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Guidance Note
UNDP Social and Environmental Standards

Social and Environmental Assessment and Management

December 2016

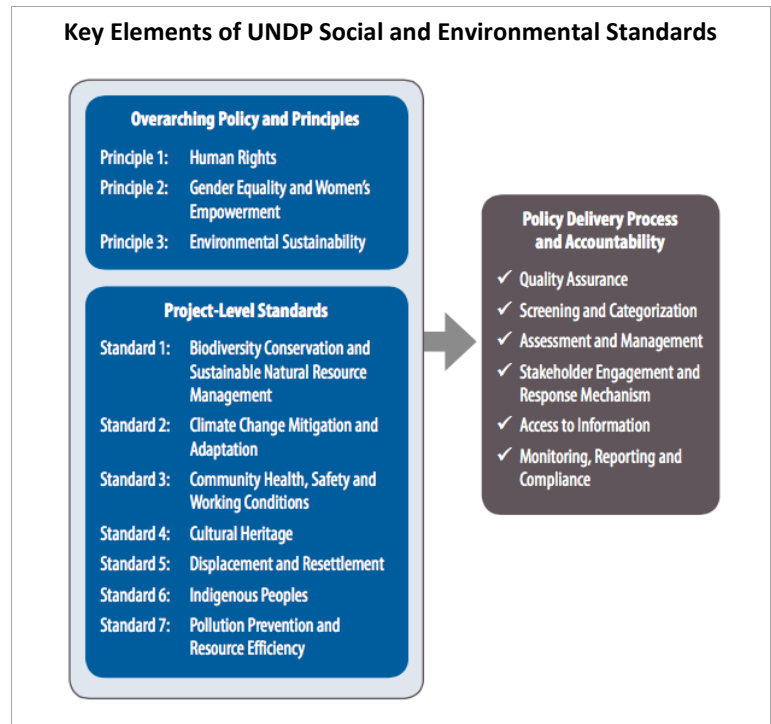# UNDP Guidance Notes on the Social and Environmental Standards (SES)

This Guidance Note is part of a set of operational guidance materials related to the UNDP Social and Environmental Standards (SES). UNDP's SES seek to (i) strengthen social and environmental outcomes of UNDP Programmes and Projects; (ii) avoid adverse impacts to people and the environment; (iii) minimize, mitigate, and manage adverse impacts where avoidance is not possible; (iv) strengthen UNDP partner capacities for managing social and environmental risks; and (v) ensure full and effective stakeholder engagement, including through mechanisms to respond to complaints from project-affected people.

Each of the SES guidance notes follows a similar structure to facilitate the ease in which users can find the information or guidance they are seeking. The set of guidance notes will develop over time and will include specific guidance on each of the SES Overarching Principles, Project-Level Standards, and elements of the Project Delivery Process (see key SES elements below).

Key Elements of UNDP Social and Environmental Standards

Overarching Policy and Principles

Principle 1:   Human Rights
Principle 2:   Gender Equality and Women's Empowerment
Principle 3:   Environmental Sustainability

Project-Level Standards

Standard 1:   Biodiversity Conservation and Sustainable Natural Resource Management
Standard 2:   Climate Change Mitigation and Adaptation
Standard 3:   Community Health, Safety and Working Conditions
Standard 4:   Cultural Heritage
Standard 5:   Displacement and Resettlement
Standard 6:   Indigenous Peoples
Standard 7:   Pollution Prevention and Resource Efficiency

Policy Delivery Process and Accountability

✓ Quality Assurance
✓ Screening and Categorization
✓ Assessment and Management
✓ Stakeholder Engagement and Response Mechanism
✓ Access to Information
✓ Monitoring, Reporting and Compliance

How to Use This Guidance Note

The target users for the SES guidance notes are staff, consultants, stakeholders and partners who are involved in developing and implementing projects that invoke UNDP's SES. To facilitate use of the overall package of SES guidance, users should understand that the guidance notes:

- Are structured around the process of **screening, social and environmental assessment, and management**.
- Provide assistance in determining the applicability of relevant SES requirements in the screening process for all projects.
- Provide additional guidance for projects that require assessment and development of management measures (i.e. projects with potential Moderate or High Risks related to a certain Principle or Standard).
- Provide a practical resource for implementing SES requirements to address potential social and environmental impacts within the context of the project cycle. Users do not necessarily need to read them in full but rather may select information that is specific to their needs.
- Complement and elaborate on the SES, which must be read in conjunction with the guidance notes (SES language is generally not repeated in the notes).
- Will continue to be developed as lessons are derived from implementation. Feedback is always welcome and can be sent to info.ses@undp.org.
- The package of Guidance Notes will be available online through the SES Toolkit: https://intranet.undp.org/unit/bpps/DI/SES_Toolkit/default.aspx.

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1   Introduction

This note provides operational guidance for addressing the social and environmental assessment and management requirements of UNDP's SES (see the Policy Delivery Process section of the SES). While the process of screening for potential social and environmental impacts is outlined here, detailed guidance on screening is provided in UNDP's Social and Environmental Screening Procedure (SESP).

Social and environmental assessment (hereinafter also referred to as "assessment") is a central tool for integrating social and environmental considerations into project decision-making and design. It seeks to understand the potential types and magnitude of social and environmental impacts that may be associated with a project and to provide information for the design of measures to be included in the ProDoc to avoid potential adverse impacts, or to mitigate and manage them when avoidance is not possible. Assessment and management measures are required for all projects categorized by the screening process as posing potential Moderate or High Risks.

Figure 1 provides both a snapshot of key assessment and management considerations and a key to navigating this document. This Guidance Note begins with a brief introduction to assessment and management and an overview of relevant SES requirements (**Section 2**). **Section 3** provides a brief introduction to how UNDP's Social and Environmental Screening Procedure (SESP) is used to determine if further assessment and management are required. **Section 4** addresses the assessment process while **Section 5** discusses the development of management measures and plans to be integrated into the ProDoc. **Annexes** provide specific guidance on types of assessment and management plans.

This Guidance Note is complemented by other SES Guidance Notes that provide issue-specific guidance on screening, assessment and management. These guidance notes need to be consulted when relevant risks associated with specific SES Overarching Principles and/or Project-level Standards are identified (e.g. Human Rights, Indigenous Peoples).

