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**Guidelines for Environmental and Social Management System (draft as of 16
September 2021)**



Guidelines for Environmental and Social Management System

16 September 2021

Asian Forest Cooperation Organization

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1. Purpose

The Guidelines on Environmental and Social Management System (ESMS), referred herein as the “Guidelines” provides a systematic procedures and workflow in identification, assessment/categorization, mitigation planning and implementation of all environmental and social risks associated with certain AFoCO project guided by the AFoCO Environmental and Social Safeguard Policy (DECISION-28-III-19R). Primarily, the Guidelines cater for the use by AFoCO National Focal Points (NFPs) including respective Implementing Agency (IA) and ESS Officer during the project development and implementation following the regular project management cycle.

The Guidelines is prepared with high regard to the basic principle that respective national environmental and social policies and regulations adequately address all aspects of environmental and social safeguard in the context of each country’s circumstances. As such, domestic environmental and social policies ensure suitable mitigation and avoidance measures at the country level. The guidelines guarantees that international protocols and standards on ESS are suitably applied and contextualized. The guidelines presented here are AFoCO’s commitment to ensuring that policy directives have concrete, measurable, consistent, implications on key aspects of AFoCO funded projects. ESS in alignment with Country Social Safeguards (CSS) considerations render uniqueness to the AFoCO’s approach towards ensuring that the environmental and social risks are efficiently managed and accounted for during the entire project management cycle.

2. Scope

The guidelines will cover the environmental and social requirements at every stage of the project development, implementation, and management, through the following:

- 2.1 The project proponent to adequately fill-in and submit the Environmental and Social Safeguard Checklist along with the concept note.
- 2.2 The AFoCO Secretariat is tasked for reviewing the duly filled ESS Screening Checklist attached with the concept note and categorizing it into three risk categories, i.e., Low, Medium, and High-risk project. AFoCO’s project may potentially be classified under the low-risk category as guided by the strategic priority areas. However, as, and when necessary, medium, and high-risk projects may also be considered based on the merits, priorities and strategic directions of the proponent country and the organization.
- 2.3 ESS management officers assigned by the Secretariat to coordinate the entire ESMS.
- 2.4 The Project proponent to undertake Environmental and Social Impact Assessment (ESIA) and prepare Environmental and Social Management Plan (ESMP) for medium and high-risk projects and, identify and manage potential environmental and social risks including the formulation of corresponding verifiable and measurable indicators in the logical framework in project proposal for low-risk projects.
- 2.5 The ESS Committee with domestic experts for reviewing the ESIA and ESMP to check if appropriate mitigation measures are integrated in the project proposal and the same generally complies with ESS standards under the Guidelines.
- 2.6 The project proponent to assure that the project adheres to the domestic environmental and social risk management systems and processes prior to implementation of the mitigation activities.
- 2.7 Respective NFPs/IAs to ensure that project monitoring and evaluation teams are in place, including the development and application of appropriate and effective ESS M&E tools according to the local context and need.

3. Definition of Terms

For some of the terms, a detailed definition can be referred from the Project Manual. Following are operational definition of terms referred specifically for purpose of this guideline:

- (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. It is the body responsible to undertake second level process check of the project proposal to verify if it adheres to the ESS requirements as per the ESS Policy.
- (d) “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.
- (e) “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.
- (f) “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.
- (g) “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.
- (h) “Environmental and Social Safeguard Screening Checklist” (ESS Screening Checklist) refers to a template consisting of a comprehensive list of environmental and social indicators which will help categorize the impacts of the proposed project on various environmental and social aspects.
- (i) “Environmental and Social Safeguard Committee” (ESS 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 domestic ESS expert in the country where the project is implemented.
- (j) “Environment and Social Safeguards Performance Standards” (ESPS) are the five key standards applied within the ESS Screening Checklist to ensure that risks and impacts are considered in a holistic and equitable manner that strengthens the principles of ESS
- (k) “Executive Director” means the chief administrative officer of AFoCO who is appointed by the Assembly.
- (l) “Full ESIA” refers to a process in which the detailed environmental and social impact assessment is carried out with a dedicated methodology for stakeholder consultation by the IAs together with an independent external expert. The assessment should be carried out covering all the five standards identified in the guidelines. A site visit is a mandatory requirement of this process.

- (m) “Free and Prior Informed Consent (FPIC)” is a process standard used during project and stakeholder engagement to ensure that the rights and legal responsibilities of engaging Indigenous Peoples are prioritized and fully accounted for during negotiations, discussions and engagement on project actions and activities.
- (n) “Grievous Redress Mechanism” (GRM) is a mechanism or process standard embedded within the AFoCO project management cycle that seeks to ensure that all stakeholder concerns are addressed in a transparent, equitable and fair manner.
- (o) “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.
- (p) “Supplemental Logical Framework” is an extension of the Logical Framework for Category ‘C’ or ‘Low Risk’ projects that basically contains/lists project activities that may likely to have minimal impacts to the project site/beneficiaries including strategies on how to mitigate said impacts, among others.
- (q) “Partial ESIA” refers to a process in which the environmental and social impact assessment is carried out focusing on the few delineated environmental and social impacts identified, by the IAs together with an independent external expert. The assessment will be limited to only the risk identified in the ESS Screening Checklist and may not necessarily cover all the five standards. Site visit is not a mandatory requirement of the process.
- (r) “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.
- (s) “Policy” means this Environmental and Social Safeguard Policy.
- (t) “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.
- (u) “Project Appraisal Committee (PAC)” is a body responsible to undertake the first level process check of the project proposal to verify if it adheres to the ESMS requirements as per the ESS Policy.
- (v) “Project Appraisal Panel” (PAP) is a body responsible for the appraisal of project proposals, especially the overall technical aspects of the proposal. For the projects categorized as low risk, the panel will check the technical aspect of the project along with the logical framework matrix to ensure if appropriate mitigation measures were appropriately captured for the risk outlines in the project proposal.
- (w) “Risk Assessment Tool” (RAT) is a methodology used to classify and assess various risks associated with an activity or project. In this guideline the RAT methodology is a tool which allows users to comprehensively assess, diagnose and review a host of specific risks.
- (x) “Risk Categorization Matrix” is a format used during concept note development to categorize proposed projects as Low/Medium/High Risk based on pre-determined set of criteria.
- (y) “Secretariat” means the body which shall provide administrative support to AFoCO as well as carry out the activities guided by the Assembly.
- (z) “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.

4. Guiding Principles

ESMS guidelines operationalize AFoCO's ESSP. Therefore, it is important to frame these within overarching principles of the ESSP.

Principle 1: Sustainable forestry management

Protecting & conserving biodiversity, critical habitats, environmental flows, ecosystem services, sustainable management of living resources.

Principle 2: Transboundary risks and impacts approach

Consultation and due diligence with prior notification of all relevant stakeholders is considered.

Principle 3: Equality and non-discrimination

Vulnerable and marginalized groups are not impacted by AFoCO activities.

Principle 4: Mitigation hierarchy

Anticipate, avoid adverse risks & impacts on people & the environment
Abatement measures are prioritized when risks cannot be managed.

Principle 5: Policy coherence within AFoCO

Internally linked with related policies and practices by AFoCO.

Principle 6: Continuous improvement and best practice

Review and updates of plans, internal reporting and the use of participatory inclusive improvement of various processes.

Principle 7: Stakeholder engagement, information disclosure

Continuous and adaptive engagement is paramount throughout the project management cycle, as is sharing maximum information (unless classified confidential) in an adequate, timely manner on project activities with stakeholders.

Principle 8: Gender-sensitive approaches

Implementing agencies assess gender risks/impacts and align to gender risk management measures.

Principle 9: Knowledge sharing

AFoCO supports and upholds lessons/experiences linked to capacity development, communications and outreach.

Principle 10: Compliance with applicable laws

AFoCO will uphold country legal and regulatory frameworks and not undermine existing laws.

Principle 11: Local communities and indigenous peoples

Adverse impacts on local communities and indigenous peoples are minimized, mitigated, and or compensated in compliance with national laws and regulations

Figure 1: Guiding principles of AFoCO ESSP

The 11 guiding principles of the ESSP (Figure 1) provide a thematic overview of the context in which the policy is applied at the regional level through country programs and at the national level through AFoCO-funded projects. Key principles outlined in the ESSP (*slightly revised through these ESMS guidelines*) ensure that a comprehensive approach to implementing AFoCO projects and activities embodies these guiding principles.

Individual countries have different objectives in their respective development trajectories. AFoCO member countries can decide how these principles may align with national sustainable development aspirations through the lens of sustainable forestry management.

