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ADMINISTRATIVE INSTRUCTION

UNIDO ENVIRONMENTAL AND SOCIAL SAFEGUARDS POLICIES AND PROCEDURES (ESSPP)

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 Safeguard 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 first issuance on 21 January 2015, the UNIDO ESSPP automatically applies to all UNIDO-implemented Global Environment Facility (GEF) and Green Climate Fund (GCF) projects¹; after an initial rollout period of one year, the ESSPP is applicable to all UNIDO projects. An evaluation of the ESSPP within UNIDO is foreseen in 2018 for the incorporation of latest international best practice.

4. UNIDO's Programme Development and Technical Cooperation, Partnerships and Results Monitoring Department, Environment Partnerships Division (PTC/PRM/EPD) retains overall responsibility for monitoring the implementation of this Administrative Instruction, which supersedes the Director General's Administrative Instruction No. 23 dated 21 January 2015.

5. The UNIDO ESSPP draws on the safeguard requirements and policies of the GEF and GCF, as well as on the guidance provided by the United Nations (UN) Environment Management Group, of which UNIDO is an active member. Within the context of the ESSPP, UNIDO Staff² Experts, National Partners, and Project Executing Entities form the "*project development team*"³ 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, equitability and sustainability of development results. It brings together in one process the various issues that need to be considered and mainstreamed into all of the work that UNIDO does, providing a more streamlined approach to project management. In this respect, the UNIDO ESSPP is fully aligned with DGB/2016/6⁴, "*The Programme and Project Formulation and Approval Function.*" The UNIDO ESSPP consists of four interrelated components, combined in this document:

1. The **Integrated Safeguard Policy Statement** lays out the policy principles and describes the common objectives of UNIDO's safeguards.

¹ As of May 2017, the GCF Accreditation process is ongoing.

² Project Managers, Field Officers, staff of PSM service departments, and other UNIDO staff, as appropriate

³ This term will be used throughout the document.

⁴ DGB/2016/6 supersedes UNIDO/DGB/(P).130

2. The **Operational Safeguards (OSs)** consist of a set of ten programmatic and two framework safeguard requirements that the project development team is expected to follow when addressing social and environmental impacts and risks.
3. 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.
4. The **Environmental and Social Safeguard Tools** section provides project development teams with the tools to screen projects for environmental and social risks, and develop the environmental and social studies required by the ESSPP.

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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 Safeguard 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, disclosing relevant information and providing effective monitoring and supervision of agreed environmental and social management and mitigation 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 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. Investment projects supported by UNIDO are predominantly demonstration-scale interventions, such as pilot demonstrations 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 by providing an overarching framework for the required screening and assessment processes that all UNIDO projects should undergo.
2. Protection of Natural Habitats and Biodiversity Safeguard: ensures that biological diversity is conserved and that sustainable use of natural resources is promoted.
3. Involuntary Resettlement and Land Acquisition Safeguard: ensures that UNIDO does not involuntarily resettle or physically and economically displace anyone through project-related land use.
4. Indigenous People Safeguard: ensures that projects foster full respect for indigenous people and their dignity, human rights, and cultural uniqueness.
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. Cultural Heritage Safeguard: ensures that UNIDO does not engage in any projects that adversely impact upon tangible and intangible cultural heritage.
7. Safety of Dams Safeguard: ensures compliance with existing international quality and safety standards in the design, construction, operation, and maintenance of new dams and the rehabilitation of existing dams.
8. Labor and Working Conditions Safeguard: ensures that the pursuit of poverty reduction and economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers.
9. Resource Efficiency and Pollution Prevention Safeguard: ensures that a project-level approach to resource efficiency, cleaner production processes and pollution management in line with internationally disseminated technologies and practices is adopted.

10. Community Health, Safety and Security Safeguard: recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts, and ensures that the health, safety, and security risks and impacts on project-affected communities are avoided or minimized
11. Information Disclosure and Stakeholder Consultation Safeguard: ensures that UNIDO's approach to information disclosure is guided by openness and open and transparent consultation with project stakeholders.
12. 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 (ESS) 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. Recognizing that effective public involvement enhances the social, environmental, and financial sustainability of projects, information dissemination, consultation and stakeholder participation are integral to all UNIDO safeguard requirements and processes.

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 the 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.

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

The ISPS sets out the basic tenets that guide and underpin UNIDO's approach to environmental safeguards. In addition, UNIDO has adopted 12 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 and Biodiversity

OS 3: Involuntary Resettlement and Land Acquisition

OS 4: Indigenous People

OS 5: Pest Management

OS 6: Cultural Heritage

OS 7: Safety of Dams

OS 8: Labor and Working Conditions

OS 9: Resource Efficiency and Pollution Prevention

OS 10: Community Health, Safety and Security

Framework Operational Safeguards

OS 11: Information Disclosure and Stakeholder Consultation

OS 12: 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 2-10 and whether any of these OSs need to be triggered.

Project-level OS 2-10 ensure that a precautionary approach is applied in proposed UNIDO projects, and potential adverse impacts and risks to the environment, natural habitats, local communities, labor force, and indigenous people, and cultural heritage 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, OS 11 and 12, provide overarching frameworks on UNIDO's information disclosure and consultation 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

2.1 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 2-10 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 during 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 (DGB/2016/6⁵). UNIDO may retain expert advice to assist in the assessment of specialized or technical issues, as well as the drafting of the required environmental and social studies.

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, from project concept design through to 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:

⁵ DGB/2016/6 supersedes UNIDO/DGB/(P).130

- 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 and/or its project executing entities 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 2-10, 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 consultation 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 are **usually large-scale infrastructure development, replication and/or scale-up investment projects supported by multilateral and regional development banks** (e.g. new large-scale dams above 15 meters in height; establishment and/or relocation of industrial zones; investment into power generation and distribution systems – i.e. construction/rehabilitation of major power plants and power distribution networks, major road and highway construction). 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, an Environment and Social Management Plan (ESMP) 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. Category B projects may include physical interventions, such as **demonstration of pilot approaches at the level of technology transfer and deployment** which serve as a basis for future replication and scale-up (e.g. rehabilitation of existing dams, which exceed the height of 15 meters, or construction of new dams which are 15 meters or lower in height, other pilot renewable energy installations, pilot resource efficient technology transfer and installation, associated access and feeder roads, etc.), as well as **planning support, policy advice, and capacity building**.

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. Here, appropriate management and mitigation measures will be defined and/or internationally recognized design criteria and standards incorporated. The ESMP process is further elaborated in Annex F of this document.

Category C: A proposed project is classified as Category C if it is likely to have either minimal or no adverse social and/or environmental impacts (e.g. **studies, policy inventory work, and awareness raising activities**) and/or has only a minor budget allocation (with regards to the latter, please note that projects shall neither be divided into two or more separate projects nor deliberately under-budgeted for the purpose of meeting this criterion). Beyond screening, no further specific environmental and/or social assessment is required for a Category C project. Whilst no further assessments are required, UNIDO's information disclosure requirements and the accountability and grievance systems outlined under OS 11 and 12 will also apply for Category C projects. It is also 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 habitats⁶; (ii) uses banned pesticides and/or chemicals; (iii) causes involuntary resettlement or physical and economic displacement; (iv) is likely to alter, damage, or remove any cultural heritage and/or sites; or (v) uses forced, trafficked, or child labor.

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

⁶ For exact definition please refer to Annex H.

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, inter alia, 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 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 public involvement, disclosure of information, consultation with 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 OS11, while public involvement is a guiding principle for all UNIDO activities and safeguards. Specific requirements and dimensions of OS11 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 ESIA's or ESMP's as the project commences implementation. Within UNIDO, established and regular monitoring processes track and ensure the execution of mitigation and performance improvement measures in line with the commitments made in the relevant ESS studies so that adaptive measures can be taken if necessary. UNIDO may organize ad-hoc compliance checks of a project if there is a serious risk of noncompliance with the UNIDO ESSPP. Specific requirements for the implementation of safeguard measures are outlined in detail in Section 3 of this document.

2.2 OS 2: Protection of Natural Habitats and Biodiversity

A. Objectives

This OS recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. UNIDO does not engage in any projects targeting or located in *critical habitats*⁷. 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.

⁷ For exact definition please refer to Annex H.

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 modified, natural and/or *critical habitats*⁸;
- 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, i.e. projects that include generation of living natural resources (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 UNIDO management 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 the relevant ESS studies that need to be undertaken during project 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 hierarchy⁹ 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 offset¹⁰. In areas of modified habitats, UNIDO will ensure that measures are adopted to minimize impacts on such biodiversity and implement mitigation measures as appropriate. In areas of natural habitats, UNIDO will strive to avoid any significant conversion and degradation of such habitats. In areas of critical habitats, UNIDO will not implement any project activities and will either relocate the project to a different site and/or stop any further project development. 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, through promotion of sustainable management of living natural resources and ecosystem services.

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

⁸ For exact definitions please refer to Annex H.

⁹ Mitigation measures may include a combination of actions, such as project redesign, use of financial guarantees, post-project restoration, set-asides, and, as a last resort, offsets. Set-asides are land areas within the project area excluded from development and are targeted for the implementation of conservation enhancement measures. Set-asides will likely contain significant biodiversity values and/or provide ecosystem services of significance. Biodiversity offsets may be considered only after appropriate avoidance, minimization, and restoration measures have been applied. Offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken. Offsets must be designed and implemented to achieve measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity.

¹⁰ UNIDO recognizes that compensation and offsets may eventually be incorporated as elements of a mitigation strategy; however, avoidance and minimization measures must first be fully considered.

C2: Siting

UNIDO does not support large-scale infrastructure/investment projects that might require siting in natural habitats. As a matter of practice, UNIDO avoids conversion or degradation of critical and/or 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 uses¹¹, i.e. land falling into the urban/built-up land category¹². Any interventions done by the project on a specific piece of land will be conducted in accordance with the national land use rights and permits.

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, consultations with relevant stakeholders, including Affected Communities, have been undertaken, 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 OS11 as outlined in detail in Annex C of this document.

