1. UNIDO is committed to promoting inclusive and sustainable industrial development (ISID) to harness the full potential of industry’s contribution to (i) the achievement of sustainable development, and (ii) lasting prosperity for all. Within the first thematic pillar, UNIDO is dedicated to supporting environmentally sound and sustainable development in the full range of its project activities. The Organization believes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate, and recognizes that projects that foster environmental and social sustainability rank among the highest priorities of its activities.

2. In order to meet this goal, UNIDO has adopted a set of Environmental and Social Safeguards Policies and Procedures (ESSPP). These strengthen UNIDO’s accountability to the countries and communities it aims to support; stakeholders in the development processes; and the broader development cooperation and donor community. Environmental and social screening and assessment processes for projects have become standard practice in development cooperation. Additionally, safeguard approaches have proven to be suitable vehicles for consultation and disclosure of information.

3. With its issuance, the UNIDO ESSPP automatically applies to all UNIDO-implemented Global Environmental Facility (GEF) and Green Climate Fund (GCF) projects. In 2016, after an initial rollout period of one year for GEF and GCF projects, the ESSPP will be applied to all UNIDO projects.

4. The UNIDO ESSPP draws on the safeguard requirements and policies of the GEF and GCF, as well as on the background provided by the United Nations (UN) Environmental Management Framework for Advancing Environmental and Social Sustainability in the UN system. Within the context of the ESSPP, UNIDO Staff, Experts, National Partners, and Project Execution Partners form the “project development team” and are the key players when it comes to bringing this policy and procedures into practice. The ESSPP aims to provide the project development team with a set of tools and guidance to be able to strategically design and implement environmentally and socially sustainable projects that support the achievement, equity, and sustainability of development results. It brings together in one process the various issues that need to be considered and mainstreamed into all of the work that UNIDO does, providing a more streamlined approach to project management. In this respect, the UNIDO ESSPP is fully aligned with UNIDO/DGAI.23, “The Programme and Project Formulation and Approval Function.” The UNIDO ESSPP consists of three interrelated components, combined in this document:

   i. The Integrated Safeguards Policy Statement lays out the policy principles and describes the common objectives of UNIDO’s safeguards.

   ii. The Operational Safeguards (OSs) consist of a set of seven programmatic and two framework safeguard requirements that the project development team is expected to follow when addressing social and environmental impacts and risks.

   iii. The Environmental and Social Safeguard Steps along the Project Cycle section provides guidance on the specific procedures that the project development team should follow to ensure that operations meet the requirements of the OSs at each stage of the UNIDO project cycle.

---

1 GCF Accreditation process planned for early 2015.
2 Project Managers, Field Officers, staff of PSM service branches, Legal Services staff, etc.
3 This term will be used throughout the document.
Contents

DIRECTOR GENERAL'S ADMINISTRATIVE INSTRUCTION NO. 23 .......................................................... 1

1. INTEGRATED SAFEGUARD POLICY STATEMENT .............................................................. 3
   1.1 POLICY .......................................................................................................................... 3
   1.2 GUIDING PRINCIPLES ................................................................................................. 4

2. OPERATIONAL SAFEGUARDS .............................................................................................. 5
   2.1 STRUCTURE OF THE OPERATIONAL SAFEGUARDS ...................................................... 5
   2.2 OS 1: ENVIRONMENTAL AND SOCIAL ASSESSMENT ............................................... 6
   2.3 OS 2: PROTECTION OF NATURAL HABITATS ............................................................. 9
   2.4 OS 3: INVOLUNTARY RESETTLEMENT ....................................................................... 11
   2.5 OS 4: INDIGENOUS PEOPLE .................................................................................... 11
   2.6 OS 5: PEST MANAGEMENT ....................................................................................... 13
   2.7 OS 6: PHYSICAL CULTURAL RESOURCES ................................................................. 14
   2.8 OS 7: SAFETY OF DAMS ........................................................................................... 14
   2.9 OS 8: INFORMATION DISCLOSURE .......................................................................... 15
   2.10 OS 9: ACCOUNTABILITY AND GRIEVANCE SYSTEMS ............................................ 17

3. ENVIRONMENTAL AND SOCIAL SAFEGUARD STEPS ALONG THE PROJECT CYCLE ...... 21
   3.1 PROJECT IDENTIFICATION, SCREENING AND CATEGORIZATION .................................. 21
   3.2 PROJECT FORMULATION .......................................................................................... 25
   3.3 PROJECT CLEARANCE/COMPLIANCE VERIFICATION/APPROVAL ............................ 27
   3.4 PROJECT IMPLEMENTATION/MONITORING/EVALUATION .......................................... 28

ANNEX A: PRACTICAL GUIDE FOR OS4 - INDIGENOUS PEOPLES ........................................ 29

ANNEX B: PRACTICAL GUIDE FOR OS7 - SAFETY OF DAMS .................................................. 31

ANNEX C: PRACTICAL GUIDE FOR OS8 - INFORMATION DISCLOSURE .............................. 34

ANNEX D: ENVIRONMENTAL AND SOCIAL (E&S) SCREENING TEMPLATE ........................... 38

ANNEX E: GUIDANCE ON UNDERTAKING AN ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA) FOR CATEGORY A PROJECTS .................................................. 48

ANNEX F: GUIDANCE ON UNDERTAKING AN ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) FOR CATEGORY B PROJECTS .................................................. 56

ANNEX G: ACRONYMS ............................................................................................................. 59

ANNEX H: GLOSSARY OF TERMS ............................................................................................ 60
1. Integrated Safeguard Policy Statement

1.1 Policy

Environmental and social sustainability is fundamental to the achievement of development outcomes and is systematically mainstreamed into UNIDO’s project cycle through consistent application of an environmental and social screening and assessment procedure. Opportunities to strengthen the environmental and social sustainability of projects need to be identified and realized. A precautionary approach shall be applied, and potential adverse impacts and risks need to be avoided or minimized if possible, and mitigated if not.

UNIDO’s Integrated Safeguards Policy Statement (ISPS) sets out the Organization’s commitments to and responsibilities for environmental and social sustainability and to reducing the risks of non-compliance. Within the framework of the ISPS UNIDO is committed to ensuring that its projects comply with the Organization’s safeguards by assessing environmental, climate change and social risks and impacts as early as possible in the project cycle, and providing effective monitoring and supervision of agreed environmental and social management measures during project implementation. If the Organization finds that the environmental or social impacts of any of its proposed projects are not likely to be adequately addressed, it may choose not to proceed with the project.

UNIDO does not support large-scale infrastructure development investment projects. UNIDO assists its Member States with technical assistance type projects, which largely provide capacity building, training and awareness raising, strategic planning, policy reform, institution strengthening, technology conversion and rehabilitation services, as well as pilot demonstration of specific technologies. Within the context of its operations, UNIDO commits to full compliance with the following safeguard standards:

1. Environmental and Social Assessment Safeguard: ensures that projects are environmentally and socially sound and sustainable.
2. Protection of Natural Habitats Safeguard: ensures that biological diversity is conserved and that sustainable use of natural resources is promoted.
3. Involuntary Resettlement Safeguard: ensures that UNIDO does not involuntarily resettle anyone affected by a project.
5. Pest Management Safeguard: ensures that environmental and health risks associated with pesticide use are minimized and managed, and that safe, effective, and environmentally sound pest management is promoted and supported.
6. Physical Cultural Resources Safeguard: ensures that UNIDO does not engage in any projects that adversely impact upon physical/cultural resources.
7. Safety of Dams Safeguard: ensures that UNIDO does not engage in large-scale water management infrastructure investment projects.
8. Information Disclosure Safeguard: ensures that UNIDO’s approach to information disclosure is guided by openness, with the underlying presumption being that any information concerning UNIDO projects is available to the public, in the absence of a compelling reason for confidentiality.
9. Accountability and Grievance System: ensures that UNIDO has a mechanism for dispute resolution and for ensuring accountability and compliance with its environmental and social safeguards.

Over time UNIDO may adopt additional safeguards or update existing ones to enhance effectiveness, respond to changing needs, and reflect evolving best practices.

UNIDO recognizes the importance of the international move towards greater use of strong and effective country-level environmental and social safeguard systems. As such, UNIDO will take into account the aspects of country-level environmental and social safeguard systems during its ESS screening process in ensuring that UNIDO’s ESS policies and procedures are met.
1.2 Guiding Principles

Compliance with national and international laws

UNIDO will not support activities that do not comply with applicable national laws and host country obligations under international law. UNIDO seeks to support governments to adhere to their human rights obligations and empower individuals and groups, particularly the most marginalized, to realize their rights and interests, and to ensure that they fully participate throughout the development and implementation of projects.

Transparency and inclusivity

UNIDO is committed to ensuring that throughout the environmental and social assessment process, the project development team engages in meaningful and transparent consultation with affected communities, particularly with vulnerable groups, to ensure that they can participate in a free, prior and informed manner in decisions about avoiding or managing environmental or social impacts.

Harmonization in multi-Organization projects

UNIDO is committed to maximizing efficiency and minimizing costs in complying with environmental and social safeguards. Accordingly, UNIDO supports harmonizing the implementation of safeguards procedures in multi-Organization projects. In projects that are co-implemented with multilateral and/or regional development banks, the banks’ environmental and social safeguards procedures will apply. In projects co-implemented with other UN agencies, the project development team will lead discussions at country level to decide on the use of the most appropriate environmental and social safeguards procedures.

Gender equality

In accordance with the UNIDO Policy on Gender Equality and the Empowerment of Women UNIDO seeks to identify and integrate the different needs, constraints, contributions and priorities of women and men into its project designs. Where possible, UNIDO will enhance the positive gender impacts of projects by developing mitigation measures to reduce any potential gender-specific and disproportionate adverse gender impacts.

Labor Working Conditions

UNIDO anticipates and avoids adverse impacts on the health and safety of project workers and the surrounding community during the project life from both routine and non-routine circumstances. Furthermore, the Organization seeks to protect local communities from disease, hazards including natural disasters which may be exacerbated by project activities, or accidental collapse of project structures. This applies to all UNIDO projects where impacts to occupational and community health may arise from project related-activities. Particular attention is paid to vulnerable people including among others children, migrants and indigenous people. UNIDO will propose mitigation measures that favor avoidance of risks and impacts over minimization.

Climate resilience

UNIDO recognizes the importance of addressing both the causes and the consequences of climate change in its countries of operations. UNIDO engages, whenever appropriate, in innovative investments and technical assistance to support no/low-carbon investments and climate change mitigation and adaptation opportunities. UNIDO works with the project development team to ensure that supported projects enhance climate resiliency and avoid unwarranted increases in greenhouse gas emissions.
2. Operational Safeguards

2.1 Structure of the Operational Safeguards

The ISPS sets out the basic tenets that guide and underpin UNIDO’s approach to environmental safeguards. In addition, UNIDO has adopted nine Operational Safeguards (OSs), limiting their number to what is required to achieve the goals and optimal functioning of the ISPS. The OSs are:

*Programmatic Operational Safeguards*

OS 1: Environmental and Social Assessment
  - OS 2: Protection of Natural Habitats
  - OS 3: Involuntary Resettlement
  - OS 4: Indigenous People
  - OS 5: Pest Management
  - OS 6: Physical Cultural Resources
  - OS 7: Safety of Dams

*Framework Operational Safeguards*

OS 8: Information Disclosure

OS 9: Accountability and Grievance Systems

OS 1 is an overarching safeguard providing the framework for the required environmental and social screening and assessments that all UNIDO projects should undergo. This OS also determines whether proposed projects could potentially involve activities or components that pose any specific risks covered by OSs 2-7 and whether any of these OSs need to be triggered.

Project-level OS 2-7 ensure that a precautionary approach is applied in proposed UNIDO projects, and potential adverse impacts and risks to natural habitats, local communities and indigenous people, and physical cultural resources are avoided or minimized if possible, and mitigated if not. These OSs are triggered by the environmental and social screening and assessment procedure undertaken as part of OS 1.

Framework Operational Safeguards, OS8 8-9, provide overarching frameworks on UNIDO’s information disclosure requirements and the accountability and grievance systems.

Each OS is structured in the following fashion:

A. Objectives

B. Scope of application

C. Specific OS requirements
2.2 OS 1: Environmental and Social Assessment

A. Objectives

This overarching safeguard governs the process of determining a project’s environmental and social category and the resulting environmental and social assessment requirements by screening the project, assigning an appropriate category, undertaking public consultation with key stakeholders, and determining the need for any environmental and social impact assessment (ESIA) or environmental and social management plans (ESMPs).

B. Scope of Application

This OS applies to all UNIDO projects. Environmental and social assessment work carried out under this OS determines whether the operations involve activities or components that pose any specific risks covered by OSs 2-7 and whether any related requirements need to be met.

C. OS Requirements

C1: Overall approach

All UNIDO projects undergo environmental and social assessment to help UNIDO decide if the project should be supported and, if so, the way in which environmental and social issues should be addressed in its development and implementation. The assessment will be appropriate to the nature and scale of the project, commensurate with the level of environmental and social impacts and issues, and with due regard to the mitigation hierarchy, i.e. if impact avoidance is not possible, then proponents should show how potentially adverse impacts will be reduced, minimized, or mitigated. Any residual impacts should either be offset or compensated for.

The environmental and social assessment is integrated into UNIDO’s overall project screening, appraisal and approval system (UNIDO/DGB/(P).130). UNIDO may retain expert advice to assist in the assessment of specialized or technical issues.

C2: Responsibility

The project development team is responsible for ensuring that environmental and social assessment is conducted, in line with UNIDO policies and procedures.

C3: Screening

At the concept stage, the project development team screens the project for environmental and social impacts – including climate change impacts, potential adaptation and mitigation measures, and the vulnerability of populations and their livelihoods – to determine the specific type and level of environmental and social assessment that needs to be carried out during project development (see Section C6 for more details on screening/categorization).

C4: Scope

Environmental and social assessment includes the project’s area of influence (both upstream and downstream), a comprehensive scoping of the project’s components, consideration of alternatives, and assessment of cumulative impacts, where relevant. The scope of environmental and social assessment is defined on a case-by-case basis. The environmental and social assessment process covers all stages of the project cycle, project concept design through project closure.

C5: Area of influence

The project’s geographic and temporal area of influence is delineated and explicitly covered in any impact assessment. The area of influence encompasses the following, as appropriate:

- The area likely to be directly affected by the project;
- Related or associated facilities dependent on the project that are not funded by the project but that would not have been implemented if the project did not exist; and
- Areas, including the communities within them, potentially affected by technically predictable activities likely to be induced by the project.

**C6: The environmental and social assessment procedure**

**C6.1: Introduction**

This section of the OS provides an overview of the environmental and social assessment procedure. The procedure is elaborated in further detail in Section 3 of this document.