Figure 2 provides a general overview of SES implementation in UNDP's project cycle. It should be noted that screening, assessment, and management might occur at different stages of the cycle.
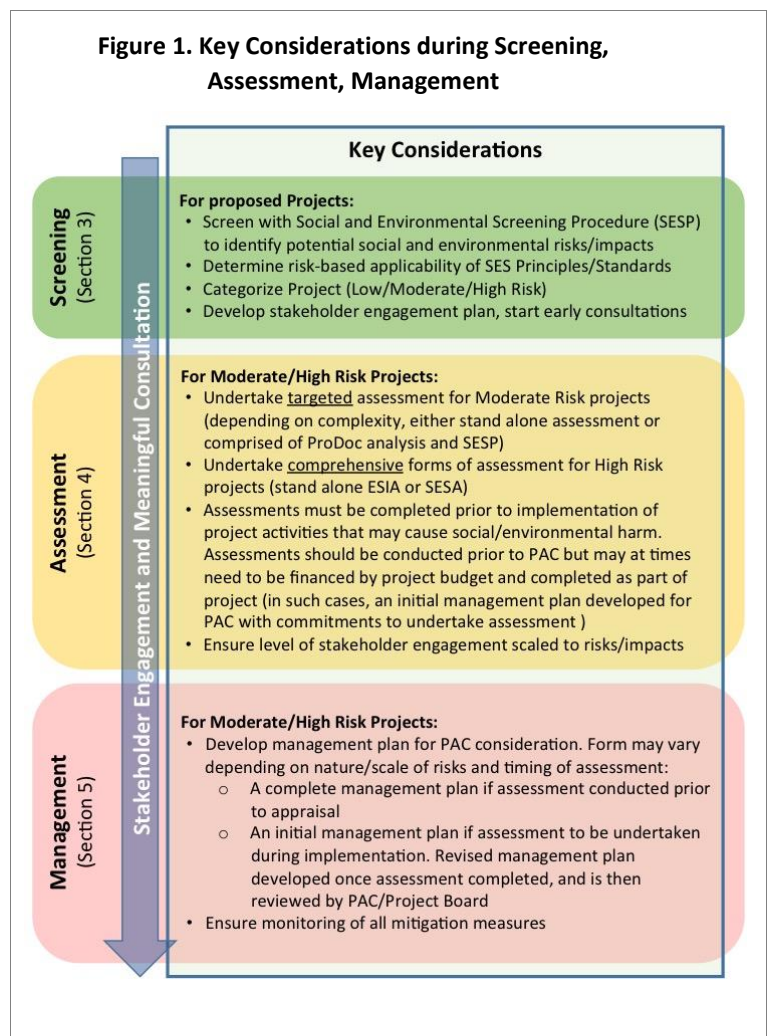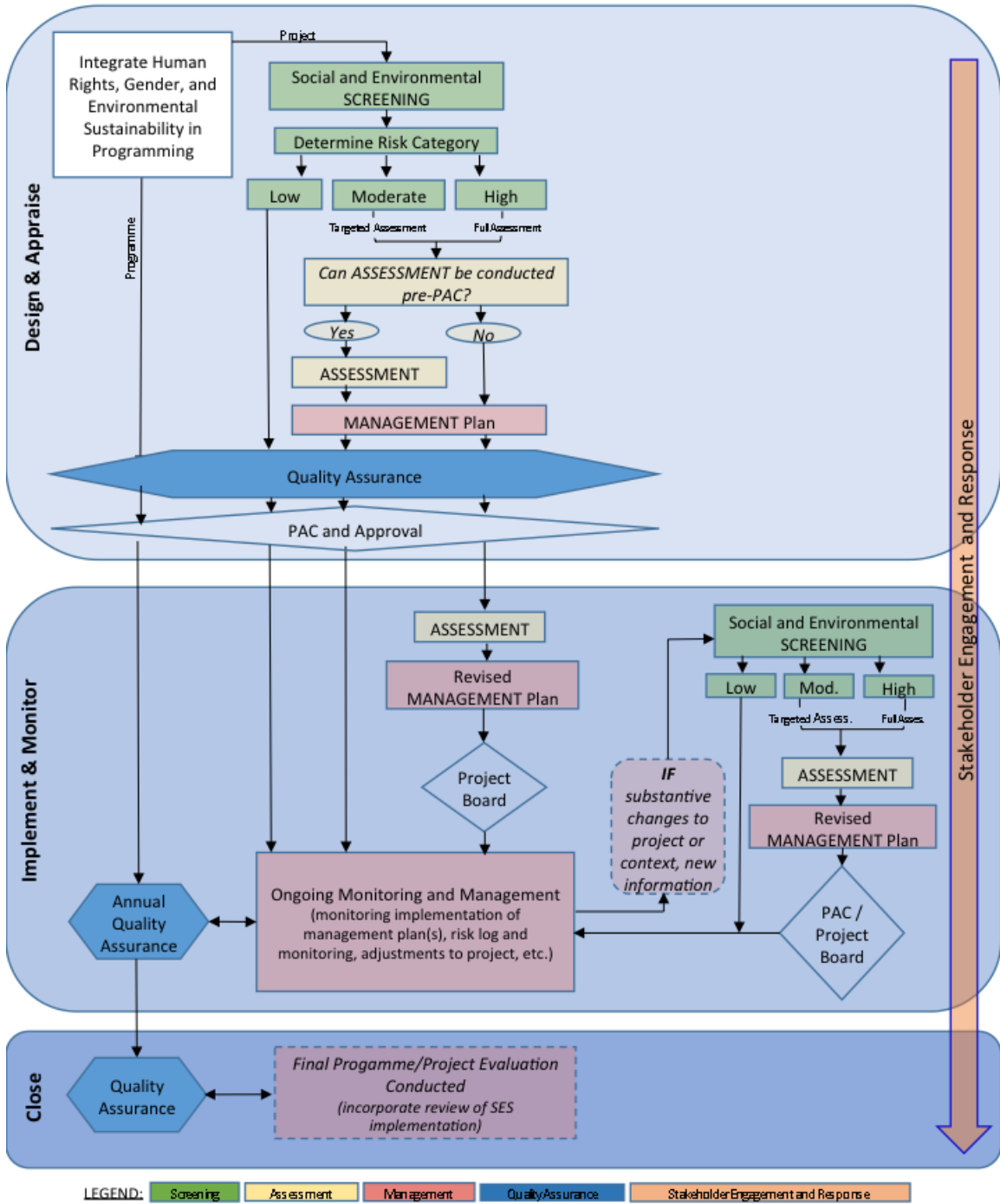
Figure 1. Key Considerations during Screening, Assessment, Management

Key Considerations

Screening (Section 3)

For proposed Projects:
- Screen with Social and Environmental Screening Procedure (SESP) to identify potential social and environmental risks/impacts
- Determine risk-based applicability of SES Principles/Standards
- Categorize Project (Low/Moderate/High Risk)
- Develop stakeholder engagement plan, start early consultations

Assessment (Section 4)

For Moderate/High Risk Projects:
- Undertake targeted assessment for Moderate Risk projects (depending on complexity, either stand alone assessment or comprised of ProDoc analysis and SESP)
- Undertake comprehensive forms of assessment for High Risk projects (stand alone ESIA or SESA)
- Assessments must be completed prior to implementation of project activities that may cause social/environmental harm. Assessments should be conducted prior to PAC but may at times need to be financed by project budget and completed as part of project (in such cases, an initial management plan developed for PAC with commitments to undertake assessment)
- Ensure level of stakeholder engagement scaled to risks/impacts

Management (Section 5)

For Moderate/High Risk Projects:
- Develop management plan for PAC consideration. Form may vary depending on nature/scale of risks and timing of assessment:
  o A complete management plan if assessment conducted prior to appraisal
  o An initial management plan if assessment to be undertaken during implementation. Revised management plan developed once assessment completed, and is then reviewed by PAC/Project Board
- Ensure monitoring of all mitigation measures

Stakeholder Engagement and Meaningful Consultation

Figure 2. SES Implementation – Screening, Assessment and Management in the Programming Cycle

2 Understanding the Basics

2.1 Background

Social and environmental assessment and management are generic terms used to describe a process of identifying, predicting, evaluating, avoiding – and where avoidance is not possible – mitigating adverse social and environmental impacts of development projects.. Identification of a project's potential risks and impacts in advance allows for informed decision making to avoid and reduce adverse consequences and maximize potential project benefits.

With an emphasis on engagement of stakeholders, assessment and management broadens public understanding and ownership of a development proposal's design and implementation. Assessment helps to ensure that government decision-makers are fully informed about a project's potential social and environmental risks. Timely assessment and management helps to lower costs and headaches during project implementation through avoidance and minimization of potential impacts.

Social and environmental assessment and management is a flexible and highly contextualized approach that can vary in form and scope depending on the project. It may range from relatively straightforward analysis and application of well-understood standard good practice[1] for projects with moderate potential impacts to comprehensive Environmental and Social Impact Assessments (ESIA) for higher risk projects. Issue-specific management plans (e.g. Biodiversity Action Plan, Resettlement Action Plan) may also need to be developed.

The vast majority of countries have adopted environmental laws and regulations that require assessment and management for proposed projects and, increasingly, for upstream policies, plans and programmes. However, national assessment requirements vary significantly, particularly in terms of scope (e.g. degree to which social dimensions are articulated), rigor (e.g. level of baseline analysis, impact prediction) as well as process (e.g. degree of stakeholder participation and information disclosure). UNDP requires a fully integrated (e.g. social and environmental dimensions), participatory, and transparent approach to assessment and management.

2.2 Objectives and Requirements

Social and environmental assessment and management aims to:

- Provide information for decision-making that analyzes the physical, biological, social, economic and institutional benefits and consequences of proposed actions
- Identify procedures and methods for avoiding and, where avoidance is not possible, mitigating and managing all potential adverse social and environmental impacts in policy, planning and project cycles
- Promote transparency and public participation in a project's decision-making process
- Ensure that development projects are socially and environmentally sound and sustainable and comply with international standards and national/local regulatory requirements.

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[1] Such as Good International Industry Practice, or GIPP, which is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate approaches and technologies in the project-specific circumstances.

The SES requirements regarding social and environmental assessment and management seek to further these objectives. Box 1 provides a high-level summary of these requirements, which are explained in the following sections of this Guidance Note.

Box 1. Summary of SES requirements regarding social and environmental assessment and management (see full text of SES, Policy Delivery Process, paras. 7-11)
➢ *Identify and assess risks and/or impacts (see section 4):*   - o *Ensure potential social and environmental risks and impacts are identified and assessed in an integrated manner, including risks related to SES Overarching Principles and Project-level Standards*   - o *Ensure projects adhere to Applicable Law,[2] including international obligations*   - o *Ensure meaningful, effective and informed stakeholder engagement in the assessment and management process*   - o *Undertake targeted social and environmental assessment to projects with moderate social and environmental risks and impacts*   - o *Apply comprehensive forms of assessment (e.g. ESIA, SESA) for High Risk Projects and, where warranted, Moderate Risk Projects*   ➢ *Avoid, minimize, and manage potential risks and/or impacts (section 5):*   - o *Ensure appropriate risk reduction and management measures are developed and implemented, following the mitigation hierarchy*   - o *Develop targeted management measures for Moderate Risk projects*   - o *Develop comprehensive management plans for High Risk Projects (e.g. ESMP, and where relevant, Resettlement Action Plan, Indigenous Peoples Plan, etc.)*

2.3   Key Concepts and Principles

A number of common principles should be applied throughout the process of assessment and management. These include the following:

- *Precautionary principle:* Apply the "precautionary principle" should be applied when designing projects. In other words, the lack of full scientific certainty shall not be used as a reason for postponing measures to prevent serious threats of social harm or environmental degradation.