2.3 OS 3: Involuntary Resettlement and Land Acquisition

A. Objectives

The objective of this OS is to avoid physical and economic displacement that results from UNIDO project-related land use. This safeguard ensures that projects potentially involving land acquisition resulting in physical and/or economic displacement are either re-designed to include viable alternatives 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. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and economic displacement (loss of assets that leads to loss of income sources or other means of livelihood). The nature and scope of this OS's applicability will be established during the environmental and social assessment process required by OS1.

¹¹ This excludes lands that have been converted in anticipation of a UNIDO project.

¹² For exact definitions please refer to Annex H.

UNIDO will ensure that any interventions done by the project on a specific piece of land will be conducted in accordance with the national land use rights and permits, and will not involve involuntary displacement.

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 for the possibility of involuntary physical or economic displacement. UNIDO will ensure that the buildable land used/provided for project purposes has the necessary property and build-up permits, in compliance with all laws, ordinance, rules and regulations of the national public authorities. It will also ensure that all licenses and inspection necessary for the proper execution and completion of the project are available. Should the possibility of involuntary resettlement be identified, a decision will be made by UNIDO management, in consultation with national counterparts, to either relocate the project to a different site or to stop any further project development.

If the proposed project is Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken prior to project appraisal. These studies will identify and assess the potential impacts of proposed project activities 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: Information disclosure

Project land use plans will be disclosed in accordance with information disclosure commitments made in OS1 (C6.6) and the requirements of OS11 as outlined in detail in Annex C of this document.

2.4 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,¹³ 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 people¹⁴:

- Priority in time, with respect to occupation and use of a specific territory¹⁵;
- 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.

13 Including the International Labor Organization Convention 169 on Indigenous and Tribal Peoples (1989); United Nations Declaration on the Rights of Indigenous Peoples (2007); UNDG Guidelines on Indigenous Peoples' Issues (2008); United Nations Permanent Forum on Indigenous Issues (under the Economic and Social Affairs Department), Inter-Agency Support Group on Indigenous Issues, and United Nations International Decade of the World's Indigenous Peoples Plan of Action.

14 Working paper on the concept of "indigenous people" of the Working Group on Indigenous Populations (Commission on Human Rights) (E/CN.4/Sub.2/AC.4/1996/2).

15 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 *advena*). Hence it suggests that the group to which it refers was the first to exist in the particular location.

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 OS 1.

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. The project development team is responsible for overseeing ESIA studies that need to be undertaken prior to project appraisal and competent professionals will be retained to assist in specific issues related to indigenous people. 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 OS11 on information disclosure and stakeholder consultation, the provisions for which are 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's 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, C2), 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 People 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 OS11 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.

2.5 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 the relevant ESS studies 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*.

C3: Information disclosure

In line with the requirements of OS11 and OS1 (C6.6), the project development team will disclose documentation of the consultation process undertaken during the preparation of the relevant ESS studies.

2.6 OS 6: Cultural Heritage

A. Objectives

UNIDO recognizes the importance of cultural heritage for current and future generations. This OS is designed to ensure that effective and active measures are taken to avoid that UNIDO supported projects involve the alteration, damage or removal of any tangible or intangible cultural heritage. Should such potential adverse impacts on the cultural heritage be identified during the development period, a decision will be made, in consultation with national counterparts, by UNIDO Management to either relocate the project to a different site or to stop any further project development.

B. Scope of Application

This OS applies to all UNIDO projects. Its applicability will be determined during the environmental and social screening process required by OS1.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

UNIDO projects will avoid having an adverse impact on cultural heritage. As part of the environmental and social assessment procedure required by OS1, the project development team screens early for the existence of cultural heritage.

Should the existence of cultural heritage be identified, a decision will be made to either relocate the project to a different site or to stop any further project development. Should the existence of and proposed utilization of cultural heritage (both tangible and intangible) be identified, affected-communities will be informed of their rights under applicable national/local law, the scope and nature of the proposed development, and the potential consequences of such development (for definition of cultural heritage refer to Annex H). The project will not proceed without meaningful, effective participation of affected communities and unless (i) good faith negotiations with affected communities result in a documented outcome and (ii) the project provides for fair and equitable sharing of benefits from any commercialization of such knowledge, innovation, or practice, consistent with the affected community's customs and traditions. For projects that propose to utilize cultural heritage of indigenous people, the requirements of OS4 shall apply.

If the proposed project is Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken prior to project appraisal, and competent professionals will be retained to assist in the identification and protection of cultural heritage. These studies will identify and assess the potential impacts of proposed project activities 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: Chance finds

Should a UNIDO project encounter chance-finds during project preparation and/or implementation stages, appropriate national procedures will apply. Chance finds will not be disturbed until an assessment by qualified experts is made. Where national procedures do not exist, appropriate procedures will be developed in line with the assessment by qualified experts. Based on this assessment, a decision will be made by UNIDO management to either relocate the project to a different site or to stop any further project development in line with the requirements of this OS.

C3: Information disclosure

In line with the requirements of OS11 and OS1 (C6.6), the project development team will disclose documentation of the consultation process undertaken during the preparation of the relevant ESS studies, as well as information on any plans to utilize cultural heritage.

2.7 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 Systems¹⁶ 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 and/or its project executing entities ensure 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 a new dam of 15 meters or below is to be constructed or 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.

C3: Disclosure of draft plans

In line with the requirements of OS11 and OS1 (C6.6), the project development team will disclose documentation of the consultation process undertaken during the preparation of the required ESS studies 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.

¹⁶ UNEP, Basel Agency for Sustainable Energy (BASE), n.d. Environmental Due Diligence (EDD) Of Renewable Energy Projects-Guidelines for Small-Scale Hydroelectric Energy Systems- Release 1.0.

2.8 OS 8: Labor and Working Conditions

A. Objectives

The objective of this OS is to ensure that UNIDO supported projects comply with national labor laws and with the objectives of the International Labour Organization (ILO) Standards, which are: (i) to promote fair treatment, non-discrimination, and equal opportunity for workers; (ii) to promote compliance with national employment and labor laws, which comply with the mentioned standards; (iii) to protect workers, including vulnerable categories of workers such as children, women, and migrant workers; (iv) to promote safe and healthy working conditions and the health of workers; and to avoid the use of forced labor or child labor.

B. Scope of Application

All UNIDO executing partners will have in place human resources policies and procedures appropriate to their size and workforce that set out their approach to comply with these standards and national laws. 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, appraisal, approval, implementation/monitoring

Under this OS, as part of the environmental and social assessment procedure required by OS1, UNIDO will ensure that project executing entities have adequate human resources policies and procedures in place to:

- Provide workers, including migrant workers, with clear and understandable information on their rights under national law and any collective agreements that may be in place. The employer will respect the terms of any collective agreement and, where such agreements do not exist or do not address working conditions, will provide reasonable working conditions¹⁷ and terms of employment.
- Articulate principles of nondiscrimination and equal opportunity in employment, accommodations, working conditions or terms of employment, access to training, job assignment, promotion, termination of employment, and disciplinary practices.
- Prevent and address harassment, intimidation, and/or exploitation, especially in regard to women and children and migrant workers.
- Ensure that forced or trafficked labor, including bonded labor, is not employed.
- Ensure that children are not employed in any manner that is exploitative, hazardous, or potentially harmful to the child's health or development, or that will interfere with his or her education. Children under the age of 18 will not be employed in hazardous work.
- Provide a safe and healthy working environment. Responsibilities will include identifying potential hazards to workers, providing preventive and protective measures and equipment, documenting and reporting of accidents and diseases, and planning for emergency response.

If the proposed project is Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken prior to project appraisal. These studies will identify and assess the potential impacts of proposed project activities 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: Information disclosure

¹⁷ Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organizations of employers and workers' representatives in the trade or industry concerned; or (iii) conditions established by national law.

Relevant information related to labor and worker conditions and arrangements will be disclosed in accordance with information disclosure commitments made in OS1 (C6.6) and the requirements of OS11 as outlined in detail in Annex C of this document.

2.9 OS 9: Resource Efficiency and Pollution Prevention

A. Objectives

While UNIDO's ESSPP is governed by a precautionary approach and most UNIDO projects aim to foster resource efficiency and pollution prevention, this OS will be observed and applied to ensure that a project-level approach to resource efficiency, cleaner production processes and pollution management¹⁸, in line with internationally disseminated technologies and practices, is adopted. The objective of this OS is, therefore, to avoid or minimize adverse impacts of pollution on human health and the environment by avoiding or minimizing project-level wastes, emissions, and pollution. Additionally, the OS strives to promote a more sustainable use of resources, including materials, energy, land and water.

B. Scope of Application

The OS specifically applies to UNIDO projects that (i) aim to improve existing waste management practices; (ii) generate or cause generation of solid, liquid or gaseous waste/emissions; (iii) use, cause use of, or manage the use, storage or disposal of hazardous materials and chemicals, including pesticides; and (iv) that significantly consume or cause consumption of water, energy, or other resources. 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

CI: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS1, the project development team screens early to ensure that:

- UNIDO projects explore technically and financially feasible approaches for the efficient use of energy, water, and other resources and materials in line with the concept of cleaner production and for using raw materials, energy, and water sustainably.
- UNIDO projects will consider alternatives and implement technically and financially feasible options to reduce project-related GHG emissions, including alternative locations, the use of renewable or low-carbon energy sources, sustainable agriculture, forestry and livestock management practices.
- When a UNIDO project is a potentially significant consumer of water (generally greater than 5,000 m³/day), in addition to applying the resource efficiency requirements of this OS, the project shall adopt measures that avoid or reduce water usage so that the project's water consumption does not have significant adverse impacts on others.
- UNIDO will avoid or minimize the potential for community exposure to hazardous materials and substances that maybe released by a project. Where there is potential for the public to be exposed to hazards, UNIDO projects will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards.

If it is determined that a proposed project may pose significant risks to human health and the environment, the project development team is responsible for overseeing the relevant ESS studies prior to project appraisal. These studies will identify and assess the potential adverse impacts of project activities and establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts. These

¹⁸ As reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines, available at <http://www.ifc.org/ehsguidelines>. These standards contain performance levels and measures that will normally be acceptable and applicable to Projects. When national regulations differ from these levels and measures, the project will achieve whichever are more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the project will provide full and detailed justification for any proposed alternatives, provided that such alternatives are consistent with the requirements of UNIDO ESSPP.

measures will favor the prevention or avoidance of risks and impacts over their minimization and reduction. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C2: Information disclosure

Relevant information related to resource efficiency and pollution prevention will be disclosed in accordance with information disclosure commitments made in OS1 (C6.6) and the requirements of OS11 as outlined in detail in Annex C of this document.