Through the environmental and social assessment process, UNIDO will identify and consider the environmental and social impacts and issues associated with the proposed projects in an integrated manner. The process is anchored in the concept of the mitigation hierarchy. If impact avoidance is not possible, then proponents should show how potentially adverse impacts will be reduced, minimized, or mitigated. Any residual impacts should either be offset or compensated for.

The assessment will be conducted according to the principles of proportionality and adaptive management. The level of assessment and management required should be proportionate to the level of risk that the project poses—as identified during screening/categorization and impact scoping—and the management measures adopted should be capable of being adapted to changing circumstances during the full project cycle.

The environmental and social assessment will cover all relevant direct and indirect cumulative and associated project impacts identified during the screening phase, including any covered in OSs 2-7, for which there are specific requirements.

**C6.2: Screening/categorization**

The ESSPP screens and categorizes projects based on environmental and social criteria to: (i) reflect the level of potential environmental and social impacts and issues associated with the project, and (ii) determine the nature and level of environmental and social investigations, information disclosure and stakeholder engagement required for each project, commensurate with the nature, location, sensitivity and scale of the project, and the nature and significance of its potential environmental and social impacts. Screening can also enhance the sustainability of a proposed project, by focusing on potential environmental and social benefits.

The aim of the environmental and social screening process is to determine if and what environmental and social review and management is required, quickly identifying those projects where no potential environmental and social issues exist, so that only those with potential environmental and social implications will be required to undergo more detailed assessments. The outcome of the screening process will be a categorization of the project into one of the following categories:

**Category A:** A proposed project is classified as Category A if it is likely to induce significant and/or irreversible adverse environmental and/or social impacts that are sensitive, diverse, or unprecedented, or that affect an area broader than the sites or facilities subject to physical works, i.e. the geographical scope of the project. Category A projects will require an ESIA to be conducted, which should examine the project's potential negative and positive environmental impacts, compare them with those of feasible alternatives (including the “without project” situation), and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts. As a result of the ESIA process, a Management Plan (MP) will be developed. The ESIA process is further elaborated in Annex E of this document.

**Category B:** Category B projects often differ from Category A projects of the same type only in scale. They are likely to have less adverse impacts on human populations or environmentally important areas than those of Category A projects. Likely impacts will be few in number, site-specific, and few, if any, will be irreversible. In most cases impacts can be readily minimized by applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards. An ESIA will not be required, but an ESMP needs to be developed so as to integrate environmental and social sustainability elements into project design. The ESMP process is further elaborated in Annex F of this document.
**Category C:** A proposed project is classified as Category C either if it is likely to have minimal or no adverse social and/or environmental impacts, or because sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project; for example, in cases where national systems for environmental and social safeguards have been applied. Beyond screening, no further specific environmental and/or social assessment is required for a Category C project. However, it is important to note that such projects, particularly those with procurement components, may still have potential environmental and social sustainability considerations. These should be addressed as part of the regular project design activities and through UNIDO’s procurement processes, as applicable.

**Category NO PROJECT:** A proposed project is classified as Category NO PROJECT if it (i) is likely to infringe on the protection of critical habitats or physical cultural resources, (ii) uses banned pesticides and/or chemicals, or (iii) causes involuntary resettlement.

**C6.3: Determinants of categorization**

Project categorization is determined by the significance of potential impacts. In turn, significance depends on the type and scale of the project, its location, and the nature and magnitude of the potential environmental and social impacts. These dimensions are discussed in more detail in Section 3 of this document.

**C6.4: Vulnerability and community impacts**

The screening/categorization process systematically identifies vulnerable groups on the basis of a careful screening and analysis of the social and economic context in which the project will operate. The project development team screens, identifies and assesses vulnerability in project areas and within the limits of available resources. The presence of factors that cause vulnerability should be analyzed, as should potential project impacts; the capacity to cope with, or adapt to, such impacts; and the potential for such impacts to be mitigated in a way that takes into account the specific vulnerabilities or marginalization status in question.

The project development team pays particular attention to assessing the risks and potentially adverse impacts of the project on local communities, including direct and indirect impacts on their health or safety and indirect impacts on their socioeconomic conditions and livelihoods.

When some elements of risk or negative impact still exist despite adequate attempts to avoid or minimize them, the project development team informs affected communities of the risk or negative impact in a socially and culturally appropriate manner. The project development team also establishes adequate emergency preparedness and response plans which enable it to respond to accidental and emergency situations that may pose a threat to local communities, and to provide affected communities with appropriate information about emergency preparedness and response activities, resources, and responsibilities.

In assessing the potential impacts of a project on affected communities, the project development team makes use of adequate and qualified expertise to identify people and groups that may be directly, indirectly, and/or disproportionately affected by the project because of their recognized vulnerable status.

Vulnerable status can be determined by identifying a group’s likelihood of facing harder conditions as a result of the project, owing to such factors as gender, economic status, ethnicity, religion, cultural behavior, sexual orientation, language or health condition. Depending on the specific context of the project, vulnerable groups may thus include female-headed households; those below the poverty line; the landless; some categories of children (orphans, homeless); marginalized social groups and indigenous peoples; those without legal title to assets; ethnic, religious and linguistic minorities; and those who are physically handicapped.

**C6.5: Cumulative impacts**

Screening/categorization should also cover possible cumulative impacts: impacts on areas and resources that result from the proposed project in addition to impacts from other existing or planned developments, including

---

4 For exact definition please refer to Annex H.
from any associated projects, regardless of which entity undertakes those actions. Cumulative impacts can result from individually minor but collectively significant interventions that take place over a period of time.

C6.6: Public Consultation and information disclosure

In addition to categorization, UNIDO follows international best practices with regards to disclosure of information, consultation of stakeholders at all levels, and to the establishment of a functioning mechanism to receive and resolve issues of concern for project affected people. Specific modalities and procedures governing public consultation and information disclosure are covered under framework OS8. Specific requirements and dimensions of OS8 are outlined in detail in Annex C of this document.

C6.7: Implementation of safeguard measures

The project development team will be responsible for monitoring and reporting on the implementation of commitments made in either ESIAEs or ESMPs as the project commences implementation. UNIDO may organize compliance checks to the project if there is a serious risk of noncompliance with the UNIDO ESSPP.

2.3 OS 2: Protection of Natural Habitats

A. Objectives

The overarching objective of this safeguard is to conserve biological diversity and promote the sustainable use of natural resources. UNIDO does not engage in any projects dealing with critical habitats. UNIDO uses a precautionary and ecosystem approach to natural resource conservation and management to ensure opportunities for environmentally sustainable development. The safeguard reflects the importance of biodiversity and the value of key ecosystems to the population, emphasizing the need to respect, conserve and maintain the knowledge, innovations and practices of indigenous and local communities, and to protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements.

B. Scope of Application

This OS applies to all UNIDO projects. The nature and scope of OS2 applicability will be established during the environmental and social assessment process.

The OS specifically applies to UNIDO projects that:

- Are located in natural and/or critical habitats;
- Are located in areas providing ecosystem services upon which potentially affected stakeholders are dependent for survival, sustenance, livelihood or primary income, or which are used for sustaining the project;
- Extract renewable natural resources as a main purpose (e.g. plantation forestry, commercial harvesting, agriculture, livestock, fisheries and aquaculture); or
- Involve the use and commercialization of an indigenous knowledge system.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS1, the responsible project development team screens early, before any decisions on siting of physical infrastructure are taken, for the presence of natural and/or critical habitat. Should the presence of a critical habitat be identified through the screening process, a decision will be made by PTC/OMD to either relocate the project to a different site and/or stop any further project development. If the proposed project is Category A or Category B, the project development team is responsible for overseeing ESIA studies that need to be undertaken during project

5 For exact definition please refer to Annex H.
formulation and prior to project appraisal. These studies will identify and assess the potential opportunities for, risks to, and impacts on biological diversity and ecosystem services, including direct, indirect, cumulative and pre-mitigation impacts.

The project development team will apply the mitigation hierarchy to avoid potentially adverse impacts; if avoidance is not possible, to reduce and minimize potential adverse impacts; if reduction or minimization is not sufficient, to mitigate and/or restore; and as a last resort to compensate for and offset.

Special attention is given to the major threats to biodiversity and ecosystem services, such as pollution and contamination, land conversion, habitat fragmentation, natural habitat degradation or loss, deforestation, over-exploitation of natural areas and resources, invasive alien species, migration barriers, the capturing of wild animals, the harvesting of endemic species and indigenous ornamental flora and fauna, and wildlife poaching.

If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C.2: Siting

UNIDO does not support large-scale infrastructure/investment projects that might require siting in natural habitats. As a matter of practice, UNIDO avoids significant conversion or degradation of critical natural habitats in its work, since UNIDO’s projects are of a nature where such conversion would not generally occur.

Where physical infrastructure is part of a UNIDO project, preference is given to siting such physical infrastructure on lands where natural habitats have already been converted to other land uses.

This OS commits UNIDO to refraining from undertaking projects that would involve significant conversion or degradation of critical natural habitats, including those that are: (a) legally protected; (b) officially proposed for protection; (c) identified by authoritative sources for their high conservation value; or (d) recognized as protected by traditional local communities. UNIDO shall strive to ensure that projects do not lead to a significant reduction or loss of biological diversity in natural or modified habitats, and do not lead to the introduction of known invasive species.

C3: Consideration of alternatives

Where procedures undertaken as part of OS1 indicate that projects may adversely affect non-critical natural habitats, UNIDO will only proceed if viable alternatives are not available, and if appropriate conservation and mitigation measures, including those required to maintain ecological services they provide, are in place.

C4: International environmental agreements

UNIDO will not support projects that contravene the principles of the UN Convention on Biological Diversity.

C5: Use of experts

Where appropriate, the project development team will obtain the advice of experts to assess biodiversity and ecosystem services values - for example, cultural, aesthetic, spiritual, educational, and recreational values.

C6: Information disclosure

Biodiversity mitigation plans will be disclosed in a timely manner, in accordance with information disclosure commitments made in OS1 (C6.6) and the requirements of OS8 as outlined in detail in Annex C of this document.
2.4 OS 3: Involuntary Resettlement

A. Objectives

The objective of this safeguard is to ensure that projects that could result in involuntary resettlement are either re-designed or are not approved for further development by UNIDO.

B. Scope of Application

The OS applies to UNIDO project proposals that could result in involuntary resettlement. The nature and scope of this OS’s applicability will be established during the environmental and social assessment process required by OS1.

C. OS Requirements

C1: Screening

As part of the environmental and social assessment procedure required by OS1, the responsible project development team screens early for the possibility of involuntary resettlement. Should the possibility of involuntary resettlement be identified, a decision will be made by PTC/OMD to either relocate the project to a different site or to stop any further project development.

2.5 OS 4: Indigenous People

A. Objectives

UNIDO ensures that, consistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other international law relating to indigenous peoples’ projects are designed and implemented in such a way that fosters full respect for indigenous people and their dignity, human rights, and cultural uniqueness so that they (a) receive culturally appropriate social and economic benefits; and (b) do not suffer adverse effects during the development process.

Consistent with international practice UNIDO abides by the following criteria when considering indigenous peoples’:

- Priority in time, with respect to occupation and use of a specific territory;
- Collective cultural attachment to land;
- The voluntary perpetuation of cultural distinctiveness, which may include aspects of language, social organization, religion and spiritual values, modes of production, laws and institutions;
- Self-identification, as well as recognition by other groups, or by State authorities, as a distinct collectivity;
- An experience of subjugation, marginalization, dispossession, exclusion or discrimination.

B. Scope of Application

The OS specifically applies to UNIDO projects that affect indigenous people. The nature and scope of this OS’s applicability will be established during the environmental and social assessment process required by OS1.

---

8 The concept of “priority in time” is used to distinguish between persons who were born in a particular place (i.e. are indigenous) and those who arrived from elsewhere (i.e. are adventive). Hence it suggests that the group to which it refers was the first to exist in the particular location.
C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the project development team screens early for the presence of indigenous people in the project area, who are identified through criteria that reflect their social and cultural distinctiveness. Such criteria may include: self-identification and identification by others as indigenous people; collective attachment to land; presence of customary institutions; indigenous language; and, primarily, subsistence-oriented agricultural production.

All proposed projects that involve indigenous people are to be categorized as Category A projects and the project development team is responsible for overseeing ESIA studies that need to be undertaken prior to project appraisal. These studies will identify and assess the potential opportunities for, risks to, and impacts on indigenous people, including direct, indirect, cumulative and pre-mitigation impacts.

If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project. UNIDO will ensure that the project development team recruits independent and experienced social science experts to undertake such monitoring as is required by the ESIA.

C2: Free, prior, informed consent (FPIC)

In accordance with OS1 requirement C6.6 and OS8 on information disclosure, and consultation provisions outlined in Annex C of this document, UNIDO commits to undertake prior consultations with affected indigenous people to ascertain their broad community support for projects affecting them and to solicit their full and effective participation in designing, implementing, and monitoring measures to: (a) ensure a positive engagement in projects; (b) avoid adverse impacts, or when avoidance is not feasible, minimize, mitigate, or compensate for such effects; and, (c) tailor benefits in a culturally appropriate way. Specific requirements and dimensions of FPIC are outlined in detail in Annex A of this document.

C3: Benefit sharing

Where proposed projects result in locally-targeted socio-economic benefits, the project development team ensures that such projects provide benefits in ways that are culturally appropriate, and gender and generationally inclusive. Full consideration will be given to options preferred by the affected indigenous people for provision of benefits and mitigation measures.

C4: Land tenure

Where appropriate, UNIDO ensures that provisions are made in ESIA to support activities that would result in the establishment of legal recognition of customary or traditional land tenure and management systems and collective rights used by project affected indigenous people.

C5: Use of cultural resources and/or knowledge

UNIDO agrees to respect, conserve and maintain the knowledge, innovations and practices of indigenous and local communities, and to protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements.

As part of UNIDO’s approach to FPIC (OS4, C.2), the Organization refrains from utilizing the cultural resources or knowledge of indigenous people without their prior agreement to such use. In addition, UNIDO ensures that any access to and commercialization of indigenous knowledge is based on equitable benefits.

C6: Preparation of Indigenous Peoples’ plans (IPPs)

For those projects where the environmental and social assessment screening identifies adverse effects on indigenous people, the project development team will develop IPPs as part of ESIA. These plans will: (a) specify measures to ensure that affected indigenous people receive culturally appropriate benefits; (b) identify measures to avoid, minimize, mitigate or compensate for any adverse effects; (c) include measures for continued consultation during project implementation, grievance procedures, and monitoring and evaluation
arrangements; and (d) specify a budget and financing plan for implementing the planned measures. Such plans should draw on indigenous knowledge and be developed with full and effective participation of affected indigenous people. Specific dimensions of IPPs are outlined in Annex A of this document.

