engagement will reflect the project's vulnerability and risks to and adverse impacts on the affected communities, et al. The Stakeholder Engagement Plan will include provisions for the following minimum requirements:

- <u>Information Disclosure</u>. Consistent with UNDP's <u>Information Disclosure Policy</u>, relevant information on the proposed project will be disclosed to help affected communities and other stakeholders understand the risks, impacts and opportunities of the proposed project. The environmental and social assessment document, including the environmental and social management plan, will be publicly disclosed. If project stakeholders may be affected by risks or adverse impacts, they will be provided with access to information on the purpose, nature and scale of the project, the duration of proposed project activities, and any risks to and potential impacts on such stakeholders. Such disclosure will occur early in the assessment process and on an ongoing basis.
- <u>Consultation</u>. The consultation process will provide the stakeholders with opportunities to express their views at all points in the project decision-making process on matters that affect them directly and allows the project team to consider and respond to them. Topics the stakeholders will be able to express their views on will include, but are not be limited to:
  - Environmental and social risks and impacts, both adverse and positive;
  - Proposed mitigation measures;
  - Sharing of development benefits and opportunities;
  - Implementation issues.

An effective consultation process will:

- o Be free of external manipulation, interference, coercion, and intimidation;
- Be inclusive, but also culturally appropriate and tailored to the language preferences and decision-making processes of each identified stakeholder group, including disadvantaged or vulnerable groups;
- Be based on prior and timely disclosure of accessible, understandable, relevant and adequate information, including draft documents and plans;
- Begin early in the environmental and social assessment process, continue iteratively throughout the project life cycle, and be adjusted as risks and impacts arise;
- Address environmental and social risks and adverse impacts, and the proposed measures and actions to address these;
- Be documented, in particular, the measures taken to avoid or minimize risks to and adverse impacts on the project stakeholders.

<u>Grievance Mechanism</u>. A project-level grievance mechanism will be established to receive and facilitate resolution of the stakeholders' concerns and grievances about the project's environmental and social performance. The grievance mechanism will be appropriate to the potential adverse impacts of the project. It will address concerns promptly, using an understandable and transparent process that is culturally appropriate and readily accessible to all stakeholders at no cost and without retribution. The grievance mechanism will not impede access to judicial or administrative remedies. Affected communities will be informed about the mechanism as part of the stakeholder engagement process. The <u>Office of the Compliance Advisor/Ombudsman</u> for IFC and MIGA provides useful guidance on how to set up a project-level grievance mechanism.

### 8.3 FUNDING ENVIRONMENTAL AND SOCIAL ASSESSMENT

Because environmental and social screening and review is a planning process to inform project design and execution, it should be completed prior to final project approval or implementation. However, an environmental and social assessment process requires resources to be completed. In this regard, the following three possibilities have been identified as the most likely options for funding an environmental and social assessment process:

- <u>Conducted by Partner</u>: In some cases, UNDP will be supporting a component of a broader partnerled initiative, where the existing or planned environmental and social assessment is funded and led by the partner. For example, when an environmental and social assessment is conducted using national safeguard systems, the Implementing Partner will often be the project proponent, or in some cases an EIA or SEA may have already been conducted which encompasses the national programme, plan, or project that UNDP is supporting. In these cases, the environmental and social assessment still needs to be completed and reviewed prior to finalization of the Project Document so that the environmental and social management recommendations can be integrated into the Project Document and budget.
- <u>Coordinated by UNDP and Project-Borne Funding</u>: In other cases UNDP will need to include the costs of the assessment in the project budget. This can be done in one of two ways:
  - An Initiation Plan may be created and submitted for appraisal at the PAC, along with the draft project document/annual work plan, if financial resources are required for an environmental and social assessment prior to the actual start of the project. If this is the case, and following endorsement of the Initiation Plan, a budget shall be approved and signed by UNDP in the form of an annual work plan. The Initiation Plan costs would then be built into the project budget. In the case that the environmental and social assessment process leads to substantive changes in the project, then a second PAC will be required.
  - In rare cases where the scope of the environmental and social assessment is anticipated to be significant due to the nature of anticipated environmental and/or social impacts, it may be necessary to include the assessment as the first phase of the project to ensure that adequate time and resources are applied. However, if the environmental and social assessment process leads to substantive changes in the project, then a second PAC will be required.
- <u>Cost-Sharing</u>: In cases where an environmental and social assessment could cover several related projects, its costs could be shared across various projects either as part of the Initiation Plan or part of the project budget. In such cases, UNDP's role in conducting the environmental and social assessment (i.e. oversight and quality assurance) would vary.

### 8.4 REVIEWING AN ENVIRONMENTAL AND SOCIAL ASSESSMENT

Each environmental and social assessment will often be conducted by external experts and it will be the responsibility of UNDP and its partners to ensure the quality of these. The environmental and social assessment should be appraised against the following general criteria:

- It meets its terms of reference, both procedurally and substantively;
- It provides an accurate and complete evaluation of the proposed project;
- It contains the information required for decision-making;
- It describes specific mitigation, monitoring and capacity development measures;

- It assesses the capacity of the institutions responsible for implementing environmental and social management;
- It was developed through a consultative process with strong stakeholder engagement; and,
- It assesses the adequacy of the cost of and financing arrangements for environmental and social management implementation.

### 8.5 INTEGRATION IN THE PROJECT CYCLE<sup>9</sup>

A clearly defined project (as elaborated in a draft Project Document) is necessary prior to scoping and planning an environmental and social assessment. Therefore, the earliest an environmental and social assessment canbe completed (when required) is during the "Defining a Project" stage of UNDP's project management cycle after a Project Document has been drafted (but prior to the PAC), and in some cases it may even take place as a first phase of project implementation. However, environmental and social issues need to be integrated into the project from the earliest stages. The screening template included in Annex A is therefore a useful tool that the Project Developer could use to address environmental and social considerations of the project at the earliest stages of conceptualization and development.

When further environmental and social review and management is required, it must become an integral part of the project cycle - from the design stages through to project completion and evaluation. The following table outlines some of the key environmental and social review and management considerations that need to be taken into account for the relevant stages of UNDP's Project Management Cycle, i.e. defining a project, initiating a project, running a project and closing a project.

Relevant stages of the Project Management Cycle	Environmental and Social Review and Management Considerations for Category 3 Projects
	• Undertake a scoping exercise (see Section 8.2 and Annex D, Stage 1).
	• When a full environmental and social assessment <u>is not</u> necessary, best practice environmental and social management approaches need to be incorporated into the project.
	• Identified environmental and social risks, mitigation measures and costs need to be documented and tracked in the project <b>Risk Log</b> .
Defining a project	• When a full environmental and social assessment <u>is</u> necessary it should be conducted and reviewed during this stage if resources allow. If not, the assessment should be included as a first phase of implementation in the project document.
	• When a full environmental and social assessment is required, the <b>findings and recommendations</b> of the environmental and social assessment report <sup>10</sup> , along with results of the stakeholder engagement process, should be <b>integrated</b> into the Project Document and budget.
	• Submit the complete environmental and social assessment (including the environmental and social management plan where relevant) to the PAC. Integrate recommendations of the

Table 3.1: Integration of Environmental and	Social Assessment in the Relevant Stages of the
Project Management Cycle	

<sup>&</sup>lt;sup>9</sup> Note that UNDP's Programme and Project Management Cycles are currently being revised so this section will need to be updated accordingly.

<sup>&</sup>lt;sup>10</sup>These recommendations could cover a large range of measures including revising/implementing mitigation options, or modifying the design of the project.

Relevant stages of the Project Management Cycle	Environmental and Social Review and Management Considerations for Category 3 Projects
	environmental and social assessment into the Draft Project Document and attach the full environmental and social assessment to the Draft Project Document for submittal.
	• Integrate Environmental and Social Assessment (including Environmental and Social Management Plan, where relevant) Recommendations and Stakeholder Engagement Plan, into Final Project Implementation Arrangements and Management Organizational Structure. Develop clear arrangements regarding environmental and social capacity development, project budgeting and financing, communications and management commitment.
	• Incorporate Environmental and Social Mitigation and Monitoring Measures into the Project Procurement Plan. Incorporate environmental and social provisions as terms and conditions of project legal and institutional arrangements in which procurement is carried out. These terms and conditions will relate to requirements for:
	• Mitigation, remediation and enhancement measures;
	<ul> <li>Monitoring measures and auditing requirements (periodic and exit audits);</li> </ul>
	• Complying with applicable laws and regulations;
	• Environmentally and socially responsible, sustainable or green procurement;
	• Stakeholder engagement (public disclosure and consultation); and,
	• Communications and reporting (internal and external reporting).
Initiating a	<ul> <li>Structure legal agreements with contractors to ensure that they comply with all of the project-specific environmental and social mitigation and monitoring measures:</li> </ul>
project	• Directly link payments to contractors for successful implementation of the environmental and social management plan;
	<ul> <li>Subject contractor performance guarantees to collection for failure to implement the environmental and social management plan;</li> </ul>
	<ul> <li>Include environmental and social performance criteria in the definition of "Project Completion";</li> </ul>
	• Provide rights and/or remedies for UNDP in the event that a contractor fails to implement the environmental and social management plan requirements.
	Finalize Project Procurement Plan based on UNDP's Green Procurement Guidelines. For more information, refer to UNDP's Practice Guides on <u>Environmental Procurement</u> and <u>Environmental</u> <u>Specifications</u> .
	<ul> <li>Integrate environmental and social monitoring requirements into the overall Project Monitoring Framework and Project Monitoring Schedule Plan.</li> </ul>
	• Integrate Environmental and Social Management Plan implementation costs into the overall project funding arrangements and Project Budget. Ensure that there is sufficient funding to implement the environmental and social management plan effectively and in a timely manner. Specifically, include environmental and social management plan implementation needs for environmental equipment, supplies and services in the budget and specify cost -recovery means.
Running a project	• In cases where the environmental and social assessment occurs as the first phase of the project then it should be conducted and the project revised accordingly (as described above). In many cases this will mean that the project will require a second PAC in order to ensure substantive changes are properly appraised.

