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## **DECISION 28-III-19R**

### **Environmental and Social Safeguard Policy**

The Assembly of the Asian Forest Cooperation Organization (AFoCO), in order to provide principles and guidelines to assess the environmental and social risks and likely impacts during the preparation and implementation of programs, projects, and activities carried out by AFoCO,

*Decides to:*

1. Adopt the Environmental and Social Safeguard Policy in the document D-28-1; and
  2. Task the Secretariat to facilitate the necessary follow-up actions, including:
    - (a) Establishment of the Technical Committee for Environmental and Social Safeguard at the Secretariat;
    - (b) Development of the Environmental and Social Safeguards guidelines; and
    - (c) Amendment/update of related institutional documents such as project manuals and guidelines.
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# Environmental and Social Safeguard Policy

Document No.: D-28-1 (Decision 28-III-19R)

## I Background

1. The Asian Forest Cooperation Organization is an intergovernmental organization that pursues a vision of a “Greener Asia”. The mission of AFoCO is to strengthen regional forest cooperation by transforming proven technology and policies into concrete actions in the context of sustainable forest management to address the impact of climate change.

2. AFoCO projects aim to achieve positive outcomes for beneficiaries through action-oriented activities in forestry and its related sectors. Recognizing that unwanted negative environmental and social risks and likely impacts may occur when projects are implemented in forests and its surrounding areas, AFoCO seeks to avoid or minimize risks by taking appropriate measures within the context of its mission.

3. AFoCO establishes this overarching Environmental and Social Safeguard Policy that articulates how AFoCO integrates environmental and social considerations into its decision making and operations to effectively manage environmental and social risks and impacts.

4. While preparing this Policy, the policies and best practices of international organizations such as the Food and Agriculture Organization (FAO), Global Environment Facility (GEF), Green Climate Fund (GCF), International Finance Corporation (IFC), International Union for Conservation of Nature (IUCN), Observatory De Sahara et du Sahel (OSS, Sahara and Sahel Observatory), and World Wildlife Fund (WWF) were referred to.

## II Definitions

5. For this Policy, including the Annexes, the following terms shall be defined as below:

- (a) “AFoCO” means the organization established under the Agreement on the Establishment of the Asian Forest Cooperation Organization.
- (b) “Agreement” means the Agreement on the Establishment of the Asian Forest Cooperation Organization that entered into force on 27 April 2018.
- (c) “Assembly” means the highest decision-making organ of AFoCO comprising of representatives appointed by the Parties to the Agreement on the Establishment of the Asian Forest Cooperation Organization.
- (d) “Due diligence” means the process of investigating potential investments to confirm all facts, such as reviewing environmental and social safeguards, audits, assessments, and compliance before consideration of funding or entering into an agreement with another, under the environmental and social management system.

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- (e) “Environmental and Social Impact Assessment” (ESIA) refers to a process or tool based on an integrated assessment where the scale and type of potential biophysical and social, including, where appropriate transboundary risks and impacts of programs, projects, and/or policy initiatives are predicted, acknowledged, and evaluated. It also involves evaluating alternatives and designing appropriate mitigation, management and monitoring measures to manage the predicted potential impacts.
  - (f) “Environmental and Social Management Frameworks” (ESMF) describes the roles, responsibilities, and processes to manage environmental and social risks and impacts including, where appropriate, transboundary risks and impacts, including screening, preparation, implementation, and monitoring of relevant projects.
  - (g) “Environmental and Social Management System” (ESMS) refers to a set of management processes and procedures that allow an organization to identify, analyze, control, and reduce the environmental and social impacts of its activities, including transboundary risks and impacts, in a consistent way and to improve performance in this regard over time.
  - (h) “Environmental and Social Management Plan” (ESMP) refers to a document that contains a list and description of measures that have been identified for avoiding adverse environmental and social impacts, including, where appropriate, transboundary risks and impacts to minimize them to acceptable levels or mitigate and provide compensation as a result of the ESIA process.
  - (i) “Environmental and Social Safeguards” (ESS) refers to a set of standards that specifies the desired outcomes and the specific requirements to achieve these outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts.
  - (j) “Executive Director” means the chief administrative officer of AFoCO who is appointed by the Assembly.
  - (k) “Implementing Agency” (IA) is an entity responsible for implementing and executing project activities. An IA will be one of the following entities: government agency, international organization, nongovernmental organization, educational institution, research institution, or a private sector organization.
  - (l) “Party” means a country which has signed the Agreement and has deposited its instrument of ratification, acceptance, or approval for which the Agreement has entered into force, or a country that has acceded to the Agreement.
  - (m) “Policy” means this Environmental and Social Safeguard Policy.
  - (n) “Project” is defined as an execution of activities over a planned period to achieve specific goals and objectives. Normally, projects are proposed by Parties and approved by the Assembly.
  - (o) “Secretariat” means the body which shall provide administrative support to AFoCO as well as carry out the activities guided by the Assembly.
  - (p) “Stakeholders” refers to individuals or groups, communities, or governments who: (a) are affected or likely to be affected by the activities; and (b) may have an interest in the activities (other interested parties). The stakeholders of an activity will vary depending on the details of the activity and may include local communities, national and local authorities, including from neighboring governments, neighboring projects, and nongovernmental organizations.