C7: Information disclosure

In line with the requirements of OS8 and OS1 (C6.6), the project development team will disclose documentation of the consultation process undertaken during ESIA preparation. Disclosure of required information will take place in a timely manner, before appraisal formally begins, in a place accessible to key indigenous stakeholders, in a form and language understandable to them.

2.6 OS 5: Pest Management

A. Objectives

UNIDO ensures that in any project applying or promoting the use of pesticides, the environmental and health risks associated with pesticide use are minimized and managed, and that safe, effective, and environmentally sound pest management is promoted and supported. UNIDO does not support the use of pesticides, products and chemicals specified under the Stockholm Convention and the WHO Classes IA, IB, and II in projects that have to do with pest management. Additionally, UNIDO ensures that such projects follow the minimum standards described in the FAO Code of Conduct on the Distribution and Use of Pesticides.

B. Scope of Application

This OS applies to all UNIDO projects, where pesticide procurement and use is entailed. Any indication that a project might lead to procurement of banned pesticides, products and chemicals results in a rejection of the project.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS1, the project development team screens early for the use of pesticides. If the proposed project is Category A or Category B, the project development team is responsible for overseeing ESIA studies that need to be undertaken prior to project appraisal. These studies will identify and assess the potential impacts of pesticide use on environmental and social components, including direct, indirect, cumulative and pre-mitigation impacts. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C2: Procurement

The General Terms and Conditions of UNIDO’s Procurement Manual include a provision which ensures that:

- Any procurement of pesticides in UNIDO’s projects complies with WHO regulations;
- Procurement and use in UNIDO’s projects of any persistent organic pollutants (POPs) identified by the Stockholm Convention or other chemicals specified under the WHO Classes IA, IB, and II is banned;
- Any management and disposal of pesticides in UNIDO’s projects complies with the minimum standards described in the FAO Code of Conduct on the Distribution and Use of Pesticides.
2.7 OS 6: Physical Cultural Resources

A. Objectives

UNIDO projects do not involve the alteration, damage or removal of any critical physical or cultural heritage. In order to ensure that its projects do not adversely impact physical cultural resources, this OS commits UNIDO to banning projects that adversely impact such resources. As part of the environmental and social assessment procedure required by OS1, the responsible project development team screens early for the existence of physical/cultural resources. Should they be identified, a decision will be made to either relocate the project to a different site or stop any further project development.

B. Scope of Application

This OS applies to all UNIDO projects. Physical cultural resources include archaeological, paleontological, historical, architectural, and sacred sites including graveyards, burial sites, and unique natural values.

C. OS Requirements

C1: Screening

As part of the environmental and social assessment procedure required by OS1, the project development team asks whether physical/cultural resources may be affected. A positive answer results in the project not proceeding.

C2: Chance finds

Should a UNIDO project encounter chance-finds during project preparation and/or implementation stages, appropriate national authorities are contacted and notified. Chance finds will not be disturbed until an assessment by qualified experts is made.

2.8 OS 7: Safety of Dams

A. Objectives

The objective of this OS is to ensure quality and safety in the design, construction, operation, and maintenance of new dams and the rehabilitation of existing dams. UNIDO does not usually engage in large-scale water management infrastructure investment projects that involve construction or rehabilitation of large and complex dams, i.e. dams of height above 15 meters. Under UNIDO’s Small Hydropower Strategy (SHPS), UNIDO constructs mostly run-of-river plants for hydropower purposes. UNIDO’s SHPS adapts the Guidelines for SHP Systems developed by UNEP and Basel Agency for Sustainable Energy, to assess and mitigate the environmental and social risks of a dam construction. The OS1 screening procedure determines whether or not dams are to be constructed or rehabilitated as part of a UNIDO project. Where such components are identified, UNIDO’s SHPS and guidelines on construction, supervision, instrumentation, operation, maintenance, and emergency preparedness are applied (Annex B: Practical Guide for OS7 - Safety of Dams).

B. Scope of Application

This OS applies to all UNIDO projects that involve the construction, operation, and maintenance of new dams or the rehabilitation of existing dams.

---

C. OS Requirements

C1: Planning, construction supervision, and safety inspection

UNIDO’s SHPS and guidelines on construction, supervision, instrumentation, operation, maintenance, and emergency preparedness (Annex B: Practical Guide for OS7 - Safety of Dams) apply to all UNIDO projects that involve construction or rehabilitation of dams.

In line with these guidelines, UNIDO ensures that experienced and competent professionals supervise construction or rehabilitation of dams. Additionally, periodic safety inspections are undertaken of new/rehabilitated dams after completion of construction/rehabilitation during the project lifetime.

C2: Screening, appraisal, approval, implementation and monitoring

As part of the environmental and social assessment procedure required by OS 1, a screening step asks whether the project includes the construction of a new dam, or the rehabilitation of an old one. A positive answer will result in the requirement of an ESIA (if the dam is new and exceeds the height of 15 meters), or an ESMP (if an existing dam, which exceeds the height of 15 meters, is to be rehabilitated). Commitments made in the ESIA or ESMP will detail comprehensive plans for the overall design, operation and maintenance of dams. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C5: Disclosure of draft plans

In line with the information disclosure commitments made in OS1 (C6.6) and the requirements of OS8, ESIAs or ESMPs are disclosed to the public in a timely manner in the context of key project preparation steps, in an appropriate language, and in an accessible place. The results of the consultation are adequately reflected in the project design and in the project documentation.

2.9 OS 8: Information Disclosure

A. Objectives

This OS recognizes the importance of open and transparent engagement between UNIDO, the project development team, local communities directly affected by the project and, where appropriate, other stakeholders as an essential element of good international practice and corporate citizenship. It is also a way of improving the environmental and social sustainability of projects.

UNIDO is committed to making information about its projects available to the public. UNIDO considers public access to information a key component of effective participation of all stakeholders, including ordinary people, in the human development process. UNIDO recognizes that there is a positive correlation between a high level of transparency through information sharing and public participation in UNIDO-supported development activities.

Therefore, UNIDO ensures that information on a project’s purpose, nature and scale, duration, and its risks and potential impacts, as well as draft EISA/ESMP, as applicable, are made available in a timely manner, in a place accessible to key stakeholder including project affected groups, in a form and language understandable to them. This will enable the stakeholder groups to provide meaningful inputs on project design and implementation. Such disclosure will occur early in project formulation phase, before project document approval formally begins, and will continue throughout the project implementation phase.

B. Scope of Application

This OS applies to all UNIDO projects that are likely to have adverse environmental and social impacts on the environment and/or on local communities directly affected by the project.
C. OS Requirements

This section provides an overview of the requirements under this OS. Specific dimensions and requirements of this OS are outlined in detail in the Annex C of this document.

C1: Openness

UNIDO’s approach to information disclosure is guided by openness, with the underlying presumption being that any information concerning UNIDO projects is available to the public, in the absence of a compelling reason for confidentiality.

C2: Consultation

For projects that are determined to be Category A or Category B, the project development team undertakes consultation with project stakeholders as per the requirements of OS1 (C6.6) and as outlined in in the Annex C of this document. Results of consultations will be distributed to key stakeholders and affected groups.

C3: Contents of information provided

Information provided to project stakeholders as part of the consultation procedures outlined in OS1 (C6.6) and in the Annex C of this document should include written material covering:

- Project description;
- Rationale for the project categorization;
- List of key environmental, social, health, and safety issues;
- Details of proposed mitigation measures;
- Information on the project’s monitoring and reporting programme;
- The full ESIA or ESMP; and,
- The process by which any grievances will be managed.

C4: General Public Access

Project specific information mentioned in Section C3 information is available on UNIDO website at: www.unido.org

If the information is not available on UNIDO website, the public can contact the UNIDO Country or Regional office (contacts to be provided at country level through UN Resident Representative Office) or the UNIDO GEF Coordination in UNID HQ (gef@unido.org). These offices will be responsible to ensuring that requests for information from the public are addressed.

C5. Review/appeal process

If the requester of information does not obtain the desired information from the UNIDO website, or if the information requested is denied for reasons that appear inconsistent with the spirit of this Policy, the requester may use the UNIDO Accountability and Grievance System to file an official complain in accordance with the procedures outlined in Section OS9.

C6: Exceptions

This policy recognizes that crisis, conflict or humanitarian disasters and special development situations pose particular challenges in terms of UNIDO relations with Governments and other stakeholders. The fundamental principle that applies to information disclosure in these situations, or in communities with heightened levels of political, social and cultural tensions, is transparency. However, UNIDO recognizes that in certain situations, sensitive information relative to the political/economic contexts may need to remain confidential.
2.10 OS 9: Accountability and Grievance Systems

A. Objectives

The overarching objective of this OS is to outline accountability systems that are designed to guarantee enforcement of UNIDO’s environmental and social safeguard policies and procedures. UNIDO ensures that it provides clear, constructive, and timely responses to individuals, groups, and communities potentially affected by projects, corrects non-compliance where it has occurred, and shares the results of its review and any actions taken. This OS governs a system that is:

- Designed to address potential breaches of UNIDO’s policies and procedures;
- Designed to also respond to complaints from parties affected by the implementation of UNIDO projects, and to seek resolution of complaints;
- Independent and transparent; and,
- Accessible to project-affected people.

B. Scope of Application

This OS applies to all UNIDO projects, where a complaint has been made by an affected party, focused either on perceived non-compliance with UNIDO policies and procedures, or where the complainant claims to have been affected by the implementation of a UNIDO project.

C. OS Requirements

C1: Definition of complaint

UNIDO recognizes that complaints from affected stakeholders could relate to either:

(i) Perceived non-compliance with UNIDO regulations, rules, policies or procedures (“Type 1 complaint”); or
(ii) Disputes related to appropriate design and implementation of projects, a priori in compliance with UNIDO regulations, rules, policies or procedures (“Type 2 complaint”); or
(iii) A combination of the Type 1 and Type 2 complaint described above.

C2: Structure of the Grievance Mechanism

UNIDO has established mechanisms for dealing with various kinds of complaints. UNIDO’s Grievance Mechanism does not intend to substitute existing country-level national systems but merely to complement them. Therefore, UNIDO builds on the approach of first attempting to resolve any grievances on the national level and, only in cases where no resolution is reached on the national level, escalating complaints to UNIDO HQ.

In line with best practices and existing legal arrangements, UNIDO encourages persons potentially affected by projects to first bring their complaints to existing local or country-level grievance and dispute resolution systems. This not only enhances local and country-ownership and governance, but also reflects the fact that local and country-level authorities often have better information and understanding relating to the causes of disputes that can arise from project implementation.

If resolution of complaints is not possible at the local or country level, UNIDO encourages the utilization of the UNIDO Grievance Mechanism. When approaching UNIDO with a complaint, it is accepted that the complaint “entry point” could be any one of the following: (i) UN office in the given country; (ii) UNIDO representative at country or regional level; (iii) relevant UNIDO Project Manager at UNIDO HQ; (iv) UNIDO Office of Internal Oversight Services (IOS); or (v) GEF Conflict Resolution Commissioner in Washington, D.C.

All complaints, as per section C1, from affected stakeholders received through either of the above “entry points” are channeled to UNIDO Office of Internal Oversight Services (IOS), which plays the role of official repository. All complaints will be registered in IOS’ intake register for tracking until resolution. Specific
procedures of submitting a complaint directly to IOS, as per point (iv) above, are described on UNIDO’s website [http://www.unido.org/wrongdoing/](http://www.unido.org/wrongdoing/).

IOS forwards all complaints to the UNIDO Compliance Officer, a nominated staff member from UNIDO’s Programme for Technical Cooperation (PTC) Division / Partnerships and Results Monitoring (PRM) Branch. The Compliance Officer screens and determines the nature of the complaints.

(i) The Compliance Officer refers Type 1 complaints to IOS and works closely with IOS to ensure that allegations are evaluated and investigated promptly.

(ii) The Compliance Officer refers Type 2 complaints to UNIDO Grievance Panel, which is set-up to conduct preliminary evaluations and propose technical solutions. The Compliance Officer works closely with the Grievance Panel, which may refer a complaint to IOS if, during its works, it finds reason to suspect that breach of UNIDO regulations, rules, policies or procedures may have occurred.

(iii) The Compliance Officer may refer combination of Type 1 and Type 2 complaints to both IOS and the Grievance Panel. In such case, the Compliance Officer will clearly define the respective scope of work of the two bodies and ensure appropriate information flow and coordination.

The Compliance Officer maintains records on all cases and issues brought forward, with due regard for confidentiality of information.

The exact process, integrating the existing IOS procedures and mechanisms, is shown in the diagram below.
Figure: Structure of the UNIDO Grievance Mechanism

Complaint received at «entry point» routed to IOS for registration

Type 1 complaint: Alleged violation of UNIDO rules

Preliminary evaluation by IOS

The Compliance Officer screens and determines the nature of the case

No

Premilinary Inquiry Report

Complainant informed, as appropriate

Case closed

Yes

Ground for investigation?

Type 2 complaint: Grievance resulting from a priori appropriate project implementation

Preliminary evaluation by Grievance Panel, coordinated by the UNIDO Compliance Officer (PTC/PRM) at UNIDO HQ

No

Yes

Need to establish whether wrongdoing occurred and, if so, to identify the responsible person or entity?

Grievance Panel collects relevant information and identifies an appropriate solution

Yes

IOS conducts formal investigation and addresses its report to the Director General, with recommendations

The Director General of UNIDO makes final decision

Inform complainant

Case resolved
C3: Impartiality/independence
Impartiality and independence is guaranteed through the central involvement of IOS and the application of its Investigation Guidelines. Results of investigations undertaken by IOS are reported directly to the Director General of UNIDO, with no intermediate management steps.

C4: Information disclosure
The structure of the grievance mechanism, along with contact information for the staff involved is made publicly available on the UNIDO website. Complainants are informed of the existence of UNIDO’s Grievance Mechanism during consultations.
3. Environmental and Social Safeguard Steps along the Project Cycle

This section provides a step-by-step guidance to project development teams on environmental and social safeguards and the associated project development procedures, which need to be conducted in order to ensure that UNIDO operations meet the ESS OS requirements at each stage of the project cycle.

Many development agencies have designed ESS procedures that focus on predicting, evaluating, and managing negative impacts associated with large-scale infrastructure development investment projects. UNIDO does not support large-scale infrastructure development investment projects and any physical components in UNIDO projects are small in scale. UNIDO assists its Member States with technical assistance type projects, which largely provide capacity building, training and awareness raising, strategic planning, policy reform, institution strengthening, as well as pilot demonstration of specific technologies. Pilot-scale demonstration is often done in existing industrial facilities. Notwithstanding this fact, UNIDO has designed a procedure to screen its projects, which enables environmental and social issues to be carefully mainstreamed into project design and project document development. The outcome is an approach that allows UNIDO to both analyze risk and maximize environmental and social opportunities.