5. Stages of ESS implementation vis-à-vis AFoCO Project Management Cycle

The Environmental and Social Safeguard implementation is broadly divided into four stages which are entirely linked with the AFoCO's project management cycle. A stepwise approach is given to the users of the Guidelines to underscore AFoCO's ESS policy requirements, starting from the concept note development up to the termination of the project. Adequate considerations are also made with respect to domestic environmental and social regulations of the implementing countries within the entire process of project development and implementation. This will ease the project implementation process as well as strengthen the environmental and social safeguard compliance at the project level.

Four (4) stages of ESS implementation are the following with detailed description in the proceeding sub-sections of the Guidelines:

1. Project Concept Note Stage
2. Project Proposal Stage
3. Project Appraisal and Approval Stage
4. Project Implementation, Monitoring and Evaluation Stage

The flowchart shown in Figure 3 summarizes the key functional processes involved in implementing Environmental and Social Management System in AFoCO projects. The stages of the project management cycle provide a simple mechanism to focus, review and optimize ESS considerations at two levels: through country-specific systems (CSS) and using the AFoCO standards and tools presented in this guide. Up to what extent CSS will be allowed? Or it should satisfy basic requirements but not religiously follow ESS process?

Stages set across the project management cycle provides IAs, the Secretariat and the Assembly with ample opportunity to ensure that ESS considerations are front and center of the entire project management process. Within this project pathway, each phase is identified with comments on the appropriate inputs, process standards applied, associated outputs and stakeholders relevant to each process. Figure 3 also outlines clear opportunity zones for AFoCO and an indicative timeframe.

The first three phases of the cycle are crucial entry points for ESS, this guideline re-enforces and strengthens country commitment in alignment with global best practice. The Concept Note stage is critical because this is where ESS considerations can be applied directly using the risk categorization matrix, the ESS Screening Checklist, Exclusion criteria (additional exclusion criteria included) and the Risk Assessment Tool (RAT). This first layer of ESS considerations ensures that IAs explore all possible consequences of project activities which also reflecting on country safeguards and existing national protocols, policies, and applicable laws (Figure 2) covers examples only from countries who provided information/How do we disclose for others? Should we determine their policies at the concept note preparation stage?

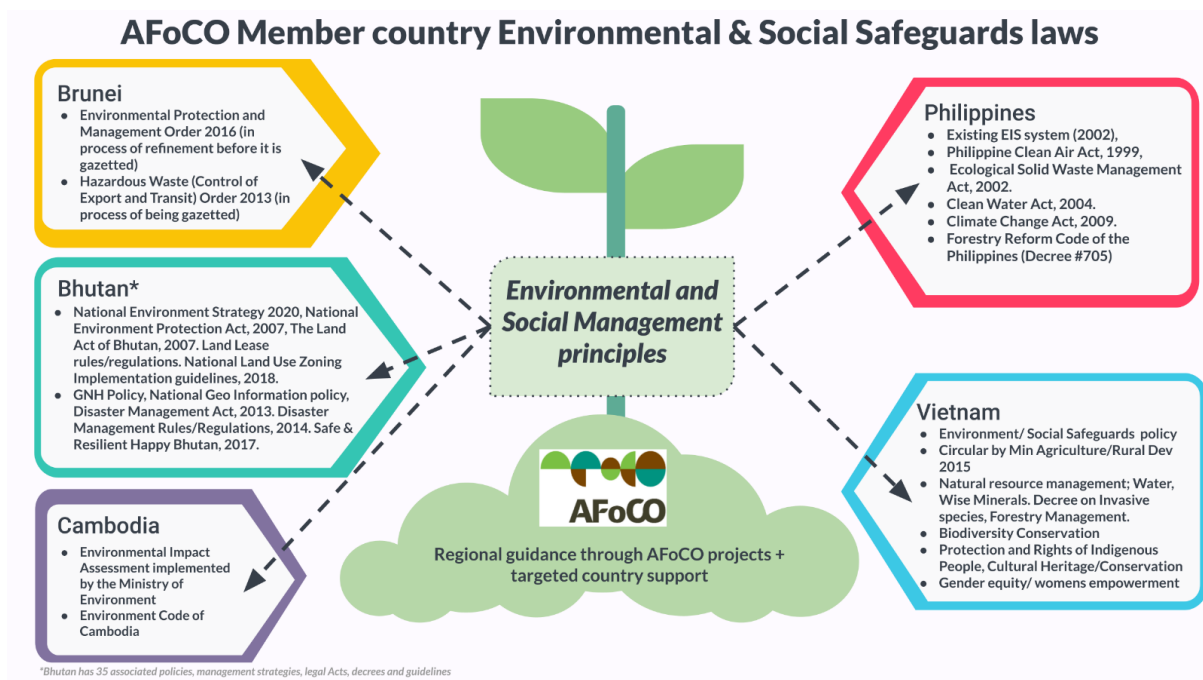


Figure 2: AFoCO Member Country Policies, Legislations and Legal Frameworks

Best practice in ESS globally, especially by FAO, GCF and IFC show that any ESMS must also provide internal mechanisms to ensure accountability and transparency of decision-making processes. This best practice measure can also be considered an extension of the following AFoCO policies.

- I. Policy on Ethics/Conflict of Interest for the Executive Director
- II. Policy on Ethics/Conflict of Interest for the Assembly of AFoCO
- III. Policy on Information Disclosure

This guideline advocates for four key process standards to be enhanced more strongly within the broader ESMS: 1) *Free and Prior Informed Consent (FPIC)*; 2) *Information Disclosure*; 3) *Grievance Redress Mechanism (GRM)*; and 4) *Stakeholder Engagement*. Principal objective of these process standards is to secure measurable standards for transparent and accountable practices and procedures of AFoCO, and self-checking mechanisms based on principles of human rights embedded within a larger normative framework that addresses all ESS concerns.

6. Project Approval Pathway for AFoCO Projects

6.1. Project Concept Note Stage

The process begins at the project concept note stage, where Project Proponent submits the duly completed ESS Screening Checklist (Annexure 2.1) and Risk Categorization Matrix (Annexure 3) and along with the concept note. The ESS Screening Checklist contains a set of environmental and social indicators that the ESS committee and project proponents can use to ensure the conduct of risk assessment. Subsequently the IA will proceed with the classification of the project as either low, medium, or high risk in accordance with the following five (5) performance standards.

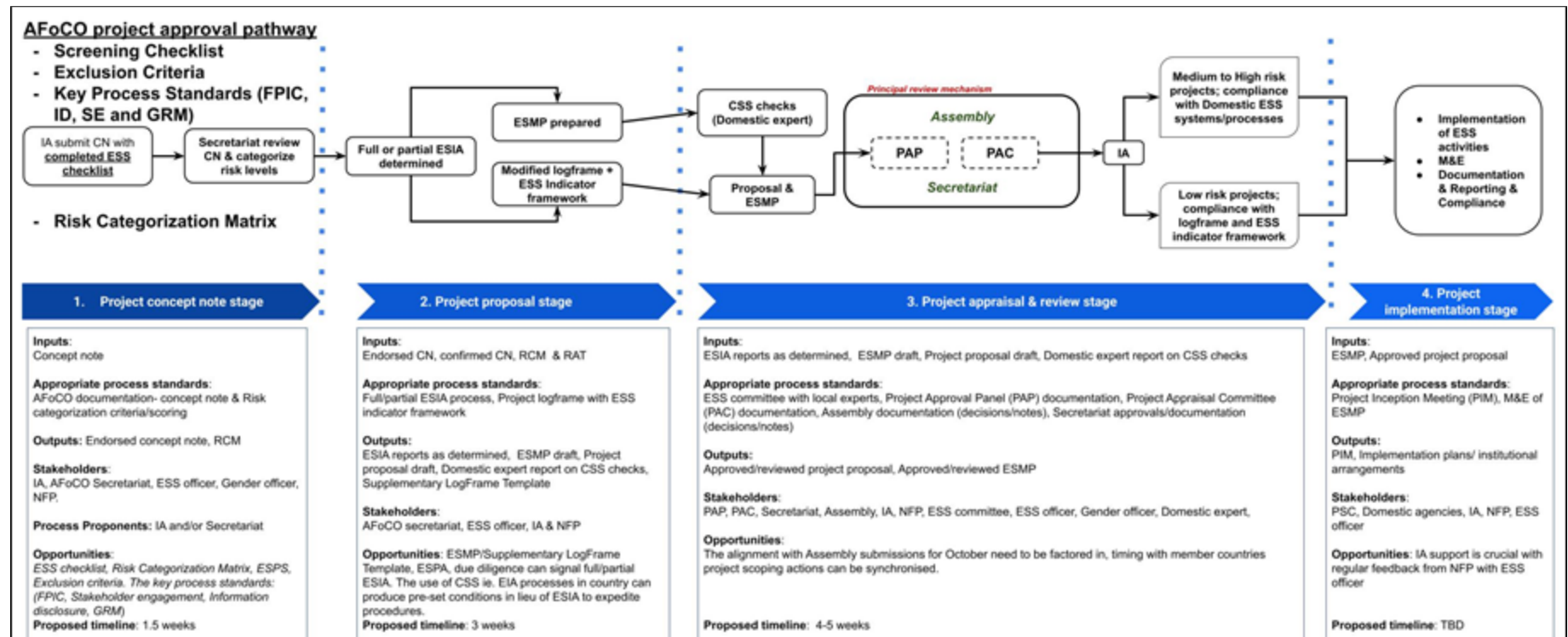


Figure 3: Project approval pathway using the Project Management Cycle

- 1) Assessment and Management of Environmental and Social Risks and Impacts
- 2) Natural Resource Management and Biodiversity Conservation
- 3) Indigenous Peoples and Cultural Heritage
- 4) Gender Equity and Women's Empowerment
- 5) Decent Work and External Communications

This will enable the proponent to make a self-assessment of the potential impact of the project. The Project Proponent is also required to consider the country's national environmental and social laws and regulations when assessing impacts and make appropriate considerations in the ESS Screening Checklist.