2.10 OS 10: Community Health, Safety and Security

A. Objectives

This OS recognizes that project activities, equipment, and infrastructure can increase project-affected communities' and beneficiaries' exposure to risks and impacts, and ensures that the health, safety, and security risks and impacts arising from project-related activities on project-affected communities are avoided or minimized and that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles. The objective of this OS, therefore, is to anticipate and avoid adverse impacts on the health and safety of the project-affected communities and beneficiaries during the project lifetime from both routine and non-routine circumstances.

B. Scope of Application

The OS specifically applies to UNIDO projects that may pose significant risks to human health, safety, and security. The nature and scope of this OS's applicability will be established during the environmental and social assessment process required by OS1. Standards to avoid or minimize impacts on human health and the environment due to pollution are included in OS9 Resource Efficiency and Pollution Prevention.

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 to ensure that:

- Potential risks associated with project-related civil works would be identified and mitigation measures prepared in the relevant ESS studies, with contractors following international best practices to ensure the safety of and minimize risks for affected communities.
- UNIDO projects avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable diseases (e.g. HIV, TB and malaria) that could result from project activities.
- Where UNIDO projects involve engagement of security personnel to protect facilities and personal property, security arrangements should be provided in a manner that does not violate human rights or jeopardize the community's safety and security.

If it is determined that the proposed project may pose significant risks to, and potential impacts on, the safety of affected communities during the design, construction, operation, and decommissioning of projects, the project development team is responsible for overseeing the relevant ESS studies prior to project appraisal. These studies will identify and assess the potential adverse impacts of project activities on communities and establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C2: Information disclosure

Relevant information related to community health, safety and security will be disclosed in accordance with information disclosure commitments made in OS1 (C6.6) and the requirements of OS11 as outlined in detail in Annex C of this document.

2.11 OS 11: Information Disclosure and Stakeholder Consultation

A. Objectives

This OS recognizes the importance of open and transparent consultation between UNIDO and project stakeholders, such as the project development team, local communities directly affected by the project, civil society organizations (CSOs), 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 ESIA/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 and consultation 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

As all UNIDO projects, even those with minimal or no adverse environmental and social impacts, entail and benefit from stakeholder consultation, this OS applies to all UNIDO projects. The requirements of this OS will also apply to executing entities of UNIDO projects.

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

The project development team undertakes consultation with project stakeholders for all UNIDO projects as per the requirements on OS1 (6.6). For projects determined to be Category A or Category B, Public Consultation and Disclosure (PCD) sections are to be included in the project documentation as outlined in Annex C of this document. Results of consultations and the relevant documentation will be distributed to key stakeholders and affected groups.

For Category A and B projects, consultations with stakeholders take place before the ESIA or ESMP TORs are finalized. In identifying stakeholders, the project development team should consider the following: (i) which parties will be adversely affected and are the most vulnerable, and at what stage of project development?; (ii) what the various interests and likely positions of stakeholders?; (iii) what is the optimal sequence of engagement?; and (iv) Are there any representative and accountable NGOs and community-based organizations to engage with? Further guidance is provided in Annex C of this document.

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 includes 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 in those languages required by the relevant project donor¹⁹; and,
- The process by which any grievances will be managed.

C4: Disclosure and Consultation Timeframes

All project categories are subject to disclosure on UNIDO's website (www.unido.org). The public may provide comments on the draft documents before finalization of project design and a record of comments and concerns raised will be kept as part of the project records.

Since project affected people may not always have reasonable access to the UNIDO website, the project development team also releases the findings of the relevant ESS studies locally to facilitate awareness by the relevant stakeholders (please refer to Annex C of this document for detailed guidelines).

The following disclosure and consultation timeframes apply for projects of UNIDO20, as well as those of project executing entities overseen by UNIDO, for the various project categories:

Category A Projects

- The completed Environmental and Social (E&S) Screening Template is published on the UNIDO website upon donor approval of the project concept
- The draft TOR for the ESIA study is 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;
- Upon technical clearance by the Division Chief and Department Director, the final ESIA is published on the UNIDO website in the applicable languages at least 120 working days prior to UNIDO Executive Board approval.

Category B Projects

- The completed Environmental and Social (E&S) Screening Template is published on the UNIDO website upon donor approval of the project concept
- The draft ESMP is placed on the UNIDO website, 10 working days prior to consultation;
- Upon technical clearance by the Division Chief and Department Director, the final ESMP is published on the UNIDO website in the applicable languages at least 30 working days prior to UNIDO Executive Board approval.

Category C Projects

- Information will be released as appropriate.

¹⁹ For instance, the Global Environment Facility (GEF) requires that draft environmental and social assessments are disclosed in a timely manner, before appraisal formally begins, in a place and accessible to key stakeholders including project affected groups and CSOs in a form and language understandable to them. The Green Climate Fund (GCF) requires that environmental and social assessments be made available in both English and the local language (if not English).

²⁰ Agreements with donors other than the GEF/GCF might include specific project or portfolio level arrangements on timeframes for disclosure as well as indication at which stage of the project cycle ESMP and ESIA's need to be concluded

For all Project Categories, in the case that a grievance mechanism is triggered in relation to the published ESS studies, UNIDO Executive Board approval shall be delayed until an amicable solution, as per OS12, is found.

C5: General Public Access

Recognizing that effective public involvement enhances the social, environmental, and financial sustainability of projects, UNIDO will disclose project-related information to the general public and ensure that effective consultations are undertaken. Project specific information mentioned in Section C3 is available on UNIDO's website at: www.unido.org and results of consultations and relevant project documentation will also be distributed to key stakeholders and affected groups through a variety of channels, including but not limited to, line ministries and executing entities, stakeholder workshops, industrial association networks, community centers, etc.

If specific information is not available on the UNIDO website, the public can also 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 UNIDO HQ (gef@unido.org). These offices will be responsible for ensuring that requests for information from the public are addressed.

C6: 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 complaint in accordance with the procedures outlined in OS12.

C7: 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.

2.12 OS 12: 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 respond to complaints related directly to safeguard issues stemming from parties affected by the implementation of UNIDO projects, and to seek resolution of such complaints;
- Designed to also respond to complaints related to potential breaches of UNIDO's rules and regulations, and to seek resolution of such 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 negatively affected by the implementation of a UNIDO project. This OS does not apply to complaints involving allegations of fraud, harassment, retaliation, and breaches of conduct, which are governed by separate UNIDO policies, inter alia the IOE Charter and Investigation Guidelines.

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 the appropriateness of technical design and implementation of projects and the relevant safeguards, regardless of 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 and Ethics (IOE); or (v) GEF Conflict Resolution Commissioner in Washington, D.C.

All complaints, as per section C1, from affected stakeholders received through any of the above “entry points” are channeled to the UNIDO Office of Internal Oversight and Ethics (IOE), which plays the role of official repository.

All complaints will be registered in IOE’s intake register for tracking until resolution. Specific procedures of submitting a complaint directly to IOE, as per point (iv) above, are described on UNIDO’s website <http://www.unido.org/wrongdoing/>.

IOE will verify whether a complaint is relevant to the ESSPP or relates to allegations of fraud, harassment, retaliation, and breaches of conduct, which will be managed via separate UNIDO policies.

IOE and the UNIDO Compliance Officer (CO), a staff member from UNIDO’s Programme for Technical Cooperation (PTC) / Partnerships and Results Monitoring (PRM) Department / Environment Partnerships Division (EPD), will pre-screen all complaints relating to alleged violations of this policy and determine the nature of the complaint(s):

- (i) Type 1 complaints are dealt with by IOE, where the allegations are evaluated and investigated in accordance with the IOE Charter and Investigation Guidelines.
- (ii) Presumed Type 2 complaints will be referred to the UNIDO CO, who will, in consultation with the Managing Director of PTC, conduct a preliminary evaluation of the complaint to, inter alia, determine the required members of the UNIDO Grievance Panel.

PTC/PRM/EPD acts as the Secretariat of the Grievance Panel, the Managing Director of PTC (PTC/MD) as the Chairman of the Grievance Panel. The Chairman will establish a Grievance Panel to

consist of the following potential members, dependent on the specific complaint and the related project scenario:

- Division Chief and/or Director of the Technical Department responsible for the implementation of the project
- UNIDO substantial Safeguard Advisor(s) based on DGB2016/6, Annex V
- UNIDO field staff/consultants
- National Project Coordinator / Project Executing Entity
- UNIDO staff from procurement, finance and recruitment services relevant to the complaint
- Independent subject matter expert(s) to provide external views on the technical case (if required)
- The related UNIDO Project Manager might be invited to contribute to the assessment process.

The Grievance Panel will:

- Assess disputes related to the appropriateness of technical design and perceived negative impacts as a result of the implementation of projects, which are those involving safeguards.
- Review relevant project documentation, including the CEO Endorsement Document, ESSPP-related documents, Terms of Reference for procurement and contracts, documentation/information provided by the complainant.
- Assess the details of the technical project design and (i) verify its appropriateness or (ii) propose corrective measures and activities for the decision of the PTC/MD.
- Analyze the perceived negative impacts related to UNIDO's project interventions by verifying these against the specific safeguard policy wording and the project-level Environmental and Social Management Plan (ESMP) and/or Impact Assessment (ESIA). In cases where the complaint is justified, the ESMP is to be revised to introduce corrective measures and actions.

Should the Grievance Panel find at any time during its work reason to suspect that a breach of UNIDO regulations, rules, policies or procedures may have occurred (Type 1 complaint), the complaint will be referred back to IOE.

The members of the established Grievance Panel will be guided by the principles and values of UNIDO, as outlined in the Organization's Code of Ethical Conduct.

The Grievance Mechanism Secretariat will:

- Upon approval by the PTC/MD, prepare a communication to the complainant informing him of the UNIDO decision.
- Refer all findings and decisions of the Grievance Panel to IOE for record keeping
- For the conclusion of the grievance case, follow-up with the UNIDO Project Manager on the required corrective actions, if any, such as update of relevant project documentation, specifically work plans and budgets.