- *Polluter pays:* Follow the principle whereby the cost of mitigation is borne by the polluter.

- *Mitigation hierarchy:* Apply the required "mitigation hierarchy" that favours avoidance of potential adverse impacts over minimization, and where adverse residual impacts remain, mitigation and, as a last resort, measures to offset impacts that cannot be avoided or mitigated.

- *Direct, indirect, and cumulative impacts:* Consider all relevant direct and indirect social and environmental risks and impacts that may be caused by project activities not just in the immediate project area but also in the project's area of influence. Also consider cumulative impacts from the project or from other relevant past, present and reasonably foreseeable developments in a geographic area.

- *Adaptive management:* Utilize adaptive management techniques whereby lessons are learned from past management actions and are proactively utilized to predict and improve management as the project progresses.

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[2] **"**Applicable Law" for purposes of the SES refers to the national and international laws that impose duties and obligations on the State or States in question. UNDP will not support activities that do not comply with Applicable Law. In the event that domestic law is inconsistent with or has a lower standard than the State's obligations under international law, the latter will be the standard to be applied in the Project.

- **Stakeholder engagement:** Engage stakeholders meaningfully in the process of identifying, reviewing, managing and monitoring potential impacts and risks. Stakeholder engagement is central to the assessment and management processes in that it promotes public participation in decision-making; helps identify the full range of a project's potential risks, impacts, and concerns; incorporates local knowledge and expertise in project design; and strengthens local support for project activities and maintaining project outcomes.

- **Transparency and access to information:** Ensure that relevant information on UNDP projects is disclosed in a timely manner, in an accessible place, and in an appropriate form and language to help affected communities and other stakeholders to understand the opportunities, risks and potential impacts of supported activities. Access to project information is a prerequisite for effective stakeholder engagement and is to include timely disclosure of draft and final social and environmental assessments and management plans.

- **Compliance:** Comply with applicable national and local laws and regulations and relevant international obligations of the host country, and UNDP's Social and Environmental Standards. While compliance must be ensured, UNDP projects obviously should not be designed merely to fulfill a set of minimum standards but to seek implementation of best possible solutions to complex issues and development challenges.

Various methods and tools are used to assess a project's potential social and environmental consequences and to develop appropriate measures to avoid and manage risks and impacts. Several instruments central to UNDP's requirements regarding assessment and management include the following:

- **Environmental and Social Impact Assessment (ESIA)** identifies and assesses the potential social and environmental impacts of a proposed project and its area of influence,[3] evaluates alternatives, and designs appropriate avoidance, mitigation, management, and monitoring measures. ESIAs are required for High Risk Projects with "downstream" (e.g. physical) impacts. An ESIA addresses all relevant issues related to the SES Overarching Principles and Project-level Standards. Annex 1 outlines the process for conducting an ESIA and Annex 2 provides an indicative outline. A key output of an ESIA is an Environmental and Social Management Plan (ESMP, see below).

- **Strategic Social and Environmental Assessments (SESAs)[4]** refers to a range of analytical and participatory approaches that aim to integrate social and environmental considerations into policies, plans and programmes (PPPs) and evaluate their interlinkages with economic considerations. Potential adverse risks and impacts associated with such activities are systematically examined. SESA evaluates the effect of policy changes on a broad, cross-sectoral basis with the aim of making "upstream" development decision-making more sustainable. SESAs typically look at wider sustainability issues than project-level assessments, however there needs to be linkages between the two: information and strategies determined in a SESA should cascade down through tiers of decision-making and be used for assessments of individual projects. Whereas SESAs are required for relevant High Risk Projects, the instrument may also be utilized

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[3] A Project's area of influence encompasses (i) the primary Project site(s) and related facilities (e.g., access roads, pipelines, canals, disposal areas), (ii) associated facilities that are not funded as part of the project but whose viability and existence depend on the Project (e.g., transmission line to connect UNDP-supported hydropower facility), (iii) areas and communities potentially affected by cumulative impacts from the Project or from other relevant past, present and reasonably foreseeable developments in the geographic area (e.g., reduction of water flow in a watershed due to multiple withdrawals), and (iv) areas and communities potentially affected by induced impacts from unplanned but predictable developments or activities caused by the Project, which may occur later or at a different location (e.g. facilitation of settlements, illegal logging, agricultural activities by new roads in intact forest areas).

[4] "SESA" builds on the principles and approaches of Strategic Environmental Assessment (SEA) that have been widely employed. The term was expanded to emphasize the integration of social dimensions of such approaches.

for Moderate Risk projects that include support to upstream planning and policy reform. If the PPP is anticipated to lead to "downstream" interventions that may pose potentially significant adverse risks and impacts, the SESA process needs to include development of an Environmental and Social Management Framework (ESMF, see below).

- *Targeted or Focused Social and Environmental Assessments:* Targeted or focused social and environmental assessments are specific to the identified potential social and environmental risks and/or impacts. Targeted assessments are required for Moderate Risk projects when the full extent of the limited impacts cannot be readily predicted or where design of management measures requires additional analysis.

- *Environmental and Social Management Plan (ESMP)*[5] is a key output of the ESIA process. The ESMP consists of a set of avoidance, mitigation, monitoring and institutional measures – as well as actions needed to implement these measures – to achieve the desired social and environmental sustainability outcomes. ESMPs are required for High Risk projects that have undertaken an ESIA. ESMPs may also be developed for Moderate Risk projects (e.g. an output of targeted assessments), scaled appropriately to the level of risks and impacts. Annex 1 outlines the steps in developing an ESMP; Annex 3 provides an indicative ESMP outline.

- *Environmental and Social Management Framework (ESMF):* An ESMF is an instrument that examines potential risks and impacts when a project consists of a series of sub-projects/activities or subsequent downstream implementation of policies, plans, programmes that cannot be fully assessed until the PPP or sub-project/activities details have been identified (often later in the project cycle). The ESMF sets out the principles, rules, guidelines and procedures to ensure the social and environmental risks and impacts of the forthcoming but as yet unspecified activities are fully assessed and management measures in place prior to implementation. It contains measures and plans to avoid, reduce, mitigate and/or

Figure 3. Screening, categorization and level of assessment

offset adverse risks and impacts, provisions for estimating and budgeting the costs of such measures, and information on responsibilities for addressing project risks and impacts.

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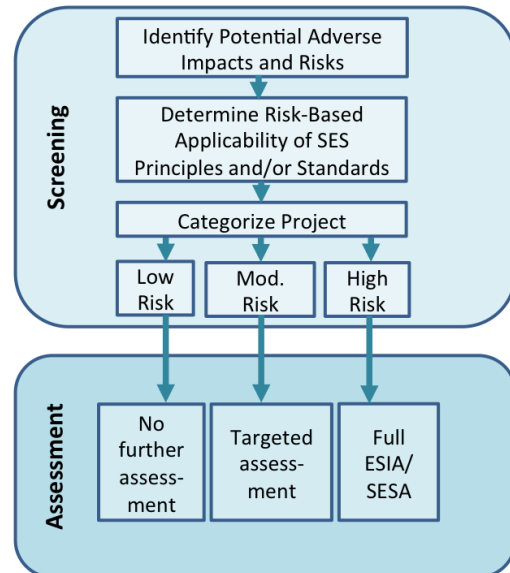
[5] Often referred to as an Environmental Management Plan (EMP) in materials regarding EIAs/ESIAs.

3   Screening

UNDP screens projects according to the SES as part of the quality assurance process. UNDP's Social and Environmental Screening Procedure (SESP) guides the screening and categorization process, resulting in a project-level risk category – Low, Moderate, High – that reflects the level of review, assessment and resources required for addressing and managing the project's potential social and environmental risks and adverse impacts (see Figure 3). Exemptions to the screening process are outlined in Box 2.

Low Risk projects have minimal or no risks of adverse social or environmental impacts and do not require further assessment.

Moderate Risk projects are those with potential adverse social and environmental risks and impacts that are limited in scale, can be identified with a reasonable degree of certainty, and can be addressed through application of standard good practice (e.g. GIIP). Targeted forms of assessment may be required.

High Risk projects are those with potential significant and/or irreversible adverse social and environmental risks and impacts, or which raise significant concerns among potentially affected communities and individuals as expressed during the stakeholder engagement process. Comprehensive forms of assessment such as ESIA or SESA are required.