The Proponent is also expected to run and fill-up the Exclusion Criteria (Annexure 5) and compliance to ESMS Process Standards before concluding for the appropriate Risk Category of the proposed project.

Upon receipt of the ESS Screening Checklist attached to the project outline, the Secretariat through the ESS Officer will initiate the first round of desk assessment and validate the information provided by the project proponent on the ESS Screening Checklist and Risk Categorization Matrix to validate and confirm an appropriate risk category. If the information on the checklist accompanying the Concept Note is not sufficiently completed, the Secretariat will refer the Concept Note back to the proponent to complete the information before passing it on to the next stage. Risk categorization is one of the Secretariat's main considerations in approving Concept Notes or recommending proceeding with the preparation of the full project proposal. Once the risk category has been confirmed, the Secretariat formally informs the NFP of the additional requirements that must be submitted with the project proposal.

The result of the process therefrom will lead to the completion of Risk Categorization Matrix derived as one of the outputs of Stakeholders consultation. Projects that will not fall under Low Risk (Category C), shall be subjected to ESS screening following Annexure 2.2 for Medium Risk (Category B) and High Risk (Category C) projects.

6.2. Project Proposal Preparation Stage

For low-risk projects, the risk assessment and mitigation measures should be included in the enhanced Logical Framework Matrix to be submitted along with logical frameworks in the project proposal by the Project Proponent. Following Annexure 9: Supplemental Logical Framework template, the IA will identify potential risks, mitigation measures/strategies, performance indicators, responsible unit and timelines across each output/activity as appropriate.

Medium or high-risk projects require the preparation of an Environmental Impact Assessment (EIA) Social Impact Assessment or equivalent based on the relevant national guidelines ESS considering the baseline requirements set out in Annex 3. The EIA is intended to ensure that development projects do not adversely affect the ecological functions of the natural resources affected, including cultural values, and the well-being and livelihoods of the communities that depend on them.

High-risk projects require a full ESIA which requires a comprehensive environmental and social impact analysis process covering the five (5) standards of the AFoCO ESS Policy with a specific methodology for stakeholder consultation. The full environmental impact assessment is carried out by the EIA together with an independent external expert and a site

visit is mandatory. On the other hand, medium risk projects are required to submit a partial ESIA, which requires a lower level of scrutiny than a full ESIA and focuses on the few/selected environmental or social impact aspects identified in the risk analysis. A partial ESIA is conducted by the IAs together with an independent external expert, and if necessary, a site visit is carried out. Should an IA decide to apply its own environmental and social risk assessment system and prepare a Domestic Assessment (DoA) report, such a report may be accepted in lieu of a partial ESIA.

The IA must submit an Environmental and Social Impact Assessment (ESIA) report for the high/medium risk projects or a DoA report for the medium risk projects. If deemed necessary, this will be included in the agreement between AFoCO and the IA. Regardless of the outcome of the screening process, all proposed projects/programs must comply with AFoCO's ESPS based on applicable national and local laws and regulations.

Based on the ESIA report, the IA should prepare an Environmental and Social Management Plan (ESMP) in close coordination with the Environment and Social Safeguard Officer. In the case of medium risk projects, if the IAs have their own environmental and social risk management system and prepare a domestic ESMP, this may be applied instead of the separate ESMP.

The ESMP and/or domestic ESMP guides the project to manage and effectively mitigate environmental and social risks and describes a set of mitigation measures with an implementation schedule, required resources and responsibilities throughout the life of the project.

Upon confirmation of the RCM by the Secretariat, the project proponent will be further advised to refer to Risk Assessment Tool (RAT) during full project proposal preparation. This will assist IAs to prioritize risks and impacts based on severity, occurrence/frequency and location or impact area. In course of running RAT, the assessment available risks management options and prioritization will be facilitated and to complement with the preparation of: Supplemental Logical Framework for Low Risk projects similarly on ESIA and ESMP in the case of Medium and High Risk projects

6.3. Project Appraisal and Approval Stage

Upon submission of the project proposal with attached ESIA report and ESMP by the national promoter for medium and high-risk projects, AFoCO Executive Director will establish an Environment and Social Safeguard Committee (ESS Committee) composed of a President, Gender Policy Officer, Environment and Social Safeguard Officer and a domestic ESS expert in the country where the project will be implemented as per the Terms of References in Annex 1 of the ESS Policy. The Environment and Social Safeguard Officer will initiate the review of the ESIA Report/DoA Report and ESMP and invite the Committee, donors, and all concerned stakeholders to make a final Secretariat decision on whether to accept the projects/programs, based on AFoCO's environmental and social safeguards requirements.

All projects go through the **Project Appraisal Panel (PAP)**. For low-risk projects, the PAP and/or the Secretariat reviews the project to ensure that appropriate mitigation measures are indicated in the project logic framework in addition to the other technical requirements of the project. Upon successful completion and compliance through the ESIA report and ESMP, these documents form an integral part of the project proposal, which is processed for approval by the Assembly through the endorsement of **Project Appraisal Committee (PAC)**. The PAP and/or the Secretariat and the PAC are principal proposal review

mechanisms embedded within the AFoCO internal project management ecosystem. Will domestic regulatory agencies have a role in the **approval** of ESMP or DOA report?

While the AFoCO policy ESS emphasizes the need to consider the promoter's domestic environmental and social regulations, the results of the Assembly's review of the project proposal are forwarded to Implementing Agency through the Secretariat (for comment/confirmation?). In the case of medium and high-risk projects, IAs should ensure compliance with domestic environmental and social risk management systems and processes. However, in the case of low-risk projects, IAs should adhere to the mitigation measures identified in the logical framework of the project.

6.4. Project Implementation, Monitoring and Evaluation Stage

Approval of the project application after ensuring compliance with the national environmental and social risk management system leads to the implementation of the project activities. Implementation of mitigation measures will follow at various stages of project implementation as specified in the project document (project proposal including the ESMP). Arrangements for implementation of the approved ESMP will be made at the Project Inception Meeting (PIM). The IA is required to maintain proper documentation and reporting that will enable the project monitoring and evaluation team to verify ESS compliance with the approved environmental and Social Management Plan of the project. Hence ESS compliance will be imbedded as part of the M and E plan and its execution by the IA and monitoring of the PSC.

If the project demonstrates full compliance with the ESMP, no further action will be taken. However, if compliance is not satisfactory, the Implementing Agency through the instruction and guidance of the PSC should correct this and take the necessary corrective action. The EIA will prepare an environmental and social impact report for review of the PSC for its endorsement to the Assembly and national regulatory authorities.

For low-risk projects, the ESS compliance/implementation, monitoring and evaluation is required with reference to the risk management activities and indicators as indicated in the logical framework of the project and relevant sections of the project document. Similarly, the ESS compliance report will be part of the project's annual report, subject to further assessment by the PSC and the Secretariat as and when required.

6.5. Sustained Capacity Building for ESS

AFoCO will encourage IAs to introduce, strengthen and implement laws, regulations, and policies to avoid, minimize or mitigate environmental and social risks to projects/programs. The Executive Director will ensure that relevant staff and IAs have the understanding, training and capacity required to implement these policies.

Figure 4 illustrates key system components of all stakeholder-agency partnerships under the ESMS. In all aspects of implementation, the strength and robust nature of countries' environmental and social safeguards are a critical component in supporting the ESMS, and where required AFoCO provides guidance on gaps and critical areas. Global best practice and standards also can help countries to improve ESS at the domestic level, enhancing attractive funding streams for planned projects.