Relevant stages of the Project Management Cycle	Environmental and Social Review and Management Considerations for Category 3 Projects
	• Implement Environmental and Social Monitoring and Mitigation Measures. Implement monitoring and mitigation provisions incorporated in the Project Plans and the Project Document.Conduct periodic site visit audits to review environmental and social risks and impacts. Reviewproject environmental and social performance as reported in environmental and social monitoring reports and, where relevant, plan and implement performance improvement requirements or opportunities.If changed project circumstances result in adverse environmental and social impacts, the Project Manager will work to address them. Update the Risk Log to reflect results of the environmental and social risk monitoring.
	If the project fails to comply with its environmental and social commitments, the Project Manager will work to bring it back into compliance to the extent feasible. If compliance cannot be readily reestablished, the Project Manager will exercise the appropriate remedies, including, but not limited to, ceasing operations until a plan for compliance can be identified.
	• Conduct Evaluation, Management and Communication. Evaluate environmental and social monitoring results; implement corrective actions as needed; and submit reports to communicate those results, decisions and actions.
Closing a project	<b>Integrate Environmental and Social Assessment (including environmental and social management plan, where relevant) Results into Final Project Review Report and Final Financial Report.</b> Collect, organize and present in the Final Project Reports results regarding the implementation and effectiveness of all mitigation, monitoring, evaluation, management, communication and capacity development measures conducted during the project and final expenditures.

## ANNEX A: ENVIRONMENTAL AND SOCIAL SCREENING TEMPLATE

The environmental and social screening template should be completed by the Project Developer and submitted to the PAC. It is made up of two parts:

Annex A.1: Environmental and Social Screening Checklist: Fourmain screening questions are presented to identify if there are potential environmental and social impacts that need to be addressed through further environmental and social review and management. The questions are designed to initially screen out projects where no further review is required, so that only those projects with potential environmental and social impacts will need to undergo a more detailed screening process.

**Annex A.2: Summary**: A cover page to provide a brief summary of the results of the screening checklist. To be filled in after Annex A.1 has been completed.

**NOTE**: The template will also be converted into a web-based tool and will be available on the Teamworks space (https://undp.unteamworks.org/node/69237).

#### Annex A.1: Environmental and Social Screening Checklist

## **QUESTION 1:**

Has a combinedenvironmental and social assessment/review that covers the proposed project already been completed by implementing partners or donor(s)?
Select answer below and follow instructions:
<b>NO</b> $\rightarrow$ Continue to Question 2 (do not fill out Table 1.1)
<ul> <li>YES → No further environmental and social review is required if the existing documentation meets UNDP's quality assurance standards, and environmental and social management recommendations are integrated into the project. Therefore, you should undertake the following steps to complete the screening process:         <ol> <li>Use Table 1.1 below to assess existing documentation. (It is recommended that this assessment be undertaken jointly by the Project Developer and other relevant Focal Points in the office or Bureau).</li> <li>Ensure that the Project Document incorporates the recommendations made in the implementing partner's environmental and social review.</li> <li>Summarize the relevant information contained in the implementing partner's environmental and social review.</li> </ol> </li> </ul>
4. Submit Annex A to the PAC, along with other relevant documentation.
Note: Further guidance on the use of national systems for environmental and social assessment can be found in Annex B.

TA	ABLE 1.1: CHECKLIST FOR APPRAISING QUALITY ASSURANCE OF EXISTING ENVIRONMENTAL AND SOCIAL ASSESSMENT	Yes/No
1.	Does the assessment/review meet its terms of reference, both procedurally and substantively?	
2.	Does the assessment/review provide a satisfactory assessment of the proposed project?	
3.	Does the assessment/review contain the information required for decision-making?	
4.	Does the assessment/review describe specific environmental and social management measures (e.g. mitigation, monitoring, advocacy, and capacity development measures)?	
5.	Does the assessment/reviewidentify capacity needs of the institutions responsible for implementing environmental and social management issues?	
6.	Was the assessment/review developed through a consultative process with strong stakeholder engagement, including the view of men and women?	
7.	Does the assessment/review assess the adequacy of the cost of and financing	

arrangements for environmental and social management issues?	
Table 1.1 (continued) For any "no" answers, describe below how the issue has been or wil resolved (e.g. amendments made or supplemental review conducted).	l be

## **QUESTION 2:**

#### Do <u>alloutputs</u> and activities described in the Project Document fall within the following categories?

- Procurement (in which case UNDP's Procurement Ethics and Environmental Procurement Guideneed to be complied with)
- □ Report preparation
- □ Training
- □ Event/workshop/meeting/conference (refer to <u>Green Meeting Guide</u>)
- □ Communication and dissemination of results

Select answer below and follow instructions:

- $\square$  NO  $\rightarrow$  Continue to Question 3
- □ **YES** → No further environmental and social review required. Complete Annex A.2, selecting Category1, and submit the completed template (Annex A) to the PAC.

## **QUESTION 3:**

Does the proposed project include activities and outputs that support *upstream* planning processes that potentially pose environmental and social impacts or are vulnerable to environmental and social change (refer to Table 3.1 for examples)?(Note that *upstream* planning processes can occur at global, regional, national, local and sectoral levels)

Select the appropriate answer and follow instructions:

- $\square$  **NO**  $\rightarrow$  Continue to Question 4.
- $\Box$  **YES**  $\rightarrow$  Conduct the following steps to complete the screening process:
  - 1. Adjust the project design as needed to incorporate UNDP support to the country(ies), to ensure that environmental and social issues are appropriately considered during the upstream planning process. Refer to Section 7of this Guidance for elaboration of environmental and social mainstreaming services, tools, guidance and approaches that may be used.
  - 2. Summarize environmental and social mainstreaming support in Annex A.2, Section C of the Screening Template and select "Category 2".
  - 3. If the proposed project ONLY includes upstream planning processes then screening is complete, and you should submit the completed Environmental and Social Screening Template (Annex A) to the PAC. If downstream implementation activities are also included in the project then continue to Question 4.

<u>T</u>	ABLE 3.1 EXAMPLES OF UPSTREAM PLANNING PROCESSES WITH POTENTIAL DOWNSTREAM ENVIRONMENTA AND SOCIAL IMPACTS	Check appropriate L box(es) below
1.	Support for the elaboration or revision of <b>global-level</b> strategies, policies, plat and programmes.	18,
	For example, capacity development and support related to international negotiations and agreements. Other examples might include a global water governance project or a global MDG project.	
2.	Support for the elaboration or revision of <b>regional-level</b> strategies, policies an plans, and programmes.	ıd
	For example, capacity development and support related to transboundary programmes and planning (river basin management, migration, international waters, energy development and access, climate change adaptation etc.).	
3.	Support for the elaboration or revisionof <b>national-level</b> strategies, policies, pla and programmes.	ans
	For example, capacity development and support related tonational developm policies, plans, strategies and budgets, MDG-based plans and strategies (e.g PRS/PRSPs, NAMAs), sector plans.	ent
4.	. Support for the elaboration or revision of <b>sub-national/local-level</b> strategies, polices, plans and programmes.	

<u>TABLE 3.1</u>	EXAMPLES OF UPSTREAM PLANNING PROCESSES WITH POTENTIAL DOWNSTREAM ENVIRONMENTAL AND SOCIAL IMPACTS	Check appropriate box(es) below
For examp developmen developmen services, in engagemen	e, capacity development and support for district and local level at plans and regulatory frameworks,urban plans, land use at plans, sector plans, provincial development plans, provision of vestment funds, technical guidelines and methods, stakeholder t.	

## **QUESTION 4:**

Does the proposed project include the implementation of *downstream* activities that potentially pose environmental and social impacts or are vulnerable to environmental and social change?

To answer this question, you should first complete Table 4.1 by selecting appropriate answers. If you answer "No" or "Not Applicable" to all questions in Table 4.1 then the answer to Question 4 is "NO." If you answer "Yes" to any questions in Table 4.1 (even one "Yes" can indicated a significant issue that needs to be addressed through further review and management) then the answer to Question 4 is "YES":

- □ NO → No further environmental and social review and management required for downstream activities. Complete Annex A.2by selecting "Category 1", and submit the Environmental and Social Screening Template to the PAC.
  - **YES** $\rightarrow$  Conduct the following steps to complete the screening process:
    - 1. Consult Section 8of this Guidance, to determine the extent of further environmental and social review and management that might be required for the project.
    - 2. Revise the Project Document to incorporate environmental and social management measures. Where further environmental and social review and management activity cannot be undertaken prior to the PAC, a plan for undertaking such review and management activity within an acceptable period of time, post-PAC approval (e.g. as the first phase of the project) should be outlined in Annex A.2.
    - 3. Select "Category 3" in Annex A.2, and submit the completed Environmental and Social Screening Template (Annex A) and relevant documentation to the PAC.

# TABLE 4.1:ADDITIONAL SCREENING QUESTIONS TO DETERMINE THE NEED AND<br/>POSSIBLE EXTENT OF FURTHER ENVIRONMENTAL AND SOCIAL<br/>REVIEW AND MANAGEMENT

1.	Biodiversity and Natural Resources	Answer (Yes/No/ Not Applicable)
1.1	Would the proposed project result in the conversion or degradation of <u>modified habitat</u> , <u>natural habitat</u> or <u>critical habitat</u> ?	
1.2	Are any development activities proposed within a legally protected area	