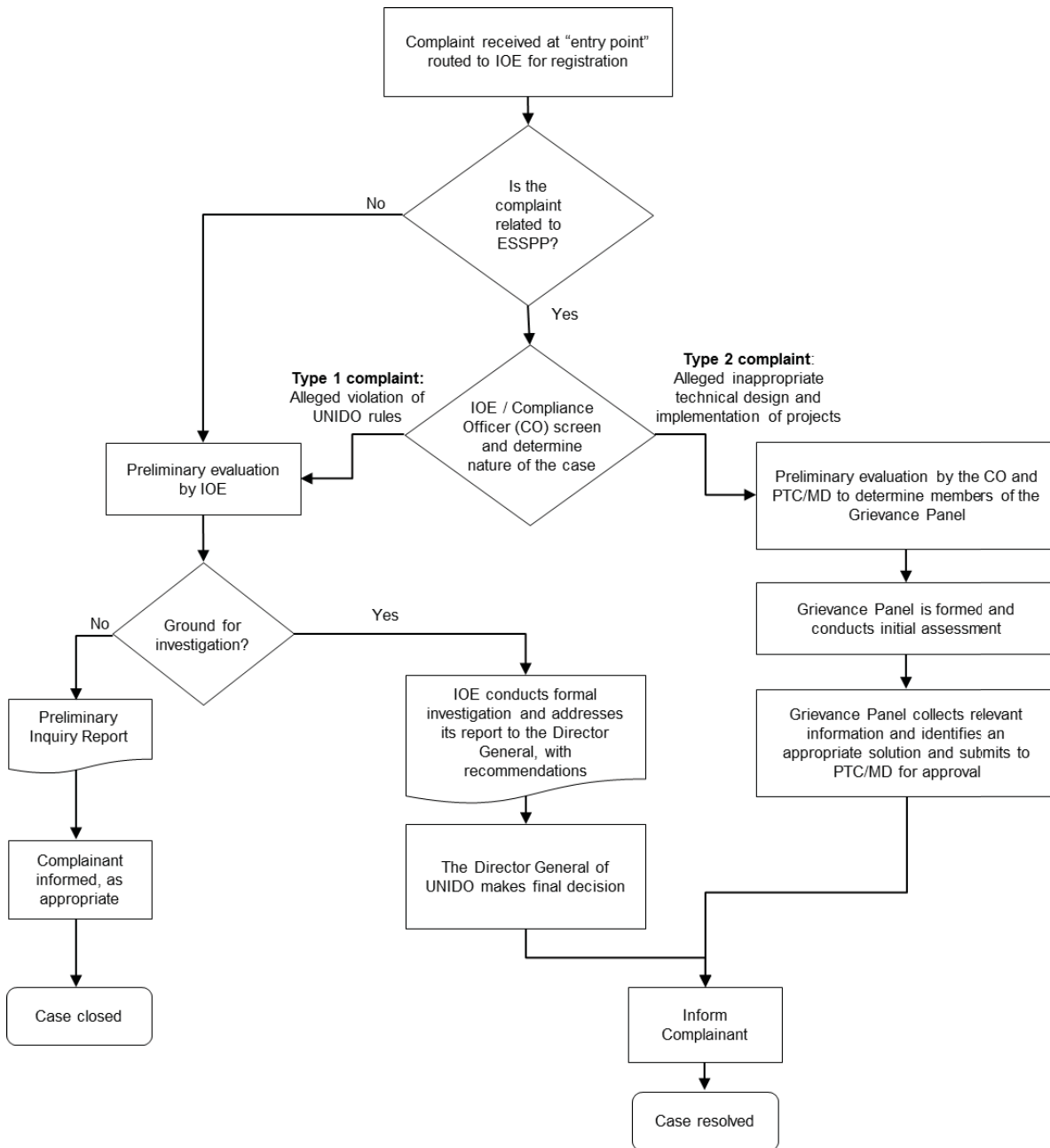
- (iii) Combinations of Type 1 and Type 2 complaints are referred to both IOE and the Grievance Panel. In such cases, IOE and the Compliance Officer in consultation will clearly define the respective scope of work of the two bodies and ensure appropriate information flow and coordination.

IOE maintains records on all cases and issues brought forward, with due regard for confidentiality of information and to protect the reputation and rights of parties involved.

The complainant will be informed of the outcome of Type 1 and Type 2 complaints accordingly.

The diagram below summarizes the related grievance mechanism procedures:

Figure: Structure of the UNIDO Grievance Mechanism



C3: Impartiality/independence

Impartiality and independence is guaranteed through the central involvement of IOE and the application of its Charter and Investigation Guidelines. Results of investigations undertaken by IOE 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 UNIDO's Online Reporting Tool and related information, 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 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 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 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. Investment projects supported by UNIDO are predominantly demonstration-scale interventions, such as pilot demonstrations of specific technologies. 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 safeguard assessment procedure (ESS procedure). The requirements under OS1 link directly to the four most important stages of UNIDO's project cycle²¹:

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 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 concept²². The ESS 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, with the aim 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.

The UNIDO Staff Member (SM) responsible for conducting initial field stakeholder consultations, whether based at UNIDO HQ or in the field, is also tasked with considering the ESS implications of the proposed project. The first ESS task that a SM needs to undertake is to complete the ***Environmental and Social (E&S) Screening Template***, presented in Section 4 of this ESSPP. This may be completed in conjunction with a National Partner, and/or a Project Executing Entity, if these organizations have been identified at this early stage.

The ***E&S Screening Template*** consists of two parts: (i) **Screening for E&S Impact Potential** and (ii) **Identification of E&S Risks**. In most cases project screening will be a straightforward, desk-based exercise conducted by SMs based on the findings of the initial field mission and stakeholder consultations.

21 DGB/2016/6, which has superseded UNIDO/DGB/(P).130

22 UNIDO SSS, GEF Project Identification Form (PIF), etc.

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 *Screening for E&S Impact Potential*, 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, OS6 and OS8. 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 Screening & Categorization Outcome*, which includes guidance on what should be documented.
- Step 4: After initial discussions with the stakeholders and during concept drafting, complete the *Identification of E&S Risks*, which guides you through the process to determine, which operational safeguards should be triggered for the project.
- Step 5: 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 provides an indication of how UNIDO projects might be categorized and a framework for the screening decision; Annex D.2 further elaborates with examples of UNIDO projects that fall under each category. However, many factors come into play during screening, and the below 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 Environmental and Social Management Plan (ESMP):

- 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.

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 ESMPs instead of ESIA's:

- 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, including mini-grids;
- 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 (e.g. **studies, policy inventory work, and awareness raising activities**) and/or has only a minor budget allocation²³. 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" (i) is likely to infringe on the protection of **critical habitats**; (ii) uses **banned pesticides and/or chemicals**, (iii) causes **involuntary resettlement** or physical and economic displacement; (iv) is likely to alter, damage, or remove any cultural heritage and/or sites; or (v) uses forced, trafficked, or child labor. Projects categorized as NO PROJECT cannot be supported by UNIDO, since they are not in compliance with UNIDO's Standards. Further discussions with stakeholders are required to re-design and/or relocate the project in order to re-categorize the project. **Failing this, the proposal will not be considered for further development.**

²³ Please note that projects shall neither be divided into two or more separate projects nor deliberately under-budgeted for the purpose of meeting this criterion

3.2 Project Formulation

The following sub-sections summarize the ESS 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 Management confirms the final ESS category assigned to a project concept, the need for inclusion of compliance advisors, and the scope of required ESS assessment work²⁴ (for Category A and B projects), the assigned UNIDO project manager (PM) may begin with the *project formulation* phase.

The ESS process during the *project formulation* phase requires the PM to prepare Terms of Reference (TORs) for either ESIA or ESMP²⁵, based on the issues identified in the **E&S Screening Template**. If so indicated, compliance advisors need to be consulted at this stage.

Category A projects are required to undergo an ESIA and prepare a proper ESMP during the project formulation phase. The 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's 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's, ESMP's 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 Screening Template**.

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 UNIDO Management.
- Step 2: Develop a TOR for either an ESIA or ESMP, depending on final categorization. Get advice from relevant 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 Executing Entities, recruit impact assessment consulting teams for ESIA's and ESMP's.
- Step 4: In partnership with potential national Project Executing Entities, oversee the drafting of ESIA and ESMP studies.

²⁴ In accordance with procedures defined in DGB/2016/6, which has superseded UNIDO/DGB/(P).130.

²⁵ 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 the ESIA or ESMP in the project structure, including incorporation of mitigation measures, and allocation of the required budget items. Consult with compliance advisors 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 OS11.
- Step 8: Complete the ESS 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 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 Division Chiefs and Department Directors 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 Division Chief and Director of the relevant technical department.
- Step 2: PTC/OMD finalizes the assessment process and clears the project document package for submission to the UNIDO Quality Monitoring Division (ODG/EVQ/QUA) for compliance verification.
- Step 3: ODG/EVQ/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. ODG/EVQ/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 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 the ESIA and/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 progress reports, mid-term reviews, and assessed within the context of final evaluations.

Steps Required of Project Managers

- Step 1: Familiarize yourself with the post-approval ESS monitoring/management commitments captured in the PPM compliance sheet, as well as the mitigation measures outlined in the ESIA and/or ESMP and the required budget allocations.
- Step 2: PM prepares annual project progress reports, ensuring that ESS monitoring/management commitments are reported on. PMs to report on general project progress, including a separate section on compliance with the monitoring/management commitments made in the ESIA and/or ESMPs. Where mitigation measures are deemed as insufficient or new risks have arisen, PMs shall lay out the **adaptive measures to be undertaken**. Technical Departments and PTC/PRM/EPD review progress reports for GEF/GCF projects to ensure compliance with ESSPP requirements.
- Step 3: PM prepares a Terms of Reference (TOR) for the Independent Mid-term Review and contracts an independent evaluator. In terms of ESS, the TOR, at the minimum, requires an assessment of the extent to which the project has incorporated the provisions specified in the ESSPP, namely tracking the relevant environmental and social (E&S) risks and applying appropriate E&S safeguards established at the time of project design; and how these processes have affected the achievement of project results. Where mitigation measures are deemed as insufficient or new risks have arisen, the evaluator shall lay out the **adaptive measures to be undertaken** by the PM.
- Step 4: PM prepares a TOR for the Final Independent Evaluation and contracts an independent evaluator. In terms of ESS, the TOR, at the minimum, requires an assessment of the extent to which the project has incorporated the provisions specified in the ESSPP, namely tracking the relevant environmental and social (E&S) risks and applying appropriate E&S safeguards established at the time of project design; and how these processes have affected the achievement of project results. Where mitigation measures were deemed to have been insufficient, the lessons learned will be **disseminated within UNIDO for consideration in future projects**.