- (q) “Technical Committee for Environmental and Social Considerations” (Committee) is the entity responsible for assessing environmental and social aspects of AFoCO-funding projects, consisting of a President; Gender Policy Officer; Environmental and Social Officer; and, one or two external experts in the country where the project is implemented.

### III Purpose and Scope

6. The purpose of this Policy is to provide principles and guidelines to assess the environmental and social risks and likely impacts during the preparation and implementation of programs, projects, and activities carried out by AFoCO. In building on existing policies, operating procedures, and project cycle of AFoCO, this Policy pursues the following objectives to:

- (a) Ensure that in AFoCO’s mission of “strengthening regional forest cooperation by transforming proven technology and policies into concrete actions in the context of sustainable forest management to address the impact of climate change”, programs and projects supported by AFoCO do not result in unnecessary environmental and social harms;
- (b) Promote transparency, predictability, and accountability in the decision-making processes of environmental and social screenings and impact assessments; and,
- (c) Encourage project proponents and IAs directly funded or supported through AFoCO to have appropriate consideration for environmental and social impacts.

7. This Policy will apply to all AFoCO-financed programs, projects, and activities. The Policy applies to three engagement areas:

- (a) At the institutional level, this Policy responds to the mandate expressed in the Assembly and links to other operational strategies and policies including internal structures and governance frameworks of AFoCO;
- (b) At the IA level, this Policy sets out the requirements for IAs working with AFoCO to establish and maintain robust, systematic, accountable, inclusive, gender-responsive, participatory and transparent systems to manage risks and impacts from AFoCO-financed activities pursuant to this policy and the environmental and social safeguards adopted by AFoCO; and,
- (c) At the activity level, this Policy establishes the requirements for environmental and social risk assessment and management to be aligned to AFoCO’s environmental and social safeguards ensuring that due diligence is undertaken for all AFoCO-financed activities. Additional requirements on ESS from countries where programs/projects are implemented may be integrated with AFoCO’s requirements at the activity level, provided that the additional requirements are consistent with and at least as rigorous as the environmental and social safeguards of AFoCO.

## IV General Principles

8. The Environmental and Social Management System (ESMS) is an intrinsic part of AFoCO's project cycle. It provides systematic steps and operational tools for managing the environmental and social performance of projects implemented or supported by AFoCO. The system allows AFoCO to screen potential projects for negative environmental or social impacts and develop suitable measures to avoid, minimize, or compensate for these impacts. It also ensures that the implementation and effectiveness of mitigation measures are monitored and that any impacts arising during execution of projects are addressed.

9. The Environmental and Social Safeguards (ESS) are a set of standards designed to help manage and improve project performance through a risk and outcome based approach as part of the project cycle. AFoCO shall establish the ESS to indicate appropriate environmental and social standards in project implementation.

10. The following principles shall guide how AFoCO will achieve the objectives of this Policy:

- (a) **Sustainable Forest Management.** All AFoCO-financed activities will be designed and implemented in a manner that will pursue sustainable forest management, as protecting and conserving biodiversity and critical habitats, ensuring environmental flows of water, maintain the benefits of ecosystem services, and promote the sustainable use and management of living natural resources.
- (b) **Transboundary risks and impact approach.** In case of potential transboundary impacts of AFoCO-funded projects, AFoCO shall ensure that all necessary consultations and due diligence processes, including prior notification and consultations with the relevant stakeholders, are fully considered and addressed under this Policy.
- (c) **Equality and non-discrimination.** All activities financed by AFoCO will require that, where they are unavoidable, adverse impacts do not fall disproportionately on vulnerable and marginalized groups and individuals that are affected or potentially affected by AFoCO-financed activities, and avoid prejudice and discrimination in providing access to development resources and benefits;
- (d) **Mitigation hierarchy.** AFoCO adheres to the mitigation hierarchy as an overall principle to manage environmental risks and impacts suitable for all instances of AFoCO-financed activities. The mitigation hierarchy aims to:
  - (i) Anticipate and avoid adverse risks and impacts on people and the environment, and
  - (ii) Where avoidance is not possible, adverse risks and impacts are minimized through abatement measures
- (e) **Coherence and links with relevant policies and practices of AFoCO.** This Policy is an overarching policy that shall be consistent and linked with the relevant policies and practices of AFoCO, such as those related to accreditation, monitoring and accountability, redress mechanism, information disclosure, gender, and others as appropriate, including those relevant policies that are still to be developed;