TAB	<u>BLE 4.1</u> :	ADDITIONAL SCREENING QUESTIONS TO DETERM POSSIBLE EXTENT OF FURTHER ENVIRONMENTAL REVIEW AND MANAGEMENT	INE THE NEED AND L AND SOCIAL
	(e.g. natura biodiversit	l reserve, national park) for the protection or conservation of <i>y</i> ?	
1.3	Would the species?	proposed project pose a risk of introducing invasive alien	
1.4	Does the pr developme sustainable Council cer relevant No	roject involve natural forest harvesting or plantation nt without an independent forest certification system for forest management ( <i>e.g. PEFC, the Forest Stewardship</i> <i>rtification systems, or processes established or accepted by the</i> <i>ational Environmental Authority</i> )?	
1.5	Does the proof of	roject involve the production and harvesting of fish populations uatic species without an accepted system of independent in to ensure sustainability ( <i>e.g. the Marine Stewardship Council</i> <i>n system, or certifications, standards, or processes established</i> <i>d by the relevant National Environmental Authority</i> )?	
1.6	Does the proof surface of <i>For example groundwate</i>	roject involve significantextraction, diversion or containment or ground water? <i>le, construction of dams, reservoirs, river basin developments,</i> <i>er extraction.</i>	
1.7	Does the pr	oject pose a risk of degrading soils?	
			A
2.	Pollution		(Yes/No/ Not Applicable)
2. 2.1	<b>Pollution</b> Would the environmen potential for	proposed project result in the release of pollutants to the nt due to routine or non-routine circumstances with the or adverse local, regional, and transboundary impacts?	Answer (Yes/No/ Not Applicable)
2. 2.1 2.2	Pollution Would the environmen potential for Would the be recovered sound man	proposed project result in the release of pollutants to the nt due to routine or non-routine circumstances with the or adverse local, regional, and transboundary impacts? proposed project result in the generation of waste that cannot ed, reused, or disposed of in an environmentally and socially ner?	Answer (Yes/No/ Not Applicable)
2. 2.1 2.2 2.3	Pollution Would the environmen potential for Would the be recovered sound man Will the pro- use of cherr bans or pha	proposed project result in the release of pollutants to the nt due to routine or non-routine circumstances with the or adverse local, regional, and transboundary impacts? proposed project result in the generation of waste that cannot ed, reused, or disposed of in an environmentally and socially ner? popose project involve the manufacture, trade, release, and/or nicals and hazardous materials subject to international action use-outs?	Answer (Yes/No/ Not Applicable)
2. 2.1 2.2 2.3	Pollution Would the environmen potential for Would the be recovered sound man Will the pro- use of chern bans or pha <i>For examp</i> <i>convention</i> <i>Pollutants,</i>	proposed project result in the release of pollutants to the nt due to routine or non-routine circumstances with the or adverse local, regional, and transboundary impacts? proposed project result in the generation of waste that cannot ed, reused, or disposed of in an environmentally and socially ner? popose project involve the manufacture, trade, release, and/or nicals and hazardous materials subject to international action use-outs? <i>Le, DDT, PCBs and other chemicals listed in international s such as the Stockholm Convention on Persistent Organic or the Montreal Protocol.</i>	Answer (Yes/No/ Not Applicable)
2. 2.1 2.2 2.3 2.4	PollutionWould the environmer potential forWould the be recovered sound manWill the pro- use of cher bans or phaterials or phaterials re- and use for	proposed project result in the release of pollutants to the nt due to routine or non-routine circumstances with the or adverse local, regional, and transboundary impacts? proposed project result in the generation of waste that cannot ed, reused, or disposed of in an environmentally and socially ner? opose project involve the manufacture, trade, release, and/or nicals and hazardous materials subject to international action use-outs? <i>Ie, DDT, PCBs and other chemicals listed in international s such as the Stockholm Convention on Persistent Organic or the Montreal Protocol.</i> otential for the release, in the environment, of hazardous esulting from their production, transportation, handling, storage project activities?	Answer (Yes/No/ Not Applicable)

# TABLE 4.1:ADDITIONAL SCREENING QUESTIONS TO DETERMINE THE NEED AND<br/>POSSIBLE EXTENT OF FURTHER ENVIRONMENTAL AND SOCIAL<br/>REVIEW AND MANAGEMENT

3.	Climate Change	
3.1	Will the proposed project result in significant <sup>11</sup> greenhouse gas emissions? Annex E provides additional guidance for answering this question.	
<ul> <li>3.2Is the proposed project likely to directly or indirectly increase environmental and social vulnerability to climate change now or in the future (also known as maladaptive practices)? You can refer to the additional guidance in Annex Cto help you answer this question.</li> <li>For example, a project that would involve indirectly removing mangroves from coastal zones or encouraging land use plans that would suggest building houses on floodplains could increase the surrounding population's vulnerability to climate change, specifically flooding.</li> </ul>		
4.	Social Equity and Equality	Answer (Yes/No/ Not Applicable)
4.1	Would the proposed project have environmental and social impacts that could affect indigenous people or other vulnerable groups?	
<b>4.2</b> Is	the project likely to significantly impact gender equality and women's empowerment <sup>12</sup> ?	
<b>4.3</b> Is	the proposed project likely to directly or indirectly increase social inequalities now or in the future?	
<b>4.4</b> W	ill the proposed project have variable impacts on women and men, different ethnic groups, social classes?	
<b>4.5</b> H	ave there been challenges in engaging women and other certain key groups of stakeholders in the project design process?	
4.6	Will the project have specific human rights implications for vulnerable groups?	
5. De	emographics	
5.1	Is the project likely to result in a substantial influx of people into the affected community(ies)?	
5.2	Would the proposed project result in substantial voluntary or involuntary resettlement of populations? For example, projects with environmental and social benefits (e.g.	

<sup>&</sup>lt;sup>11</sup> Significant corresponds to  $CO_2$  emissions greater than 100,000 tons per year (from both direct and indirect sources). Annex E provides additional guidance on calculating potential amounts of  $CO_2$  emissions.

<sup>&</sup>lt;sup>12</sup> Women are often more vulnerable than men to environmental degradation and resource scarcity. They typically have weaker and insecure rights to the resources they manage (especially land), and spend longer hours on collection of water, firewood, etc. (OECD, 2006). Women are also more often excluded from other social, economic, and political development processes.

# TABLE 4.1:ADDITIONAL SCREENING QUESTIONS TO DETERMINE THE NEED AND<br/>POSSIBLE EXTENT OF FURTHER ENVIRONMENTAL AND SOCIAL<br/>REVIEW AND MANAGEMENT

	protected areas, climate change adaptation) that impact human settlements, and certain disadvantaged groups within these settlements in particular.	
5.3	Would the proposed project lead to significant population density increase which could affect the environmental and social sustainability of the project?	
	For example, a project aiming at financing tourism infrastructure in a specific area (e.g. coastal zone, mountain) could lead to significant population density increase which could have serious environmental and social impacts (e.g. destruction of the area's ecology, noise pollution, waste management problems, greater work burden on women).	
6.	Culture	
6.1	Is the project likely to significantly affect the cultural traditions of affected communities, including gender-based roles?	
6.2	Will the proposed project result in physical interventions (during construction or implementation) that would affect areas that have known physical or cultural significance to indigenous groups and other communities with settled recognized cultural claims?	
6.3	Would the proposed project produce a physical "splintering" of a community?	
	For example, through the construction of a road, powerline, or dam that divides a community.	
7.	Health and Safety	
7.1	Would the proposed project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	
	For example, development projects located within a floodplain or landslide prone area.	
7.2	Will the project result in increased health risks as a result of a change in living and working conditions? In particular, will it have the potential to lead to an increase in HIV/AIDS infection?	
7.3	Will the proposed project require additional health services including testing?	
8.	Socio-Economics	
8.1	Is the proposed project likely to have impacts that could affect women's and men's ability to use, develop and protect natural resources and other natural capital assets?	
	For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their development, livelihoods, and well-being?	

<u>TAB</u>	LE 4.1: ADDITIONAL SCREENING QUESTIONS TO DETERM POSSIBLE EXTENT OF FURTHER ENVIRONMENTAI REVIEW AND MANAGEMENT	INE THE NEED AND AND SOCIAL
8.2	Is the proposed project likely to significantly affect land tenure arrangements and/or traditional cultural ownership patterns?	
8.3	Is the proposed project likely to negatively affect the income levels or employment opportunities of vulnerable groups?	
9.	Cumulative and/or Secondary Impacts	<b>Answer</b> (Yes/No/ Not Applicable)
9.1	Is the proposed project location subject to currently approved land use plans (e.g. roads, settlements) which could affect the environmental and social sustainability of the project?	
	For example, future plans for urban growth, industrial development, transportation infrastructure, etc.	
9.2	Would the proposed project result in secondary or consequential development which could lead to environmental and social effects, or would it have potential to generatecumulative impacts with other known existing or planned activities in the area?	
	For example, a new road through forested land will generate direct environmental and social impacts through the cutting of forest and earthworks associated with construction and potential relocation of inhabitants. These are direct impacts. In addition, however, the new road would likely also bring new commercial and domestic development (houses, shops, businesses). In turn, these will generate indirect impacts. (Sometimes these are termed "secondary" or "consequential" impacts). Or if there are similar developments planned in the same forested area then cumulative impacts need to be considered.	

#### ANNEX A.2: ENVIRONMENTAL AND SOCIAL SCREENING SUMMARY (to be filled in after Annex A.1 has been completed)

#### Name of Proposed Project:

#### A. Environmental and Social Screening Outcome

Select from the following:

<u>Category 1</u>. No further action is needed

- □ <u>Category 2</u>. Further review and management is needed. There are possible environmental and social benefits, impacts, and/or risks associated with the project (or specific project component), but these are predominantly indirect or very long-term and so extremely difficult or impossible to directly identify and assess.
- <u>Category 3</u>. Further review and management is needed, and it is possible to identify these with a reasonable degree of certainty. If Category 3, select one or more of the following sub-categories:
  - Category 3a:Impacts and risks are limited in scale and can be identified with a reasonable degree of certainty and can often be handled through application of standard best practice, but require some minimal or targeted further review and assessment to identify and evaluate whether there is a need for a full environmental and social assessment (in which case the project would move to Category 3b).
- Category 3b: Impacts and risks may well be significant, and so full environmental and social assessment is required. In these cases, a scoping exercise will need to be conducted to identify the level and approach of assessment that is most appropriate.

**B. Environmental and Social Issues** (for projects requiring further environmental and social review and management)

In this section, you should list the key potential environmental and social issues raised by this project. This might include both environmental and social opportunities that could be seized on to strengthen the project, as well as risks that need to be managed. You should use the answers you provided in Table 4.1 as the basis for this summary, as well as any further review and management that is conducted.

<u>C. Next Steps</u>(for projects requiring further environmental and social review and management):

In this section, you should summarize actions that will be taken to deal with the above-listed issues. If your project hasCategory 2 or 3 components, then appropriate next steps will likely involve further environmental and social review and management, and the outcomes of this work should also be summarized here. Relevant guidance should be obtained from Section 7for Category2, and Section 8for Category 3.		
<u>D. Sign Off</u>		
Project Manager	Date	
PAC	Date	
Programme Manager	Date	

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## ANNEX B: ADDITIONAL GUIDANCE FOR USE OF NATIONAL ENVIRONMENTAL AND SOCIAL SAFEGUARD SYSTEMS (QUESTION 1 OF SCREENING)

#### Introduction

In recent years, donors have come under increasing pressure to apply the systems already in place in partner countries for environmental and social safeguards. This guidance briefly discusses the rationale behind this movement, and examines the experience with use of national systems by the main development banks. It then outlines an approach that UNDP should take in its new environmental and social screening procedure, focusing especially on the role of Project Developers.

It should be noted that most of the recent work undertaken by donors on analyzing national systems has tended to focus on environmental safeguards. The approach taken by UNDP clearly attempts to integrate environmental, social, gender, and health safeguarding. Therefore, what follows should be considered as an "entry point" for the consideration of national systems, most of which still tend to focus on environmental impact assessment.