UNIDO’s Operational Safeguard 1 (OS1 - Environmental and Social Assessment) provides a general outline of the Organization’s environmental and social assessment procedure (ESS procedure). The requirements under OS1 link directly to the four most important stages of UNIDO’s project cycle:\(^\text{11}\):

1. Project identification/screening/categorization;
2. Project formulation;
3. Project clearance/compliance verification/approval; and
4. Project implementation/monitoring/evaluation

3.1 Project Identification, Screening and Categorization

The following sub-sections summarize the ESS safeguard actions that need to be undertaken within the project identification/screening/categorization part of the UNIDO project cycle.

ESS Identification and Screening Guidance

The purpose of the identification step in the UNIDO project cycle is to develop a project idea and prepare a project concept\(^\text{12}\). The ESS safeguards process steps that take place at this point focus on environmental and social screening. The idea is to determine if and what environmental and social review and management is required. The aim is to quickly identify those projects where no potential environmental and social issues exist, so that only those with potential environmental and social implications are required to undergo more detailed assessment.

UNIDO Staff Member (SM) responsible for conducting initial field stakeholder consultations is also tasked with considering the ESS implications of the proposed project. The first ESS safeguards task that a SM needs to undertake is to complete the Environmental and Social (E&S) Screening Template, presented in Annex D. This may be completed in conjunction with a National Partner, and/or a Project Execution Partner, if these organizations have been identified at this early stage.

The E&S Screening Template consists of two parts: (i) E&S Screening Checklist and (ii) E&S Summary Note. The checklist includes four main questions which allow the reviewer to determine a screening category for the project. The summary note provides a brief overview of the results of the screening, including follow-up actions.

In most cases project screening will be a straightforward, desk-based, exercise conducted by SMs based on the

---

\(^{11}\) UNIDO/DGB/(P).130

\(^{12}\) UNIDO SSS, GEF Project Identification Form (PIF), etc.
findings of the initial field mission and stakeholder consultations.

**Steps Required of Staff Member**

**Step 1:** During project identification stage familiarize yourself with the UNIDO environmental and social screening process by reviewing this document and the *E&S Screening Template*. Use the guidance contained in the *E&S Screening Template* to substantiate the project identification process. During the ESS screening process, review and take into account the relevant aspects of country-level environmental and social safeguard systems.

**Step 2:** After initial discussions with the stakeholders and during concept drafting, complete the *E&S Screening Checklist*, which guides you through the process to determine if the project is a Category A, B, C, or NO PROJECT. Note that a “Yes” response to some questions in the screening template will directly lead to a “NO PROJECT” Category, in compliance with UNIDO’s OS2, OS3, OS5 and OS6. In such cases further discussions and alternative design of the project will be required to reach a “No” response. Failing this, the proposal will not be considered for further development.

**Step 3:** Summarize the results of the screening process in the *E&S Summary Note*, which includes guidance on what should be documented.

**Step 4:** Attach the completed *E&S Screening Template* to the concept draft. Finalize and submit the concept for concept screening in accordance with UNIDO project cycle procedures.

**ESS Categorization Guidance**

Project categorization is based on a combination of project type, characteristics of potential impacts, and sensitivity of the receiving environment, i.e. planned project site. In the meantime, the following lists provide an indication of how UNIDO projects might be categorized. The lists provide a framework for the screening decision. However, many factors come into play during screening, and the lists should not be used as the sole basis for decision-making. Project concept screening results in the determination of one or more of the following categories:

**Category A:** A proposed project is classified as Category A if it is likely to induce significant and/or irreversible adverse environmental and/or social impacts that are sensitive, diverse, or unprecedented, or that affect an area broader than the sites or facilities subject to physical works.

Projects that would usually be identified as Category A are large-scale infrastructure development investment projects supported by multilateral and regional development banks. The projects or components included in this list could potentially have adverse impacts and normally warrant the subsequent conducting of Environmental and Social Impact Assessment (ESIA) and an agreement on a proper Management Plan (MP):

- Projects involving indigenous people;
- Projects involving resettlement of populations;
- Projects with construction of new dams of height above 15 meters;
- Projects on large-scale aquaculture and mariculture;
- Projects on large-scale energy production and distribution facilities;
- Resource recovery facilities projects (e.g. large-scale mining operations);
- Large-scale agro-industry projects;
- Large-scale afforestation/reforestation, including logging operations, use of Mangroves and wetlands projects;
- Large-scale forest industry operations projects, such as sawmills and pulp and paper mills;
- Projects that may have potentially significant adverse impacts on physical cultural resources; and,
- Large-scale natural resource extraction activities such as farming, irrigation, mining or fishing.

---

13 For example: Annex D, Table 4.1, (5.2) – *Would the proposed project lead to involuntary resettlement of populations?* UNIDO bans project that would result in involuntary resettlement. However if a project would involve voluntary displacement UNIDO may consider involvement against certain assurances or agreements.
Category B: Category B projects often differ from Category A projects only in scale. They are likely to have less adverse impacts on human populations or environmentally important areas than those of Category A projects. Likely impacts will be few in number, site-specific, and few if any will be irreversible. In most cases impacts can be readily minimized by applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards.

The following projects and components may have environmental and/or social impacts that would result in less serious risks, and warrant the development of Environmental and Social Management Plans (ESMPs) instead of ESIs:

- Energy efficiency and energy conservation projects;
- Projects with rehabilitation of dams of height above 15 meters;
- Small- and medium-scale agro-industries projects;
- Small- and medium-scale irrigation and drainage projects;
- Projects on small and medium-scale aquaculture, including small and medium-scale industrial and artisanal fisheries;
- Renewable energy projects (other than hydroelectric dams);
- Rural electrification projects;
- Limited bioenergy projects;
- Climate adaptation projects;
- Chemicals and waste recovery, recycling and destruction projects (e.g. projects dealing with phase-out and handling of persistent organic pollutants, ozone depleting substances, e-waste, mercury and other heavy metals, etc.);
- Small- and medium-scale reforestation/afforestation projects;
- Small- and medium-scale rural water supply and sanitation projects; and
- Projects that may have potentially minor adverse impacts on physical and cultural resources.

Category C: A proposed project is classified as Category C either if it is likely to have minimal or no adverse social and/or environmental impacts, or because sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project.

Since these projects are likely to have negligible or no environmental impacts, ESIA and/or ESMP are not required:

- Report and/or inventory preparation projects;
- Education and training projects;
- Event coordination projects;
- Environmental and sustainable development analysis projects;
- Monitoring and evaluation exercises;
- Desk studies, workshops, meetings;
- Scientific research and field surveys;
- Research and extension in agriculture, forestry, fisheries, natural resource management;
- Remote sensing and geospatial analysis;
- Capacity development, communication and outreach programs;
- Minor construction activities and maintenance of installations; and,
- Institutional development.
Category NO PROJECT: A proposed project is classified as Category NO PROJECT if it (i) is likely to infringe on the protection of critical habitats or physical cultural resources, (ii) uses banned pesticides and/or chemicals, or (iii) causes involuntary resettlement. Projects categorized in this category cannot be supported by UNIDO, since they are not in compliance with UNIDO’s OSs on:

- OS2: Protection of critical habitats;
- OS3: Involuntary resettlement;
- OS5: Pest Management; and
- OS6: Protection of physical cultural resources.

In such cases further discussions and alternative design of the project will be required, in order to re-categorize the project. Failing this, the proposal will not be considered for further development.

Thresholds for Categorization

The lists above do not propose specific thresholds to differentiate small to large-scale projects. When categorizing projects, the reviewer should first and foremost consider the country context and, specifically, the carrying (absorptive) capacity or the receiving physical or social environment of the planned project site. The following additional criteria shall guide the categorization:

- Consult regulations in concerned project country in case specific thresholds are provided for;
- Evaluate the project scale in relation to the project location and area covered;
- Consider the sensitivity and value of environmental and social components to be affected;
- Take into account the magnitude of potential impacts.
3.2 Project Formulation

The following sub-sections summarize the ESS safeguard actions that need to be undertaken during the project formulation part of the UNIDO project cycle.

ESS Formulation Guidance

If a proposed project concept passes UNIDO’s identification/screening/categorization process described above, it is assigned one of the ESS categories: Category A, B, C or NO PROJECT. Once UNIDO PTC/OMD confirms the final ESS category assigned to a project concept, the need for inclusion of compliance advisors, and the scope of required ESS assessment work (for Category A and B projects), the assigned UNIDO project manager (PM) may begin with the project formulation phase.

The ESS safeguards process during the project formulation phase requires the PM to prepare Terms of Reference (TORs) for either ESIA or ESMP, based on the issues listed in the E&S Summary Note. If so indicated, compliance advisors need to be consulted at this stage.

**Category A** projects are required to undergo ESIA and prepare a proper MP during the project formulation phase. ESIA should examine the project's potential negative and positive environmental impacts, compare them with those of feasible alternatives (including the “without project” situation), and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. ESIA will normally be directed by the project development team, using consulting teams with local and possibly international impact assessment experience. Annex E provides detailed guidance on how ESIA studies should be undertaken. Final project documents should reflect design changes made as a consequence of an ESIA.

For project concepts that have been categorized as **Category B**, an ESIA will not be required, but an Environmental and Social Management Plan (ESMP) needs to be developed so as to integrate environmental and social sustainability elements into project design. Unlike ESIA, ESMPs do not focus on impact prediction or evaluation. Relevant environmental and social issues will have been identified during the screening process, and these provide the focus for the mitigation, monitoring, and environmental and social management components of the ESMP. Annex F provides the steps required to develop an ESMP.

For **Category C** projects no further assessment is required, unless significant procurement is envisaged. It is important to note that Category C projects, particularly those with procurement components, may still have potential environmental and social sustainability considerations, which should be briefly outlined in the E&S Summary Note.

Projects categorized under **Category NO PROJECT** cannot proceed to this stage.

**Steps Required of Project Managers**

**Step 1:** Familiarize yourself with the final categorization of the proposed project, as cleared by the PTC/OMD.

**Step 2:** Develop a TOR for either an ESIA or ESMP, depending on final categorization. Get advice from compliance advisors in design of TOR. Refer to the TOR templates in Annex E and F for guidance.

**Step 3:** In partnership with potential national Project Execution Partners, recruit impact assessment consulting teams for ESIA and ESMPs.

**Step 4:** In partnership with potential national Project Execution Partners, oversee the production of ESIA and ESMP studies.

---

14 In accordance with procedures defined in UNIDO/DGB/(P).130.
15 Templates for ESIA and ESMP TORs are included in Annex E and F respectively.
Step 5: Use Annex E to ensure that the ESIA has been adequately undertaken. Use Annex F to ensure that the ESMP has been adequately undertaken.

Step 6: Finalize the project document, and reflect design changes required by ESIA or ESMP. Consult with compliance advisors, if necessary, to ensure that technical issues flagged in the TORs have been addressed.

Step 7: Disclose Project Document and the findings of the ESIA or ESMP studies in accordance with UNIDO ESSPP OS8.

Step 8: Complete the ESS Safeguards section of the PPM compliance sheet.

Step 9: For UNIDO GEF and GCF funded projects submit the PPM compliance sheet and project document package to UNIDO GEF Coordination for transmission to the donor for their approval.
3.3 Project Clearance/Compliance Verification/Approval

The following sub-sections summarize the ESS safeguard actions that need to be undertaken during the project clearance/compliance verification/approval part of the UNIDO project cycle.

ESS Project Clearance/Compliance Verification/Approval Guidance

At this stage UNIDO technical quality review of the project document is undertaken by the relevant UNIDO technical branches Unit Chief and Director before PTC/OMD clears the project document for its final appraisal and approval. Once the project document has been cleared by PTC/OMD, the proposed project goes through a number of compliance verification steps. These verify that ESS procedures have been followed and that issues identified at the screening stage have been dealt with during project formulation, and incorporated into the project design. The project is then forwarded to the UNIDO Executive Board for its consideration and final UNIDO approval.

Required Steps

**Step 1:** PM submits PPM compliance sheet and project document package for technical quality review and clearance to the Unit Chief and Director of the relevant technical branch.

**Step 2:** PTC/OMD finalizes the assessment process and clears the project document package for submission to DDG/SDQ/QUA for compliance verification.

**Step 3:** DDG/SDQ/QUA reviews the project document package and PPM compliance sheet and verifies that ESS assessments have been conducted and are included in the project design. DDG/SDQ/QUA prepares final conformity note to confirm that due processes have been followed and submits the project documentation for UNIDO Executive Board approval.

**Step 4:** Based on conformity note and project documentation package the UNIDO Executive Board approves the project.

**Step 5:** For UNIDO projects funded by donors other than GEF and GCF submit the project document package to the donor for their approval.
3.4 Project Implementation/Monitoring/Evaluation

The following sub-sections summarize the ESS safeguard actions that need to be undertaken during the project implementation/monitoring/evaluation part of the UNIDO project cycle.

ESS Project Implementation/Monitoring/Evaluation Guidance

Environmental and social issues do not disappear once a project has been approved and enters its implementation phase. It is important that issues identified during ESIA or ESMP be managed and monitored. Post-approval management, monitoring, and evaluation commitments are made in the project documentation that are developed during the project formulation phase, and, where necessary, reflected in bidding and contract documents. These commitments will be followed-up during regular monitoring reporting through annual project implementation reports, mid-term reviews, and assessed within the context of terminal evaluations.

Steps Required of Project Managers

**Step 1:** Familiarize yourself with the post-approval ESS monitoring/management commitments captured in the PPM compliance sheet.

**Step 2:** Prepare annual project implementation reports, ensuring that ESS monitoring/management commitments are reported on.

**Step 3:** Conduct project mid-term review and terminal evaluation.
Annex A: Practical Guide for OS4 - Indigenous Peoples

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS4.

Consistent with the global recognition of the indigenous peoples’ (IPs’) distinctiveness and rights, UNIDO will be guided by, and abide with the following core principals in projects related to IP:

- Self-determination
- Development with identity
- Free, prior and informed consent (FPIC) 16
- Participation and inclusion
- Rights over land and other natural resources
- Cultural rights
- Collective rights; and
- Gender equality

Consequently, this safeguard is triggered when a project is foreseen to affect, either positively or negatively and either directly or indirectly, IPs’:

- Dignity, human rights, livelihood systems or culture; or
- Territories or natural or cultural resources

The safeguard applies equally when projects affect lands claimed as ancestral domain; lands IP actually occupy for their home or farming areas; lands used for collecting water or forest products; or land they own, whether with legal title or not.