4. Environmental and Social Safeguard Tools

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. This section provides practical environmental and social safeguard tools to support project development teams assess and mitigate environmental and social risks in compliance with UNIDO's ESSPP. Specifically, this section contains the following tools for project development teams:

4.1 Environmental and Social (E&S) Screening Template

The objective of the **E&S Screening Template** is to help UNIDO project development teams determine the appropriate environmental and social risk category of a proposed UNIDO project, and assess whether the project's activities pose any specific risks covered by UNIDO ESSPP OSs 2-10. Once the E&S screening checklist is completed, the project development team will be in the position to plan the resulting required environmental and social assessments (e.g. ESIA and ESMPs, or ESMPs).

As detailed in Section 3.1, the E&S Screening Template should be completed during concept drafting after initial discussions with project stakeholders. If required, UNIDO compliance advisors can also be consulted to provide further inputs for the screening process. The completed E&S Screening Template should be attached to the concept draft and submitted for concept screening in accordance with UNIDO project cycle procedures.

Further guidance on completion of the E&S Screening Template can be found in the template itself (Tool #1).

4.2 Environmental and Social Management Plan (ESMP) Template

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; in the case of Category A projects, an ESMP forms an integral part of the Environmental and Social Impact Assessment (ESIA).

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: (i) Environmental and social impacts mitigation; (ii) Environmental and social sustainability monitoring; (iii) Capacity development; (iv) Communication; and (v) Implementation action plan.

The recommended template for an ESMP is included as Tool #2; please note that the suggested template should be tailored to the project specific circumstances. As the content and structure of an ESIA will be largely determined by the scope of the specific project intervention, a standardized template is not provided. Guidance on the development of ESIA is provided in Annex E and Project Managers are advised to contact UNIDO GEF Coordination if further guidance is required.

Further guidance on the development of ESMPs is provided in Annex F of this document. Once the ESMP has been drafted and disclosed as per the requirements of OS 11, the final ESMP should be attached to the Project Document package and submitted for approval in accordance with UNIDO project cycle procedures.

Tool #1: Environmental and Social (E&S) Screening Template

With the initial issuance of the UNIDO ESSPP in January 2015, the UNIDO ESSPP automatically applies to all UNIDO-implemented Global Environment Facility (GEF) and Green Climate Fund (GCF) projects²⁶.

In line with UNIDO ESSPP, all UNIDO projects undergo environmental and social risk (E&S) assessments to help UNIDO decide whether the project should be supported and, if so, the way in which environmental and social issues should be addressed in its development and implementation. To complete the E&S assessment, basic understanding of UNIDO ESSPP is required. As such, project development teams are recommended to thoroughly review the UNIDO ESSPP Summary.

The objective of the **E&S Screening Template** is to help UNIDO project development teams determine the appropriate environmental and social risk category of a proposed UNIDO project, and assess whether the project's activities pose any specific risks covered by UNIDO ESSPP OSs 2-10. Once the E&S screening template is completed, the project development team will be in the position to plan the resulting required environmental and social assessments (e.g. ESIA's and ESMPs, or ESMPs). The completed **E&S Screening Template** should be attached to the concept draft and submitted for concept screening in accordance with UNIDO project cycle procedures.

Name of the proposed project:	
Name and function of the submitter:	
Department/Division of the submitter:	

1. Environmental and Social Screening & Categorization

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.

²⁶ GCF Accreditation process was initiated in 2015.

TABLE 1 - Environmental and Social Screening & Categorization

Please respond to the below questions, continuing through the list until you answer “yes.” Once you have answered with “yes,” follow the provided instructions.

Question	No	Yes	If you answered yes:	Reference Documents
<p>1. Has a combined environmental and social impact assessment that covers the proposed project already been completed by the National Partner, Project Execution Partner, or other donor(s) within the last year?</p>			<p>Complete Table in Annex D.1 to identify whether the existing documentation meets UNIDO’s ESSPP requirements.</p>	<p>Annex D.1</p>
<p>2. Is the project:</p> <ul style="list-style-type: none"> - Converting or degrading a critical habitat (OS2)? - Manufacturing, trading, and/or using pesticides and/or chemicals subject to international action bans or phase-outs²⁷ (OS5)? - Involuntarily resettling populations (OS3)? - Altering, damaging or removing any cultural heritage and/or sites (OS6)? - Using forced or trafficked labour? - Employing children under the age of 18 in hazardous work (OS8)? 			<p>The proposed project will be categorized as “Category NO PROJECT”. It is non-compliant with UNIDO’s ESSPP. National stakeholders and project proponents will be informed accordingly that UNIDO cannot support the development of this project. Alternatively, further discussions and redesign of the project is required for the project to be reassessed for UNIDO support.</p>	<p>Please refer to Annex H for a definition of critical habitats</p>
<p>3. Is the project building a <u>new</u> facility/landfill site or developing <u>new</u> industries/industrial parks/zones, or deploying <u>new large-scale</u> technology installations?</p>			<p>The proposed project will be categorized as “Category A”. Complete Tables 2&3 and attach to the UNIDO project concept.</p>	<p>Annex D.2: List of UNIDO specific technical project examples</p>
<p>4. Will indigenous people be present in the project area of influence and will the project have any impact on their livelihoods, lands, etc.?</p>			<p>The proposed project will be categorized as “Category A” (OS4). Complete Tables 2&3 and attach to the UNIDO project concept.</p>	<p>Annex D.2: List of UNIDO specific technical project examples Annex A: Practical Guide for OS4 – Indigenous People</p>

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.

5. Is the project upgrading/optimizing processes/introducing alternative technologies at an <u>existing</u> facility			Annex D.2: List of UNIDO specific technical project examples
6. Is the project establishing new servicing sectors/designing new schemes and business models/deploying installations of renewable energy technologies?		The proposed project will be categorized as "Category B". Complete Tables 2&3 and attach to the UNIDO project concept.	Annex D.2: List of UNIDO specific technical project examples
7. Is the project assisting countries to meet their Convention obligations, conducting inventories, establishing policies/benchmarks/standards, providing capacity building services, or organizing forums?		The proposed project will be categorized as "Category C". No further environmental and social review required. Complete Table 2 and attach to the UNIDO project concept.	Annex D.2: List of UNIDO specific technical project examples

TABLE 2 - Environmental and Social Screening/Categorization Outcome

Based on the answers provided in Table 1, please select from the following:

- Category NO PROJECT**
The proposed project is non-compliant with UNIDO's ESSPP OS2/OS3/OS5/OS6/OS8. Further discussions, alternative design, and reassessment of the project is required.
- 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 ESIA and ESMP 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 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. 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.

2. E&S Screening: Operational Safeguards

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 2-10 and whether any of these OSs need to be triggered. Project-level safeguards (OS 2-10) ensure that a precautionary approach is applied in proposed UNIDO projects, and potential adverse impacts and risks to the environment, natural habitats, local communities, labor force, and indigenous people, and cultural heritage are avoided or minimized if possible, and mitigated if not.

Instructions: Please respond to the questions in Table 3. If the answer to any of the questions is a “Yes,” the key potential environmental and social issues relevant to each triggered safeguard should be elaborated upon by the Project Manager. This might include both environmental and social opportunities that could be seized to strengthen the project, as well as risks that need to be managed. This information will inform the development of the TOR for ESIA or ESMPs. Additionally, please summarize how you intend to proceed with undertaking either ESIA (for Category A projects) or ESMP (for Category B projects), during Project Formulation.

TABLE 3: OPERATIONAL SAFEGUARD-SPECIFIC QUESTIONS

Project-Specific Questions	Yes	No	Relevant Safeguards to be Triggered	In relation to the triggered OS(s), detail the specific project intervention and potential E&S impacts	Remarks
1. Could the project directly or indirectly undertake any activities located in natural habitats?			OS 2: Protection of Natural Habitats and Biodiversity		Please refer to Annex H for a definition of natural habitats
2. Could the project directly or indirectly use renewable natural resources as a main purpose, e.g. plantation forestry, commercial harvesting, agriculture, livestock, fisheries and aquaculture)?					
3. Could the project potentially involve land acquisition?			OS 3: Involuntary Resettlement and Land Acquisition OS 10: Community Health, Safety and Security		Please refer to Annex H for an explanation of land use categories
4. If the project involves land acquisition, would this potentially require a conversion of the land use category?			OS 4: Indigenous People OS 6: Cultural Heritage OS 10: Community Health, Safety and Security		Please refer to ESSPP Annex A: Practical Guide for OS4 – Indigenous People. An expert experience with indigenous people's issues should be hired for the development of the ESIA. Note: If a project manufactures, trades, and/or uses pesticides and/or chemicals subject to international action bans or phase-outs , it will be categorized as NO PROJECT.
5. Could the project potentially apply or promote the use of pesticides?			OS 5: Pest Management		
6. Could any cultural heritage and/or sites be present in the project area or area of influence? Would the project directly deal with such resources?			OS 6: Cultural Heritage		
7. Will the project involve building of new or rehabilitating of existing dams?			OS 7: Safety of Dams		Please refer to ESSPP Annex B: Safety of Dams. In the case of SHP