#### Why use National Environmental and Social Safeguard Systems?

The Accra Agenda for Action in 2008 strongly reiterated the commitments under the Paris Declaration and called for specific actions to strengthen and increase the use of country environmental and social safeguard systems. The importance of this 'alignment' directive has been reiterated by the UN Environment Management Group's recent discussion note on developing a common framework for environmental and social safeguards in the UN system<sup>13</sup>.

The philosophy behind the push for better donor-country alignment is fourfold: to improve the efficiency, quality and timeliness of development effort; to increase country ownership of development programmes and projects; to facilitate donor harmonization; and, to simplify and reduce costs.

## What has been the Experience with Use of National Environmental and Social Safeguard Systems to Date?

The development agency that has put most effort into investigating the use of national systems for environmental and social safeguarding in recent years has been the World Bank. Early in 2005, and following a process of consultation and public comment, the World Bank's executive directors approved the launch of a pilot program to explore using a country's own environmental and social safeguard systems (that is, its national, sub-national, or sectoral implementing institutions and applicable laws, regulations, rules and procedures), where they are assessed as being equivalent to the Bank's systems, in Bank-supported operations. The Bank's Executive Directors then authorized up to 14 pilots within the framework outlined in Operational Policy (OP)/Bank Procedure (BP) 4.00 (Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects).

Key elements of the World Bank's approach governing the pilots were: assessing the equivalence of the borrower system by comparing it against a list of principles derived from the Bank's safeguard policies; determining the acceptability of the borrower's implementation practices, track record, and capacity; and, 'gap filling' where equivalence or acceptability falls short. These assessments were undertaken as part of what the Bank terms Safeguard Diagnostic Review (SDR).

<sup>&</sup>lt;sup>13</sup> UNEMG consultative process (undated): A common framework for environmental and social "safeguards" in the UN system: Rationale, progress report and the way forward.

The pilot programme consisted of two phases. Extensive evaluations have shown that the original goals of the Bank's Use of Country Systems programme are still relevant, although they have only been partially met. Lessons learned from the 14 pilot projects that are most relevant to UNDP's programmes and projects include:

- 1. Understanding of "country systems" should be extended beyond environmental assessment to take into account other environmental instruments and practices (e.g. engineering codes, zoning, audits, land use planning, licensing systems, and compliance practices).
- 2. Assessment of country systems should be expanded from a project-level approach to a countrylevel or sector-based approach.
- 3. The focus for assessment of country systems should be on outcomes and internationally agreed principles and benchmarking, rather than an equivalence/acceptability, gap-filling approach.
- 4. Decisions about whether to use country systems should be based on risk, and approaches to country systems should be differentiated according to the capacity and implementation record of specific countries.
- 5. Greater effort and support should be applied to strengthening client capacity in general (not only around Safeguards) to implement their own systems and raise environmental and social standards of performance.

The Asian Development Bank has recently begun its own country safeguards systems programme<sup>14</sup>, a major difference being that it focuses SDR at the country-level, rather than at the level of individual projects<sup>15</sup>.

#### How Should UNDP Approach the Issue?

#### Introduction

UNDP's environmental and social screening process allows Project Developers to use environmental assessments or reviews that have been completed by implementing partners, or other donors, prior to the approval of the UNDP project. However, before a Project Developer uses analyses undertaken within a national environmental and social safeguard system, he or she needs to be clear about the circumstances in which it will be appropriate for UNDP to use a country's systems. This is the "equivalence and acceptability" issue that has been a challenge for the World Bank, in part because it has elaborate safeguard policies that have been in place for many years and are a required part of investment appraisal for large loans. UNDP is not so encumbered, and it does not develop large loan-funded infrastructure projects. In addition, it is operating in an environment where no internal environmental or social safeguard processes have existed. It therefore has the opportunity to design a more flexible approach to the use of national systems, and one that directly learns from World Bank experience.

#### At What Level Should Decisions about National Systems be Made?

One of the main lessons learned from the World Bank country systems pilot programme is that assessment of country systems should not be based only on project-level equivalence and acceptability. For UNDP, decision-making needs to take place at the level of the overall national system (i.e by focusing on implementing institutions and applicable laws, regulations, rules and procedures), as well as at the level of specific projects. It will be unlikely that, if a country's environmental and social safeguards

<sup>&</sup>lt;sup>14</sup>RETA 7566, Strengthening and Use of Country Safeguards Systems.

<sup>&</sup>lt;sup>15</sup> Equivalence and gap analysis is also the approach that has been used recently in accrediting Delivery Partners under the Forest Carbon Partnership Facility, where UNDP is a participant and possible Delivery Partner under the FCPF Readiness Fund.

system is lacking in some way, its project-level system will be acceptable. This conclusion suggests the need for two separate equivalence and acceptability actions.

#### Assessment of the National System

The most obvious place for country-level equivalence and acceptability assessment to take place is during the development of UNDAFs. The Programme and Project Management section of the Programme and Operations Policies and Procedures (POPP)<sup>16</sup> indicates that there are four main steps in the process of developing an UNDAF: (1) road map, (2) country analysis, (3) strategic planning, and (4) monitoring and evaluation. Producing a road map is described as "requir(ing) full alignment to the national planning cycle". It is during Step 2 (country analysis), however, where national-level equivalence and acceptability assessment could take place.

Another of the lessons learned from the World Bank pilot project is that the focus for assessment of country systems should be on outcomes and internationally agreed principles and benchmarking, rather than an equivalence/acceptability, gap-filling approach. The Bank suggests that good examples of up-to-date internationally agreed good practice principles and standards can be found in the MFI Working Group on the Environment (MFI-WGE) Common Framework for Environmental Assessment<sup>17</sup>, and the IFC Performance Standards<sup>18</sup>.

Based on these two references, the following benchmark principles are proposed for UN staff when they examine country environmental and social safeguard systems as part of the "country analysis" step in UNDAF preparation.

- 1. When the term "environment" is used, it should cover the physicaland biological interactions surrounding the proposed initiative.
- 2. The country system must include an environmental impact assessment (EIA) process, and associated social impact assessment process. Ideally, this should be enshrined in law, but at the least should be described in published guidelines.
- 3. It should be clear that the national system has the following minimum objectives:
  - to ensure that direct and indirect environmental and social impacts are identified and addressed, including gender perspectives;
  - to evaluate alternatives to the proposed activity;
  - to anticipate and avoid, minimize or offset the significant adverse physical, biological, and social impacts of the proposed activity;
  - to protect the productivity and capacity of natural systems and the ecological processes that maintain their functions;
  - to promote development that is environmentally and socially sustainable and that optimizes resource use;
  - to involve the public at all relevant stages of the process, and to indicate how their view have been addressed,
  - to deal appropriately with all relevant grievances and;
  - to incorporate environmental and social measures fully into activity design and execution.
- 4. The national process should include the following steps:
  - screening to determine whether or not a proposal should be subject to a full environmental and social assessment;
  - scoping to identify the issues that are likely to be important;

 $<sup>^{16}</sup> https://intranet.undp.org/global/popp/ppm/Pages/Contents.aspx?lang=en$ 

<sup>&</sup>lt;sup>17</sup> Multi-lateral Financial Institutions Working group on the Environment (MFI-WGE) Common Framework for Environmental Assessment: A Good Practice Note. February 28, 2005.

<sup>&</sup>lt;sup>18</sup>International Finance Corporation. Performance Standard 1: Social and Environmental Assessment and Management Systems.

- an examination of alternatives;
- identification and prediction of the environmental, social and other related impacts of the proposed activity, and an evaluation of their significance;
- a determination of the measures needed to avoid, minimize, or offset adverse impacts and, where appropriate, to incorporate these into a management plan;
- the preparation of a report which should be widely disseminated for public review and comment;
- a process of review, undertaken by a regulatory agency separate from the proponent. The review process should be able to determine whether the environmental and social assessmentreport provides a satisfactory assessment of the proposed activity, and contains the information required for decision-making;
- a process for ensuring that proposed mitigation actions are fully incorporated into final activity design; and,
- a follow-up process to determine whether the terms and conditions of activity approval have been met.
- 5. Ideally, the country system should include a process that examines the environmental and social impacts of policies, plans, and programmes. This would usually be a strategic environmental and social assessment process.
- 6. Ideally, the country system should include a process for mainstreaming environmental and social concerns into national and, if relevant, regional strategic planning initiatives.

These benchmarking principles could be applied "from scratch" as part of primary research during UN country analysis. Alternatively, in the spirit of Paris and Accra harmonization, UNDAF processes could utilize Country Diagnostic Reviews (produced by the Asian Development Bank), or Strategic Diagnostic Reviews (produced by the World Bank), as long at the latter focuses on the national level.

#### Working with a Deficient National System

If, during country analysis as part of the UNDAF process, the application of the above-mentioned principles determines that a national safeguard system is deficient in some fashion, then a question arises as to what UNDP should do in response. The most obvious answer is that the UNDAF, and the UNDP CPD, should include programmes that would build capacity and develop safeguard systems that meet the minimum standards suggested by the principles outlined above. If country analysis determines that a national system is substantially deficient, then UNDP should apply its own environmental and social screening and review process, until the national system is deemed to be acceptable.

#### Project-Level Assessment

Even if an overall national system is determined to be acceptable after application of the above-mentioned principles, individual project-level equivalence/acceptability assessments will still be required, as the quality of safeguard application can vary for a range of reasons.

As was the case with overall national systems, it is suggested that project-level assessment should also be based on outcomes/principles, rather than on an equivalence/acceptability, gap-filling approach. Most of the country systems work done to date by the World Bank and ADB has focused on distinct infrastructure projects, where equivalence/acceptability can be assessed by comparing a country's environmental and social impact assessment process against detailed Bank safeguard policies. Neither Bank appears to have examined how country systems might be used when the development activity happens to be a policy, plan, or programme (PPP), instead of a physical infrastructure project. In part, this is because the Banks are still experimenting with their own approaches to the environmental and social assessment of PPPs<sup>19</sup>.

<sup>&</sup>lt;sup>19</sup> The World Bank is currently reviewing its safeguard policies, and has already indicated that it will amend the environmental

Most of UNDP's support to partner countries involves the development and implementation of PPPs. It is likely that very few countries will have systems in place for assessing the environmental and/or social impacts of PPPs. Where these systems do exist, they will usually consist of Strategic Environmental Assessment (SEA), or environmental mainstreaming (EM) approaches. Where SEA or EM has been applied to a PPP by a partner country or other donor prior to UNDP's project approval process, UNDP could assess the acceptability of these approaches by asking the following principles-based questions of the SEA or EM work:

- \* does it provide diagnostic work that identifies environmental and social priorities associated with the proposed PPP?
- \* does it use stakeholders in priority identification?
- \* does it undertake diagnostic work to assess the institutional and capacity gaps, and political economy constraints associated with addressing environmental and social priorities?
- \* does it recommend feasible courses of action to address the institutional and capacity gaps, and political economy constraints?
- \* does it develop a framework to mitigate and manage environmental and social risks associated with the proposed PPP?