A.1. Integration of OS4 into UNIDO’s Project Cycle

A.1.1 Project identification, screening and categorization

UNIDO SM undertakes identification of IP presence in the foreseen project impact area at project identification/screening/categorization stage during the initial field visit. The exercise will consider the degree of potential economic, social, cultural (including cultural heritage), and environmental impacts of the project on the IP communities. If the screening indicates potentially negative impacts on IP, an analysis should be undertaken through a rapid baseline data collection covering key environmental and socioeconomic aspects that may be impacted.

Limited consultation should take place at this stage. SM will seek out information on institutions involved with or knowledgeable of IP issues (e.g. academic institutions, UN agencies, INGOs/NGOs, donors etc.) in the country to assist with resolving any potential issues.

In terms of collecting baseline data, the following minimum information on IP communities must be provided at this stage:

(i) Demographics;
(ii) Social context;
(iii) Political characteristics;
(iv) Lands and territories that they have traditionally owned or customarily used; and
(v) Natural resources on which they depend.

Depending on the level of the foreseen potential impact, this level of baseline data may be sufficient for categorization of the project.

16 FPIC is an internationally recognized guideline or “best practice” for Indigenous people for negotiating or determining priorities and strategies for their own development.
A.1.2 Project formulation

If the concept screening indicates potentially negative impacts on IP, TORs for an ESIA will be prepared accordingly. ESIA TOR\textsuperscript{17} will include provisions to ensure that the project should ultimately be designed in a way which will offset and enhance any negative impacts with potentially positive impacts\textsuperscript{18} and benefits to the IPs. The following actions should be completed during project formulation:

i. **Experts, NGOs and/or recognized leaders in the relevant IP communities** should be engaged early in the ESIA process to ensure that any potential issues are resolved in an acceptable manner. Such engagement may also help generate ideas on early project design questions.

ii. **FPIC** is required from IP communities for project development. The FPIC process (Figure A) will be facilitated by local counterparts, in languages and context familiar with the affected IP communities\textsuperscript{19}. The principle of FPIC requires that IPs are consulted meaningfully and in good faith, and that their consent be obtained for development initiatives on their lands, sources of livelihoods or spiritual heritage. Consent from IPs is mandatory for a project to meet UNIDO’s approval. Note that FPIC does not necessarily require unanimity and may be considered valid even when individuals or groups within the communities explicitly disagree. However, in such cases a clear Indigenous Peoples Plan (IPP)\textsuperscript{20} needs to be prepared, outlining specific actions and steps to be taken in going forward (Figure A).

iii. A **formal process to identify indigenous and local community members**, experts, organizations, and relevant stakeholders should be undertaken in order to draw up an IPP. The plan will outline specific actions and steps to be taken during project implementation and will be attached to the ESIA.

iv. As required under OS8: **Information Disclosure** ESIA findings and IPPs should be disclosed on UNIDO website before submission for project approval.

**Figure A: Key elements of FPIC**

- **Free**: Communities must be free to participate in negotiations that affect them without force, intimidation, manipulation, coercion, or pressure by the government, company, or organization seeking consent.

- **Prior**: The community must be given a sufficient amount of time to review and consider all necessary information and to reach a decision before the implementation of the project begins. Since every community is different and has its own decision-making processes, it should be the community itself that decides how much time it needs.

- **Informed**: The interested parties must provide adequate, complete, relevant information to the community so that it can assess the potential pros and cons of a particular action. Information must be easily accessible and understandable. Ideally, representatives of affected communities are able to visit similar projects in person and enter into dialogues with people who have experienced similar developments firsthand. It is also important that the community have access to independent, neutral counseling and the necessary legal and/or technical expertise to understand all of the potential results of the proposed action(s).

- **Consent**: The community must have the option of saying “yes” or “no” to the project, along with a detailed explanation of the conditions under which consent will be given, before planning begins. The final decision must be respected by all interested parties. The community must also be given the opportunity to provide feedback at every stage of project development and implementation to ensure that the conditions of consent are met. If the conditions of initial consent are not met, the community must have the option of withdrawing its consent and all interested parties must immediately cease any part of the project to which the community had not agreed.

  Participation of women, children, youth and other minorities within the IP community is essential.

A.1.3 Project implementation/monitoring/evaluation

While FPIC is a mandatory criterion at project formulation stage to ensure project approval, inclusive participation of and consultation with IP in project activities should be maintained throughout the project implementation phase. Additionally, the PM should ensure that the IP are aware of the existence of a functioning OS9: UNIDO Accountability and Grievance mechanism.

\textsuperscript{17} Template for ESIA TOR is included in Annex E.

\textsuperscript{18} E.g.: non-hazardous job creation; revenues from the levying of fees; access to markets; etc.

\textsuperscript{19} For consultation process best practices, see Annex C.

\textsuperscript{20} IPP specifications are provided in Annex C, Figure C2.
Annex B: Practical Guide for OS7 - Safety of Dams

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS7. These guidelines set measures to ensure the quality and safety of new and existing dams which are constructed or rehabilitated as part of UNIDO projects. For additional guidance on how to assess and mitigate environmental and social risks of a dam construction, please refer to UNIDO’s Small Hydropower Strategy (SHPS)\(^{21}\), which adapts the Guidelines for SHP Systems, developed by UNEP and Basel Agency for Sustainable Energy\(^{22}\).

B.1 Definitions and Application

The following guidelines apply the below definitions:

- **Small dams**: dam constructions of below 15 meters of dam height
- **Construction of new dams**: construction works done to build new dams
- **Rehabilitation of existing dams**: construction works done to already existing dam sites which are undertaken to improve safety, reduce environmental impacts, increase dam output, or similar.

The following guidelines apply to water management projects which:

- Aim to construct new or rehabilitate existing small dams to produce electricity; or
- Are highly dependent on the performance of small dams or potentially affect dam performance.

B.2 UNIDO Guidelines for Construction, Supervision, Instrumentation, Operation, Maintenance, and Emergency Preparedness of Dams

B.2.1 General applicability

These guidelines apply to all UNIDO projects involved in the construction of new or the rehabilitation of existing dams.

B.2.2 National laws and regulations

All projects involved in the construction or rehabilitation of dams shall follow national laws and regulations regarding construction, supervision, instrumentation, operation, maintenance, and emergency preparedness of dams, if available.

- Project documents shall provide a list of the relevant and applicable national laws and regulations concerning: a) construction, b) supervision, c) instrumentation, d) operation, e) maintenance, and f) emergency preparedness of dams;
- Projects shall report on compliance with the national laws and regulations through annual monitoring reports.

If no such national laws or regulations are available, only provisions outlined in the Section B.2.3 will be followed. This shall be reflected in annual monitoring reports.

B.2.3 Ensuring the quality and sustainability of dam projects

All projects shall ensure high quality of dam construction and rehabilitation through:


- The use of experienced, competent and skilled contractors that are qualified to undertake planned design, supervision, construction and operation activities and associated works;
- Adherence to state-of-the-art industry standards and specifications throughout all steps;
- Clear and transparent tendering of services and supplies.

All projects shall follow international industry practices with regards to safety measures for the operation and maintenance of dams:

- Safety for staff working on the sites shall be ensured at all times;
- Only skilled and trained personnel shall work at the dam sites. At all times it shall be avoided that dam projects rely on a limited number of trained staff.

Project documents shall include an Emergency Action Plan, which should elaborate the following:

- Notification flowchart: a) who is to be notified in case of an emergency; and b) who is in charge of notifying which entity/person;
- Roles and responsibility for notification, emergency response and evacuation;
- Emergency procedures: a) emergency identification; b) evaluation; and c) classification;
- Preventive actions undertaken to mitigate potential emergency situations: a) surveillance; b) response during period of darkness; c) access to the site and potential affected sites; d) response during periods of adverse weather; e) alternative means of communication; and f) emergency supplies and resources;
- Inundation maps;
- The Emergency Action Plan shall be updated bi-annually. Any updates shall be reflected in project monitoring reports.

In order to guarantee long-term sustainability of projects, capacity building in operation and maintenance of dams, especially with regards to dam safety and emergency preparedness, shall be integrated as part of project design. This shall be reflected in all project documents and monitoring reports.

### B.3 UNIDO Guidelines for Periodic Safety Inspections of New and Rehabilitated Dams

#### B.3.1 General applicability

All UNIDO projects involved in construction of new or rehabilitation of existing dams have to conduct safety inspections upon completion of construction or rehabilitation works and shall follow the below guidelines.

#### B.3.2 National laws and regulations

All projects involved in construction or rehabilitation of dams shall follow national laws and regulations regarding safety inspections, if available:

- Project documents shall provide a list of relevant and applicable national laws and regulations concerning safety inspections;
- Projects shall report on compliance with the national laws and regulations through annual monitoring reports.

If no national laws or regulations regarding safety inspections are available, only provision outlined in Section B.3.3 will be followed. This shall be reflected in annual monitoring reports.

#### B.3.3 Periodic safety inspections after completion of construction or rehabilitation works

If available national laws or regulations do not specify safety inspections or are not covering all aspects listed below, projects have to carry out and report on periodic safety inspections during project implementation, based on the below criteria. Any issues which were already covered under the section of national laws and regulations may be omitted. This should be reported to in annual monitoring reports. The content of the safety inspections report shall be as follows:
(i) Location and name of the dam;
(ii) Date of inspection;
(iii) Name of Engineering Consultant completing the inspection;
(iv) Condition of the dam (Good, Satisfactory, Fair, Poor, Unsafe);
(v) Summary of major deficiencies;
(vi) Summary of activities since the last inspection;
(vii) Summary of major recommendations.

The inspections shall be reported regularly as set forth in the project monitoring plan. During the project duration, capacity building shall be conducted to ensure that safety inspections and maintenance are undertaken by national stakeholders after the operational completion.
Annex C: Practical Guide for OS8 - Information Disclosure

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS8.

In order to fulfill its commitment to accountability to the countries it aims to support, UNIDO will carry out meaningful consultations\(^{23}\) with the affected communities and all project stakeholders throughout the life of UNIDO projects. The goal is to ensure that adequate and timely information on a project’s purpose, nature and scale, duration, its risks and potential impacts, as well as draft EISA/ESMP, as applicable, are provided in a place accessible to key stakeholder including project affected groups, in a form and language understandable to them. This will enable these groups to voice their opinions and concerns on project design and implementation. Such disclosure will occur early in project formulation phase, before project document approval formally begins, and will continue throughout the project implementation phase. In order to ensure this, projects categorized as Category A or B should include a Public Consultation and Disclosure (PCD) section, within the project document (see below).

C.1 Integration of OS8 into UNIDO’s Project Cycle

C.1.1 Project identification, screening and categorization

**Consultation:** If there is likelihood that OS2-7 may be triggered due to the presence of important environmental or social concerns, limited consultation with selected stakeholders may be carried out during the project identification/screening/categorization stage. Stakeholders may include but are not limited to government entities, academic institutions, civil society organizations, UN agencies, international or local NGOs, or donors.

C.1.2 Project formulation

**Public Consultation and Disclosure (PCD) section of the project document:** This section is prepared for Category A and B projects. The section should describe local requirements for consultation and disclosure, provide a strategy and timetable for consulting with each of the stakeholder groups, and provide a budget for the consultation activities and mechanisms through which they will be engaged. The PCD section should also provide a means to document the consultation and disclosure process. The following are key points to consider in this section:

1. **Introduction:** Briefly describe the project including design elements;
2. **Regulations:** Summarize project country’s local requirements (i.e. policies, laws, review processes) for public consultation and disclosure related to ESIA or other aspects of the project;
3. **Any previous public disclosure on similar projects:** Summarize the type of information disseminated, dates of meetings, description of people, groups or organizations consulted, issues discussed, responses to questions asked and format of feedback on responses to those consulted;
4. **Stakeholders:** List key stakeholders who will be informed (e.g. communities, NGOs, religious groups, commercial groups, environmental public sector agencies, media etc.);
5. **Timetable:** Provide a schedule of when consultation and disclosure activities will take place for each stage of the process and for each stakeholder group;
6. **Budget and responsibilities:** Clearly describe responsibilities of all involved stakeholders and provide an appropriate budget for the planned activities;
7. **Reporting:** Indicate where and when results of the public consultation/disclosure will be reported.

**Consultation:** For Category A and B projects, consultation with stakeholders should take place before the ESIA or ESMP TORs are finalized. In identifying stakeholders project development team will consider the following:

- Who will be **adversely affected** by potential environmental and social impacts in the project area?

\(^{23}\) Meaningful consultations aim for notably (i) inclusiveness of all different groups in the community, including women; (ii) sharing of information in as transparent a manner as possible; (iii) timely feedback to questions raised by communities etc.
- Who are the most vulnerable among the potentially impacted; and are special engagement efforts necessary?
- At what stage of project development will stakeholders be most affected (e.g. procurement, implementation, and completion)?
- What are the various interests of project stakeholders and what influence might this have on the project?
- Which stakeholders can best assist the early scoping of issues and impacts?
- Who strongly supports or opposes the changes that the project will bring and why?
- Whose opposition could be detrimental to the success of the project?
- Who is critical to engage with first, and why?
- What is the optimal sequence of engagement?
- Are there any representative and accountable NGOs and community-based organizations to engage with?

If there is NGO or civil society opposition, project development team should engage in early consultations to understand their concerns. Project development team should bear in mind that not all stakeholders hold the same views or are equally impacted by the project.

Once all parties have been identified, the project development team should establish a committee representative of all stakeholders and define its mandate to advice on the preparation of ESIA or ESMP. In establishing the committee, adequate representation of women and minority groups needs to be ensured.

Disclosure: All project categories are subject to disclosure on UNIDO’s website (www.unido.org). Draft ESIA (along with ESIA executive summary) and/or ESMP findings will be fully disclosed upon their finalization, in accordance with international best practice. The public may provide comments on the draft documents before finalization of project design. A record of comments and concerns raised will be kept as part of the project records.

Since project affected people may not have reasonable access to the UNIDO website, it is recommended that the project development team also releases the ESIA and/or ESMP findings locally to facilitate awareness by the relevant stakeholders.

Disclosure Timeframes:

Category A Projects
- The draft TOR for the ESIA study are placed on the UNIDO website for public review for 5 working days before finalization;
- The draft ESIA is placed on the UNIDO website, 10 working days prior to consultation;
- The final ESIA is placed on the UNIDO website, 10 working days prior to commencement of UNIDO’s project document clearance process by PTC/OMD.

Category B Projects
- The draft ESMP is placed on the UNIDO website, 10 working days prior to consultation;
- The final ESMP is placed on the UNIDO website, 10 working days prior to commencement of UNIDO’s project document clearance process by PTC/OMD.

Category C Projects
- Information will be released as appropriate.