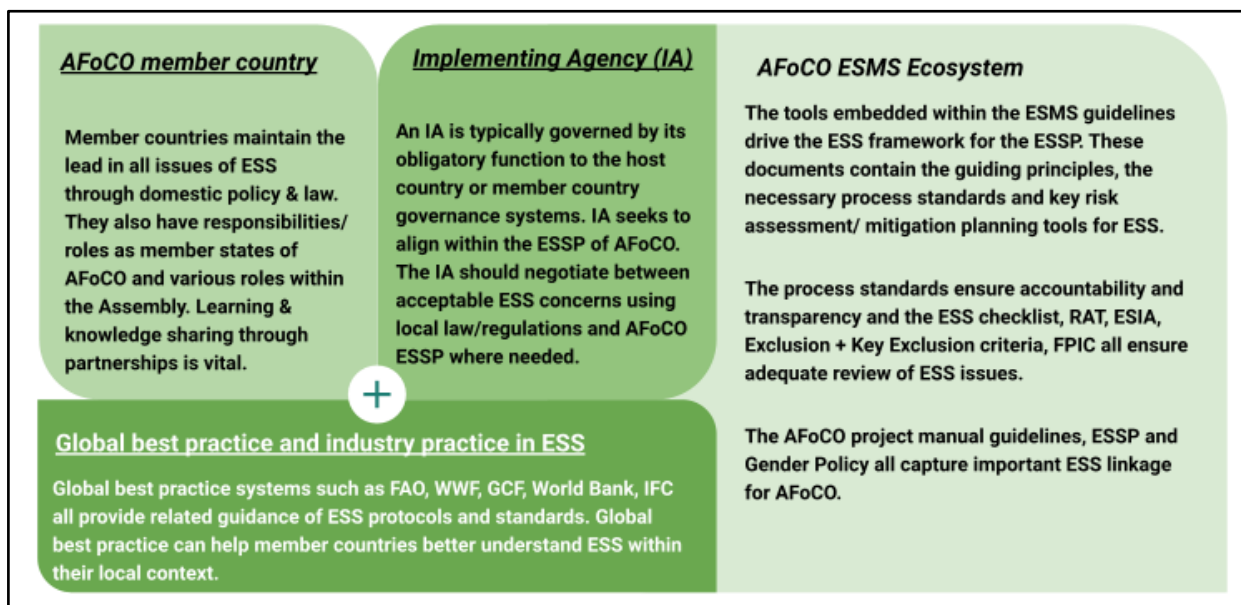


Figure 4: ESS Ecosystem for AFoCO

7. ESMS Process Standards

The process standards are presented in this section to provide basis for a rationale and prescriptive application of each standard. Where applicable, some process standards are integrated within the ESS Screening Checklist under various ESPs. Annexures 5 and 7 provide attachment documentation relevant to process standards. However, application of said standards may vary in form, execution and substance contingent with existing domestic policies of the IA.

a. Free and Prior Informed Consent (FPIC)

- i. The FPIC process standard in this guideline is based on the Human Rights Based Approach, the concept of FPIC which is centered around the ILO Convention 169 and later with the endorsement of UNDRIP in 2007. FPIC is a mechanism whereby indigenous peoples can conduct their own independent collective decision making on matters affecting their rights; access; lands; territories; resources; health; collective identity; culture and spirituality; livelihoods; social cohesion and well-being.
- ii. FPIC is essential for AFoCO projects in the context of securing the rights Indigenous Peoples. FPIC serves as a safeguard to ensure that potential impacts on indigenous peoples will be considered in the decision-making process of those programmes or projects affecting them. The key elements of the FPIC standards are: **Free**: Independent process of decision making, **Prior**: Right for indigenous peoples to undertake their own decision-making process regarding any project that concerns them before its implementation, **Informed**: Right to be provided and to have sufficient information on matters for decision-making, **Consent**: Collective and independent decision of impacted communities after undergoing their own process of decision making.
- iii. Provisions for the FPIC standards are under Annexure 5 of these guidelines, the checklist provides a series of considerations for FPIC of stakeholder beneficiaries to ensure that informed consent has considered the many aspects associated with reducing ESS risks and impacts.

b. Information Disclosure

- i. Disclosure of relevant project information helps stakeholders to effectively participate. AFoCO will disclose information in a timely manner, before appraisal formally begins, that is accessible and culturally appropriate, placing due attention to the specific needs of community groups which may be affected by project implementation (such as literacy, gender, differences in language or accessibility of technical information or connectivity).
- ii. In case of high-risk and low to medium risk projects, national or local legislation may specify disclosure requirements.
- iii. For low to medium risk projects AFoCO releases the applicable information as early as possible, and no later than 30 days prior to project approval. The 30-day period commences only when all relevant information requested from the project has been provided and is available to the public. *In instances where clarification is requested/required. The AFoCO ESS Committee, with guidance from the Secretariat, may implement measures on a case-by-case basis.*
- iv. For high-risk projects, AFoCO releases the draft ESIA as early as possible, and no later than 60 days prior to project approval. The 60-day period commences only when all relevant information requested from the project has been provided and is available to the public. The AFoCO project manual also specifies time allocation for project review processes through PAP and PAC. It is the responsibility of proponents to ensure that submission deadline is adhered to, and timelines adjusted for as required.
- v. The AFoCO Policy on Information Disclosure. *Annex 1*; Category 1: Publicly Available Information and *Annex 2*; Category 3: Confidential Information, pgs. 7-9) should be considered within the scope of this process standard.

c. Stakeholder Engagement

- i. AFoCO is committed to ensuring meaningful, effective, and informed participation of stakeholders in the formulation and implementation of programmes and projects.
- ii. NFP and IAs should consult with project-affected representative communities and/or groups and civil society representatives. Stakeholder engagement, including indigenous people, disadvantaged and vulnerable groups. Appropriate representation of these groups is required in designing, implementing, and monitoring projects and sub-projects.
- iii. Stakeholder engagement as an on-going process that involves in varying degrees' identification of stakeholders, disclosure, and establishment of a mechanism by which people/groups/communities can make comments on project proposals and performance or raise grievances.
- iv. AFoCO ESS committee will maintain adequate documented evidence of stakeholder engagement. At the proponent level this is the responsibility of

the IA and NFP to ensure a comprehensive consultative process has been initiated, facilitated, and documented.

d. Grievance Redress Mechanism

- i. AFoCO will investigate and facilitate the resolution of concerns of beneficiaries of AFoCO programmes regarding alleged or potential violations of AFoCO's social and environmental commitments. For this purpose, concerns may be initiated with all relevant policy procedures as per policy provisions under; *Policy on Ethics/Conflict of Interest for the Executive Director and Policy on Ethics/Conflict of Interest for the Assembly of AFoCO*.
- ii. Concerns must be addressed at the closest appropriate level, i.e., at the programme management/technical level, and if necessary, at the Regional Office level. If a concern or grievance cannot be resolved through consultations and measures at the project management level, the NFP, IA and ESS officer must seek the assistance and advice of the AFoCO Secretariat to initiate relevant support and due process.
- iii. All projects, and associated activities will be required to publicize the mechanism for the receipt and handling of grievances at the local level. A focal point to receive and process complaints will be established at the country office level.
- iv. NFP, IAs and where appropriate ESS officers will have the responsibility to address concerns brought to the attention of the NFP regarding environmental and social standards laid down in AFoCO ESSP.
- v. NFP's will be responsible for establishing mechanisms by which beneficiaries may communicate their concerns on ESS with the relevant focal point. This may include, but is not limited to, an email address, telephone number(s), contact person or physical address. The NFP will be responsible for keeping a log of all grievances filed regarding their programme or project.
The ESS committee will be responsible for helping the project, host country and regional offices to the concerns and complaints raised by beneficiaries regarding compliance with ESS.

8. Operational Changes¹

To enable a functional ESMS, operational requirements must also be considered and appropriately incorporated into project activities. IAs will consult AFoCO through the Secretariat for any significant changes in activities, planning and execution, policy and regulatory frameworks, or other circumstances that increase or potentially increase the level of risk and required mitigation measures of AFoCO-funded activities. AFoCO will subsequently require IAs to conduct due diligence processes appropriate to the new risk levels of the activities and revise the ESMP to meet the requirements of their environmental and social safeguards, consistent with AFoCO standards ESS. IAs will also notify AFoCO when changes to the ESMP or other management plans are required.