If significant negative answers are obtained to these questions, or if no national system exists for dealing with PPPs, then the Project Developer should notify the relevant partner country agency that UNDP's own environmental and social review process will be applied. The Project Developer should also use this opportunity to encourage capacity building, the aim being to support the development of strong SEA and EM national capacity.

With regard to physical infrastructure projects, country systems assessment is simpler. When presented with an environmental and/or social review document undertaken using a national system, Project Developers should apply the assessment process-step questions asked in point 4 under "Assessment of the National System" presented earlier. In addition, Project Developers should ask the following questions:

- \* Does the assessment/review meet its terms of reference, both procedurally and substantively?
- \* Does the assessment/review provide a satisfactory assessment of the proposed project?
- \* Does the assessment/review contain the information required for decision-making?
- \* Does the assessment/review describe specific environmental and social management measures (e.g. mitigation, monitoring and capacity development measures)?
- \* Does the assessment/reviewidentify capacity needs of the institutions responsible for implementing environmental and social management?
- \* Was the assessment/review developed through a consultative process with strong stakeholder engagement?
- \* Does the assessment/review assess the adequacy of the cost of and financing arrangements for environmental and social management?

If negative answers are obtained for any of these questions, or if there are gaps in the steps outlined above, then the Project Developer will need to make a decision as to whether these gaps can be filled by undertaking additional work. If this is not possible, then the Project Developer should notify the relevant partner country agency that UNDP's own environmental and social screening and review process will be applied.

assessment policy (OP 4.01) to include a process known as Strategic Environmental and Social Assessment (SESA) that can be applied to PPPs.

## ANNEX C: ADDITIONAL GUIDANCE FOR CLIMATE CHANGE-RELATED QUESTIONS IN SCREENING CHECKLIST (TABLE 4.1)

#### Question 3.1 of Table 4.1: Estimation of greenhouse gas emission totals

Question 3.1 of Table 4.1 calls for an estimation of the amount of GHG emissions that could be produced during the implementation of the project, and that would originate from the facilities owned or controlled by the project. Indirect emissions associated with the off-site production of energy needed by the project should also be accounted. The level of emissions refers to what is produced during the lifetime of the project even after UNDP's intervention finishes (that is, past the financial closure of the project)

Some activities dealing with the upgrade of power transmission lines and the improvement of heating networks can result in emissions savings in amounts between 20,000 to 1,000,000 tons of CO2 equivalent per year, depending on the generation mix and the scale of the investment. Other projects involved in energy efficiency, standardization and labeling of electric appliances, stove improvements, etc. will also result in emissions savings. Usually, emissions saved are accounted if the project aims to obtain additional financing through the Clean Development Mechanism (for example, projects destined to UNDP's MDG Carbon Facility). In those cases, the environmental and social screening guidance and its climate change annexes would serve as a quality check, to ensure that the project does not inadvertently incur in emissions from other activities, is not subject to climate hazard or does not increase vulnerability.

In the case that GHG emissions are lower than the specified threshold, efforts to improve energy efficiency and reduce or recycle waste should be undertaken; inevitable emissions could be offset through complementary activities when technically and economically feasible.

For each subsidiary question under Question 3.1 of Table 4.1 of the screening guidance, the level of GHG emissions should be briefly assessed according to the type and size of the project, and its CO2 equivalent per year (e/yr). The present annex will assist Project Managers to evaluate their project's CO2 e/yr as either negligible, low, low to medium, and high, and to do this in-house<sup>20</sup>.

Below are some examples of projects and their approximate corresponding amounts of GHG emissions. After these examples, a matrix (Table AC.2) is provided to assist with answering Question 3.1 of Table 4.1.

#### Types of Projects that can Emit Substantial GHGs

Does the project focus explicitly, in whole or in part, on fuel production, processing and transportation (including coal, oil and gas developments), fossil-fired power generating plants, district heat and power systems and networks, metal smelting and processing facilities, manufacturing (glass, petrochemicals, small metal manufacturing and processing plants), cement / iron/ steel production, coal mining?

Does the project focus explicitly, in whole or in part, on the raising of domestic livestock?

Does the project focus explicitly, in whole or in part, on the management of waste? (including the disposal of solid waste, the biological treatment of solid waste, the incineration and open burning of

<sup>&</sup>lt;sup>20</sup> EBRD Methodology for Assessment of Greenhouse Gas Emissions - Guidance for consultants working on EBRDfinanced projects - Version 7, 6 July 2010. In: <u>www.ebrd.com/downloads/about/sustainability/ghgguide.pdf</u>

waste, or the treatment and discharge of wastewater)

Is the project likely to result in the conversion of land for agricultural or urban use?

#### **Approximate GHG Emissions by Project Type**

Projects related to the following activities would have *negligible* amounts of CO2 e/yr:

- ✓ Telecommunications
- ✓ Wood processing using wood waste as the principal fuel
- ✓ Civil construction projects
- ✓ Drinking water supply networks
- ✓ Industrial waste water treatment
- ✓ Municipal waste water treatment where sewage sludge is digested or incinerated
- ✓ Small-size built environment projects (overall floor area below 1,000 m<sup>2</sup>)

Projects with *low* (less than 20,000 tons of CO2 e/yr) emissions include:

- ✓ Property developments (offices, hotels, retail; floor area larger than 1,000m<sup>2</sup>)
- ✓ Municipal facilities, including waste water treatment involving sludge landfill without methane flaring / collection
- ✓ Light industrial facilities (non-energy intensive, e.g. assembly)
- ✓ Food manufacturing facilities
- ✓ Agricultural processing facilities
- ✓ Road development schemes

Projects with low to *medium* emissions (20,000 – 100,000 tons of CO2 e/yr) include:

- ✓ Municipal solid waste landfill (serving under 1,000,000 inhabitants)
- ✓ Brick and tire manufacturing
- ✓ Locomotive, ship, transport fleet purchases

Projects with *emissions higher than 100,000 tons* of CO2 e/yr, and **for which an answer to Question 3.1 in Table 4.1 should be YES**, would include:

- ✓ Fuel production and processing (including oil and gas developments)
- ✓ Glass manufacturing
- ✓ Petrochemicals manufacturing
- ✓ Small and large metal manufacturing/smelting and processing facilities
- $\checkmark$  Small and large cement and lime works
- ✓ Small power generating plants
- ✓ Large fossil-fired power generating plant
- ✓ District heat and power systems
- ✓ Major oil and gas production/transportation systems

Also refer to Table AC.1 for addition information on projects with emissions over 100,000 metric tonnes  $CO_2 e/yr^{21}$ .

Sector / Project	Types of projects <sup>22</sup>
A: Direct Emissions	
Energy (Fossil Fuel Combustion)	
Coal-fired combustion facility	Coal consumption - 45,000 ton/yr (or 1,100 TJ/yr)
Oil-fired combustion facility	Oil consumption - 32,000 ton/yr (or 1,300 TJ/yr)
Gas-fired combustion facility	Gas consumption - 36,000 ton/yr (or 1,800 TJ/yr)
Energy (Electricity Generation)	
Coal-fired power generation	Generating Capacity - 18MW
Oil-fired power generation	Generating Capacity - 25MW
Gas-fired power generation	Generating Capacity - 41MW
Energy (Coal Mining)	
Underground coal mining	Coal production - 370,000 ton coal/yr
Surface coal mining	Coal production - 2,600,000 ton coal/yr
Heavy Industry	
Cement production	Cement production - 201,000 ton cement/yr
Iron and steel production	Iron / steel production - 63,000 ton iron or steel/yr
Agriculture <sup>23</sup>	
Domestic livestock (dairy cattle,	Livestock - 74,000 cattle
Latin America)	
Domestic livestock (dairy cattle,	Livestock- 118,000 cattle
Africa)	
Forestry / Land Use Change	
Conversion of fast growing	Conversion area - 4,400 ha
hardwoods tropical forest	
Conversion of Douglas fir	Conversion area - 9,100 ha
temperate forest	
Oil and Gas Production (Flaring	
only)	
Natural Gas Production	85,000 million m <sup>2</sup> /yr
Oil Production	2.4 million m <sup>7</sup> /yr
Associated Gas Flaring	1,400 million standard cubic feet (SCF) gas flaring/yr
B: Indirect Emissions (from	
Purchased Electricity)	

## Table AC.1:Examples of projects that might result in the emission of more than 100,000 tonnes<br/>of CO2 e/yr

<sup>&</sup>lt;sup>21</sup>International Finance Corporation's Guidance Notes: Performance Standards on Social & Environmental Sustainability, Guidance Note 3: Pollution Prevention and Abatement, Annex A: Suggested GHG Quantifying and Monitoring Practice. July 31, 2007. in: <u>http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards.</u> <sup>22</sup>Note: Assumptions are from (i) Revised 1996 and 2006 IPCC Guidelines for National Greenhouse Gas Inventories, (ii) IEA Statistics – CO<sub>2</sub> Emissions from Fuel combustion 1971-2003, and (iii) IEA Energy Statistics Manual, 2004. These levels are for illustrative purpose only and not to be used as threshold to determine whether projects exceed 100,000 metric tonnes CO<sub>2</sub> e/yr.

<sup>&</sup>lt;sup>23</sup>UNDP also cites concentrated/ housed pig farms with over 50,000 animals and functioning under anaerobic conditions and concentrated/ housed poultry farm with over 200,000 broilers and functioning under anaerobic conditions, as potentially emitting more than 100,000  $CO_2$  e/yr.

Average Generation Mixture	Electricity consumption - 200 GWh/yr
Coal-fired generation	Electricity consumption - 110 GWh/yr
Oil-fired generation	Electricity consumption - 150 GWh/yr
Gas-fired generation	Electricity consumption - 250 GWh/yr

Project Developers can use Table AC.2 to evaluate the extent to which a project could produce significant amounts of GHG emissions.

Table AC.2. Evaluating the amount of Offo children by the project
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	Amount of emi	issions		
Subsidiary Questions	Negligible	Low (less than 20,000 ton CO <sub>2</sub> e/yr)	Low to Medium (between 20,000 and 100,000ton CO <sub>2</sub> e/yr)	High (more than 100,000 ton CO <sub>2</sub> e/yr)
Does the project include activities like fuel production, processing and transportation, power generation, heat and power systems/networks, manufacturing facilities, or mining?				
Does the project include domestic livestock?				
Does the project include waste management?				
Will the project result in the conversion of land for agricultural or urban use?				