- (f) **Continuous improvement and best practices.** The ESMS will be continuously reviewed and updated in a transparent and participatory manner to sustain its relevance and responsiveness to the prevailing organizational, social, economic, and political conditions. The ESMS will also be consistently aligned with international best practices and applicable standards, reflecting the experiences and lessons learned by IAs and other relevant institutions;
- (g) **Stakeholder engagement and disclosure.** The ESMS requires that there is broad multi-stakeholder support and participation throughout the lifecycle of AFoCO-financed activities, including the development of measures to mitigate, manage, and monitor environmental and social risks and impacts. The process to build support shall be inclusive, gender-responsive, and culturally aware and will be supported by the disclosure of relevant information pursuant to the Policy on Information Disclosure;
- (h) **Gender-sensitive approach.** AFoCO will require IAs to adequately assess the gender risks and impacts as part of social risks and impact assessments and link corresponding gender risk management measures;
- (i) **Knowledge-sharing.** AFoCO will lead and promote the sharing of lessons and experiences in applying ESS and in implementing the ESMS, and will integrate these lessons with capacity development, communications, and outreach activities;
- (j) **Compliance with applicable laws.** AFoCO will not support activities which do not comply with applicable laws, including national laws and/or obligations of the country directly applicable to the activities under relevant international treaties and agreements, whichever is the higher standard. All activities supported by AFoCO will be designed and implemented in a manner that will fulfil universal respect for human rights, and will promote decent work, fair treatment, non-discrimination, and equal opportunity for workers in line with existing national laws and regulation; and,
- (k) **Local communities.** All AFoCO-financed activities will avoid adverse impacts on local communities including indigenous peoples, and will minimize, mitigate, and/or compensate appropriately and equitably for such impacts in line with existing national laws and regulations.

## V Governance of the Policy

11. The Executive Director will establish a Technical Committee for Environmental and Social Safeguard comprising of internal and external experts with the knowledge necessary to provide advice and counsel relating to environmental and social considerations. The committee will be composed of a President; Gender Policy Officer; Environmental and Social Officer; and one or two external experts in the country where the project is implemented. The Terms of Reference for the committee are in **Annex-1**.

12. To determine whether an institution's ESMS is adequate, AFoCO shall set the procedures to assess and manage environmental and social risks and impacts.

13. The Executive Director will update the ESMS and seek guidance from the Assembly as and when necessary in doing so.

## **VI Risk Screening and Management (Due Diligence)**

14. All proposed programs/projects either executed by AFoCO or implemented by AFoCO together with implementing agencies (IAs) shall be screened by AFoCO or the IAs through a risk screening to determine their potential to cause environmental or social harm. Under the guidance of AFoCO, all IAs must also review proposed projects against the national environmental and social laws and regulations where they exist and are applicable, requiring at a minimum, that executing entities have all necessary permits where required and that their operations are not unlawful.

15. The screening process shall consider all potential direct, indirect, trans-boundary, and cumulative impacts in the program/project's area of influence that could result from the proposed project/program. All proposed projects/programs shall be categorized according to the scale, nature, and severity of their potential environmental and social impacts.

16. Based on the project activities and on the nature and significance of potential environmental and social impacts, three (3) categories for field projects will be given: low, medium, and high. The categories correspond to the risk categories of GCF (**Annex-2**).

17. If during the program/project review process, AFoCO determines that further information on the environmental and social assessment, mitigation, and management of risks is required, the IA can be requested to provide it. As deemed necessary, this will be reflected in the agreement between AFoCO and the IA.

18. Regardless of the outcome of the screening procedure, all proposed programs/projects shall comply with AFoCO's environmental and social performance standards, which are based on applicable national and local laws and regulations.

## **VII Grievance Review (Redress) Mechanism**

19. AFoCO assures compliance with the ESMS through specific institutional arrangements put in place for the operationalization of the ESMS and through a dedicated grievance review mechanism.

20. AFoCO will facilitate the resolution of concerns of beneficiaries of the projects regarding alleged or potential violations of AFoCO's social and environmental commitments. For this purpose, concerns may be communicated in accordance with the eligibility criteria described below, which applies to all AFoCO programs/projects.