> **Box 2. Exemptions to Screening Process**
>
> There are a number of exceptions to the screening requirement (see UNDP SESP, para. 7). These include projects that consist **solely** of any of the following functions or activities:
>
> a.   where UNDP serves as Administrative Agent
>
> b.   preparation and dissemination of reports, documents and communication materials
>
> c.   organization of an event, workshop, training
>
> d.   strengthening capacities of partners to participate in international negotiations and conferences
>
> e.   partnership coordination (including UN coordination) and management of networks
>
> f.   global/regional projects with no country level activities (e.g. knowledge management, inter-governmental processes).

Table 1 outlines briefly the assessment and management requirements for Moderate and High Risk projects.

Table 1. Overview of Project risk levels and assessment and management measures/plans			
Category	**Potential impacts**	**Assessment**	**Management Planning**
Moderate Risk	Very limited impacts, well understood, circumscribed, easily avoided or mitigated	**SESP** *SESP analysis identifies and assesses potential impacts*	**Management measures incorporated in ProDoc** *Straightforward management measures described in SESP and incorporated in ProDoc*
	Limited impacts, but full extent not readily predictable or where design of management measures requires additional analysis	**Targeted assessment** *For example, hazard assessment, labour audit, climate risk analysis*	**Stand-alone management plan** *Focused plan addresses identified risks/impacts; may take form of ESMP (if impacts are easily identified) or ESMF (if impacts*

			cannot be determined until subsequent phases of the project)
	Diverse range of moderate risks and impacts that could lead to cumulative adverse impacts, or where analysis indicates greater complexity and uncertainty of potential risks and/or impacts	**ESIA**	**ESMF** (in cases where further assessment will occur after the PAC) and/or **ESMP**
High Risk	Significant, irreversible adverse impacts and/or high-levels of stakeholder concern	**ESIA**	**ESMF** (in cases where further assessment will occur after the PAC) and/or **ESMP**
		SESA	**ESMF** (in cases where SESA will occur after the PAC an initial ESMF required prior to PAC)

When screening indicates that specific SES Overarching Principles and/or Project-level Standards (e.g. Human Rights, Indigenous Peoples, Pollution Prevention) are applicable, it is necessary to review the SES and guidance notes (if available) to ensure the relevant requirements related to these standards are addressed in the assessment and management process.

The completed SESP (together with any related assessments and management plans) must be annexed to the Project Document (ProDoc).

4 Assessment

For projects categorized as Moderate or High Risk, UNDP requires a social and environmental assessment. The types and breadth of impact analysis and methods used must be commensurate with the type, scale, location and significance of impacts posed by the project. In addition to this guidance note, please see UNDP's SES Toolkit for additional links and resources regarding further assessment methodologies.

4.1 Timing and Funding of Assessments

Social and environmental assessment is most effective when initiated early during project preparation as it allows for the timely identification of potential risks and impacts and incorporation of impact avoidance and mitigation measures into the project design process – that is, at a time when they can be more easily accommodated and budgeted. Early assessment also ensures that the project is designed in compliance with applicable social and environmental policies, laws, regulations, standards, and UNDP requirements.

Delays in the implementation of a project because social and environmental issues were not considered can be significantly more costly than conducting social and environmental assessment at the outset. In some cases, the assessment may identify problems that are so serious that the project should not proceed.

UNDP requires that social and environmental assessments and adoption of appropriate mitigation plans/measures must be completed, disclosed, and discussed with stakeholders prior to initiation of any project activities that may cause adverse social and environmental impacts.

The default position of project teams should be to ensure that assessments are undertaken prior to the Project Appraisal Committee (PAC) review. The completed assessment, together with the appropriate management plan/measures, are annexed to the Project Document and reviewed as part of the PAC process (see Figure 2 above). For example, in the following scenarios:

- Scenario 1: A partner-led assessment is available that includes the scope of the UNDP project. UNDP draws on the assessment to analyze UNDP project components and ensures that the assessment and proposed management measures are consistent with the SES and incorporated into the Project Document, including the budget and monitoring framework. If additional assessment activities are required to ensure SES compliance, UNDP would need to ensure this additional assessment is conducted.

- Scenario 2: UNDP leads the assessment process during project design, funding it through an Initiation Plan (or other sources of resources that may be available for the design stage). An Initiation Plan can be submitted for appraisal to the PAC, along with the draft project document/annual work plan. Following endorsement of the Initiation Plan, a budget would be approved and signed by UNDP in the form of an annual work plan. The Initiation Plan costs would then be built into the project budget. UNDP ensures that the results of the assessment and any proposed management measures are consistent with the SES and are incorporated into the Project Document, including the budget and monitoring framework; relevant management plans (e.g. ESMP, Resettlement Action Plan, Indigenous Peoples Plan) would be annexed to the ProDoc prior to submission to the PAC.

In some cases, however, the assessment process may need to be undertaken after project approval. This includes the following scenarios:

- Scenario 3: UNDP provides assistance in designing and supporting a nationally-owned assessment process, hence, these activities are undertaken as part of the project. In such cases, UNDP still needs to ensure that the project is consistent with the SES. For example, UNDP may need to provide support to ensure that the assessment process fully considers social issues, such

as relevant human rights issues, specified in the SES (which may not be addressed in national environmental impact assessment regulations).

- Scenario 4: Project includes activities that will be specified in detail (e.g. locations, site-specific design) at a later phase of the project and cannot be assessed at the time of project approval. For example, a project that includes pilot initiatives and the first phase of the project will be to define these further, working with stakeholders. In such cases the SESP is still applied to identify potential risks. If the nature of the proposed pilots could potentially have moderate or high risks (even if they cannot yet be fully assessed), UNDP prepares an initial management plan as part of the ProDoc (e.g. ESMF) for PAC review. Such a plan identifies any project components that cannot proceed until the assessment has been conducted and management measures are in place. Following the assessment, the project would need to be updated and a revised management plan would be submitted to the Project Board (or PAC) for review.

- Scenario 5: In some cases, unanticipated issues may arise during project implementation that trigger the need for rescreening using the SESP and potentially further assessment and management plans. This situation may arise when there are substantive changes to the project (e.g. additional components are added to the project or the project scope is revised) or the context of the project changes and poses potential risk and impacts (e.g. political instability, conflict, heightened disaster risk). When an (additional) assessment is required by such changes, the Project Document would need to be updated and submitted together with the revised SESP, assessment, and management plan to the Project Board (or a PAC) for review.

4.2 Stakeholder Engagement in the Assessment Process

Stakeholder engagement is central to the assessment process in order to promote public participation in decision-making; identify the full range of a project's potential risks, impacts, and concerns; incorporate local knowledge and expertise in project design; strengthen local support for project activities and maintain project outcomes, among other reasons.

As specified in the SES and in UNDP's Project Document Template, key project stakeholders need to be identified and stakeholder engagement plans/strategies are to be developed. UNDP's SES Guidance Note on Stakeholder Engagement [forthcoming] provides more detailed guidance, including explaining the SES requirements for meaningful, effective and informed participation of stakeholders. The following discussion addresses key points regarding the stakeholder engagement in the assessment process.

A key principle to be followed for all projects is to ensure that project-affected stakeholders have an opportunity to express their views on a project's potential risks and impacts. Consultations should be initiated as early as possible (e.g. concept stage). For Moderate and High Risk projects, project-affected stakeholders should be consulted on the scope and parameters of the assessment process and its findings, including proposed mitigation and management measures. It may be necessary to undertake targeted consultations to ensure that marginalized or disadvantaged groups and individuals affected by the project also have the opportunity to participate. For High Risk projects, stakeholder consultations should be held as part of the scoping process, and on the draft assessment findings and management plans. Summary reports of each consultation should be produced, circulated to participants, and publicly disclosed.

Access to Information. Effective stakeholder engagement during the assessment process is predicated on timely disclosure of relevant project information, including both draft and final assessments and management plans. As noted in the SES, UNDP is committed to ensuring that relevant information about UNDP projects is disclosed in a timely manner, in an appropriate place, and in a form and language understandable to affected persons and other stakeholders so they can understand potential project-

related opportunities and risks and to provide meaningful input into project design and implementation.[6] National regulations regarding public consultation and disclosure of assessments vary significantly from country to country and additional consultation and disclosure measures may be required to meet the SES requirements.

For Moderate Risk projects: When no separate assessment is needed (see section 4.3 below), a summary of the analysis contained in the SESP, together with the proposed management measures, should be shared with project-affected stakeholders, and revised per relevant stakeholder feedback prior to finalization. Circulation of the summary would address the SES requirement to disclose draft assessments and management plans (see Box 3). Drafts of any stand-alone targeted assessments should also be disclosed prior to UNDP approval of the project. In addition, final assessments (and management plans) must also be disclosed.