Category NO PROJECT
- Will not proceed to this stage.
Figure C1: Best practices for disclosure and consultation

- Written and oral communications in local languages and readily understandable formats (e.g. radio, television, mailings, village/town meetings);
- Points to consider in deciding formats for different groups include: level of technical detail, cultural sensitivity, roles of women and men, literacy levels, community leadership structures;
- Input/advice from an informed stakeholder should be sought;
- Remote and non-literate communities should be taken into account and local methods of disseminating information within groups should be considered;
- Sufficient time between disclosure of information and the start of consultations should be allowed, in order for groups to reflect, undertake internal decision-making processes, reach conclusions considered legitimate by the majority;
- UNIDO’s role in the proposed project should be clearly explained;
- “Facts” should be provided and uncertainties explained in a manner as transparent as possible (i.e. the “worst”, “best” and “most likely” scenarios);
- Stakeholders should be provided with information on what they can do or whom they can contact to get more information;
- This communication approach should be continued throughout the project lifetime.

C.1.3 Project implementation/monitoring/evaluation

Continuous consultation and disclosure of project achievements, monitoring, reports and evaluations, is encouraged for all categories throughout the project lifetime, subject to availability of resources. For Category A and B projects, consultations and public disclosure should follow the established PCD section of the project document.

Figure C2: Specific guidelines for projects that engage IPs

- **FPIC** must be obtained from the IP communities (e.g. Agreement may bear on (i) proper conduct of project workers when dealing with IP communities or working on sacred sites; (ii) disclosure of secret and sacred knowledge; (iii) integration of external workforce within IP customary law);
- **UNIDO will document**: (i) mutually accepted process between project development team and affected IP communities and (ii) evidence of agreement as the outcome of negotiations. FPIC does not necessarily require unanimity and may be considered valid even when individuals or groups within the communities explicitly disagree, however, in such cases a clear IPP needs to be prepared outlining specific actions and steps to be taken in going forward;
- Depending on the project and the nature of its impacts to be addressed, an IPP will be prepared, including the following elements, as needed:
  i. A summary of the national legal and institutional framework applicable to IPs, obtained from the country;
  ii. A summary of baseline information on the demographic, social, cultural and political characteristics of the affected IP communities, land and territories that they have traditionally owned, occupied or used for ceremonial rituals, and the natural resources on which they depend;
  iii. A summary of the FPIC process with the affected communities during project preparation, leading to broad community support for the project (**people of its choice will represent the community, and individuals are bound by the collective decision**);
  iv. A framework for ensuring meaningful consultation with the IP communities throughout project implementation, including but not limited to: (i) a gender and intergenerationally inclusive framework that provides space and opportunities for consultation at each stage; (ii) gives special attention to the concerns of women, youth and children and their access to development benefits; and (iii) provides the IP communities with all relevant information about the project in a culturally appropriate manner at each project stage;
  v. An action plan of measures to avoid, minimize, mitigate or compensate for adverse effects should there be any;
  vi. Estimated budget and financing source for the IPP;
  vii. Agreed processes for recording the views and concerns of members of the affected communities whose interests are likely to be impacted by the proposed project;
  viii. A monitoring and evaluation plan with appropriate benchmarks for the execution of the IPP.
**Documentation:** Project team should document the consultation process if proposed project will adversely impact natural resources on lands owned by, or under customary use of IP, or if access to them is restricted. Where relevant, the following actions should be documented:

- Efforts to avoid and otherwise minimize land-take for the proposed project;
- Efforts to avoid and otherwise minimize impacts on natural resources and areas of importance to IP;
- Assessment of IP affected communities’ land use, taking into account women’s role in the use of the resources;
- Information and awareness creation among affected IP communities about their land rights under national law;
- Compensation modalities;
- Ensuring continued access to natural resources;
- Identifying equivalent replacement resources or providing compensation;
- Ensuring fair and equitable sharing of benefits;
- Provision of access, usage and transit on project land, taking into account potential health, safety and security considerations.

**Reporting:** Results of such consultation processes will be compiled, recorded and disseminated for comments among stakeholders. Additionally, the results will be used as knowledge products for UNIDO or other agencies/development partners.

**Figure C3: Reporting Tips**

- Disclose consultation process progress, particularly to affected IP communities;
- Decide what information needs to be reported – using which method and how frequently;
- Make major monitoring and evaluation results publicly available (e.g external evaluation reports);
- Translate information reported into local languages and/or easily understandable formats;
- Keep track of responses/commitments made to various stakeholder groups.
QUESTION 1:

Has a combined environmental and social assessment/review that covers the proposed project already been completed by the National Partner, Project Execution Partner, or other donor(s)?

Select answer below and follow instructions:

☐ NO → Continue to Question 2 (do not fill out Table 1.1)

☐ YES → No further environmental and social review is required if the existing documentation meets UNIDO’s requirements, and environmental and social management recommendations are integrated into the project concept note. The project will be categorized as “Category C”. Therefore, you should undertake the following steps to complete the screening process:

1. Use Table 1.1 below to assess existing documentation. If any of the seven questions result in a “No” answer, then continue to Question 2.

2. Ensure that the project concept incorporates the recommendations made in the National Partner/Project Execution Partner’s or donor’s environmental and social review.

3. Summarize the relevant information contained in the National Partner/Project Execution Partner’s or donor’s environmental and social review in the E&S Summary Note of this Screening Template, selecting Category C.

4. Attach this E&S Screening Checklist and the E&S Summary Note, to the project concept.

TABLE 1.1: CHECKLIST FOR APPRAISING QUALITY ASSURANCE OF EXISTING ENVIRONMENTAL AND SOCIAL ASSESSMENT

<table>
<thead>
<tr>
<th></th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the assessment/review meet its TOR, both procedurally and substantively?</td>
<td></td>
</tr>
<tr>
<td>2. Does the assessment/review provide a satisfactory assessment of the proposed project?</td>
<td></td>
</tr>
<tr>
<td>3. Does the assessment/review contain the information required for decision-making?</td>
<td></td>
</tr>
<tr>
<td>4. Does the assessment/review describe specific environmental and social management measures (e.g. mitigation, monitoring, advocacy, and capacity development measures to be clarified during project preparation and implementation stages)?</td>
<td></td>
</tr>
<tr>
<td>5. Was the assessment/review developed through a consultative process with strong stakeholder engagement, including the view of men and women?</td>
<td></td>
</tr>
<tr>
<td>6. Does the assessment/review assess the adequacy of the cost of and financing arrangements for environmental and social management issues?</td>
<td></td>
</tr>
</tbody>
</table>
QUESTION 2:

Does the project, based on its components as described in the Project Document, fall within any of the following categories?

- Report and/or inventory preparation projects;
- Education and training projects;
- Event coordination projects;
- Environmental and sustainable development analysis projects;
- Monitoring and evaluation exercises;
- Desk studies, workshops, meetings;
- Scientific research and field surveys;
- Research and extension in agriculture, forestry, fisheries, natural resource management;
- Remote sensing and geospatial analysis;
- Capacity development, communication and outreach programs;
- Minor construction activities and maintenance of installations; and,
- Institutional development.

Select answer below and follow instructions:

- **NO** → Continue to Question 3.
- **YES** → The proposed project will be categorized as “Category C”. No further environmental and social review required. Attach this E&S Screening Checklist and the completed E&S Summary Note to the project concept.
QUESTION 3:

Does the proposed project fit within one of the following sectors?
- Projects involving indigenous people;
- Projects involving resettlement of populations;
- Projects with construction of new dams of height above 15 meters;
- Projects on large-scale aquaculture and mariculture;
- Projects on large-scale energy production and distribution facilities;
- Resource recovery facilities projects (e.g. large-scale mining operations);
- Large-scale agro-industry projects;
- Large-scale afforestation/reforestation, including logging operations, use of Mangroves and wetlands projects;
- Large-scale forest industry operations projects, such as sawmills and pulp and paper mills;
- Projects that may have potentially significant adverse impacts on physical cultural resources; and,
- Large-scale natural resource extraction activities such as farming, irrigation, mining or fishing.

Select the appropriate answer and follow instructions:

- NO → Continue to Question 4.
- YES → The proposed project will be categorized as “Category A”. Conduct the following steps to complete the screening process:
  1. Complete the E&S Screening Checklist and the E&S Summary Note and select “Category A”.
  2. Attach the completed E&S Screening Checklist and the E&S Summary Note to the project concept.

QUESTION 4:

If you have been directed to this question, the proposed project could still be categorized as “Category A” if it is likely to have a significant impact on one or more sensitive environmental or social components. You should now therefore complete Table 4.1 to enable a decision to be made about whether the project should be Category A or Category B.

If you answer “No” or “Not Applicable” to all questions in Table 4.1 then the answer to Question 4 is “No.” If you answer “Yes” to any questions in Table 4.1 (even one “Yes” can indicate a significant issue that needs to be addressed through categorizing the project as “Category A”) then the answer to Question 4 is “Yes”:

- NO → The proposed project will be categorized as “Category B”. Complete the E&S Summary Note by selecting “Category B”, and attach the completed E&S Screening Checklist and the E&S Summary Note to the project concept.
- YES → Conduct the following steps to complete the screening process:
  1. Select “Category A” in the E&S Summary Note, and attach the E&S Screening Checklist and the E&S Summary Note to the project concept.
<table>
<thead>
<tr>
<th>TABLE 4.1:</th>
<th>ADDITIONAL SCREENING QUESTIONS BASED ON ENVIRONMENTAL OR SOCIAL SENSITIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Biodiversity and Natural Resources</td>
</tr>
<tr>
<td>1.1</td>
<td>Would the proposed project result in the conversion or degradation of natural habitat or critical habitat?</td>
</tr>
<tr>
<td>1.2</td>
<td>Is the proposed project adjacent a special area for protection of biodiversity (e.g. national park, natural reserve).</td>
</tr>
<tr>
<td>1.3</td>
<td>Does the project involve natural forest harvesting or plantation development(^{24}) without an independent forest certification system for sustainable forest management?</td>
</tr>
<tr>
<td>1.4</td>
<td>Does the project involve the production and harvesting of fish populations or other aquatic species without an accepted system of independent certification to ensure sustainability(^{25})?</td>
</tr>
<tr>
<td>1.6</td>
<td>Does the project involve significant new investments for extraction, diversion or containment of surface or ground water(^{26})?</td>
</tr>
<tr>
<td>1.7</td>
<td>Does the project pose a risk of degrading soils?</td>
</tr>
<tr>
<td>2.</td>
<td>Pollution</td>
</tr>
<tr>
<td>2.1</td>
<td>Would the proposed project result in the release of pollutants to the environment with the potential for adverse local, regional, and transboundary impacts?</td>
</tr>
<tr>
<td>2.2</td>
<td>Would the proposed project result in the generation of waste that cannot be recovered, reused, or disposed of in an environmentally and socially sound manner?</td>
</tr>
<tr>
<td>2.3</td>
<td>Will the proposed project involve the manufacture, trade, release, and/or use of chemicals and hazardous materials subject to international action bans or phase-outs(^{27})?</td>
</tr>
<tr>
<td>2.4</td>
<td>Is there a potential for the release, into the environment, of hazardous materials (e.g. persistent organic pollutants, ozone depleting substances, mercury and/or other heavy metals, etc.) resulting from their production, transportation, handling, storage and/or use for project activities?</td>
</tr>
<tr>
<td>2.5</td>
<td>Will the proposed project involve the application of pesticides that have a known negative effect on</td>
</tr>
</tbody>
</table>

---

\(^{24}\) For example, PEFC, the Forest Stewardship Council certification systems, or processes established or accepted by the relevant National Environmental Authority

\(^{25}\) For example, the Marine Stewardship Council certification system, or certifications, standards, or processes established or accepted by the relevant National Environmental Authority

\(^{26}\) For example, construction of dams of height higher than 15 meters.

\(^{27}\) For example, DDT, PCBs and other chemicals listed in international conventions such as the WHO Classes IA, IB, or II; Stockholm Convention on Persistent Organic Pollutants; or the Montreal Protocol.
### TABLE 4.1: ADDITIONAL SCREENING QUESTIONS BASED ON ENVIRONMENTAL OR SOCIAL SENSITIVITY

<table>
<thead>
<tr>
<th>3. Climate Change</th>
<th>Answer (Yes/No/Not Applicable)</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Will the proposed project result in significant greenhouse gas emissions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Is the proposed project likely to directly or indirectly increase environmental and social vulnerability to climate change now or in the future (also known as maladaptive practices)?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Social Equity and Equality</th>
<th>Answer (Yes/No/Not Applicable)</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Would the proposed project have environmental and social impacts that could affect indigenous people or other vulnerable groups?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 Is the project likely to negatively impact gender equality and women’s empowerment?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3 Is the proposed project likely to directly or indirectly increase social inequalities now or in the future?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4 Will the proposed project have variable impacts on women and men, different ethnic groups, social classes?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.5 Have there been challenges in engaging women and other certain key stakeholder groups in preliminary discussions for this project or in earlier similar development projects?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.6 Will the project have negative human rights implications for vulnerable groups?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.7 Is the project likely to attract forced labor and/or child labor?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Demographics</th>
<th>Answer (Yes/No/Not Applicable)</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Would project cause uncontrolled in-migration likely to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Affect environmental and social sustainability of the project?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Overload social infrastructure in the project area (e.g. health facilities, schools, water supply)?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

28 Significant corresponds to CO₂ emissions greater than 100,000 tons per year (from both direct and indirect sources).

29 For example, (i) through the construction of a road, powerline, or a new dam that divides a community; or (ii) through indirectly removing mangroves from coastal zones or encouraging land use plans that would suggest building houses on floodplains could increase the surrounding population’s vulnerability to climate change, specifically flooding.