¹Borrowed and enhanced from GCF's guidance on ESMS. At also <https://www.greenclimate.fund/.../document/gcf-b19-06.pdf>

As part of adaptive risk management, AFoCO will require that implementation of ESMPs be responsive to changing conditions. AFoCO will require IAs to maintain effective due diligence processes to address unforeseen developments in activities or to incorporate improved techniques and technologies for managing environmental and social risks and impacts and meeting AFoCO's environmental and social protection requirements. IAs will also inform AFoCO of changes in their ESMS that may adversely affect the planning, design, implementation, and monitoring of AFoCO-funded activities through the Project Steering Committee (PSC). If changes cause ESMPs to no longer comply with AFoCO standards ESS, AFoCO will require IAs to revise ESMPs. When IAs are acting in an intermediary capacity, IAs will require and ensure that implementing entities inform them of any operational changes discussed in this section and, in turn, inform AFoCO based on the AFoCO Project Manual. AFoCO will work with IAs and implementing entities to monitor implementation of any required actions.

Adaptive management in any context of project design and implementation enables IAs the opportunity to seek out possible alternative outcomes and potential situations that will have an impact on the planning, execution, and monitoring of key components of the project. It is of great importance that project proponents appraise and identify key risks and threats very early on, especially during the concept note component of the project management cycle in Figure 3. Few examples of potential risks and threats include: political instability and humanitarian crises in specific regions. These potentially destabilizing risks may, during the lifespan of the project, potentially overwhelm IAs, NFPs and should be factored into due diligence and considerations for ESS.

Annexure 1: Terms of Reference for ESS Committee

Overview

AFoCO's ESSP 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 ESS 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
- 1 Domestic ESS Expert

Responsibilities of the Committee

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

- Coordinate and oversee the compliance of programs and projects with the agreed measures stipulated by the Gender and ESS Policies.
- Review the project proposal with specific focus on the Environmental and Social Assessment (ESIA) report and the Environmental and Social Management Plan (ESMP).
- Ensure that the ESMP adequately represents and compliments the domestic regulations for environmental and social safeguard.
- Prepare and approve the Terms of Reference of the Project-level ESS Officer, if any.

Annexure 2 : Risk Categorization Matrix

| Risk Description | Risk Category | Potential Risks/Impacts and Justification | Applicable Country Policies, Legislations and Legal Frameworks* |
|--|--|---|---|
| <ul style="list-style-type: none"> ● The proposed Project has no or minimal potential negative environmental and/or social impacts, either upstream or downstream ● The proposed Project will not be controversial in terms of interests of key stakeholders ● The proposed project will have minimal impacts, the risks 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 know how to apply and do engaged in these practices | <p>Low Risk C</p> <input type="checkbox"/> | | |
| <ul style="list-style-type: none"> ● The proposed Project has identified potential adverse environmental and/or social impacts ● Potential impacts are: <ul style="list-style-type: none"> ○ not unprecedented in the project area ○ limited to the project's footprint ○ neither irreversible nor cumulative ○ 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 or downstream) | <p>Medium Risk B</p> <input type="checkbox"/> | | |
| <ul style="list-style-type: none"> ● The proposed Project entails potentially significant, irreversible and/or cumulative negative environmental and social risks and/or impacts ● Project risks are controversial in the views of some key stakeholders ● Potential adverse impacts are: <ul style="list-style-type: none"> ○ 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 | <p>High Risk C</p> <input type="checkbox"/> | | |

| | | | |
|---|--|--|--|
| not familiar with the mitigation hierarchy options ○ extend beyond project's footprint | | | |
|---|--|--|--|

*Please indicate specific Section(s), Item(s), and other citations of relevant domestic environmental/social safeguards policies

Annexure 2.1: ESS Screening Checklist for All Categories

| Environmental and Social Performance Standards (ESPS)1: Assessment and Management of Environmental and Social Risks and Impacts | | Please select one | | |
|---|---|---|---|---|
| № | FOR ALL CATEGORIES OF PROJECTS | Cat. A/I- 1 <input type="checkbox"/> | Cat. B/I- 2 <input type="checkbox"/> | Cat. C/I- 3 <input type="checkbox"/> |
| | | Yes | No | |
| 2 | Has the IA provided rationale for categorization of the project in the relevant section of the CN and project proposal? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 3 | Has the IA prepared appropriate E&S safeguard document/(s) for the project? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 4 | Has the IA identified national and local policies and legislations related to assessments and mitigation measures and compared these with requirements of the IA and AFoCO's safeguards standards? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 5 | Has the IA assessed that the project may induce potential conflicts (in relation to community health and safety, land acquisition, indigenous peoples)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 6 | Has the IA provided a stakeholder engagement plan, which includes stakeholder analysis, consultations during design phase, and a plan for on-going reporting to affected/likely to be affected communities? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 7 | Has the IA provided a project-level or institutional-level grievance mechanism including communication of mechanisms and continuing reporting to affected/likely to be affected communities? | <input type="checkbox"/> | <input type="checkbox"/> | |

Performance Standards 2 - 5

| ESPS 2: Natural Resource Management and Biodiversity Conservation | | | | | |
|---|--|--------------------------|--------------------------|--------------------------|--------------------------|
| № | | Yes | No | TBD | N/A |
| 1 | Is the proposed project located on modified, natural, and critical habitats or in protected or internationally recognized ecological or natural forest areas? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Is the proposed project may likely result to the introduction of invasive alien species of flora and fauna affecting the biodiversity and natural/protected forest reserves of the area? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| ESPS 3: Indigenous Peoples and Cultural Heritage | | | | | |
|---|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 3 | Will a baseline study be conducted/existing to understand whether there are indigenous peoples and forest dwellers living in targeted areas? If so, did this study shed light on key social, economic, cultural characteristics of indigenous peoples and forest dwellers? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Does the proposed project have/may have/likely to have, impacts on indigenous peoples and forest dwellers? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Has the IA determined FPIC is required for the project? If so, has the project obtained FPIC, if and where necessary? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Has the IA developed continuing stakeholder engagement process and grievance redress mechanism and have these been integrated in associated ESMPs/indigenous peoples plans (IPPs)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Has the IA prepared separate IPP or Indigenous Peoples Planning Framework (IPPF) or integrated these into ESMP(s)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Is the proposed project is located in areas that are considered to have archaeological (pre-historic), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ESPS 4: Gender Equity and Women's Empowerment | | | | | |
| 9 | During stakeholder consultation, has the IA clarified the role of women/girls, men/boys in sustainable/community-based forestry management measures as their male counterparts in project areas or associated facilities? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | Is the proposed project will likely to encounter any legal, cultural, or religious constraints on women's potential participation in the project? Example: safeguarding mechanism, including whistleblowing and risk management policy, code of conduct and governance structure, against sexual exploitation, abuse, and sexual harassment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ESPS 5: Decent Work and External Communications | | | | | |
| 12 | Will the proposed project likely to create impacts of projects on working conditions, terms of employment, workers' organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted, and third-party workers? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13 | Will the proposed project likely to pose grievances related to project-related contractual and supply chain workers? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14 | Will the proposed project likely to pose concerns on occupational health and safety management for workers following good international industry practices? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15 | Will the project require mechanism(s) to ensure forest dwellers/affected communities/likely to be affected communities are provided decent work with equal pay for equal labour? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|----|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 16 | Did the IA and sub-grantees develop communications strategies targeted at disseminating information among staff and project stakeholders concerned on how to access the grievance redress mechanism? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17 | Did the IA develop a media policy and associated communication tools to ensure systems are in place to monitor compliance of safeguarding principles by staff, primary and secondary stakeholders? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Annexure 2.2. Checklist for the category A and B projects