#### Question 3.2 of Table 4.1: Environmental and social vulnerability to climate change

Projects may increase vulnerability in two respects. First, a project may result in an increase in the vulnerability of certain groups, even if the stated project outputs and outcomes are successfully realized. An example might be a project that incorporates water pricing, which enables a modern water supply system to be implemented successfully, but which results in (i) the deterioration of traditional "unimproved" water sources (e.g. through neglect as such sources become less important, or a lowering of the water table due to increased water use), and (ii) exclusion and marginalization of the very poor who cannot afford to pay for clean water from the new system. The very poor would remain dependent on traditional water sources, which are likely to be at greater risk from climate change-related hazards such as drought or flood-contamination. The project would thus risk increasing both the absolute vulnerability of the very poor (if it contributed to adeterioration in traditional water sources) and their relative

vulnerability (as their vulnerability is heightened or at least remains unaddressed, while the vulnerability of those who can afford to pay for improved water supplies is reduced). The project would therefore also increase social inequality and widen vulnerability gaps.

Other examples of projects increasing the vulnerability of certain groups might involve agricultural expansion resulting in a loss of pastoral grazing lands, reducing grazing options in drought years and thus undermining the resilience of pastoral livelihoods in the face of climate variability and change.

Second, a project might result in more systemic "maladaptation", or patterns of development that increase the vulnerability of society at large to future climate change-related hazards<sup>24</sup>. This may occur where projects support development based on intensified use of natural resources that are threatened by climate change, such as water resources or fisheries. Agricultural expansion into marginal areas or areas that are likely to become drier in the future may result in increased productivity and economic growth in the short to medium-term, but increase risks of food insecurity and economic collapse associated with climatic disruption in the medium to long-term. Expansion of irrigation may lead to similar outcomes where climate change means that water resources may be inadequate to support such schemes in the future. All of these examples have the potential to lock a society into unsustainable development that is not viable in the face of climate change, increasing the risk of economic collapse and widespread societal disruption.

Table AC.3 presents a list of questions that could assist Project Developers to decide whether or not the proposed project is likely to increase environmental and social vulnerability to climate change.

		YES	NO
i	Does the project involve any of the following activities?		
	• Changes in land use		
	<ul> <li>Agricultural expansion or intensification</li> </ul>		
	<ul> <li>Intensification of water use</li> </ul>		
	• Development in areas that are under existential threat ( <i>e.g. low-lying coastal areas</i> ), or the longer-term habitability of which is in question ( <i>e.g. areas at risk of extreme desertification or extreme disaster risk</i> )		
	• Other economic/livelihood development based on climate-sensitive resources (e.g. exploitation of rangelands, forests, fisheries, rivers, lakes; natural resource-based tourism; etc)		
	• Activities in areas with existing conflicts over natural resources		
	• Pricing of basic commodities (e.g. water)		
	• Privatization of, or formalisation of rights over, natural resources		
	• Resettlement (e.g. facilitated or incentivised voluntary resettlement)		
ii	Does the project have the potential to have adverse impacts on any marginalized or already vulnerable groups, particularly those dependent on climate-sensitive resources, such as:		
	• Pastoralists		
	• Hunter-gatherers		

#### Table AC.3: Is the proposed project likely to increase environmental and/or social vulnerability to climate change now or in the future?

<sup>&</sup>lt;sup>24</sup> The OECD defines maladaptation as "business-as-usual development which, by overlooking climate change impacts, inadvertently increases exposure and/or vulnerability to climate change. Maladaptation could also include actions undertaken to adapt to climate impacts that do not succeed in reducing vulnerability but increase it instead". (OECD 2009. Policy Guidance on Integrating Climate Change Adaptation into Development Co-Operation. ISBN-978-92-64-05476-9)

	0	Forest dwellers		
	0	Subsistence farmers or fisher folk		
	0	Indigenous peoples (or other peoples) living outside of the mainstream		
		economy		
	0	Women and minority groups		
<ul> <li>iii Are project activities/outcomes predicated on assumptions (implicit or explicit) that future climatic and environmental conditions will resemble those of the present day? (e.g. require persistence of current rainfall regimes, surface runoff, extremes frequency/severity, natural resource abundance, ecological conditions, etc).</li> </ul>				

## ANNEX D: ADDITIONAL GUIDANCE FOR CONDUCTING ANENVIRONMENTAL & SOCIAL ASSESSMENT

The assessment process that is outlined below is now standard international practice, and there are various guidance manuals and tools already available that can be referred to (additional resources can be found here<sup>25</sup>).

Many countries have legal frameworks in place for environmental impact assessment (EIA), which must be adhered to. Because EIA processes are well established and practiced they provide a key entry point for addressing social impacts through an integrated approach. While it is indeed best practice to include social issues in any environmental assessment, the degree to which this is done is variable. Therefore, UNDP refers to Environmental <u>and Social</u> Impact Assessment (ESIA), noting that other terminology may be utilized. UNDP can play an important role in strengthening capacities for integrated approaches to impact assessment.

This section briefly summarizes the key elements of an ESIA process to assist Project Developers/Managers in the development of Terms of Reference and quality assurance/appraisal when an ESIA is required. The elements are summarized in Table 1 and elaborated further in the following sections.

Stages	Steps/main tasks within each stage	
Stage 1: Conducting an ESIA study	Further detail and define the proposed project.	
<b>Key components:</b> Based on a clearer definition of the project to be implemented consolidate and collect all the data/information	Develop baseline environmental and social information	
that will be needed to carry out the assessment. Then proceed to the assessment per se (compare project alternatives and assess impacts). Report the results of the assessment.	Review policy, legal/regulatory and institutional framework	
	Examine project alternatives and revise project design	
	Analyze and evaluate impacts	
	Prepare an environmental and social assessment report	
<b><u>Stage 2:</u></b> Preparing an environmental and social management plan	Define environmental and social impact mitigation actions/measures	
<b>Key components:</b> Based on relevant findings of the assessment and the results of consultations with the project stakeholders	Detail environmental and social monitoring to be conducted during project implementation	
define measures that will be needed to, <i>inter alia</i> : mitigate the expected impacts of the project, monitor impacts and mitigation options/measures, build capacities, and communicate results of the environmental and social management plan.	Develop a plan to assess and build capacity to implement the environmental and social management plan and other project environmental and social components	

#### Table 1: Summary of the ESIA Process Following Scoping

<sup>&</sup>lt;sup>25</sup>A web-based resource center of various ESIA guidance and tools is to be developed and hyperlinked.

Stages	Steps/main tasks within each stage
	Develop a plan to communicate progress with implementation and effectiveness of the environmental and social management plan
Stage 3: Appraising the environmental and social assessment Key components: Appraise the environmental and social assessment to ensure that it provides sufficient quality information to allow for PAC decision making.	Assess the quality and completeness of the assessment, as well as the institutional capacities for implementing it. Ensure cost of, and financing arrangements for environmental and social management planP implementation, are adequate.

#### STAGE 1: Conducting an ESIA Study

Step 1: Further Detail and Define the Proposed Project.

The assessment must be based on a well-defined project.

Based on the Draft Project Document, the project should be further detailed to include, where relevant:

- The geographic, ecological, social and temporal context of the proposed project, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities);
- Project location, site, and design (e.g. technology/process, facilities design, construction, operation and maintenance, and decommissioning or closure); and
- Indication of worker and community health and safety and social issues, and whether relevant additional assessments or plans are needed, e.g. resettlement plans or indigenous peoples development plans. Map showing the project site, project's area of influence (as determined during the scoping phase) and sensitive environmental and social features.

#### Step 2: Develop Baseline Information.

The current and projected environmental and social, and physical/cultural baseline data must be presented for the project's area of influence. This should include:

- Descriptions of the relevant existing physical, biological, gender, and socio-economic conditions;
- Evaluation of any changes anticipated in these conditions before the project commences, as well as any trends in or projections of data over time after the project commences that are anticipated independently of the project, including current and proposed development activities located in the project area but not directly connected to the project; and,
- Estimation of the reliability of the information sources used and the quality of the information available, including its accuracy, precision, completeness, representativeness, etc.

The baseline data should reflect the objectives and indicators identified in the 'scoping report'. For spatial plans, the baseline can usefully include the stock of natural assets including sensitive areas, critical habitats, and valued ecosystem components. For sector plans, the baseline will depend on the main type of environmental and social impacts anticipated, and appropriate indicators can be selected (e.g. emissions-based air quality indicators for energy and transport strategies).

Step 3: Review Policy, Legal/Regulatory and Institutional Framework

Review the legal and permitting requirements, as well as environmental and social safeguards or performance standards from:

- Environmental and social safeguard policies and procedures of UNDP's Implementing Partners or donors of the proposed project.
- Applicable laws and regulations of the local and national jurisdictions in which the proposed project will operate.
- Applicable international standards and agreements (e.g. Multi-lateral Environmental Agreements) that must be complied with.

Assess the adequacy of the identified applicable policy, legal/regulatory and institutional framework relative to implementing and sustaining the proposed project, especially the proposed mitigation, monitoring and institutional responsibilities.

#### Step 4: Examine Project Alternatives and Revise Project Design.

Systematically review and compare feasible project alternatives identified during scoping and initial public consultation and select the preferred or most environmentally and socially sound and benign option(s) for achieving the objectives of the proposed project. Consider all types of alternatives related to overall approach and project design including the following:

- Project site locations<sup>26</sup>;
- Timing;
- Scales:
- Partners;
- Gender dimensions;
- Intensities;
- Technologies/processes;
- Facilities designs;
- Construction;
- Operation and maintenance;
- Organizational and management setups;
- Ways of dealing with impacts.

Based on the alternatives analysis conducted above, it will be determined what, if any, modifications will be made to the project design to improve the environmental and social sustainability of the proposed project.

#### Step 5: Analyze and Evaluate Impacts.

Review and refine the list of potential risks and impacts identified during the scoping process.

This step of the assessment should consider the type, location, sensitivity and scale of the proposed project, analyze all of the likely and relevant environmental, social and other related effects, including potential impacts on:

- Socio-economic conditions
- Gender dimensions

<sup>&</sup>lt;sup>26</sup>Whenever feasible, preference should be given to projects, or project components, that are sited on lands already converted.