TABLE 3: OPERATIONAL SAFEGUARD-SPECIFIC QUESTIONS

Project-Specific Questions	Yes	No	Relevant Safeguards to be Triggered	In relation to the triggered OS(s), detail the specific project intervention and potential E&S impacts	Remarks
			OS 8: Labor and Working Conditions OS 9: Resource Efficiency and Pollution Prevention OS 10: Community Health, Safety and Security		projects, please explicitly state that run-of-the-systems will be used, if applicable.
8. Could the working environment pose a potential threat to technical staff (e.g. gas leakage, PCB oil spillage, electric shocks, etc.)?			OS 8: Labor and Working Conditions		The ESMP should indicate the number of workers to be involved in the project activities in order to determine scale and assess whether the required worker safety measures in place.
9. Could the project, either through a direct execution and/or a contractual arrangement: (i) generate or cause generation of solid, liquid or gaseous waste/emissions; (ii) use, cause use of, or manage the use, storage or disposal of hazardous materials and chemicals, including pesticides; (iii) significantly consume or cause consumption of water (> 5,000 m3/day), energy, or other resources?			OS 8: Labor and Working Conditions OS 9: Resource Efficiency and Pollution Prevention		The ESMP should confirm that the selected project approach and technologies are appropriate for the avoidance or minimization of project-level wastes, emissions, and pollution.
10. Could the project pose risks and have potential negative impacts to the health, safety and security of the project-affected communities during its lifetime?			OS 10: Community Health, Safety and Security		

Submitted by (UNIDO Project Manager Name & Signature):	
Date:	

Tool #2: Environmental and Social Management Plan (ESMP): Recommended template²⁸

A. Project Description

In this section, a brief description of the project should be provided, as this indicates the relevant context for the ESMP. The location of all project actions should be described and a map showing their location provided. Basic information on the environment at these locations should also be included as this helps provide the environmental context to which the environmental management plan applies. Additionally, the main outcomes of the environmental and social risk screening that was done at the concept/PIF level, such as environmental and social (E&S) risk category and identified E&S issues should be defined.

Safeguards triggered during the E&S risk screening at concept/PIF level	Were the E&S Risks verified during the project preparation (PPG)?		If yes, please elaborate:
	Yes	No	

B. Policy, legal, and administrative framework

In this section, a brief description of the relevant national policy, legal, and administrative framework which could define/help shape issues/risks that need to be included into the EMSP, should be provided. Additionally, compliance with the applicable international, national and local policies laws, regulations, safeguards, performance safeguards, policies, procedures should be indicated. With regard to national safeguards, those relevant to the UNIDO safeguards triggered by the project should be listed and analyzed.

²⁸ Please note that the recommended template should be tailored to the project specific circumstances.

C. Environmental and social risks and mitigation measures

In this section, information about the relevant environmental and social risks that were identified during the project preparation period (PPG) should be provided. With regard to OS9, if relevant, this section should also include verification that the selected project approach and technologies are appropriate for the avoidance or minimization of project-level wastes, emissions, and pollution.

Since an ESMP should serve as an active tool, additional risks that are identified during the project implementation should be included as they are identified. For each identified risk, mitigation measure should be briefly described including the conditions under which the measure is required (for example, continuously or in the event of contingencies). The mitigation measures should be accompanied by, or referenced to, project design and operating procedures which elaborate on the technical aspects of implementing the various measures. Additional information, such as technical details of the mitigation technology, location of the potential E&S impact, timelines, responsibility and cost of the mitigation measure should be included.

D. The table format provided below is recommended:

	E&S risks²⁹	Mitigating Measure	Technical details of the mitigation technology, process, equipment, design and operating procedures	Location	Timeline, including frequency, start and end date	Responsibility	Cost of Mitigation (If Substantial; to be covered by the GEF grant or non-UNIDO co-financing)
Risks identified during the PIF preparation and verified during the project preparation(PPG)							
Additional risks identified during the project implementation							

²⁹ Please note that the general Project Risks indicated in project documents should not be copied into this table. The E&S risks listed here should be specific to project interventions and limited to the environmental and social risks (i.e. not institutional risk, financial risks, etc.)

E. Environmental and social sustainability monitoring

In this section the monitoring program of the identified E&S risks, should be described. The monitoring program should clearly indicate the linkages between risks/impacts identified, measurement indicators, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions.

The table format provided below is recommended:

	E&S risks	Parameters to be measured	Monitoring methods and procedures used (e.g. sampling)	Timing/Frequency of measurement	Detection limit	Definition of thresholds	Sampling/monitoring location	Responsibility
Risks identified during the PIF preparation and verified during the project preparation (PPG)								
Additional risks identified during the project implementation								

F. Capacity development

In line with the overall project strategy on capacity development, the ESMP should 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 include the following subsections:

- a. Recommended management arrangements for the project, including structure, roles, responsibilities, and authorities;
- b. Designated specific personnel, including management representative(s), with well-defined and clearly communicated lines of responsibility and authority;
- c. Required oversight and human and financial resources.

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.

The capacity development plan will have the following components:

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

G. Communication and Stakeholder Engagement

Please complete this section of the ESMP in line with the following clarification: As part of the GEF Annual Monitoring Report (AMR), UNIDO will annually 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. The ESMP will be disclosed on the UNIDO public website, under the following link: <https://open.unido.org/index.html>

In addition, a stakeholder engagement plan, which outlines the various consultation types, purposes, participation, reporting, and timing, should be developed and included in the ESMP.

The table format provided below is recommended:

Consultation	Purpose	Participants	Lead/Chair	Reporting	Schedule
Initial	Project Start up: ➤ Project Overview ➤ Project Organization ➤ Project Schedule ➤ Social and Env Impacts ➤ ESMP				
Public consultation & site visit	➤ Adjusting of mitigation measures, if necessary; ➤ Impact of replacing and updating activities; ➤ Comments and suggestions				
Public consultation & site visit	➤ Effectiveness of mitigation measures; ➤ Impacts of project implementation; ➤ Comments and suggestions.				
Expert workshop or press conference	➤ Comments and suggestions on impacts; ➤ public opinions				
Addressing Community Concerns	➤ Consultation on Grievance Procedure				

Annex A: Practical Guide for OS4 - Indigenous People

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

Consistent with the global recognition of the indigenous people's (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)³⁰
- 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

The project development team 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. The project development team 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.

³⁰ 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, the project is to be categorized as a Category A project and TORs for an ESIA will be prepared accordingly. The ESIA TOR³¹ 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 impacts³² 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 communities³³. 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 People Plan (IPP)**³⁴ 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 OS11: **Information Disclosure and Stakeholder Consultation**, 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 project development team should ensure that the IP are aware of the existence of a functioning OS12: UNIDO Accountability and Grievance mechanism.

31 Template for ESIA TOR is included in Annex E.

32 E.g.: non-hazardous job creation; revenues from the levying of fees; access to markets; etc.

33 For consultation process best practices, see Annex C.

34 IPP specifications are provided in Annex C, Figure C2.

A.2. Guidance 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.

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.

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 \(SHPS\)*](#)³⁵, which adapts the Guidelines for SHP Systems, developed by UNEP and Basel Agency for Sustainable Energy³⁶.

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

³⁵ <http://www.unido.org/en/resources/publications/energy-and-environment/energy-and-climate-change.html#prettyPhoto>

³⁶ UNEP, Basel Agency for Sustainable Energy (BASE), n.d. Environmental Due Diligence (EDD) Of Renewable Energy Projects-Guidelines for Small-Scale Hydroelectric Energy Systems- Release 1.0.

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 OS11 - Information Disclosure and Stakeholder Consultation

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS11.

In order to fulfill its commitment to accountability to the countries it aims to support, UNIDO will carry out meaningful consultations³⁷ 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 ESIA/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 documentation (see below).

C.1 Integration of OS11 into UNIDO's Project Cycle

C.1.1 Project identification, screening and categorization

Consultation: If there is likelihood that OS2-10 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 documentation: 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:

- (i) *Introduction:* Briefly describe the project including design elements;
- (ii) *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;
- (iii) *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;
- (iv) *Stakeholders:* List key stakeholders who will be informed (e.g. communities, NGOs, religious groups, commercial groups, environmental public sector agencies, media etc.);
- (v) *Timetable:* Provide a schedule of when consultation and disclosure activities will take place for each stage of the process and for each stakeholder group;
- (vi) *Budget and responsibilities:* Clearly describe responsibilities of all involved stakeholders and provide an appropriate budget for the planned activities;
- (vii) *Reporting:* Indicate where and when results of the public consultation/disclosure will be reported.

³⁷ 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.

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?
- 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, the 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.

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.

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;
- A stakeholder consultation workshop should be organized prior to the submission of the project for approval. This consultation workshop should seek stakeholder endorsement of (i) the final project document and required ESS reports; and (ii) execution agencies and arrangements for project implementation. The minutes of the consultation workshop should be submitted as an Annex to the project documentation package, while also disseminating all relevant documents and reports to stakeholders.
- 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.

Annex D: E&S Screening Template – Supporting Documents

D.1: Checklist for Appraising Quality Assurance of Existing Environmental And Social Assessment

For guidance on the use of the below table, please refer to Tool #1: Environmental and Social (E&S) Screening Template.