30 Women are often more vulnerable than men to environmental degradation and resource scarcity. They typically have weaker and insecure rights to the resources they manage (especially land), and spend longer hours on collection of water, firewood, etc. (OECD, 2006). Women are also more often excluded from other social, economic, and political development processes.
| Table 4.1: Additional Screening Questions Based on Environmental or Social Sensitivity |
|---------------------------------|---------------------------------|---------------------------------|
| **5.2** | Would the proposed project result in involuntary resettlement of populations? | **Question 5.2:** If answer to this question is a “Yes” this project should be assigned Category NO PROJECT, since it is not in conformity with UNIDO’s ESSPP OS3. Please proceed to complete the ESS Summary Sheet. |
| **5.3** | Would the proposed project result in voluntary resettlement of populations? | |
| **5.4** | Would the proposed project lead to significant population density increase which could affect the environmental and social sustainability of the project? | |
| **6.** | Culture | **Answer** (Yes/No/Not Applicable) | **REMARKS** |
| **6.1** | Will the proposed project cause alteration, damage or removal of any cultural heritage site? | **Question 6.1:** If answer to this question is a “Yes” this project should be assigned Category NO PROJECT, since it is not in conformity with UNIDO’s ESSPP OS6. Please proceed to complete the ESS Summary Sheet. |
| **6.2** | Will the proposed project constrain access to cultural sites for the communities? | |
| **6.3** | Would the proposed project produce a physical “splintering” of a community? | |
| **7.** | Health and Safety | **Answer** (Yes/No/Not Applicable) | **REMARKS** |
| **7.1** | Would the proposed project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions? | |
| **7.2** | Would the project cause increase in public health risks to contagious diseases or transmission (e.g. HIV/AIDS, Malaria, etc.) for project workers or communities in the project area, as a result of a change in living and working conditions? | |
| **7.3** | Will the proposed project require additional health services? | |
| **8.** | Socio-Economics | **Answer** (Yes/No/Not Applicable) | **REMARKS** |
| **8.1** | Is the proposed project likely to have impacts that could affect women and men’s ability to use, develop and protect natural resources and other natural capital assets? | |

---

31 For example, development projects located within a floodplain or landslide prone area.

32 For example: (i) through the construction of a road, power line, or dam that divides a community; or (ii) activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their development, livelihoods, and wellbeing.
### TABLE 4.1: ADDITIONAL SCREENING QUESTIONS BASED ON ENVIRONMENTAL OR SOCIAL SENSITIVITY

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Answer (Yes/No/Not Applicable)</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.2</td>
<td>Is the proposed project likely to significantly affect land tenure arrangements and/or traditional cultural ownership patterns?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.3</td>
<td>Is the proposed project likely to negatively affect the income levels or employment opportunities of vulnerable groups?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.1</td>
<td>Is the proposed project location subject to currently approved land use plans (e.g. roads, settlements), which could affect the environmental and social sustainability of the project?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.2</td>
<td>Would the proposed project result in secondary or consequential development that could lead to adverse environmental and social impacts?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.3</td>
<td>Would the proposed project have potential to generate cumulative impacts with other known existing planned activities?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

33 For example, future plans for urban growth, industrial development, transportation infrastructure, etc.
ENVIRONMENTAL AND SOCIAL (E&S) SUMMARY NOTE

(To be filled in after the Screening Checklist has been completed)

<table>
<thead>
<tr>
<th>Name of the proposed project:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name and function of the submitter:</td>
</tr>
<tr>
<td>Division/Branch/Unit of the submitter:</td>
</tr>
</tbody>
</table>

Table I - Environmental and Social Screening Outcome

Select from the following:

- **Category NO PROJECT**
  - The proposed project is non-compliant with UNIDO’s ESSPP OS2/OS3/OS5/OS6 since a “Yes” response was provided for one or more, of the following questions: 1.1-1.2; 2.3-2.5; 5.2; 6.1
  - Further discussions and alternative design of the project will be required to reach a “No” response, and therefore, reconsideration before the project can proceed to Project Formulation.

- **Category A**
  - The proposed project is likely to induce significant and/or irreversible adverse environmental and/or social impacts that are sensitive, diverse, or unprecedented. A full Environmental and Social Impact Assessment (ESIA) will need to be completed during Project Formulation.

- **Category B**
  - The proposed project is likely to have less adverse impacts on human populations or environmentally important areas than those of Category A projects. Likely impacts will be few in number, site-specific, and few if any will be irreversible. An Environmental and Social Management Plan (ESMP) will need to be completed during Project Formulation.

- **Category C**
  - The proposed project is likely to have minimal or no adverse social and/or environmental impacts, or sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project. No further specific environmental and/or social assessment is required during Project Formulation, although those with procurement components may still have potential environmental and social sustainability considerations. These should be addressed as part of the regular project design activities and through UNIDO’s procurement processes, as applicable.

If the proposed project category is A or B please fill this table:

Table II - ESS Issues and Next Steps

<table>
<thead>
<tr>
<th>OS</th>
<th>Environmental and Social Issues*</th>
<th>Next Steps**</th>
</tr>
</thead>
<tbody>
<tr>
<td>OS 2: Protection of Natural Habitats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS 3: Involuntary Resettlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS 4: Indigenous People</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS 5: Pest Management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In this section, you should list the key potential environmental and social issues raised by this project. This might include both environmental and social opportunities that could be seized on to strengthen the project, as well as risks that need to be managed. This information will inform the development of TOR for ESIAs or ESMPs.

In this section, you should summarize how you intend to proceed with undertaking either ESIA (for Category A projects) or ESMP (for Category B projects), during Project Formulation.

If the proposed project Category is A you will also need to fill this table for each question of table 4.1 you have answered with YES:

<table>
<thead>
<tr>
<th>Question number (from Table 4.1)</th>
<th>Environmental and Social Issues</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Submitted by (Project Manager):

Date:
# PTC Management Response

<table>
<thead>
<tr>
<th>Decision</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Cleared as per proposal by PM</td>
<td></td>
</tr>
<tr>
<td>□ Cleared with following recommendation to be incorporated into TOR:</td>
<td></td>
</tr>
<tr>
<td>□ Drop the project or relocate based on following reasons:</td>
<td></td>
</tr>
</tbody>
</table>

Name, function:  
Signature:  
Date:  


Annex E: Guidance on Undertaking an Environmental and Social Impact Assessment (ESIA) for Category A Projects

The assessment process that is outlined below is based on standard international practice. Additional training manuals will be prepared to complement this guidance.

Environmental and Social Impact Assessment processes are well established and practiced they provide a key entry point for addressing social impacts through an integrated approach. While it is indeed best practice to include social issues in any environmental assessment, the degree to which this is done is variable. UNIDO uses the term *Environmental and Social Impact Assessment* (ESIA), noting that other terminology may be utilized by other organizations and entities.

This Annex provides the key elements of an ESIA process to assist the project development team in the development of TORs and in undertaking quality assurance steps when an ESIA is required.

**Figure E1: Summary of the ESIA Process**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Main steps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage 1: Conducting an ESIA study</strong>&lt;br&gt;&lt;br&gt;<strong>Key components:</strong> Based on a clear definition of the project to be implemented, consolidate and collect all the data/information that will be needed to carry out the assessment. Then proceed to the assessment per se (compare project alternatives and assess impacts). Report the results of the assessment.</td>
<td>Step 1: Detail and define the proposed project.  Step 2: Develop an ESIA TOR  Step 3: Collect baseline environmental and social information.  Step 4: Review policy, legal/regulatory and institutional frameworks.  Step 5: Examine project alternatives and revise project design.  Step 6: Analyze and evaluate impacts.  Step 7: Prepare an environmental and social assessment report.</td>
</tr>
<tr>
<td><strong>Stage 2: Preparing a Management Plan</strong>&lt;br&gt;&lt;br&gt;<strong>Key components:</strong> Based on relevant findings of the assessment and the results of consultations with the project stakeholders, define measures that will be needed to, inter alia: mitigation of the project’s expected impacts; monitoring of impacts; application of mitigation options/measures; building of capacities; and communicating results of the management plan.</td>
<td>Step 1: Define environmental and social impact mitigation actions/measures.  Step 2: Detail environmental and social monitoring to be conducted during project implementation.  Step 3: Develop a plan to assess and build capacity to implement the environmental and social management plan and other environmental and social components of the project.  Step 4: Develop a plan to communicate progress with implementation and effectiveness of the management plan.</td>
</tr>
<tr>
<td><strong>Stage 3: Appraising the environmental and social assessment</strong>&lt;br&gt;&lt;br&gt;<strong>Key components:</strong> Appraise the environmental and social assessment to ensure that it provides sufficient quality information to allow for UNIDO approval.</td>
<td>Step 1: Assess the quality and completeness of the assessment, as well as the institutional capacities for implementing it.  Step 2: Ensure that cost of, and financing arrangements for environmental and social management plan implementation is adequate.</td>
</tr>
</tbody>
</table>
STAGE 1: Conducting an ESIA Study

Step 1: Detail and define the proposed project

The assessment must be based on a well-defined project. Based on the draft project concept, the project should be further detailed to include, where relevant:

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

Step 2: Develop an ESIA TOR

The TOR should reflect the objectives and indicators identified in the E&S Screening Summary Sheet and should consist of the following sections:

- **Introduction:** should state the purpose of the TOR.
- **Background information:** should briefly explain the need for, objectives of, and major components of the proposal.
- **Objectives:** should summarize the scope of the ESIA and timing in relation to project preparation, design, and approval.
- **ESIA requirements:** should identify the regulations and guidelines governing the conduct of the ESIA and/or specify the content of the report.
- **Study area:** should outline the time, space, and jurisdictional boundaries of the study.
- **Scope of work:** should identify the tasks and studies to be carried out, information deficiencies to be addressed, methodologies to be used. The following tasks should be considered:
  
  (i) **Description of the proposed project:** a brief description of the relevant parts of the project, using maps at appropriate scale, where necessary.
  
  (ii) **Description of the environment:** assembling, evaluation, and presentation of baseline data of the relevant environmental characteristics of the study area. Inclusion of any information on changes anticipated before the project commences.
  
  (iii) **Legislative and regulatory considerations:** description of the pertinent regulations and standards governing environmental quality, health and safety, protection of sensitive areas, protection of endangered species, siting, land use control, etc.
  
  (iv) **Determination of the potential impacts of the proposed project:** description of significant positive and negative impacts, direct and indirect impacts, and immediate and long-term impacts. Identification of impacts that are unavoidable or irreversible. Wherever possible, description of impacts quantitatively, in terms of environmental costs and benefits.
  
  (v) **Analysis of the alternatives to the proposed project:** description of alternatives examined in the course of developing the proposed project and identification of other alternatives which would achieve the same objective.
  
  (vi) **Development of management plan to mitigate negative impacts:** recommendation of feasible and cost-effective measures to prevent or reduce significant impacts to acceptable levels and description of actions necessary to implement them.
(vii) Identification of institutional needs to implement environmental assessment recommendations: review of the authority and capability of institutions at local, provincial, regional, and national levels. Recommendation of steps to strengthen or expand them so that monitoring and management plans in the environmental assessment can be implemented.

(viii) Development of a monitoring plan: preparation of a detailed plan to monitor the implementation of mitigation measures and the impacts of the project during construction and operation.

(ix) Civil society/NGO participation and inter-organization coordination: description of arrangements for obtaining the views of local NGOs and affected groups.

(x) ESIA Report: production of a concise report, limited to significant environmental issues with focus on findings, conclusions, and recommended actions, supported by summaries of the data collected, and citations for any references used.

Step 3: Collect baseline environmental and social information

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

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

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

Step 4: Review policy, legal/regulatory and institutional frameworks

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

- Environmental and social safeguard policies and procedures of co-implementing agencies of the proposed project.
- Applicable laws and regulations of the local and national jurisdictions in which the proposed project will operate.
- Applicable international standards and agreements (e.g. Multilateral Environmental Agreements) that must be complied with.

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

Step 5: Examine project alternatives and revise project design

Systematically review and compare feasible project alternatives identified during screening and initial public consultation and select the preferred or most environmentally and socially sound and benign option(s) for achieving the objectives of the proposed project. Consider all types of alternatives related to overall approach
and project design including the following: project site locations\textsuperscript{34}; timing; scales; partners; gender dimensions; intensities; technologies/processes; facilities designs; construction; operation and maintenance; organizational and management setups; ways of dealing with impacts.

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

**Step 6: Analyze and evaluate impacts**

Review and refine the list of potential risks and impacts identified during the scoping process. This step of the should consider the type, location, sensitivity and scale of the proposed project, analyze all of the likely and relevant environmental, social and other related effects, including potential impacts on:

- Socio-economic conditions
- Gender dimensions
- Biological environment
- Physical environment
- Resiliency of communities
- Physical-cultural resources
- Worker health and safety
- Community health and safety

This step should also review and refine the project’s spatial and temporal area of influence established during the screening phase. Impacts and risks must be analyzed in the context of the area of influence. The spatial scope of potential impacts will encompass:

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

The temporal scope of potential impacts will encompass:

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

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

\textsuperscript{34} Whenever feasible, preference should be given to projects, or project components, that are sited on lands already converted.
will need to be analyzed.

The organizational/management scope of potential impacts will include the project development team as well as the:

- Role and capacity of third party organizations, e.g. governments, construction contractors and suppliers (with whom the UNIDO and the proposed Project Executing Organization has a substantial involvement), or an operator of an associated facility;
- Supply chain organizations (where the resource utilized by the proposed project is ecologically sensitive, or where low labor cost is a factor in the competitiveness of the item supplied).

Use the following parameters to further characterize and quantify the potential environmental and social impacts:

- Positive / negative;
- Direct / indirect (primary / secondary);
- Cumulative / synergistic; and
- Reversible / irreversible.

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

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

Step 7: Prepare an ESIA Report

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

Figure E2: Sample Contents of an ESIA Report

The ESIA focuses on important issues, and reporting may be customized to particular problems. However, a full ESIA report typically includes the following sections:

1. Executive Summary: A highlight of the main findings and recommended actions of the ESIA related to the project’s environmental and social feasibility.
2. Project Description: A concise description of the proposed project; including maps and diagrams of the project site, its area of influence, and any associated facilities. Details of the relevant policy institutional and legal framework. A discussion of the policy, institutional, legal, environmental and social frameworks associated with the project, including any project specific legal (e.g. concession contracts, etc.) or other requirements.
3. Baseline Data: A description of the existing environmental and social conditions relevant to project decision-making, both at the proposed project site(s)/location(s) and within its area of influence.
4. Impacts and Risks: An analysis of the direct, indirect and cumulative environmental and social impacts and risks. A summary of opportunities for enhancing environmental and social benefits. An evaluation of the quality of available data and other key information and data gaps.
5. Analysis of Alternatives: A summary description and evaluation of the alternatives considered, rationale for selecting the proposed alternative, and a description of its impacts.
6. Recommendations: Options and recommendations to prevent, avoid, reduce, mitigate, eliminate, or compensate for any adverse impacts of the selected alternative.
STAGE 2: Preparing a Management Plan

Taking into account the relevant findings of the ESIA and the results of consultation with the project stakeholders, an MP should be prepared. The MP will be integrated into the overall project design, including the Project Monitoring Framework and Monitoring Schedule Plan.

The MP consists of a set of mitigation, monitoring and institutional measures, including policies, procedures and practices – as well as the actions needed to implement these measures – to achieve the desired environmental and social sustainability outcomes. The MP plan will include environmental and social assessment follow-up measures including:

- Monitoring of baseline, compliance and impacts;
- Evaluation of conformance with standards, predictions, expectations and environmental and social performance;
- Management decisions and actions in response to issues arising from monitoring and evaluation; and
- Communicating environmental and social assessment follow-up results to stakeholders to provide feedback on project and MP implementation performance.