For High Risk Projects: Draft assessments and reports, including any draft management plans, need to be disclosed before being finalized (see Box 3). In addition, ESIAs and SESAs require that a summary report be prepared in order to provide an adequate, accurate and impartial evaluation and presentation of the issues and conclusions of the technical assessment. This report must be presented in an understandable format and in an appropriate language(s), including a non-technical summation that can be understood by many stakeholders in order to facilitate and encourage comments. Short summaries and graphic presentations will often be required to facilitate reading and understanding.

> **Box 3. Disclosing draft assessments and management plans**
>
> The SES requires disclosure of draft assessments and management plans in order to provide stakeholders' the opportunity to fully understand potential risks and to meaningfully comment on the plans before they are finalized. This requirement applies to both Moderate and High Risk projects. Various ways exist to address this requirement:
>
> - Ensure that national "notice and comment" periods are observed (most national environmental regulations include public comment requirements)
> - Conduct stakeholder consultations to inform the initial scoping process and to get inputs on the findings of the draft assessment and management plan(s)
> - Ensure that a summary report of the draft assessment and management plan is translated into local languages and made available in an accessible location together with the draft assessment and management plan
> - Circulate a translated summary report and information on availability of draft assessment and management plans to participants of prior consultations and identified stakeholder groups
> - Ensure draft and final assessments are posed on project websites

Grievance redress and stakeholder response. As required in the SES, stakeholders who may be adversely affected by the project need to be able to communicate their concerns about the project's social and environmental performance. When necessary, UNDP will ensure that an effective project-level grievance mechanism is available.

For Moderate Risk projects: In Moderate Risk projects stakeholders who may be adversely affected need to be able to communicate concerns. The Project Board can take on the responsibility of ensuring grievances are addressed, which can be formalized through a project level grievance mechanism. As part of the stakeholder engagement process, project-affected people should be informed of processes for submitting concerns, including through a project level grievance mechanism (if available) and UNDP's Accountability Mechanism[7].

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[6] Disclosure of information is to be consistent with the UNDP Information Disclosure Policy, available at http://www.undp.org/content/undp/en/home/operations/transparency/information_disclosurepolicy/.

[7] More information on UNDP's Accountability Mechanism is available at www.undp.org/secu-srm.

For High Risk projects: High Risk projects require the availability of a project level grievance redress mechanism as part of an ESMP or ESMF (and if applicable, an Indigenous Peoples Plan and a Resettlement Action Plan). Grievance mechanisms need to be appropriate to the scale of the project's potential adverse risks and impacts and should address concerns promptly, using an understandable and transparent process that is culturally appropriate and readily accessible to all stakeholders at no cost and without retribution. The grievance mechanism should not impede access to judicial or administrative remedies. Affected communities need to be informed about the mechanism as part of the stakeholder engagement process.[8]

In addition, for all projects (Low, Moderate, High Risk), stakeholders should be made aware of UNDP's Accountability Mechanism, which has two key components:

1. A Compliance Review[9] to respond to claims that UNDP is not in compliance with applicable environmental and social policies; and
2. A Stakeholder Response Mechanism (SRM)[10] that ensures individuals, peoples, and communities affected by projects have access to appropriate grievance resolution procedures for hearing and addressing project-related complaints and disputes.

4.3 Assessment of Moderate Risk Projects

Moderate Risk projects require targeted, focused analysis and assessment specific to the adverse impacts identified during the screening process. The types of targeted assessment may vary considerably depending on the nature of the potential social and environmental impacts and how readily the scale and boundaries of the impacts can be specified and avoided, and if avoidance is not possible, reduced, mitigated, and managed. For example:

i. In cases where potential adverse impacts are limited in number, well understood, clearly circumscribed, and can be easily avoided or mitigated (where avoidance is not possible), the assessment may consist of the analysis of social and environmental risks and impacts conducted as part of the SESP and incorporated in the Project Document (with management measures/plans incorporated into budget, risk log, and monitoring framework).

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[8] For general guidance on project-level grievance mechanisms, see The Office of Compliance Advisor/Ombudsman, IFC/MIGA, A Guide to Designing and Implementing Grievance Mechanisms for Development Projects, available at http://www.cao-ombudsman.org/howwework/advisor/documents/implemgrieveng.pdf.

[9] More information on UNDP's Social and Environmental Compliance Unit at www.undp.org/secu.

[10] More information on UNDP's Stakeholder Response Mechanism at www.undp.org/srm.

ii. Where the full extent and effects of potential adverse social and environmental impacts are not readily predictable or understood or where the design of appropriate management measures requires additional analysis, then the targeted or focused assessment would generally consist of a stand-alone assessment (see Box 4).

iii. In certain circumstances, a comprehensive ESIA might be appropriate for Moderate Risk projects, for example when a project presents a diverse range of moderate risks and impacts that could lead to cumulative adverse impacts, or where analysis indicates greater complexity and uncertainty of potential risks and/or impacts.

In addition, Box 5 below provides an indicative list of types of issues that may need to be included in either targeted or comprehensive forms of assessment when specific SES Principles and/or Standards are deemed applicable.

> **Box 4. Types of targeted assessments (partial listing)**
>
> - Air quality impact studies
> - Environmental and Social Audit
> - Hazard or Risk Assessment
> - Health Impact Assessments
> - Labour Audits
> - Noise and vibration studies
> - Social baseline studies
> - Traffic studies
> - Water quality studies

Box 5. SES Principles and Standards and social and environmental assessment	
UNDP's screening procedure assists in identifying the risk-based applicability of particular SES Overarching Principles and Project-level Standards. Below is an indicative, non-comprehensive list of issues related to each Principle and Standard that may need to be considered when undertaking either targeted or comprehensive forms of social and environmental assessment (see each Principle/Standard for detailed requirements).	
Principle 1. Human Rights	Assess potential adverse impacts regarding *inter alia:* • enjoyment of human rights (civil, political, economic, social or cultural) • inequitable or discriminatory adverse impacts on affected populations • restrictions of access and availability to resources and basic services • exclusion of stakeholders, particularly marginalized groups • exacerbation of conflicts or risk of violence
Principle 2. Gender Equality and Women's Empowerment	Assess potential adverse impacts on gender equality and/or situation of women and girls, including *inter alia*: • gender disaggregated analysis of men's and women's status, roles, needs, division of labour in relation to the project • potential restrictions on women's access to or control over resources (e.g. benefits/services, land, market access) • meaningful participation of women in project decision making
Principle 3. Environmental Sustainability	Encompassed by issues to be assessed under Project-level Standards
Standard 1. Biodiversity Conservation and Sustainable Natural Resource Management	Assess direct, indirect, and cumulative impacts on natural resources, biodiversity and ecosystem services in project's area of influence, considering *inter alia*: • risks of habitat and species loss, degradation and fragmentation, invasive alien species, overexploitation, water resources and hydrological changes, nutrient loading, biosafety, pollution, and differing values (e.g. social, cultural, economic) attached to biodiversity/ ecosystem services by affected communities • impacts across potentially affected landscapes or seascapes
Standard 2. Climate Change Mitigation and Adaptation	Climate change risk assessment will examine *inter alia*: • viability or sustainability of project outcomes due to potential climate change • increased exposure to climate change, including analysis of potential unintended or unforeseen increases in vulnerability to climate change • potential project-related increases in emissions that may exacerbate climate change, such as GHG emissions and black carbon emissions • differentiated impacts of climate change (e.g. social, gender, age)
Standard 3. Community Health, Safety and Working Conditions	Evaluate the risks and potential impacts related to, *inter alia*: • safety of affected communities during project design, construction, operation, and decommissioning • infrastructure safety • community exposure to disease • occupational health and safety and labour standards • security-related issues
Standard 4. Cultural Heritage	Evaluate the risks to, and potential impacts on, *inter alia*: • tangible and intangible forms of cultural heritage
Standard 5. Displacement and Resettlement	Evaluate the risks to, and potential impacts on, *inter alia*: • people and communities subject to physical displacement and resettlement • people and communities potentially subject to economic displacement
Standard 6. Indigenous Peoples	Evaluate the risks to, and potential impacts on, *inter alia*: • human rights, lands, territories, natural resources, and traditional livelihoods of indigenous peoples
Standard 7. Pollution Prevention and Resource Efficiency	Evaluate the risks and potential impacts related to *inter alia*: • routine or accidental release of pollutants • wastes and hazardous materials • pesticide use and management • resource use (e.g. land, energy, water, other inputs)

4.4   Assessment of High Risk Projects

Projects categorized as High Risk may lead to adverse impacts of severe magnitude and intensity, often irreversible, which, if not adequately addressed, may severely undermine intended development outcomes and lead to serious harm to people and the environment. High Risk Projects require comprehensive social and environmental assessment and risk avoidance, mitigation, and management measures.