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

D.2 List of UNIDO Specific Technical Project Examples

Type of Project	General description of intervention	ESS Category	UNIDO Dept.
POPs waste treatment and disposal (e.g. PCB, pesticides)	Establishment of a new facility for POPs waste treatment and disposal using stationary equipment	Category A	ENV
Open burning and unintentionally produced POPs (uPOPs)	Landfill remediation or establishment of new landfill sites (usually co-financed by local/national stakeholders)	Category A	ENV
Promotion of alternatives to POPs	Establishment of new facilities for POPs alternatives (pesticides, flame retardants) production	Category A	ENV
Creating and expanding green industries	Establishing and developing new green industries and/or industrial parks/zones that deliver environmental goods and services (e.g. industries active in product manufacturing, material recovery, recycling, waste treatment and management, etc.)	Category A	ENV
Renewable energy systems for improved energy access and productive uses	Projects aiming to demonstrate and deploy new large-scale installations of renewable energy technologies (e.g. new large-scale dams above 15 meters in height, large-scale wind, solar, and other renewable energy technology installations, etc.)	Category A	ENE

Type of Project	General description of intervention	ESS Category	UNIDO Dept.
POPs waste treatment and disposal (e.g. PCB, pesticides)	POPs waste treatment and disposal at an existing facility through installation of stationary treatment equipment.	Category B	ENV
Promotion of BAT/BEP for dioxin reduction in various industrial sectors (e.g. smelters, sectors working with industrial boilers, scrap metal processors, incinerators etc.)	POPs waste treatment and disposal at an existing facility using mobile technology. Optimization of processes, procedures and technologies in existing industrial facilities; promotion of pollution prevention and control.	Category B	ENV
Open burning and unintentionally produced POPs (uPOPs)	Establishment of new upstream recycling processes and facilities, including temporary waste storage facilities Upgrading landfill sites (usually co-financed by local/national stakeholders)	Category B	ENV
Promotion of alternatives to POPs	Production phase-out and replacement of hazardous pesticides (listed by Stockholm Convention and WHO Classes IA, IB and II)	Category B	ENV

Environmentally sound management of sites contaminated by POPs, heavy metals and hazardous components	Initiatives promoting the transfer of remediation technologies, such as the intervention to rehabilitate a lindane and mercury contaminated site	Category B	ENV
SAICM projects (e.g. Lead in paint assessment projects)	Substitution of harmful chemicals used in products through introduction of alternative technologies and adoption of effective means of phasing of harmful chemicals; optimization of and introduction of changes within existing production processes (e.g. phasing out of lead from pain production processes) Establishment of procedures for dealing with stockpiles of contaminated material (e.g. stockpiles of lead-based paint) - the ultimate category will depend on the overall scope of the project	Category B	ENV
Mercury elimination projects (ASGM)	Reduction/phase-out of mercury used in artisanal and small-scale gold mining (ASGM) through transfer of cleaner and more efficient technologies to the ASGM sector (i.e. initial focus on transfer of mercury recycling techniques, with shift towards the introduction of non-mercury alternatives, where feasible, at a later stage)	Category B	ENV
Mercury elimination projects	Chlor-alkali conversion - projects assisting chlor-alkali plants around the world in switching from the mercury cell technology to a more efficient membrane technology - eliminating mercury used in the old catalytic processes and ensuring adequate management of the recovered waste stocks, while also achieving substantial energy savings. Non-ferrous metal smelting - zinc, lead, copper, and other metal ores that often contain mercury traces in various concentrations - projects developing a management process for non-ferrous metal smelting processes in existing industries, decreasing the releases of large quantities of mercury in the fly and bottom ashes of smelters Vinyl chloride monomer (VCM) process conversion - projects dealing with introduction of alternative and cleaner technologies , phasing-out mercury used in VCM production processes; conversion to, design and implementation of mercury waste management plans for converted sites.	Category B	ENV
Greening of existing industry	Mercury in waste - projects dealing with management of mercury-containing wastes through transfer and deployment of mercury waste treatment technologies based on BAT/BEP principles (e.g. setting-up proper recycling processes within existing facilities for mercury containing products - fluorescent lamps, batteries, etc.) Enabling and supporting existing industries and industrial parks in improving environmental performance of their operations, processes and products by introducing resource efficiency, expanding the use of renewable energy sources, phasing out toxic substances, and improving occupational health and safety	Category B	ENV
Creating and expanding green service companies	Establishing and developing new green servicing sector (e.g. providers of broader industrial, environmental and energy consulting services, energy service companies, and companies that render monitoring, measuring and analysis services, etc.)	Category B	ENV
Electric and electronic waste	Design of collection, dismantling and processing schemes, i.e. establishment of new upstream recycling processes and streamlining of existing facilities, including temporary waste storage facilities; linkage of such facilities to national, regional and global downstream markets for appropriate end-processing and a high recovery rate of valuable materials Establishment of sustainable business models and financial schemes to set up new national e-waste management, recycling and treatment facilities; linkage of such facilities to national, regional and global downstream markets for appropriate end-processing and a high recovery rate of valuable materials	Category B	ENV
Green chemistry	Projects related to the application and scaling up of green chemistry principles throughout the manufacturing sector (e.g. Chemical Leasing for sustainable chemicals management; supporting the design of chemical products and processes that reduce or eliminate the use or generation of hazardous substances by industry; pilot projects in biodegradable plastics; the use of enzyme technology in textile wet processing; production of organic solvents from bio-waste)	Category B	ENV

Reduction of industrial pollution of surface and groundwater resources	Projects related to enhancement of multistate cooperation and catalyzing of investments to balance competing water uses in the management of trans-boundary surface and ground waters; increase in resilience of communities and industries to climate change through the introduction of sustainable water management practices and techniques; prevention of disasters in industrialized areas located in low lying coastal and delta regions; prevention of industrial spills and leakages and general protection and remediation of surface and groundwater resources	Category B	ENV
Large marine ecosystems	Projects aiming to protect large marine ecosystems with interventions to (i) recover and sustain depleted fisheries; (ii) restore degraded coastal habitats; and (iii) reduce land and ship-based pollution by relying largely on regional capacity building; relevant interventions on the level of SMEs, riparian communities, or countries sharing large marine ecosystems	Category B	ENV
Reducing ocean hypoxia	Projects related to reduction of ocean hypoxia and reduction of excessive nutrient discharges from land-based industrial pollution sources (e.g. food and beverage, pulp and paper, and the textile industries etc.); promotion of integrated, sustainable, and resource efficient industrial development models; application of the UNIDO TEST approach; replacement of hazardous substances used during production processes with environmentally sustainable substances	Category B	ENV
Initiative for implementing HCFCs phase-out management plans	Projects related to the elimination of hydro chlorofluorocarbons (HCFCs) in existing facilities in countries with economies in transition; development of strategies, policies and legislations for the regulation of production, consumption, import and export of ODS; institutional strengthening and capacity building; provision of equipment working with non-ODS, low global warming potential alternatives, and training on technology, good refrigeration practices, and industrial safety	Category B	ENV
Initiative for additional climate benefits in the refrigeration service sector	Projects related to energy efficiency components linked to the replacement of HCFCs-based installations in existing facilities/systems and introduction of alternatives with low global warming potential (GWP); promotion of advanced non-ODS technologies	Category B	ENV
Initiative for coordinated management of ODS and POPs waste disposal	Projects dealing with POPs and ODS co-destruction in existing , demonstration of destruction facilities operations as an innovative approach to integrated chemical waste management	Category B	ENV
Implementation of energy management systems and system optimization	Projects promoting implementation of energy management systems and system optimization best practices and technologies in existing industrial sector enterprises (e.g. SMEs, utilities, commercial sector, etc.); conformity assessments of energy management systems, creating of mechanisms to certify and accredit the competencies of energy experts and auditors; development of energy efficiency standards for energy-intensive industrial equipment, as well as in establishing testing facilities and capacity for energy performance assessments	Category B	ENE
Energy-efficient design and low-carbon technologies in manufacturing sectors	Projects aiming to boost energy-efficient design and low-carbon technology innovation in existing facilities of manufacturing sectors, esp. energy-intensive SMEs; promotion investment and support of best available energy-efficient design technologies/practices transfer; establishing partnerships with the private sector and collaboration with financing institutions	Category B	ENE
Renewable energy systems for improved energy access and productive uses	Projects aiming to scale up rural energy solutions based on renewable energy smart mini-grids, improving energy access and expanding rural industrialization; demonstrate and deploy installations of renewable energy technologies (e.g. new micro/small dams of height of 15 meters or lower, rehabilitation of existing dams above 15 meters of height, installation of new wind, solar and other renewable energy technologies, etc.) and mini grids ; provide innovative business models to deliver affordable and reliable energy services in rural areas through smart mini-grids; promote active involvement of SMEs to increase local manufacturing, retailing, and operation and management services required by renewable energy mini-grids	Category B	ENE
Promoting the use of bioenergy or biofuel for electricity/heat/fuel generation, industrial processes and income generation activities	Projects promoting development, operation and maintenance of bioenergy plants within existing industrial facilities (esp. agro-industries) tapping into existing opportunities and infrastructure to achieve resource efficiency; deployment of new combustion, gasification, and anaerobic digestion technologies for energy generation to support production processes and generate power, heat and/or fuel; promote the use of wastes or by-products of existing processes, through collection, storage, and in some cases pre-treatment of the waste; ensuring a sustainable feedstock generation; provide policy development support (sustainability and emission standards, technical regulations and guidelines, etc.); create appropriate supply chains e.g. contribute to creation of spin-off companies such as fertilizer producers in the case of biogas-based systems	Category B	ENE

<p>Promoting production and dissemination of clean cook stoves for domestic or industrial applications</p>	<p>Projects promoting a value chain approach to production, dissemination, and use of clean cook stoves for domestic or industrial applications</p>	<p>Category B</p>	<p>ENE</p>
<p>Strengthen global, south-south and triangular partnerships, centers and programs to promote sustainable energy and climate resilience in the energy sector</p>	<p>Global, regional, south-south and triangular partnerships, programs and projects promoting sustainable energy and climate resilient policy frameworks, demonstration projects, investments, knowledge exchange and technology transfer; mainstreaming climate resilience in energy sector planning and infrastructure; e.g. regional centers program, CTCN, SE4ALL</p>	<p>Category B</p>	<p>ENE</p>
<p>Accelerate sustainable energy and climate resilient technology innovation, industry development and entrepreneurship</p>	<p>Strategic platforms, networks, programs and projects to promote sustainable energy and climate resilient technology acceleration and innovation; strengthen domestic value creation along the different segments of the sustainable energy value chain; creation of associations and networks; technology transfer and industry partnerships; e.g. GEF Cleantech Program</p>	<p>Category B</p>	<p>ENE</p>
<p>Promote integrated and adapted renewable energy, energy efficiency and other low-carbon energy solutions</p>	<p>Strategic platforms, networks, programs, projects to promote integrated and adapted renewable energy, energy efficiency and other low-carbon energy solutions and policies (e.g. sustainable cities and transport, sustainable hydrogen, carbon capture, storage solutions, smart grids, efficient conventional solutions, adapted solutions for small island developing states, gender), e.g. SIDS and gender program</p>	<p>Category B</p>	<p>ENE</p>
<p>Integrated multifocal 360° energy nexus</p>	<p>Programmes capitalizing on the synergies entailed by integrated energy projects that pursue multiple environmental benefits (targeting two or more focal areas, such as POPs + energy efficiency, ODS + energy efficiency, or renewable energy + ODS) by focusing on partnerships and on linkages between thematic areas such as:</p> <ul style="list-style-type: none"> • energy – chemicals • energy – resource efficiency • energy – water efficiency • energy – food security • energy – land degradation • energy – air quality 	<p>Category B</p>	<p>ENE</p>
<p>Integrating energy efficiency, renewable energy and resource efficient production processes</p>	<p>Assisting medium-size and large industries (e.g. cement and metal sectors) in improving energy efficiency and reducing POPs emissions; supporting utilities in improving energy efficiency and the integration of renewable energy solutions for water pumping and desalination; promoting pilot/ demonstration/prototyping of technologies, etc.</p> <p>Project combining renewable energy and energy efficiency interventions within existing industrial enterprises and other resource efficiency processes; introduction of ISO-compatible energy management systems and system optimization; promotion of renewable energy for fuel switching in heating and cooling applications; introducing best practices and technology transfer through clean energy initiatives</p>	<p>Category B</p>	<p>ENE</p>