- Biological environment
- Physical environment
- Resiliency of communities
- Physical-cultural resources
- Worker health and safety
- Community health and safety

This step should also review and refine the project's spatial and temporal area of influence established during the scoping phase. Impacts and risks must be analyzed in the context of the area of influence.

The spatial scope of potential impacts will encompass:

- The primary project site(s) and related facilities that the UNDP and its Implementing Partners develop or control, such as buildings, power transmission corridors, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps;
- Associated facilities that are not funded or financed as part of the proposed project (funding or financing may be provided separately by the Implementing Partners or by third parties including multilateral financing institutions), and whose viability and existence depend exclusively on the project but whose goods or services are essential for the successful operation of the project;
- Areas potentially impacted by <u>cumulative impacts</u> from further planned development of the project, any existing project or condition, and other project-related developments that are realistically defined at the time the ESIA is undertaken;
- Areas potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; the area of influence does not include potential impacts that would occur without the project or independently of the project;
- <u>Transboundary impacts</u>, such as <u>pollution</u> of international waterways or transboundary river basins, airsheds and ecosystems; migration of populations; international relations;
- Global environmental and social impacts, e.g. <u>greenhouse gas</u> emissions, ozone depletion, loss of biodiversity and desertification; loss of cultural diversity and heritage.

The temporal scope of potential impacts will encompass:

- Future anticipated or projected short-term impacts, e.g. increases in consumption, waste, <u>pollution</u>, capacity needs, and health problems resulting from the proposed project;
- Future anticipated or projected long-term impacts, e.g. indirect or secondary effects of induced unplanned development and changes in socio-economic conditions;
- Present or baseline pollution of the proposed project site or facilities, e.g. soil and ground water pollution originating from past disposal of or contamination with <u>hazardous substances or wastes</u>.

Impacts must also be analyzed for the key phases of a proposed project's lifecycle e.g., for a typical infrastructure project, preconstruction, construction, operations, and decommissioning or closure impacts will need to be analyzed.

The organizational/management scope of potential impacts will include UNDP and the Implementing Partner as well as the:

• Role and capacity of third party organizations, e.g. governments, construction contractors and suppliers (with whom the proposed project or Implementing Partner has a substantial involvement), or an operator of an associated facility (to the extent the Project Developer's control or influence over these organizations);

• Supply chain organizations (where the resource utilized by the proposed project is ecologically sensitive, or where low labor cost is a factor in the competitiveness of the item supplied).

Use the following parameters to further characterize and quantify the potential environmental and social impacts: positive and negative, direct and indirect (primary and secondary), <u>cumulative</u> and synergistic, and reversible and irreversible.

Determine whether the proposed project will meet the environmental and social sustainability outcomes specified for the project and determine what reasonable period of time will be needed. For impacts that cannot be fully mitigated, determine the relative importance and acceptability of the residual impact (e.g., additional resources needed).

The purpose is to identify 'win-win' solutions where multiple, mutually reinforcing gains can strengthen the economic base, provide equitable conditions for all, and protect and enhance environmental and social sustainability.

#### Step 6: Prepare an ESIA Report.

An ESIA Report will be prepared to provide an adequate, accurate and impartial evaluation and presentation of the issues and conclusions of the assessment. This report, which is usually technical, must be presented in an understandable format and in an appropriate language(s). Short summaries and graphic presentations will often be required to facilitate reading and understanding. Moreover, a non-technical summary – that can be understood by different stakeholders – should be included to facilitate and encourage comments. Where appropriate, independent expertise should be used to assist in the preparation of ESIA reports.

#### STAGE 2: Preparing an Environmental and Social Management Plan

Taking into account the relevant findings of the ESIA and the results of consultation with the project stakeholders, an <u>Environmental and Social Management Plan</u> (ESMP) should be prepared. The ESMP will be integrated into the overall project design, including the Project Monitoring Framework and Monitoring Schedule Plan.

The ESMP consists of a set of mitigation, monitoring and institutional measures, including policies, procedures and practices – as well as the actions needed to implement these measures –to achieve the desired environmental andsocial sustainability outcomes. The ESMP plan will include environmental and social assessmentfollow-up measures including: (1) monitoring of baseline, compliance and impacts; (2) evaluation of conformance with standards, predictions, expectations and environmental and social performance; (3) management decisions and actions in response to issues arising from monitoring and evaluation; and (4) communicating environmental and social assessment follow-up results to stakeholders to provide feedback on project and ESMP implementation performance. (Refer to the <u>IAIA EIA Follow-Up International Best Practice Principles</u> for more details).

An ESMP may apply broadly across UNDP and Implementing Partner organizations for project implementation, or it may apply to specific sites, facilities, or activities relating to the proposed project. The ESMP may range from a brief description of routine mitigation and monitoring measures to a series of specific plans including, for example, Resettlement Action Plans<sup>27</sup>, Biodiversity Action Plans, <u>Hazardous Materials</u> Management Plans, Physical and Cultural Resources Management Plans<sup>28</sup>, Gender Mainstreaming Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, and Indigenous Peoples Development Plans (see <u>UNDP's Policy of Engagement with Indigenous</u> <u>Peoples</u>). The level of detail and complexity of an ESMP and priority of the identified measures and

<sup>&</sup>lt;sup>27</sup>Preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based.

<sup>&</sup>lt;sup>28</sup>If PCR Management Plans are included, they should contain "chance find" procedures.

actions will be commensurate with the proposed project's risks and impacts. In addition, all action plans contained within the ESMP to be completed prior to project completion, and all plans will contain specific monitoring measures.

The ESMP will define desired environmental and social management outcomes and specify environmental and social indicators, targets, or acceptance (threshold) criteria to track ESMP implementation and effectiveness. It will also provide estimates of the human and financial resources required for implementation and identify organizational structure and processes for implementation.

Recognizing the dynamic nature of the project development and implementation process, the implementation of an ESMP will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring.

An ESMP will consist of separate sections on:

- 1. Environmental and social impacts mitigation;
- 2. Environmental and social sustainability monitoring;
- 3. Capacity development;
- 4. Communication;
- 5. Implementation action plan.

*Environmental and social impact mitigation.* The ESMP will include environmental and social impact mitigation actions, in accordance with the following, listed in descending order of preference:

- Avoid, prevent or eliminate environmental and social risks and adverse impacts, wherever technically and financially feasible; for proposed projects involving existing facilities, remediation may need to be undertaken instead of, or in addition to, mitigation;
- Where it is not technically or financially feasible to avoid, prevent or eliminate risks and impacts, identify measures and actions to mitigate, minimize or reduce impacts so that the project operates in compliance with applicable international, national and local environmental and social laws and regulations or achieves acceptable levels of impacts otherwise defined and agreed;
- Where it is not technically or financially feasible to mitigate, minimize or reduce risks and impacts, identify measures to offset them by enhancing the proposed project's positive environmental and social impacts;
- Where avoidance, mitigation and offset measures are not technically or financially feasible, identify compensatory measures to balance the residual adverse impacts.

The ESMP will describe each mitigation measure, including the type of impact and environmental and social parameter(s) to which it relates, the location and frequency, timing or conditions under which the measure is required (e.g., continuously or in the event of contingencies), and provide technical details on the mitigation technology, process, equipment, design and operating procedures, as appropriate. Potential environmental and social impacts of these measures will be estimated. Linkages with other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the proposed project will be identified.

<u>Environmental and social sustainability monitoring</u>. The ESMP will detail the environmental and social monitoring to be conducted during project implementation to:

- Provide information about actual versus predicted environmental and social impacts;
- Measure the effectiveness and evaluate the success of mitigation, remediation and enhancement measures;
- Evaluate compliance with applicable international, national, and local policies laws, regulations, safeguards, performance standards, policies and procedures;

• Allow corrective action to be taken when needed.

Specifically, the ESMP will detail the:

- Mitigation measure being monitored;
- Parameters to be measured;
- Sampling and analytical or other monitoring methods to be used, including staff, procedures and detection limits (where appropriate);
- Sampling or monitoring locations;
- Frequency or timing of measurements;
- Definition of thresholds that will signal the need for corrective actions.

In addition to recording information, to track performance and establishing relevant operational controls, the monitoring plan will require the use of dynamic mechanisms, such as inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes.

For projects with significant impacts that are diverse, irreversible, or unprecedented, the plan will require the retaining of qualified and experienced external experts to verify monitoring information.

Evaluation, reporting and management of monitoring measures will also be specified in the ESMP. This will include required documentation and reporting of monitoring results and provisions for adjusting and amending the ESMP (e.g. incorporating corrective actions) in accordance with monitoring experience and feedback.

<u>Capacity development</u>. The ESMP will detail a plan to assess and develop implementation capacity. (See UNDP policies and procedures on <u>Selecting an Implementing Partner</u>). This will involve determining if there is sufficient capacity within the responsible organizations or institutions for implementing the ESMP. If not, a determination should be made as to whether it will be possible to develop the appropriate capacity and, if so, at what cost and in what timeframe.

The capacity development section of the ESMP will:

- Recommend management arrangements for the project, including structure, roles, responsibilities, and authorities;
- Designate specific personnel, including management representative(s), with well-defined and clearly communicated lines of responsibility and authority;
- Require sufficient oversight and human and financial resources be provided on an ongoing basis to achieve effective and continuous environmental and social management throughout the life of the proposed project.

If needed, the capacity development section of the ESMP will outline a plan for strengthening capacities of UNDP staff, Implementing Partner staff, and contractors with direct responsibility for activities relevant to the environmental and social sustainability of the proposed project so that they have the knowledge and skills necessary to perform their work, including current knowledge of the host country's regulatory requirements and the applicable requirements of UNDP environmental and social policies and procedures. Capacity development will also address the methods required to perform the specific actions and measures of the ESMP in a competent and efficient manner. The capacity development plan will have the following components:

- Identification of capacity needs;
- Development of a capacity development plan to address defined needs;
- Monitoring and Evaluation of capacity development plan.

<u>Communication</u>. The ESMP will be developed in close consultation with project stakeholders and disclosed. The ESMP will include a section that outlines a plan to communicate progress with implementation and effectiveness of the ESMP on issues that involve ongoing risk to or impacts on the project stakeholders, and on issues that the consultation process or grievance mechanism has identified as of concern to those stakeholders. If ESMP review and evaluation result in material changes in, or additions to, the mitigation, monitoring or capacity development measures or actions described in the ESMP on issues of concern to the stakeholders, the updated measures or actions will also be developed in close consultation with stakeholders and disclosed. These reports will be in a format accessible to the stakeholders. The frequency of these reports will be proportional to the concerns of the stakeholders but not less than annually.