Potential adverse risks and impacts associated with "upstream" project activities – those involving planning support, policy advice and reform, broad country programmes and/or capacity building – are assessed utilizing forms of Strategic Environmental and Social Assessment (SESA). The potential adverse risks and impacts associated with projects that have a physical footprint ("downstream" activities) are typically addressed through a full Environmental and Social Impact Assessment (ESIA) (see Figure 4). Some projects may require a combination of both types of assessment.

Figure 4: Levels of decision making and assessment
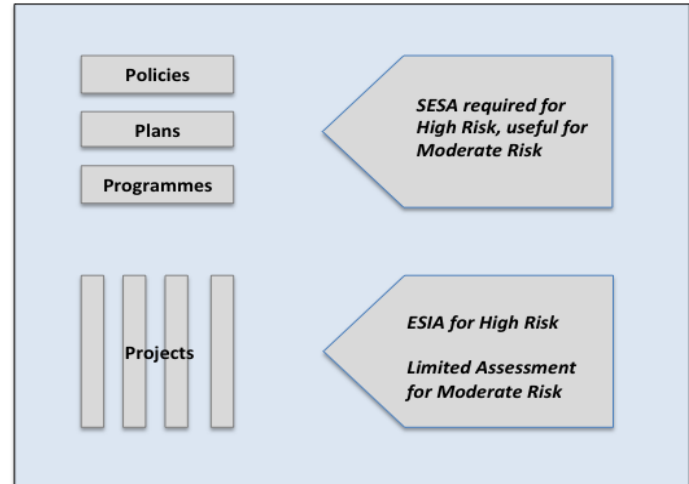
Adapted from OECD DAC, Applying Strategic Environmental Assessment, pp. 30-31

4.4.1   Environmental and Social Impact Assessment (ESIA)

ESIAs must conform to the host country's environmental assessment laws and regulations, host country obligations under international law, and the requirements of UNDP's SES.
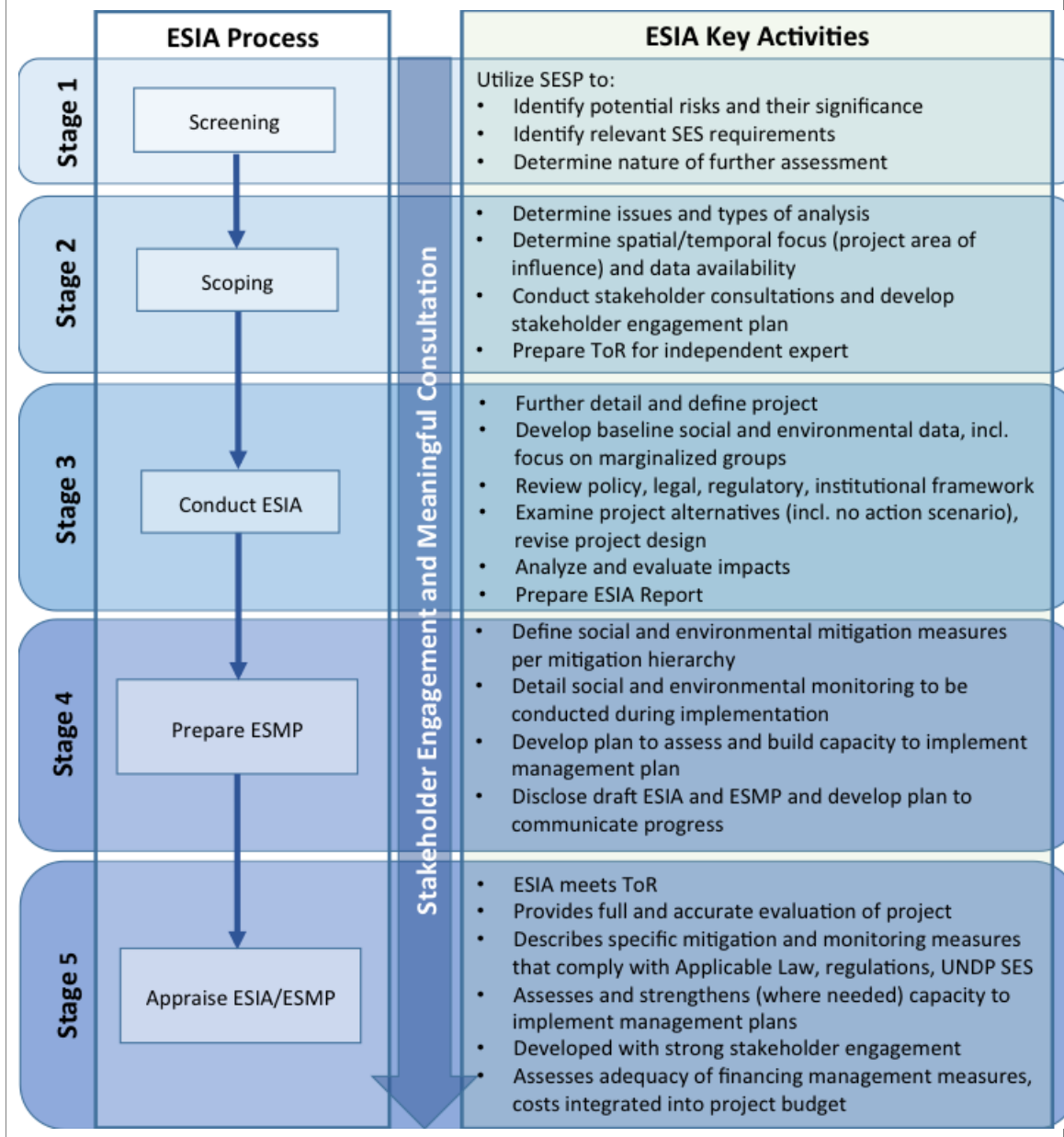
Although legislation and practice vary around the world, the fundamental elements of conducting an ESIA typically involve the stages in Figure 5. **Annex 1 provides detailed guidance on the ESIA process and also serves as a useful template for the development of Terms of Reference as well as reviewing existing assessments for completeness**.

Depending on the specific type and nature of significant impacts presented by the project, the ESIA process may encompass methods and tools designed to address particular issue areas or spatial focus (e.g. sectoral assessment, human rights impact assessment, cumulative impact assessment).

Some national environmental regulations may not require fully integrated assessments that encompass the full range of not only potential environmental risks and impacts but social dimensions as well. UNDP needs to ensure that the ESIA meets all requirements of the SES, and may need to support additional social analysis.

When uncertainty remains regarding specific project components or exact locations (e.g. a series of sub-projects that have not been fully identified), an **Environmental and Social Management Framework (ESMF) may need to be developed (see Annex 5)**.

Figure 5. Key stages and steps of the ESIA Process

ESIA Process	ESIA Key Activities
Stage 1 — Screening	Utilize SESP to: • Identify potential risks and their significance • Identify relevant SES requirements • Determine nature of further assessment
Stage 2 — Scoping	• Determine issues and types of analysis • Determine spatial/temporal focus (project area of influence) and data availability • Conduct stakeholder consultations and develop stakeholder engagement plan • Prepare ToR for independent expert
Stage 3 — Conduct ESIA	• Further detail and define project • Develop baseline social and environmental data, incl. focus on marginalized groups • Review policy, legal, regulatory, institutional framework • Examine project alternatives (incl. no action scenario), revise project design • Analyze and evaluate impacts • Prepare ESIA Report
Stage 4 — Prepare ESMP	• Define social and environmental mitigation measures per mitigation hierarchy • Detail social and environmental monitoring to be conducted during implementation • Develop plan to assess and build capacity to implement management plan • Disclose draft ESIA and ESMP and develop plan to communicate progress
Stage 5 — Appraise ESIA/ESMP	• ESIA meets ToR • Provides full and accurate evaluation of project • Describes specific mitigation and monitoring measures that comply with Applicable Law, regulations, UNDP SES • Assesses and strengthens (where needed) capacity to implement management plans • Developed with strong stakeholder engagement • Assesses adequacy of financing management measures, costs integrated into project budget

(Vertical band spanning all stages: Stakeholder Engagement and Meaningful Consultation)

4.4.2   Strategic Social and Environmental Assessment (SESA)

While SESA is required for strategic level interventions that are categorized as High Risk, it must be emphasized that SESA may also be a useful tool for strengthening sustainability outcomes of a wide range of initiatives, including those which may pose moderate or even low risks.

SESAs evaluate potential social and environmental effects of policies, plans and programmes (PPPs) (see Box 6) which are considered "strategic" in that they determine the general direction or approach (and subsequent projects) to be pursued towards broad goals.