A MP may apply broadly to UNIDO and Project Execution Partners, or it may apply to specific sites, facilities, or activities relating to the proposed project. The MP may range from a brief description of routine mitigation and monitoring measures to a series of specific plans including, for example, Resettlement Action Plans, Biodiversity Action Plans, Hazardous Materials Management Plans, Physical and Cultural Resources Management Plans, Gender Mainstreaming Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, and Indigenous Peoples Plans. The level of detail and complexity of a MP and priority of the identified measures and actions will be commensurate with the proposed project’s risks and impacts. In addition, all action plans contained within the MP to be completed prior to project completion, and all plans will contain specific monitoring measures.

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

Recognizing the dynamic nature of the project development and implementation process, the implementation of a MP will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring. An MP will consist of separate sections on:

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

Step 1: Define environmental and social impact mitigation actions/measures

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

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

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

Step 2: Detail environmental and social monitoring to be conducted during project implementation.

The MP will detail the environmental and social monitoring to be conducted during project implementation to:

- Provide information about actual versus predicted environmental and social impacts;
- Measure the effectiveness and evaluate the success of mitigation, remediation and enhancement measures;
- Evaluate compliance with applicable international, national, and local policies laws, regulations, safeguards, performance standards, policies and procedures;
- Allow corrective action to be taken when needed. Specifically, the MP will detail the:
  - Mitigation measure being monitored;
  - Parameters to be measured;
  - Sampling and analytical or other monitoring methods to be used, including staff, procedures and detection limits (where appropriate);
  - Sampling or monitoring locations;
  - Frequency or timing of measurements;
  - Definition of thresholds that will signal the need for corrective actions.

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

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

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

Step 3: Develop a plan to assess and build capacity to implement the environmental and social management plan and other environmental and social components of the project

The MP will detail a plan to assess and develop implementation capacity. This will involve determining if there is sufficient capacity within the responsible organizations or institutions for implementing the MP. If not, a determination should be made as to whether it will be possible to develop the appropriate capacity and, if so, at what cost and in what timeframe.

The capacity development section of the MP will:

- Recommend management arrangements for the project, including structure, roles, responsibilities, and authorities;
- Designate specific personnel, including management representative(s), with well-defined and clearly communicated lines of responsibility and authority;
- Require sufficient oversight and human and financial resources be provided on an ongoing basis to achieve effective and continuous environmental and social management throughout the life of the proposed project.
If needed, the capacity development section of the MP will outline a plan for strengthening capacities of UNIDO staff, Project Executing Organization staff, and contractors with direct responsibility for activities relevant to the environmental and social sustainability of the proposed project so that they have the knowledge and skills necessary to perform their work, including current knowledge of the host country’s regulatory requirements and the applicable requirements of UNIDO environmental and social policies and procedures. Capacity development will also address the methods required to perform the specific actions and measures of the MP in a competent and efficient manner. The capacity development plan will have the following components:

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

**Step 4: Develop a plan to communicate progress with implementation and effectiveness of the management plan**

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

**STAGE 3: Appraising the ESIA**

As has been mentioned earlier, one of the main purposes of this guidance is to provide information that will enable UNIDO PMs to ensure the quality of the ESIA process (usually undertaken by external specialists) and that will lead to UNIDO appraisal of ESIA documentation. The ESIA report, along with completed project document, will be submitted for UNIDO project clearance, compliance verification and approval as part of the UNIDO project approval processes. The PM needs to appraise (and sign off on) the ESIA to ensure that he/she provides enough quality advice to enable UNIDO PTC/OMD, DDG/SDQ/QUA, and Executive Board to make informed decisions.

Appraisal should ensure that the ESIA work:

- Meets its terms of reference, both procedurally and substantively;
- Provides an accurate and complete evaluation of the proposed project;
- Contains the information required for decision-making;
- Describes specific mitigation, monitoring and capacity development measures;
- Assesses the capacity of the institutions responsible for implementing environmental and social management;
- Was developed through a consultative process with strong stakeholder engagement;
- Assesses the adequacy of the cost of and financing arrangements for environmental and social management implementation.
This Annex provides the key elements of an ESMP process to assist the project development team in the development of TORs and in undertaking quality assurance steps when an ESMP is required.

Category B projects often differ from Category A projects only in scale. They are likely to have less adverse impacts on human populations or environmentally important areas than those of Category A projects. Likely impacts will be few in number, site-specific, and few, if any, will be irreversible. In most cases impacts can be readily minimized by applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards.

An ESMP defines the mitigation and monitoring requirements, and includes the specific tasks, schedule, and the budget for implementing supervising and monitoring the environmental and social impact mitigation and management measures. Figure F1 provides guidance of how an ESMP TOR should be structured.

**Figure F1: Guidance on ESMP TOR Structure**

- **Introduction:** should state the purpose of the TOR.
- **Background information:** should briefly explain the need for, objectives of, and major components of the required ESMP.
- **Objectives:** should summarize the scope of the ESMP and timing in relation to the planned project formulation and approval stages.
- **Proposed activity:** should summarize the impacts associated with the proposed project activities.
- **Environmental management policies:** should briefly describe project country’s environmental management policies and commitments.
- **Institutional arrangements:** should describe roles and responsibilities of the relevant stakeholders involved in the project.
- **Legal requirements:** should describe the pertinent regulations and standards governing environmental quality, health and safety, protection of sensitive areas, protection of endangered species, siting, land use control, etc.
- **Implementation programme:** should present the objectives to be achieved through the ESMP and the management actions that need to be implemented in order to mitigate the negative impacts and enhance the benefits of the project. Associated responsibilities, monitoring, criteria/targets and timeframes should be clearly specified. The implementation programme provides the core of the ESMP and should include a description of the following:
  i. Objectives;
  ii. Management actions;
  iii. Responsibilities for the identified actions;
  iv. Monitoring;
  v. Performance specifications (i.e. criteria and targets); and,
  vi. Implementation schedule.

An ESMP should consist of a set of capacity building, mitigation, monitoring and institutional measures, including policies, procedures and practices – as well as the actions needed to implement these measures – to achieve the desired environmental and social sustainability outcomes. An ESMP will therefore focus mostly on post-project approval follow-up.

An ESMP may apply broadly across UNIDO and Project Execution Agencies, or it may apply to specific sites, facilities, or activities relating to the proposed project. The ESMP may range from a brief description of routine mitigation and monitoring measures to a series of specific plans including, for example, Biodiversity Action Plans, Hazardous Materials Management Plans, Physical and Cultural Resources Management Plans, Gender Mainstreaming Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, and Indigenous Peoples Plans. The level of detail and complexity of an ESMP and priority of the identified measures and actions will be commensurate with the proposed project’s risks and impacts. In addition, all action plans contained within the ESMP are to be completed prior to project completion, and all plans will contain specific monitoring measures.

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

Recognizing the dynamic nature of the project formulation and implementation process, the implementation of an ESMP will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring. An ESMP should consist of separate sections on:

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

**Environmental and social impact mitigation**

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

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

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

**Environmental and social sustainability monitoring**

The ESMP will detail the environmental and social monitoring to be conducted during project implementation to:

- Provide information about actual versus predicted environmental and social impacts;
- Measure the effectiveness and evaluate the success of mitigation, remediation and enhancement measures;
- Evaluate compliance with applicable international, national, and local policies laws, regulations, safeguards, performance standards, policies and procedures;
- Allow corrective action to be taken when needed. Specifically, the MP will detail the:
  - Mitigation measure being monitored;
  - Parameters to be measured;
  - Sampling and analytical or other monitoring methods to be used, including staff, procedures and detection limits (where appropriate);
  - Sampling or monitoring locations;
  - Frequency or timing of measurements;
  - Definition of thresholds that will signal the need for corrective actions.
In addition to recording information, to track performance and establishing relevant operational controls, the monitoring plan will require the use of dynamic mechanisms, such as inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes.

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

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

**Capacity development**

The ESMP will detail a plan to assess and develop implementation capacity. This will involve determining if there is sufficient capacity within the responsible organizations or institutions for implementing the ESMP. If not, a determination should be made as to whether it will be possible to develop the appropriate capacity and, if so, at what cost and in what timeframe.

The capacity development section of the ESMP will:

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

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

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

**Communication**

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

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRP</td>
<td>Bureaux for Regional Programmes</td>
</tr>
<tr>
<td>Environmental and Social (E&amp;S) Screening Template</td>
<td>Combination of the E&amp;S Screening Checklist and the E&amp;S Summary Note</td>
</tr>
<tr>
<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
</tr>
<tr>
<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
</tr>
<tr>
<td>ESS</td>
<td>Environmental and Social</td>
</tr>
<tr>
<td>ESS Screening Checklist</td>
<td>Required to be completed by SM and attached to draft PIF</td>
</tr>
<tr>
<td>ESS Summary Note</td>
<td>Required to be completed by SM and attached to draft PIF</td>
</tr>
<tr>
<td>FPIC</td>
<td>Free prior informed consultation</td>
</tr>
<tr>
<td>FSP</td>
<td>Full-sized Project</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>IP</td>
<td>Indigenous People</td>
</tr>
<tr>
<td>IPP</td>
<td>Indigenous Peoples Plan</td>
</tr>
<tr>
<td>ISPS</td>
<td>Integrated Safeguard Policy Statement</td>
</tr>
<tr>
<td>MD</td>
<td>Managing Director</td>
</tr>
<tr>
<td>MP</td>
<td>Management Plan (is part of an ESIA)</td>
</tr>
<tr>
<td>MSP</td>
<td>Medium-sized Project</td>
</tr>
<tr>
<td>ODG</td>
<td>Office of the Director General</td>
</tr>
<tr>
<td>OS</td>
<td>Operational Safeguard</td>
</tr>
<tr>
<td>OMD</td>
<td>Office of Managing Director</td>
</tr>
<tr>
<td>QUA</td>
<td>Quality Monitoring Unit</td>
</tr>
<tr>
<td>PIF</td>
<td>Project Identification Form</td>
</tr>
<tr>
<td>PRF</td>
<td>Industrial Policy, External Relations and Field Representation Division</td>
</tr>
<tr>
<td>PTC</td>
<td>Programme Development and Technical Cooperation Division</td>
</tr>
<tr>
<td>RPF</td>
<td>Industrial Policy, External Relations and Field Representation Division</td>
</tr>
<tr>
<td>SHPS</td>
<td>UNIDO’s Small Hydropower Strategy</td>
</tr>
<tr>
<td>SPQ</td>
<td>Office for Strategic Planning, Coordination and Quality Monitoring</td>
</tr>
<tr>
<td>SM</td>
<td>UNIDO Staff Member</td>
</tr>
<tr>
<td>TC</td>
<td>Technical Cooperation</td>
</tr>
<tr>
<td>PCD</td>
<td>Public Consultation and Disclosure section of the project document</td>
</tr>
<tr>
<td>PM</td>
<td>Project Manager</td>
</tr>
<tr>
<td>UR</td>
<td>UNIDO Representative</td>
</tr>
</tbody>
</table>
### Annex H: Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical Habitat</td>
<td>Critical natural habitats are: (i) existing protected areas and areas officially proposed by governments as protected areas (e.g., reserves that meet the criteria of the World Conservation Union <a href="#">IUCN classifications</a>, areas protected by Indigenous Peoples and traditional local communities, and sites that maintain conditions vital for the viability of these protected areas (as determined by the environmental assessment process); or (ii) sites identified on supplementary lists prepared by authoritative sources. Such sites may include areas recognized Indigenous Peoples and traditional local communities; areas with known high suitability for biodiversity conservation; and sites that are critical for rare, vulnerable, or endangered species. Listings should be based on systematic evaluations of such factors as species richness; the degree of endemism, rarity, vulnerability of component species; representativeness; and integrity of ecosystem processes.</td>
</tr>
<tr>
<td>Cumulative impacts</td>
<td>The combination of multiple impacts from existing projects, the proposed project, and/or anticipated future projects that may result in significant adverse and/or beneficial impacts that would not be expected in case of a stand-alone project.</td>
</tr>
<tr>
<td>Greenhouse Gases (GHGs)</td>
<td>The six greenhouse gases that form the Kyoto Protocol to the UN Framework Convention on Climate Change: Carbon Dioxide (CO2), Methane (CH4) Nitrous Oxide (N2O), Hydro fluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF6).</td>
</tr>
<tr>
<td>Hazardous materials/waste</td>
<td>Substances, classified as hazardous wastes, appear on special lists such as the WHO Classes IA, IB, and II, the Stockholm Convention on Persistent Organic Pollutants, and/or the Montreal Protocol and possess at least one of four characteristics: ignitability, corrosity, reactivity, or toxicity.</td>
</tr>
<tr>
<td>Indigenous People</td>
<td>Broadly defined as a distinct social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous group and recognition of this identity by others; (ii) maintain a collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social or political institutions that are separate from mainstream society or culture; (iv) a distinct language/dialect often different from the official languages of the country or region in which they live.</td>
</tr>
</tbody>
</table>

---

36 Biodiversity outside of natural habitats (such as within agricultural landscapes) is not covered under this policy. It is good practice to take such biodiversity into consideration in project design and implementation.  
37 IUCN categories are as follows: I (a) Strict Nature Reserve (b) Wilderness Area: protected area managed for science or wilderness protection; II–National Park: protected area managed mainly for ecosystem protection and recreation; III–Natural Monument or feature: protected area managed mainly for conservation of specific natural features; IV–Habitat/Species Management Area: protected area managed mainly for conservation through management intervention; V–Protected Landscape/Seascape: protected area managed mainly for landscape/seascape conservation and recreation; and VI—Protected area with sustainable use of natural resources: protected area managed mainly for the sustainable use of natural ecosystems. Further information on IUCN’s management goal categories and classification of governance types maybe found in Dudley, N. (Editor) (2008) Guidelines for Applying Protected Area Management Categories. Glad, Switzerland: IUCN.  
38 Rare, vulnerable, endangered, or similarly threatened, as indicated in the IUCN Red List of Threatened Animals, Bird Life World List of Threatened Birds, IUCN Red List of Threatened Plants, or other credible international or national lists.
<table>
<thead>
<tr>
<th>Involuntary Resettlement</th>
<th>Refers both to physical displacement and economic displacement as a result of project-related land acquisition. Resettlement is considered involuntary when affected persons or communities do not have a right to refuse land acquisition which results in their displacement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vulnerable groups</td>
<td>Individuals or groups within the project area who could experience adverse impacts from the project more severely than others based on their status. The status may stem from an individual’s or group’s race, color, sex, language, religion, political or other opinion. Other factors include gender, physical or mental disability, poverty or old age.</td>
</tr>
<tr>
<td>Voluntary Resettlement</td>
<td>Refers to any resettlement not attributable to eminent domain or any form of land acquisition backed by the State. The operative principles in voluntary resettlement are “Informed Consent” and “Power of Choice”. The people have the option to agree or disagree to resettlement without adverse consequences imposed formally or informally by the state.</td>
</tr>
</tbody>
</table>