| № | FOR CATEGORY A AND B PROJECTS | Please select one | | |
|---|--|---|---|---|
| | | Cat. A/I- 1 <input type="checkbox"/> | Cat. B/I- 2 <input type="checkbox"/> | Cat. C/I- 3 <input type="checkbox"/> |
| | | Yes | | No |
| 1 | Has the IA conducted audits or risk/hazard assessments done on existing facilities? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 2 | Has the IA assessed and recommended alternative scenarios, including implications on environmental and social risks and impacts? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 3 | Does the project involve transboundary impacts on air, water, or other natural resources? Has the IA considered notification requirements? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 4 | Does the project involve cumulative impacts? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 5 | Has the IA assessed that the project will likely involve acquisition of land, land rights or land use rights through expropriation or other compulsory procedures in accordance with the legal system of the host country? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 6 | Has the IA assessed potential involuntary restrictions on land use and access to natural resources resulting in loss of access of communities to these resources for forest-based livelihoods activities? | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | |
|----|---|--------------------------|--------------------------|
| 7 | Has the IA prepared a resettlement policy framework, resettlement action plan, abbreviated resettlement action plan, livelihood restoration and compensation plan and framework (as appropriate)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Has the IA or its sub-grantees conducted consultations with affected communities? In the case of indigenous peoples, was free, prior, and informed consent (FPIC) obtained through informed consultation and participation and established grievance redress mechanism? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 | Did the IA assess the project may potentially generate risks and impacts to the health and safety of affected/likely to be affected communities including exposure to diseases, effects on protected forest reserves, ecosystem services and hazardous materials during the project life cycle? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | Has the IA identified and assessed activities that lead to: (1) project-related greenhouse gas (GHG) emissions; (2) land degradation; (3) unsustainable land-use planning; (4) deforestation; (5) vegetation cover loss; (6) contamination of land and water bodies; (7) project-associated waste, including toxic waste; (8) hazardous materials and pesticides? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11 | Has the IA prepared action plans commensurate with scale and nature of the project's E&S risks and impacts, describing mitigation actions which address identified E&S risks and impacts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 | Has the IA outlined capacity and/or roles of sub-grantees/other partners in the field who may be involved in implementation and management of action plans? Has the IA described project organizational structures and elaborated roles and responsibilities in carrying out ESMS, risk assessment and management programmes? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13 | For projects involving financial intermediation, has the IA outlined the due diligence it has conducted on sub-grantees in terms of assessing their capacity to implement action plans? | <input type="checkbox"/> | <input type="checkbox"/> |
| 14 | Has the IA identified capacity building needs of the IA's sub-grantees in relation to implementing and management of action plans, and how can these be addressed by the IA? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15 | Has the IA provided details on how it will monitor, measure and review effectiveness of action plans? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16 | Has the IA provided details of disclosure of information related to E&S safeguard document/(s) planned/conducted by it and locally by its partners? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17 | Has the IA allocated the E&S related mitigation, management, and monitoring costs in its project budget? | <input type="checkbox"/> | <input type="checkbox"/> |

Annexure 9. Supplemental Logical Framework Template (for Category C Projects)

| Output/Activities | Potential Risks | Mitigation Actions/Strategies | Performance Indicators | Responsible Unit/Office | Timeline |
|--------------------------|------------------------|--------------------------------------|-------------------------------|--------------------------------|-----------------|
| | | | | | |

| List/enumerate activity or group of activities that may likely to pose environmental and social impacts to be excerpted from the LogFrame (Please maintain the numbering for ease of reference) | This should contain description of risks which may likely to have minimal impacts to the Project as identified at concept note/project proposal stage. | What will the IA do to mitigate/manage the risk? | What parameters will the IA monitor to determine success? | Who is responsible for ensuring this action occurs? (Should include all levels of management, including supervisors and first-line managers and PSC). | Indicate schedules with reference to performance indicators and means of verification |
|---|--|--|---|---|---|
| | | | | | |
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Annexure 5: Key Exclusion Criteria

Exclusion criteria provided in the matrix below respond to AFoCO's mandate of ensuring concept notes and project proposals submitted by IAs align with ESS requirements and follow global standards of "do no harm" and "do good"; latter of which is to not only preserve the status quo around ESS standards but provide communities with strategic entry points to improve their lives even while ensuring safeguarding principles. These criteria and instructions address AFoCO's five ESPS through a cross-thematic analysis.

| Key Exclusion Criteria² | Yes | No |
|---|--------------------------|--------------------------|
| Will activities involve associated facilities or generate cumulative impacts that would require further detailed due-diligence and management planning? | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Associated facilities are those not funded as part of the project, and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable. Cumulative impacts result from incremental impacts on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted. Cumulative impacts are limited to valued qualities by affected communities. This question allows IAs to identify any potential associated facilities and cumulative impacts. Presence of associated facilities or potential cumulative impacts may elevate the environmental and social risks of the project and would require further assessments and management planning. Examples of associated facilities include roads, captive power plants or transmission lines, pipelines, utilities, warehouses, etc. Examples of cumulative impacts include reduction of water flows in a watershed due to multiple withdrawals, increases in sedimentation; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.</p> | | |
| Will activities involve transboundary impacts including those that would require further due-diligence and notification to affected states? | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>This question identifies activities which may have impacts outside its defined area and manifested in other neighbouring countries. These are activities typically undertaken within a region, for example, within international waters or river basin shared between neighbouring countries. Where such shared resources are under a joint management scheme with neighbouring countries, notification and other due-diligence requirements will need to be considered.</p> | | |
| Will activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children? | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Through this question, IAs can identify activities which will potentially generate risks to health and safety of workers involved in the activity and on employment of vulnerable population, including children. Where such activities may potentially generate these risks, further assessment will need to be undertaken including putting in place plans to manage working conditions.</p> | | |
| Will activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards? | <input type="checkbox"/> | <input type="checkbox"/> |

²Instructions/guidance borrowed and enhanced from (2018), The Green Climate Fund. 'Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process.'

| | | |
|---|--------------------------|--------------------------|
| <p>This question allows IAs to identify activities which may generate hazardous waste, emissions to air and effluents that would adversely impair the quality of the receiving environment and adversely affect health and well-being of affected communities. Where such activities are present, IAs will undertake further assessments including putting in place measures to avoid and minimize waste and pollutants, restore any contamination, and bring the quality of receiving environment to within permissible standards. Examples of activities include thermal energy generation, replacement of equipment that may contain hazardous substances, agricultural intensification using agrochemicals, among others.</p> | | |
| <p>Will activities involve construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and riverbank infrastructure) that would require further technical assessment and safety studies?</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>This question identifies any infrastructure which may be constructed, rehabilitated, or expanded through the activity and has potential to pose hazards to the environment and communities residing in the activity area. Activities supporting such infrastructure will elevate environmental and social risks of the project and further assessment of the hazard and appropriate risk management programme may be required. Further assessment may include safety assessment and audits, geo-hazard assessments, structural integrity checks, among others. Risk management programmes can include community emergency preparedness and response and specific measures to manage emergency scenarios such as flooding, fire, and others. Answering “yes” to this question would indicate that more detailed hazard assessments and emergency and risk management planning will need to be undertaken. Examples of such activities would be those which support hydropower plants, water impounding and irrigation reservoir, and coastal and riverbank protective infrastructure.</p> | | |
| <p>Will activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>This question identifies whether implementation of activities will generate risks of displacement of individuals or communities (whether temporary or permanent) from areas they are occupying. This will also include risks related to restrictions on access to natural resources that communities depend on for livelihood such as water, forests and other natural products, other sources of raw materials. There are activities that would require acquisition of land through involuntary manner leading to risks of dispossession and relocation. Changes in tenure regime and land rights may also generate risks of physical and economic displacement. Such activities will require careful assessments of prevailing community conditions and likely impacts, census of affected households, and considerations on valuation, compensation, consultations, resettlement, and post-resettlement activities. Management plans and frameworks will also have to be prepared such as land acquisition, resettlement plans, and livelihood restoration action plans. Answering “yes” to this question would indicate that more detailed assessments and management planning will need to be undertaken by IAs. Examples of activities which may potentially generate such risks include infrastructure construction or expansion requiring lands occupied by people and establishment of protection zones or parks that would restrict access of people to their resources.</p> | | |
| <p>Will activities be in protected areas, areas of ecological significance including critical habitats, biodiversity sites, and internationally recognized conservation sites?</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>This question identifies risks to biodiversity and natural resources as attributes of the activities and its location. While responding to this question, IAs will need to understand the location of the activities including its vicinity and where important areas for biodiversity conservation, natural, modified, and critical habitats may be adversely affected. Where the</p> | | |

| | | |
|--|--------------------------|--------------------------|
| area of influence of activities involves such locations, further assessment and risk management planning will need to be conducted. | | |
| Will activities affect indigenous peoples which would require further due-diligence, FPIC and development of inclusion and development plans? | <input type="checkbox"/> | <input type="checkbox"/> |
| This question identifies impacts of activities of indigenous peoples and communities. Where such activities are considered to have potential impacts on indigenous peoples, further detailed assessment will need to be undertaken including development and inclusion plans. The process for informed consultation and participation will have to be undertaken. The FPIC and process for obtaining such consent will also need to be provided. | | |
| Will activities be in areas considered to have archaeological (pre-historic), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage? | <input type="checkbox"/> | <input type="checkbox"/> |
| This question allows IAs to identify cultural heritage including tangible and intangible cultural resources which may be potentially affected by activities. Where there is potential for such risks, a more detailed assessment will need to be undertaken, including measures for avoiding and minimizing such risks and impacts. | | |
| Have target beneficiaries (including indigenous peoples, forest dwellers, women/girls) and wider public perceived their rights to have been adversely affected by project activities? | <input type="checkbox"/> | <input type="checkbox"/> |
| This question prompts IAs to identify and implement remedial actions for beneficiaries (including indigenous peoples, forest dwellers, women/girls), employees, wider public through project-level and gender-sensitive GRM. The GRM should be established in a manner that it enables targeted beneficiaries (including indigenous peoples, forest dwellers, women/girls), employees, wider public to raise Grievances with IAs/AFoCO (including its Executive Board) and seek redress when they perceive negative impacts arising from activities. IAs should use GRM to mitigate, manage, and resolve potential or realized negative impacts, as well as fulfil obligations under international human rights law and contribute to positive relations with communities and employees. | | |

It is equally critical IAs, sub-grantees, financial intermediaries understand, especially while filling the ESS Screening Checklist, AFoCO will not fund activities which fall under the following **additional** exclusion list³:

- Production or activities involving harmful or exploitative forms of forced labour⁴/harmful child labour.⁵
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Production or activities which impinge on lands owned through customary rights or claimed under law/adjudication by indigenous peoples and forest dwellers without full documented consent of such peoples.
- Production or trade in any product or activity deemed illegal under host country/provincial laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyl,

³Borrowed and enhanced from IFC's Exclusion List (2007). At also: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist.