#### STAGE 3: Appraising the ESIA

As has been mentioned earlier, one of the main purposes of this guidance note is to provide information that will enable UNDP Project Developers/Managers to ensure quality of the ESIAprocess (usually undertaken by external specialists), and appraise ESIA documentation completed by national governments or donor partners.

The ESIA report (including the ESMP) will be submitted to the PAC as part of the project approval process. At the desk review stage, the Project Developer, needs to appraise (and sign off on) the ESIA/ESMPto ensure that they provide enough quality advice to enable the PAC to make informed decisions.

Appraisal should ensure that the ESIA/ESMP work:

- Meets its terms of reference, both procedurally and substantively;
- Provides an accurate and complete evaluation of the proposed project;
- Contains the information required for decision-making;
- Describes specific mitigation, monitoring and capacity development measures;
- Assesses the capacity of the institutions responsible for implementing environmental and social management;
- Was developed through a consultative process with strong stakeholder engagement; and,
- Assesses the adequacy of the cost of and financing arrangements for environmental and social management implementation.

## ACRONYMS

BCPR:	Bureau for Crisis Prevention and Recovery
EIA:	Environmental Impact Assessment
ESIA :	Environmental and Social Impact Assessment
ESMP:	Environmental and Social Management Plan
MDGs :	Millennium Development Goals
PAC:	Project Appraisal Committee
POPP:	UNDP Programme and <b>Operations</b> Policies and <b>Procedures</b>
PPP:	Policies, Plans, or Programmes
SEA:	Strategic Environmental Assessment
SESA:	Strategic Environmental and Social Assessment
ToR:	Terms of Reference
UNCT:	United Nations Country Team
UNDP:	United Nations Development Programme

#### GLOSSARY

**Climate Change**. Climate change refers to a statistically significant variation in either the mean state of the climate or in its variability, persisting for an extended period (typically decades or longer).(http://www.grida.no/publications/other/ipcc\_tar/?src=/climate/ipcc\_tar/wg1/)

**Climate Change Adaptation.** Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities. Various types of adaptation can be distinguished, including anticipatory and reactive adaptation, private and public adaptation, and autonomous and planned adaptation (IPCC Third Assessment Report, 2001)

**Climate Change Mitigation**is an intervention to reduce or limit anthropogenic emissions of greenhouse gases by sources, the removal of greenhouse gases by enhancing sinks or protection of reservoirs, to reduce the rate and magnitude of climate change.

**Climate Risk** is arisk resulting from climate change and affecting natural and human systems and regions. The probability of harmful consequences, or expected losses (deaths, injuries, property, livelihoods, economic activity disrupted or environment damaged) resulting from interactions between natural or human-induced hazards and vulnerable conditions. Climate risk is a function of the type, magnitude and rate of climatic variation or extreme event. When faced with human societies, hazards create risks.

Consequential impacts. See the definition below for "indirect" impacts.

**Critical Habitat**is an area essential to the conservation of endangered, threatened or endemic species. (SOURCE: Adapted from the UNEP <u>Draft grid for the objective evaluation of proposals for inclusion in</u> <u>the SPAW protected areas list</u>, 2004)

**Cumulative Impacts** are impacts resulting from an accumulation of effects from numerous activities or from a combination of effects from one activity. Cumulativeimpacts are defined by the <u>United Nations</u> <u>University, EIA course module</u> as impacts on the environment which result from the incremental impact of an action when added to other past, present or reasonably foreseeable actions regardless of what agency or person undertakes such actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time.

**"Downstream":** The term "downstream" is used to refer to projects that emanate from higherlevel (or "upstream") policies, plans, or programmes. Downstream projects tend to be more closely associated with development of physical infrastructure.

#### Environment

- (a) ecosystems and their constituent parts, including women, men, and communities;
- (b) natural and physical resources;
- (c) the qualities and characteristics of locations, places and areas;
- (d) heritage values of places; and,
- (e) the economic, health, gender and cultural aspects of a thing mentioned in paragraph (a), (b), (c) or (d).

**Environmental and Social Impact Assessment (ESIA)**: is a planning process to evaluate the environmental and related social impacts of a project or project component, to ensure these considerations are factored into decision-making, design and execution. An ESIA identifies ways for preventing, minimizing, mitigating, or compensating for adverse consequences and for enhancing positive ones. ESIA varies in breadth, depth and type of analysis depending on the specificities of the proposal.

**Environmental and Social Impacts** are any effect (negative or positive) *to* and/or *from* environmental and social conditions (physical, biological and social interactions) surrounding a specific activity, such as a project.

**Environmental and Social Mainstreaming.** The integration of environmental and social considerations into UNDP's policies, programming and operations to ensure the coherence and sustainability of our mission and practices. Mainstreaming systematically takes into consideration environmental and social issues as early as possible in the decision-making process where decisions can best benefit from environmental and social opportunities and avoid negative impacts on the environment. In this way, mainstreaming can help align policies, programmes and operations with the long-term requirements of sustainable development, help modernise development policy content and procedures, and promote a proactive approach rather than responding to impacts as they unfold. (SOURCE: Adapted from the <u>UNDP</u> <u>Environmental Mainstreaming Strategy</u>, 2004)

**Environmental and Social Management.** Mechanisms to incorporate into the project recommendations to prevent, avoid, reduce, mitigate, eliminate, or compensate for any adverse impacts of the selected alternative. This includes schedule, assignment of responsibility and budgets for the environmental and social impact management measures. Environmental and social management elements are often elaborated in an **Environmental and Social Management Plan (ESMP)**. (SOURCE: Adapted from MFI *Common Framework for EA*)

Environmental and Social Management Plan (ESMP). See above definition for Environmental and Social Management.

**Environmental and Social Screening.** The process to determine whether or not a proposed project requires further environmental and social review and management.

**Environmentally Sound Manner.** ESM means taking all practical steps to minimize the generation of hazardous wastes and strictly controlling its storage, transport, treatment, reuse, recycling, recovery and final disposal, the purpose of which is to protect human health and the environment. (SOURCE: <u>Basel</u> <u>Convention on the Control of Transboundary Movements of Hazardous Wastes and their</u> <u>Disposal</u>).

#### **Gender Equality**

Gender Equality relates to the equal treatment of men and of women. For example, equal pay for equal work, equal numbers of male and female beneficiaries, equal representation of men and women in staffing, equal allocation of budget and other resources for men and for women's activities.

#### **Gender Equity**

Gender Equity is appropriate and fair allocation of human, material and financial resources in function of the specific needs and problems of women and men in a given context. For example, if women field staff cannot travel alone with a driver, but men can travel on a motor bike, an equitable allocation would be

one bike per male field worker, and one car plus driver per two female field workers in order to achieve the same amount of extension work.

**Greenfield Land**is a land which has never been built on or where the remains of any structure or activity have blended into the landscape over time (e.g. unfenced open fields or urban lots, or restricted, closed property kept off limits to the general public by a private or governmental entity).

**Habitat**. Habitats include both **natural habitats** (land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions) and **modified habitats** (where there has been apparent alteration of the natural habitat, often with the introduction of alien species of plants and animals, such as agricultural areas). Both types of habitat can support important biodiversity at all levels, including endemic or threatened species.

**Hazardous Materials.** Chemicals substances subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer that should be avoided and the use of less hazardous substitutes considered. (SOURCE: Adapted from IFC Performance Standard 3).

**Hazardous Waste** is usually a solid waste that poses substantial or potential threats to public health or the environment and generally exhibits one or more of these characteristics: ignitable (i.e., flammable), oxidizing, corrosive, toxic, radioactive, and that has the potential to cause, or significantly contribute to an increase in mortality (death) or an increase in serious irreversible, or incapacitating reversible illness; or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, or disposed of, or otherwise managed. (SOURCE: Adapted from US EPA definition in *Resource Conservation and Recovery Act*).

**Indirect impacts** are those generated by a project as a secondary outcome, which is not directly attributable to the project. For example, a new road through a virgin forest will generate direct environmental impacts through the cutting of forest and earthworks associated with construction. These are direct environmental impacts. In addition, however, the new road would likely also bring new commercial and domestic development (houses, shops, businesses). In turn, these will generate indirect environmental impacts. (Sometimes these are termed "secondary" or "consequential" impacts).

**Pollution** is both hazardous and nonhazardous pollutants in the solid, liquid, or gaseous forms, and is intended to include nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

**Project developer:** The person who takes the lead in formulating the project and in organising required actions in project appraisal and finalization.

Secondary impacts. (See the above definition for "indirect" impacts).

**Strategic Environmental (and Social) Assessment (SEA/SESA)** is one form of environmental review and management which focuses on the strategic level. SEA refers to a range of analytical and participatory approaches that aim to integrate environmental considerations into *policies, plans and programmes* and evaluate the inter linkages with economic and social considerations. SEA can be described as a family of approaches which use a variety of tools, rather than a single, fixed and prescriptive approach. This can be thought as a continuum of increasing integration: at one end of the continuum, the principle aim is to integrate environment, alongside economic and social concerns, into

strategic decision making; at the other end, the emphasis is on the full integration of the environmental, social and economic factors into a holistic sustainability assessment. (SOURCE: Adapted from <u>OECD-DAC Guidance on SEA</u>)

**Sustainable Natural Resource Management** is the management of the use, development and protection of resources in a way, or at a rate, which enables people and communities, including indigenous peoples, to provide for their present social, economic and cultural well-being while also sustaining the potential of those resources to meet the reasonably foreseeable needs of future generations and safeguarding the life-supporting capacity of air, water and soil ecosystems. (SOURCE: IFC Performance Standard 6)

**Transboundary impacts**: Any impact (not exclusively of a global nature) within an area under the jurisdiction of a Party caused by a proposed activity, the physical origin of which is situated wholly or in part within the area under the jurisdiction of another Party. (SOURCE: <u>UNECE Convention on</u> <u>environmental impact assessment in a transboundary context</u>)

**"Upstream":** The term "upstream" is used to refer to projects associated with policy-making, planning, or programme development. The term is distinguished from "downstream" projects, which tend to be more closely associated with development of physical infrastructure. Examples of upstream projects include: national development strategies; poverty reduction strategies; national policy reforms and budget support programmes; sector strategies, policies, and plans; national and sub-national spatial development plans; regional policies and plans; global or regional thematic projects; or sectoral projects.

**Vulnerability to climate change** is the degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change, including climate variability and extremes. Vulnerability is a function of the character, magnitude, and rate of climate variation to which a system is exposed, its sensitivity, and its adaptive capacity. (SOURCE: UNDP *Glossary of terms and concepts related to climate change*, 2009).