21. Concerns must be addressed at the closest appropriate level, i.e. at the project management level. If a concern or grievance cannot be resolved through consultations and measures at the project management level, a complaint and/or disputes may be filed with the assigned staff by the Secretariat and reported to the Assembly for further consideration.

## **VIII Public Disclosure and Consultation**

22. The IA should identify stakeholders and involve them as early as possible in planning any program/project. The results of the environmental and social screening and a draft environmental and social assessment, including a proposed risk management plan, shall be made available for public consultation. The information will be collected in an appropriate way for communities who are directly affected by the proposed project/program.

23. AFoCO will publicly disclose the final environmental and social assessment on its website ([www.afocosec.org](http://www.afocosec.org)) as soon as it is received, in accordance with the Policy on Information Disclosure.

24. The IA is responsible for disclosing the final environmental and social assessment to people and other stakeholders affected by the program/project. Program/project reports, including the status on implementation of environmental and social measures, shall be publicly disclosed. Any significant proposed changes in the program/project during implementation shall be made available for effective and timely public consultation with directly affected communities.

## **IX Amendment to the Policy**

25. The provisions of this Policy may be supplemented or amended upon proposal by the Executive Director and subsequent approval by the Assembly.

## **X Report and Review**

26. This Policy will be periodically reviewed and revised to assure its alignments with international standards and national regulations and policies.

27. The Technical Committee for Environmental and Social Safeguard will ensure to report on the status of implementation and the progress of this Policy to the Assembly every three (3) years after the adoption of this Policy.

## **XI Effective Date of Application**

28. This Policy shall come into effect upon adoption by the Assembly, and shall remain in effect until amended or superseded by the Assembly.

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## **Annex-1. Terms of Reference for Technical Committee for Environmental and Social Safeguard**

### **1 Introduction**

AFoCO's Environmental and Social Safeguard Policy highlights the main steps and procedures to follow in the framework of the projects in which AFoCO is involved, and that under the supervision of a committee in charge of environmental and social risks assessment.

For the effective implementation of this Policy, the Executive Director of the Secretariat establishes the Technical Committee for Environmental and Social Safeguard to ensure its optimal application.

The Committee will be composed of:

- President of the Committee;
- Gender Policy Officer;
- Environmental and Social Safeguard Officer; and,
- One or two external experts in the country where a project is implemented, if deemed necessary.

### **2 Responsibilities of the Committee**

Led by the President, the overall responsibilities of the Committee are to:

- Coordinate and oversee the compliance of programs and projects with the agreed measures stipulated by the Gender and ESS Policies;
  - Assess and categorize potential risks of project concept notes and proposals, and if deemed necessary, submit it to the Executive Director to conduct a detailed analysis of the risks identified;
  - Ensure the preparation of the terms of reference related to potential environmental assessments with the support of the Program Officer of the Secretariat in charge of project management;
  - Prepare and deliver an environmental and social performance report to the Executive Director who will report to the Assembly as and when necessary;
  - Propose updates and revisions of the Gender and the ESS Policies to the Executive Director; and,
  - Represent AFoCO in internal and external events focusing on environmental and social issues.
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## Annex-2. Risk Categorization

After a series of desk reviews on ESS frameworks, AFoCO decided to adopt the risk categories of the Green Climate Fund which are simple and applicable.

### ■ Low Risk (Category C or Intermediation level 3)

- The project has no or minimal potential negative environmental and/or social impacts, either upstream or downstream.
- The project will not be controversial in terms of the interests of key stakeholders.
- In the case of minimal impacts, the risk remains low because there are widely known and readily available good practices that will be used to address those impacts, and a track record that implementers of the project (e.g., farmers, fishermen) know how to apply and do engage in these good practices.

### ■ Medium Risk (Category B or Intermediation level 2)

- Projects with identified potential adverse environmental and /or social impacts.
- Potential impacts are not unprecedented in the project area.
- Potential impacts are limited to the project's footprint.
- Potential impacts are neither irreversible nor cumulative.
- Potential adverse impacts can be addressed by the use of recognized good management or pollution abatement practices, and there is a demonstrated record of their successful use in the project area (upstream and downstream).

### ■ High Risk (Category A or Intermediation level 1)

- Project entails potentially significant, irreversible and/or cumulative negative environmental and social risks and/or impacts.
  - Potential adverse impacts are unprecedented in the project area (e.g., local communities and directly affected people are not aware of the risks and potentially adverse impacts, and are not familiar with the mitigation hierarchy options).
  - Potential adverse impacts extend beyond the project footprint (e.g., a larger area-of-influence).
  - Project risks are controversial in the views of some key stakeholders.
-