Annex 4 provides introductory guidance on undertaking SESAs. In general, it should be noted that a SESA contributes to strengthening the sustainability of policies, plans, and programmes mainly by:

- Identifying social and environmental priorities that should be included in planning and policy processes
- Assessing gaps in the institutional, policy, and legal frameworks to address these priorities
- Identifying potential adverse social and environmental impacts associated with policy options
- Engaging decision makers and stakeholders to ensure a common understanding and broad support for implementation
- Formulating policy and institutional measures needed to close policy and legal gaps, address institutional weaknesses, and avoid adverse social and environmental impacts.

> **Box 6. Defining policies, plans and programmes**
>
> **Policy:** A general course of action or proposed overall direction that a government is or will be pursuing and that guides ongoing decision making.
>
> **Plan:** A purposeful forward looking strategy or design, often with coordinated priorities, options and measures that elaborate and implement policy.
>
> **Programme:** A coherent, organised agenda or schedule of commitments, proposals and/or activities that elaborate and implement policy (generic term, does not refer to "UNDP Programmes")

Projects that support "upstream" planning and policy reforms may also include or anticipate a range of "downstream" interventions (e.g. those with a physical footprint) which may pose potentially significant adverse risks and impacts. In such cases, the SESA process also involves the development of an **Environmental and Social Management Framework (ESMF, see Annex 5).**

5 Management

Moderate and High Risk projects require the development of social and environmental management plans. Management plans set out the avoidance and mitigation measures and actions required to address a project's potential social and environmental risks and impacts. The scope and level of detail of management plans should be commensurate with the scale of a project's potential adverse social and environmental impacts. Social and environmental management measures are entered and tracked in the Project Risk Log and incorporated into the monitoring plan for the project.

Management plans define desired outcomes and measureable actions to address identified risks and impacts and to meet applicable requirements, with firm commitments for implementation and monitoring.

The development of management measures follows the mitigation hierarchy (see Figure 6). Avoidance of adverse social and environmental impacts is usually the most effective and least-cost option. Where avoidance is not possible, then the project should be modified to minimize potential adverse impacts. Where significant impacts remain after impact avoidance and minimization, mitigation measures need to be incorporated into the management plan. Lastly as a final resort, measures to offset and compensate any significant residual impacts should be applied.

Figure 6. Mitigation hierarchy

Management plans are to be developed as part of project design and approval (see Figure 2 at the beginning of this Guidance Note). Their focus and level of detail will vary depending not only on the scale of potential adverse social and environmental impacts but also on whether the assessment will be conducted prior to PAC review or after:

- **For projects where assessment is conducted before PAC review (section 4.1, scenarios 1-2):** On the basis of the assessment, a complete management plan is developed and incorporated into the Project Document, budget and monitoring framework. The management plan is reviewed as part of the Project Appraisal and Quality Assurance processes. The PAC ensures management measures are appropriate, incorporated into the project, and properly resourced.

- **For projects where assessment is conducted after PAC review (section 4.1, scenarios 3-4):** The initial management plan (e.g. ESMF) incorporates activities and budgetary resources in order to conduct appropriately scaled stakeholder engagement and assessment during project implementation. The initial plan specifies project activities (e.g. those which may cause social and/or environmental harm) that cannot proceed until the assessment is completed and appropriate management measures are in place. The initial management plan, budget, and monitoring indicators are incorporated into the Project Document and reviewed by the PAC. Once the assessment has been conducted, a revised management plan is developed with full detail of appropriate mitigation and management measures to address identified risks and impacts. Project documentation is updated and a subsequent PAC or Project Board meeting reviews the revised management plan and ensures that it is properly resourced and incorporated into the monitoring framework.
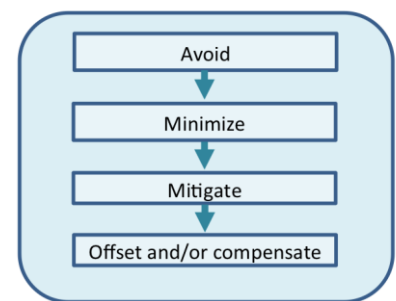
5.1 Moderate Risk Projects

The content of management plans for Moderate Risk projects will vary considerably depending on the nature of the potential social and environmental impacts and when assessments are conducted (as discussed above).

The assessment process may determine that available best management practices would address the project's potential adverse social and environmental impacts. For example, projects which involve minor construction, handling of chemicals, or other common activities have well-developed GIIP associated with them to ensure potential social and environmental impacts are avoided, minimized and mitigated.[11] In some cases, national regulations (e.g. siting requirements, permitting process, design and construction standards) would ensure that appropriate management practices are applied. Management plans for such projects would reference the appropriate standards.

UNDP ensures that the application of national regulatory requirements or good management practices (e.g. GIIP) address any applicable SES requirements. If not, additional mitigation measures need to be incorporated into the management plan. Although more often associated with High Risk projects, specific supplemental management plans may be required for Moderate Risk projects if certain Project-level Standards are applicable (e.g. Resettlement Action Plans/Livelihood Action Plans, Indigenous Peoples Plans).

Management plans for Moderate Risk projects may be stand-alone plans (output of targeted assessment) or may be integrated into the project documentation (SESP, with analysis incorporated in Project Document), depending on the complexity and range of identified risks and impacts. There is no single template for developing management plans for Moderate Risk projects. Where a range of Moderate Risk impacts are present, an ESMP may be the appropriate instrument (see Annex 3). At a minimum, the following elements would need to be addressed and incorporated into the project documentation:

- Summary of identified adverse social and environmental risks and impacts that could not be avoided or remain after impact minimization efforts
- Actions to implement mitigation measures for each identified risk and impact
- A monitoring and reporting plan
- Stakeholder engagement throughout implementation of management measures
- Implementation schedule, cost estimates and funding sources.

5.2 High Risk Projects

High Risk projects require comprehensive management plans. The forms of such management plans will vary depending on the type of assessment conducted.

As noted (section 2.3), an ESMP is a key output of the ESIA process. The ESMP is to be designed to ensure compliance with the applicable legal and regulatory framework, including international obligations and applicable requirements of UNDP's SES. The ESMP defines desired social and environmental management outcomes and specifies social and environmental indicators, targets, or acceptance (threshold) criteria to track ESMP implementation and effectiveness. It will also provide estimates of the human and financial resources required for implementation and identify organizational structure and processes for implementation. The implementation of an ESMP will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring. **Annex 2 provides an indicative ESMP outline**.

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[11] For example, application of standards contained in the World Bank Group's Environmental, Health and Safety Guidelines – technical reference documents with general and industry-specific examples of Good International Industry Practice available at www.ifc.org/ehsguidelines.

ESMPs may reflect or be linked to specific plans as required by applicable SES Principles and/or Standards (e.g. Resettlement Action Plans/Livelihood Action Plans, Indigenous Peoples Plans, Biodiversity Action Plans, Cultural Heritage Management Plans, Emergency Preparedness and Response Plans).

SESAs typically include an action matrix that summarizes policy, institutional, and governance recommendations, including measures to address adverse social and environmental effects associated with the chosen PPP. The matrix outlines key actions, monitoring and institutional measures to address anticipated adverse impacts (see Annex 4 for key steps in undertaking a SESA and an indicative matrix).

The management measures (e.g. embedded in the SESA policy recommendations, institutional strengthening, governance reforms) need to be designed to ensure compliance with national laws and regulations, international obligations, and UNDP's SES, during the implementation of the activities outlined in the SESA.

An ESMF may be an output of the SESA for projects that include or anticipate "downstream" interventions that may pose potentially significant adverse risks and impacts. An ESMF may also be developed to manage potential social and environmental impacts of forthcoming but as yet undefined interventions (see **Annex 5 for an indicative ESMF outline**). An ESMF typically provides procedures for:

(i)   consultations with concerned stakeholder groups
(ii)   institutional capacity building, where needed according to SESA analysis
(iii)   social and environmental impact screening, assessment, and monitoring, and
(iv)   grievance redress.

5.3   Implementation, Monitoring, Reporting

Management plans include monitoring and reporting requirements that are to be fully integrated into the project's overall monitoring plan. This includes tracking social and environmental management measures through the Project Risk Log (entered as risk management actions).

The extent of monitoring will be proportionate to the nature of the project, the project's social and environmental risks and impacts, and compliance requirements. A project should not be considered complete until the measures and actions set out in the management plan have been implemented.

The project's overall monitoring plan includes tracking progress against results indicators and regular updates to the Project Risk Log. Project management regularly reviews the data and makes course corrections as necessary (which may also be in response to actions requested by relevant regulatory authorities and feedback from stakeholders, including project-affected communities). If there are substantive changes to the project during implementation or changes in the project context that alters the project's risk profile, then rescreening, assessment and revised management measures may be required (see Figure 2 at the beginning of this Guidance Note).

Where appropriate, stakeholders and third parties, such as independent experts, local communities or NGOs, should complement or verify monitoring activities.