ESS CATEGORY C			
Type of Project	General description of intervention	ESS Category	UNIDO Dept.
Enabling Activity Projects	Assisting countries to start implementing their obligations to the Multilateral Environmental Conventions (e.g. National Implementation Plan (NIP), National Implementation Plan Update (NIP-Update) under the Stockholm Convention)	Category C	ENV
Enabling Activity Projects	Assisting countries to start implementing their obligations to the Multilateral Environmental Conventions (e.g. Minamata Convention Initial Assessments (MIAs) and National Action Plans (NAPs) under the Minamata Convention)	Category C	ENV
SAICM projects (e.g. Lead in paint assessment projects)	Detailed inventory on production, application, import/export, emission, stockpile, and contaminated sites	Category C	ENV
Electric and electronic waste	Establishment of e-waste management strategies and policies at the national and regional levels	Category C	ENV
Initiative on monitoring, reporting and verification of energy consumption, energy savings, and derived abatement of emissions of greenhouse gases	Projects increasing capability of governments and existing enterprises in measuring and monitoring energy performance to promote sound policymaking and demonstrate financial/economic benefits of energy efficiency programmes, investments, and projects; promoting of appropriate methodologies at enterprise level to adopt energy efficiency measures and to monitor their performance; development and scale up of a monitoring, reporting and verification (MRV) system as a key building block for new and more effective industrial energy efficiency policies, in particular performance and market-based approaches such as target-setting agreements, fiscal and financial incentives, white certificates, and others	Category C	ENE
Global initiative on industrial energy efficiency benchmarking	Projects promoting meaningful energy efficiency benchmarks and indicators in industry (traditional energy-intensive sectors/sub-sectors e.g. iron and steel, cement, petrochemicals, pulp and paper and non-energy-intensive industrial sectors) at enterprise level with respect to allocation of resources and investments in energy efficiency and management; generation and dissemination of knowledge and tools to develop global energy efficiency benchmarks for industrial sectors where SMEs have a dominant presence; development of standard legal frameworks for confidentiality and treatment of data; piloting energy efficiency benchmarking methodologies in selected sectors; provision of training and tools to key beneficiaries and stakeholders such as enterprises, policymakers, donors, financing institutions, service providers, and equipment suppliers	Category C	ENE
Global initiative on developing standards for renewable energy equipment and systems	Projects promoting voluntary renewable energy standards as policy-driven market-based tools; promoting the harmonization of international standards and stimulate their adoption, taking into account the specific local conditions; assisting policymakers and private sector enterprises to improve technical know-how on the adoption of standards and to upgrade conformity assessment services; development of best practices and case studies for policymakers, mapping national renewable energy standards, validating approaches on the ground, designing and implementing testing capacity, and capacity building for industry and project developers	Category C	ENE
Promote global and sub-regional awareness raising, knowledge exchange, advocacy and policy leadership in the area of sustainable energy and climate resilience	Global and sub-regional conferences and awareness raising campaigns and platforms; strategic cooperation with think-tanks on strategic studies; strategic inputs and lobbying in the context of international energy and climate policy and negotiation processes; e.g. Vienna Energy Forum (VEF), SE4ALL, Post-2015 process, Climate Agreement; assistance in implementation of above.	Category C	ENE

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 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

Stage	Main steps
<p>Stage 1: Conducting an ESIA study</p> <p>Key components: 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.</p>	<p>Step 1: Detail and define the proposed project.</p> <p>Step 2: Develop an ESIA TOR</p> <p>Step 3: Collect baseline environmental and social information.</p> <p>Step 4: Review policy, legal/regulatory and institutional frameworks.</p> <p>Step 5: Examine project alternatives and revise project design.</p> <p>Step 6: Analyze and evaluate impacts.</p> <p>Step 7: Prepare an environmental and social assessment report.</p>
<p>Stage 2: Preparing a Management Plan</p> <p>Key components: 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: mitigate the project's expected impacts; monitor impacts; apply the mitigation options/measures; build capacities; and communicate results of the management plan.</p>	<p>Step 1: Define environmental and social impact mitigation actions/measures.</p> <p>Step 2: Detail environmental and social monitoring to be conducted during project implementation.</p> <p>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.</p> <p>Step 4: Develop a plan to communicate progress with implementation and effectiveness of the management plan.</p>
<p>Stage 3: Appraising the environmental and social assessment</p> <p>Key components: Appraise the environmental and social assessment to ensure that it provides sufficient quality information to allow for UNIDO approval.</p>	<p>Step 1: Assess the quality and completeness of the assessment, as well as the institutional capacities for implementing it.</p> <p>Step 2: Ensure that cost of, and financing arrangements for environmental and social management plan implementation is adequate.</p>

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 Template** 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 Template**. 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 locations³⁸; 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 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 Entities 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

38 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 Entity 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 an Environmental and Social Management Plan

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

The ESMP consists of a set of mitigation, monitoring and institutional measures, including policies, procedures and practices – as well as the actions needed to implement these measures –to achieve the desired environmental and social sustainability outcomes. The ESMP 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 ESMP implementation performance.

An ESMP may apply broadly to UNIDO and Project Executing Entities, or it may apply to specific sites, facilities, or activities relating to the proposed project. The ESMP may range from a brief description of routine mitigation and monitoring measures to a series of specific plans including, for example, Resettlement Action Plans, 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 People Plans. The level of detail and complexity of a 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 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 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 an ESMP will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring. An ESMP will consist of separate sections on:

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

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

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

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

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

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

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

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 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 Entity 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.

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

The ESMP will be developed in close consultation with project stakeholders. The ESMP will be 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.

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, ODG/EVQ /QUA, and UNIDO 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.

Annex F: Guidance on Undertaking an Environmental and Social Management Plan (ESMP) for Category B Projects

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

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

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

Evaluation, reporting and management of monitoring measures will also be specified in the ESMP. This will include required documentation and reporting of monitoring results and provisions for adjusting and amending the 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 Entities 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 and Stakeholder Engagement

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

Term	Definition
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Safeguards
E&S Screening Template	Required to be completed by SM and attached to draft PIF
FPIC	Free prior informed consent
FSP	Full-sized Project
GEF	Global Environment Facility
IP	Indigenous People
IPP	Indigenous People Plan
ISPS	Integrated Safeguard Policy Statement
MD	Managing Director
MSP	Medium-sized Project
ODG	Office of the Director General
OS	Operational Safeguard
OMD	Office of Managing Director
QUA	Quality Monitoring Unit
PIF	Project Identification Form
PTC	Programme Development and Technical Cooperation
SHPS	UNIDO's Small Hydropower Strategy
SM	UNIDO Staff Member
TC	Technical Cooperation
PCD	Public Consultation and Disclosure section of the project documentation
PM	Project Manager
UR	UNIDO Representative

Annex H: Glossary of Terms³⁹

Term	Definition
Critical Habitat	Critical natural habitats ⁴⁰ 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 [IUCN] classifications ⁴¹), areas protected by Indigenous People 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 People and traditional local communities; areas with known high suitability for biodiversity conservation; and sites that are critical for rare, vulnerable, or endangered species ⁴² . 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.
Cumulative impacts	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.
Greenhouse Gases (GHGs)	The six greenhouse gases that form the Kyoto Protocol to the UN Framework Convention on Climate Change: Carbon Dioxide (CO ₂), Methane (CH ₄) Nitrous Oxide (N ₂ O), Hydro fluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF ₆).
Hazardous materials/waste	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, corrosivity, reactivity, or toxicity.
Indigenous People	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.
Involuntary Resettlement	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.
Modified Habitat	Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or areas where human activity has substantially modified an area's primary ecological functions and species composition (this excludes habitats that have been converted in anticipation of the

39 Adapted from: GEF PL/SD/03; and World Bank Group, "Involuntary Resettlement Sourcebook" (2004); and International Finance Corporation (IFC), "Performance Standards and Guidance Notes – Glossary of Terms" (2006)

40 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.

41 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*. Gland, Switzerland: IUCN.

42 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.

	project. Modified habitats may include areas managed for agriculture, forest plantations, reclaimed coastal zones, reclaimed wetlands, and regenerated forests and grasslands.
Natural Habitat	Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.
Vulnerable groups	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.
Voluntary Resettlement	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 have the option to agree or disagree to resettlement without adverse consequences imposed formally or informally by the state.
Urban / Built-up Land Category	<p>In accordance with the US Land Use Land Cover Classification System Level I Urban or Built-up Land category is characterized by intensive land use where the landscape has been altered by human activities. Although structures are usually present, this category is not restricted to traditional urban areas. Urban or Built-up Land Level II categories include Residential; Commercial and Service; Industrial; Transportation, Communication and Utilities; Industrial and Commercial Complexes; Mixed Urban or Built-up; Other Urban or Build-up and Recreational. Included with each of the above land uses are associated lands, buildings, parking lots, access roads, and other appurtenances, unless these are specifically excluded. Urban or Built-up Land takes precedence over other categories when the criteria for more than one category are met.</p> <p>For example, recreational areas that have enough tree cover to meet Forest category criteria are placed in the Recreational category.</p> <p>For further information please refer to: http://www.state.nj.us/dep/gis/digidownload/metadata/lulc02/anderson2002.html</p>
Cultural heritage	The legacy of physical artefacts and intangible attributes of a group or society that are inherited from past generations, maintained in the present and bestowed for the benefit of future generations.