⁴Forced labour means all work or service, not voluntarily performed, which is extracted from an individual under threat of force or penalty.

⁵Harmful child labour means employment of children which economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

wildlife, or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).⁶

- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to purchase of medical equipment, quality control (measurement) equipment and any equipment where AFoCO considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.
- Drift-net fishing in the marine environment using nets more than 2.5 km. in length.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (hazardous chemicals include gasoline, kerosene, and other petroleum products)

⁶CITES is a multilateral treaty to protect endangered plants and animals. It was drafted as a result of a resolution adopted in 1963 at a meeting of members of the International Union for Conservation of Nature. The convention was opened for signature in 1973 and CITES entered into force on 1 July 1975. At also: <https://cites.org/eng/disc/what.php>.

Annexure 6: Risk Assessment Tool (RAT)

Risks identified by IAs, using the ESS Screening Checklist, might seem daunting at first. That said, the risk assessment exercise will allow IAs to overcome and assess significance of each risk so that these can be prioritized. For instance, which risks need more attention than the other and what type and number of resources are required to address these. The risk assessment form (see below) will help IAs come up with a risk prioritization list, which should show what type of risks have the highest probability of occurring during the project life cycle and those that would have most severe impacts if they happened. Once prioritization is completed of certain risks, IAs can develop action plans. IAs should first attempt to avoid risks altogether and prevent risks from becoming a problem. If that doesn't happen, then IAs can take steps to minimize any potential negative impacts of the risks.

IAs should keep the following (illustrative) questions in mind while assessing probability of each risk:

- 1) How many times has this risk led to a negative impact in the recent past? For example, if there is typically one chemical spill each year, it is likely this trend will continue.
- 2) Is the project location risky for any reason? For instance, is your project located within the typical path of tropical storms?
- 3) Have there been any recent changes in the project's situation that may increase its vulnerability to risks? For example, have there been influx of forest dwellers or new workers who have not been fully trained in forest, including fire management, or other safety procedures and may be more likely to make mistakes?

To assess severity of possible negative impacts of each risk, IAs should consider possible scope of impacts. Example of questions are:

- 1) How many targets beneficiaries/forest dwellers/indigenous peoples would be adversely impacted if the risk were to occur?
- 2) Would it result in extreme injuries or deaths of forest dwellers/indigenous peoples/workers?
- 3) Would it destroy the project's infrastructure?
- 4) Would it impact the local community and environment as well?
- 5) Would IAs lose operating permits?

For example, a forest, swamp or mangrove fire has negative impacts on the environment, local communities, indigenous people, forest dwellers, target beneficiaries and destroys project facilities. As a rule of thumb, when considering which risks auditors believe could be better managed, they should also consider ways to increase efficiency and save costs by reducing water and energy consumption, waste generation, and similar issues.

Identifying risks and impacts

Following the ESS Screening Checklist, RAT is an important step that enables IAs to identify and prioritize risks and impacts in an informed and organized manner. IAs can refine the matrix according to their own context and circumstances. The matrix presented here will also help IAs to have a better idea of how to complete the ESMP. Table 1 illustrates a risk matrix which can be used by IAs with guidance from NFPs and the ESS officer to methodologically approach risk management.

Annexure 7: FPIC Checklist⁷

| Key FPIC-related questions | Response | | |
|--|--------------------------|--------------------------|--------------------------|
| | Yes | No | TBD |
| 1. Does the project staff have knowledge and competence to work with indigenous peoples in a culturally appropriate manner? Has project staff been trained on how to interact with IPs? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Has a detailed communication strategy for dissemination of information been developed considering indigenous peoples' customs, language, and locations? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Have customary and legitimate leaders of indigenous communities been consulted and their views taken into consideration, using culturally-appropriate methods? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Have key representatives, including women and girls, from indigenous communities received expert advice on the project? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Has an adequate mechanism and procedures for effective participation in FPIC processes, where applicable, been established? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Was a participatory mapping analysis with relevant information carried out? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Have indigenous communities been enabled to participate fully and effectively in project scoping, design, implementation and M&E, and determination of need for further review and management of the project? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Has project information (including environmental and social assessment documents, ESMP) been disseminated early and through culturally-appropriate means? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Has proper understanding of information provided to indigenous communities involved been verified? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Were consultation processes with indigenous communities, including women and girls, documented? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Has documentation of consultation processes been disclosed in a timely matter and using appropriate languages, formats, and locations? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Has consent been provided explicitly, recorded and affirmed in format preferred by indigenous communities? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

⁷FPIC checklist adapted from Food and Agriculture Organization's ESMS Guidelines, 2012.

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| 13. Do participatory monitoring and evaluation standards include indicators indigenous communities determine to be relevant? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Have indigenous communities been engaged in determining negotiation processes on land and resources agreements; governance arrangements; legal and financial arrangements; employment and contracting opportunities; culturally-appropriate benefits sharing; processes and mechanisms for monitoring, grievances, and dispute resolution? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Annexure 8: Template for ESIA Report

**Contents of the ESIA will vary significantly depending on specific characteristics of each project; the outline below helps to provide strategic guidance on key elements of ESIA.*

Outline

Executive summary

- a. Project description
- b. Significant risks and impacts (for medium risk)/issues (for high risk)
- c. Stakeholder engagement
- d. Mitigation

Introduction

- a. Project overview and justification
- b. ESIA process

1. Project description

- 1.1 Project location and siting
- 1.2 Description of project activities (with associated infrastructure if there is any)
- 1.3 Identification of stakeholders/beneficiaries
- 1.4 Supply chains (for high risk only)

2. E&S baseline

- 2.1 Current state of the environment and current socio-economic conditions in the project site area
- 2.2 Potential future changes foreseen as a result of the planned activities

3. Impact assessment

- 3.1 Key E&S risks/impacts
- 3.2 Rank E&S risks/impacts by significance
- 3.3 Alternatives to project to avoid/minimize impacts
- 3.4 Unintended outcome: impacts beyond the project's area of influence (for high risk only)

4. Mitigation

- 4.1 Identify applicable recognized good management and/or pollution abatement practices (for medium risk only)
- 4.2 Demonstrate record of the prior successful use of identified good management and/or pollution abatement practices in the project area or other justification (for medium risk only)
- 4.3 Discussion of mitigation hierarchy opportunities (for high risk only)
- 4.4 Indicators to monitor mitigation effectiveness
- 4.5 Review of applicable legislation
- 4.6 AFoCO ESPS 1 to 5

5. Stakeholder consultation/engagement

- 5.1 Stakeholder consultation/engagement
- 5.2 Consultations on significant risks/impacts (for high risk only)
- 5.3 Consultations on E&S mitigation
- 5.4 Grievance redress mechanism

6. Recommendations

- 6.1 Proceed/do not proceed with project

6.2 Recommendations

Annexure 9: Information Disclosure Note

| Key disclosure information/ consideration | Response | | | | | | |
|--|--|--------------------------|----|-----|--------------------------|--------------------------|--------------------------|
| Project name/ Project code | | | | | | | |
| Project risk classification | | | | | | | |
| <p><u>Key project information released</u></p> <p>Date:</p> <p>Location:</p> <p>Language:</p> | | | | | | | |
| <p>With respect to ‘information disclosure’, do proponents/stakeholders/entities have reservations against the proposal in terms of information shared/not shared and aspects related to, for example, physical & economic displacement; infrastructure development; involuntary resettlement; expropriation; compensations; cut-off dates and benefit-sharing mechanisms?⁸</p> | <table border="1"> <thead> <tr> <th data-bbox="981 992 1136 1055">Yes</th> <th data-bbox="1141 992 1272 1055">No</th> <th data-bbox="1275 992 1452 1055">TBD</th> </tr> </thead> <tbody> <tr> <td data-bbox="981 1061 1136 1115"><input type="checkbox"/></td> <td data-bbox="1141 1061 1272 1115"><input type="checkbox"/></td> <td data-bbox="1275 1061 1452 1115"><input type="checkbox"/></td> </tr> </tbody> </table> | Yes | No | TBD | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Yes | No | TBD | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| <p>If yes, specify changes, key parties responsible and an indicative timeframe for sharing information, as applicable.</p> | | | | | | | |

⁸All information disclosed regarding proposed activities in a particular project.

Annexure 10: ESMP Template

**Contents of the ESMP will significantly vary depending on specific characteristics of each project and the matrix (next page) provides high-level guidance of key elements.*

The ESMP represents next to final step in the ESS continuum. It is crucial IAs develop a robust ESMP to avoid, minimize or mitigate risks and impacts, even though it is noted for Category C projects this might not be required. That being said, it is always prudent to develop a light-touch ESMP since E&S risks/impacts are dynamic and keeping changing throughout the course of a particular project/program. Thus, caution must be exercised to ensure any changes in E&S risks are accounted for, minimized and avoided through ESMPs. Besides, by simply providing safeguards-related indicators in logical frameworks might not be quite as effective as lessons learned from more established agencies suggest this is seen as an “add-on” by project leads/task team leaders. It is, therefore, recommended a light-touch ESMP is operational for category C projects.

An illustrative plan is provided to guide IAs on managing, monitoring risks once these are identified through the ESS Screening Checklist. In the plan below, IAs should list risks identified and not addressed yet in the ESS Screening Checklist or at concept note/project proposal preparation and prioritized in the previous section (see above matrix). Thereafter, determine which actions it will take to avoid, minimize, or compensate/offset negative impacts of each risk. Additionally, IAs should assign a responsible staff member/unit and set deadlines to ensure s/he or the unit will implement appropriate actions. The IA should also identify resources required to complete relevant actions and operational procedures needed to ensure long-term sustainability (see ESMP template [**next page**]).

ESMP Template

| Summary of Risks | Mitigation Hierarchy/ Measures | Risk Significance | Action | Performance Indicators | Deadline | Responsible Staff/Unit | Resources | Operational Procedures |
|--|---|---|--|---|---------------------------------|---|--|---|
| This should contain description of risks which can be derived from responses to the ESS Screening Checklist which needs to be filled at concept note/project proposal stage. | Provide option(s) to avoid the risk. This may also indicate additional due-diligence and specific management plans. | This contains a description of the overall level of risk* | What will the IA do to avoid the risk? For example, establish community-led vigilance groups against illegal logging of trees in protected forests. | What parameters will the IA monitor to determine success? | When will this be accomplished? | Who is responsible for ensuring this action occurs? (Should include all levels of management, including supervisors and first-line managers). | What technical, human, and financial resources will be required by the IA for this action to be completed? | What procedures will the IA put in place to ensure this action becomes part of the normal project cycle/processes? For example, a procedure for fully operationalizing and sustaining community-led vigilance groups against illegal logging of trees in protected forests. |
| | Provide option(s) to minimize the risk. This may also indicate additional due-diligence and specific management plans. | | What will the IA do to minimize the risk? For example, work with national/sub-national government agencies to approve community-led forest management plans and enforce sustainable forest practices. | | | | | For example, develop procedures, which illustrate extent of work to be carried out during project period and in accordance with prescriptions outlined in community-led forest management plans. |
| | Provide option(s) to compensate/offset negative impacts of the risk. This may also indicate additional due-diligence and specific management plans. | | What will the IA do to compensate for any negative impacts from this risk? For instance, establish a remediation policy to compensate (monetary/in-kind resources) forest dwellers, indigenous peoples acting as guardians/stewards of forest resources. | | | | | For example, implement procedures to ensure forest dwellers, indigenous peoples are offered equivalent and culturally acceptable compensation (monetary/in-kind resources) to offset negative risks/impacts. |

*In terms of screening for risks through the ESS screening checklist, it might be that IAs will identify number of risks. IAs should, however, rank/prioritize these through the risk assessment tool (RAT). Accordingly, IAs are encouraged to use their **own discretion** and **experience** to prioritize risks which might need more attention in terms of mitigation than others. IAs should, therefore, use the **RAT** to inform **contextualization/prioritization** efforts.

Annexure 11: Step-by-Step Implementation of ESMS

The following elements are recommended to operationalize the ESMS and, as seen below, captured through a flow-chart:

- 1) ESPS
- 2) ESS screening checklist
- 3) Exclusion Criteria
- 4) RAT
- 5) ESMP template

In short, this process uses individual ESPS to leverage strengths of AFoCO countries' national policies and laws to achieve improved environmental and social performance of projects and activities. A resulting ESMP is the end product of this pathway and key for implementation of AFoCO-funded projects.

One caveat is that because almost all AFoCO projects/programs - to date - are classified as Category C⁹, it is unlikely detailed ESMPs will be required. However, it may be the case that, depending on context and circumstances, "fit-for-purpose" and light-touch ESMPs might be called for to ensure appropriate risk management practices at a site-specific level. If AFoCO decides even "light-touch" or "fit-for-purpose" ESMPs are not required, it could simply refer to existing guidance where safeguards-related indicators are provided in logical frameworks accompanying CNs/project proposals. However, care must be taken because, as experience shows, safeguards-related indicators in logical frameworks are almost always overlooked or perceived as "add-ons" by project/program managers. It is, therefore, necessary to consider alternatives such as "light-touch ESMPs"; if not ESMPs, then at least an environmental and social action plan.

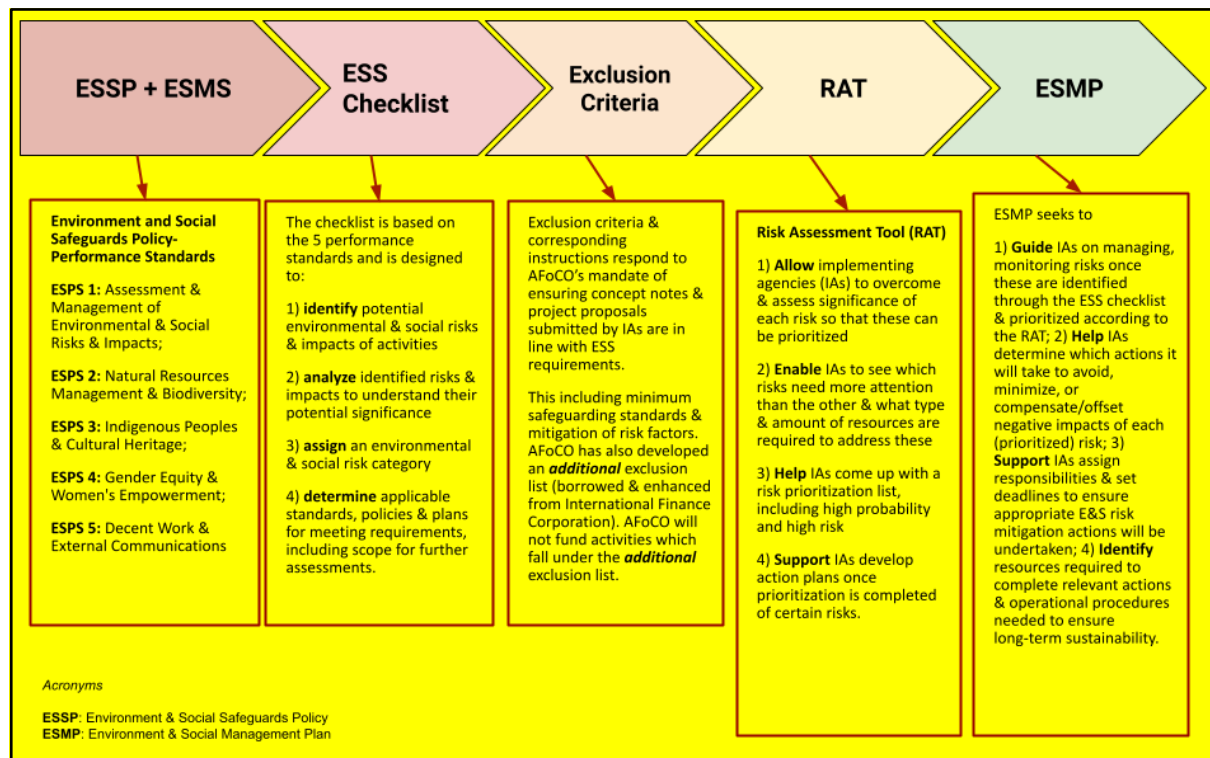


Figure 5: ESSP/ESPS to ESMP – Step-by-Step Guide

⁹ AFoCO projects are classified into 3 classifications. Category A/I-1 and B/I-2 projects have passed screening processes in project appraisal and review. Category C/I-3 projects are projects which need revisions to submitted proposals.