UNDP's review activities may include:

- reviewing monitoring reports, conducting site visits and reviewing project-related information
- reviewing compliance with SES requirements
- advising partners on how to manage issues related to the SES
- communicating risks and probable consequences of failure to comply with the SES requirements, and initiating remedies if the partner fails to (re)establish compliance.

Annex 1. Guidance on Conducting/Reviewing an ESIA

This document provides specific guidance on the key steps that should be taken to conduct an ESIA. The guidance can be helpful to inform the review of existing assessments produced by partners (or internally within UNDP), or as a reference for drafting a Terms of Reference for an ESIA where the assessment is yet to be undertaken.

The assessment process outlined below is now standard international practice, and there are various guidance tools available that can be referred to for additional guidance (see UNDP's SES Toolkit).

Many countries have legal frameworks in place for environmental impact assessment (EIA), which must be adhered to. At the same time, the degree to which social dimensions are fully integrated into national assessment requirements is variable. UNDP requires assessments that examine potential social and environmental impacts in an integrated manner.

UNDP requires that all relevant requirements of the UNDP Social and Environmental Standards (SES) be addressed during the social and environmental assessment process. The SES also require stakeholder engagement and disclosure of information throughout the assessment process.

Key Stages of the ESIA Process

The key stages of an ESIA process are summarized in Table A2.1 and elaborated further below.

Table A2.1: Summary of the ESIA Process

Stages	Steps/main tasks within each stage
Stage 1: Screening **Key components:** Complete UNDP Social and Environmental Screening Procedure (SESP)	Conduct Social and Environmental Screening to identify potential risks and their significance, identify relevant requirements of UNDP's SES, and determine risk category of project and nature of further assessment that may be required
Stage 2: Scoping (for Moderate or High Risk Projects) **Key components:** Where initial studies and analysis have not been conducted, it is important to undertake a scoping exercise early in the assessment process (i) to identify and focus the social and environmental assessment on key issues, and (ii) to establish a logical roadmap for the assessment process.	Determine the social and environmental issues to be addressed, spatial and temporal focus, data and information needed and level of analysis required to assess the impacts
	Determine data availability
	Consultations with stakeholders, partners, and project-affected communities and development of stakeholder engagement plan
	Prepare ToR for the ESIA
Stage 3: Conducting an ESIA (for High Risk Projects) **Key components:** Based on a clearer definition of the project to be implemented, collect necessary data/information and assess full range of impacts and examine project alternatives. Report the results of the assessment and make a draft available publically for consultation.	Further detail and define the proposed project
	Develop baseline environmental and social information
	Review policy, legal/regulatory and institutional framework
	Examine project alternatives and revise project design
	Analyze and evaluate impacts
	Prepare ESIA Report

Stages	Steps/main tasks within each stage
Stage 4: Preparing an environmental and social management plan (for High Risk Projects) **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*: avoid, and if avoidance is not possible, minimize, mitigate and manage expected adverse impacts of the project (per the mitigation hierarchy); monitor impacts and mitigation options/measures; build capacities, and communicate results of the environmental and social management plan (ESMP).	Define social and environmental impact mitigation actions/measures per the mitigation hierarchy
	Detail social and environmental monitoring to be conducted during project implementation
	Develop a plan to assess and build capacity to implement the environmental and social management plan and other project environmental and social components
	Disclose draft ESIA and ESMP and develop a plan to communicate progress with implementation and effectiveness of the environmental and social management plan
Stage 5: Appraising an ESIA/ESMP and Integrating Management Measures in Project and Budget **Key components:** Appraisal should ensure that the ESIA/ESMP provides information required for decision-making and that proposed actions are designed to meet national/local regulations and requirements of UNDP SES. Recommendations of ESIA/ESMP need to be adequately incorporated into project design, work plans and budget.	ESIA meets its terms of reference, both procedurally and substantively
	Provides an accurate and complete evaluation of the proposed project
	Describes specific mitigation, monitoring and capacity development measures that comply with applicable law, regulations, and UNDP SES
	Assesses capacity of institutions responsible for implementing social/environmental management
	Developed through a consultative process with strong stakeholder engagement
	Assesses the adequacy of costs and financing arrangements for social and environmental management implementation

Stage 1: Screening

UNDP requires that proposed projects undergo UNDP's Social and Environmental Screening Procedure (SESP), with a few exceptions.[12] The objectives of the SESP are to:

- integrate the SES Overarching Principles (i.e. human rights, gender equality and women's empowerment, environmental sustainability) to strengthen social and environmental sustainability

- identify potential social and environmental risks and their significance

- determine a project's risk category (Low, Moderate, High), and

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[12] Screening is not required for projects (a) where UNDP serves only as the Administrative Agent, or (b) projects with outputs comprised solely of the following activities: report preparation, coordination of events/trainings/ workshops/meetings/conferences, or development of communication materials and dissemination of results (e.g. publications, media). See SESP, para. 7.

- determine the level of social and environmental assessment and management required to address potential risks and impacts.

Projects categorized as Moderate Risk require limited or focused forms of social and environmental assessment while High Risk Projects require comprehensive forms of assessment (ESIA, SESA).

See UNDP's SES Toolkit for SESP guidance and templates.

UNDP's screening process assists in determining the applicability of specific SES Overarching Principles and/or Project-level Standards. Where applicable, the requirements of the relevant Principle/Standard must be addressed during the assessment and management process.

Stage 2: Scoping and Preparing Terms of Reference for an ESIA

When a Project Developer is asked/required to assist or lead in developing a Terms of Reference for an ESIA, a number of considerations are required. These include:

- Scoping parameters of ESIA. Where initial studies and analysis have not been conducted, it is important to undertake a scoping exercise early in the assessment process (i) to identify and focus the social and environmental assessment on key issues, and (ii) to establish a logical roadmap for the assessment process. The scoping exercise typically informs the drafting of a Terms of Reference for the ESIA. The scoping exercise will vary depending on the range and complexity of potential social and environmental impacts. Scoping typically builds on the results of the screening and involves the following tasks/components:

  o An *initial* identification of significant social and environmental issues and potential adverse risks and impacts to be assessed.

  o Identification of data availability and gaps for conducting the assessment

  o Identification of national/local project planning requirements as well as relevant UNDP SES requirements that must be addressed

  o Identification of feasible project alternatives that will be considered in the assessment

  o Scoping meetings with stakeholders to establish focus areas and potential issues of concern

  o Identification of types and qualifications of specialists needed to undertake the assessment and required studies. UNDP requires that assessments for High Risk projects be undertaken by independent experts.[13] For highly complex projects with multidimensional potential adverse impacts or projects that may be highly contentious among affected stakeholders, UNDP requires the use of independent advisory panels to assist in project preparation and implementation.

  o A summary scoping report

  o Drafting of terms of reference (ToR) for the social and environmental assessment.

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[13] Independent experts should not be directly affiliated with the Implementing Partner or UNDP. It is important to ensure that conflicts of interest are avoided. For example, when individuals or entities are engaged to carry out assessment activities, such activities should not be conducted by the consultants hired to prepare the project's design.

- <u>Prepare the Terms of Reference for the ESIA.</u> Scoping typically informs the drafting of the ToR for the ESIA. The steps outlined in this Annex provide guidance for conducting ESIAs and may be appended to the ToR. The ToR may contain a number of sections specific to the Project but usually provides for the following sections and actions:
  - o Project Description: A summary of project objectives, features, and status. Background on significant social and environmental issues, risks and impacts based on the screening and scoping process.
  - o Objectives of Consultant Services: Identification of key objectives and outputs of consultancy, typically the preparation of the draft ESIA and ESMP as well as a final version based on inputs from stakeholder consultation.
  - o Scope of Work: Detailed description of tasks to be undertaken. Will vary depending on Project circumstances and should ensure compliance with UNDP's SES and any requirements identified in scoping process. ToR typically include the following activities (see guidance below):
    - ▪ Define project in detail and develop baseline
    - ▪ Review Policy, Legal/Regulatory and Institutional Framework
    - ▪ Examine Project Alternatives and Propose revisions to Project Design
    - ▪ Analyze and Evaluate Potential Social and Environmental Risks and Impacts (ToR will specifically highlight which issues are to be addressed based on the screening and scoping process)
    - ▪ Prepare ESIA Report and ESMP (both draft and final following consultation)
    - ▪ Record of feedback received during consultation and how it was addressed
  - o Budget and Schedule of Outputs: A budget and schedule for conducting the assessment. (Note: Budget and schedule must be adequate for preparing the assessment, including data collection and analysis, report preparation, and implementation of the associated public disclosure and stakeholder consultation requirements).
  - o Annexes
- <u>Consultations.</u> Consulting project-affected communities on the draft terms of reference for the ESIA should be conducted to assist in identifying potential issue areas or concerns that require further attention in the conduct of the ESIA.

STAGE 3: Conducting an ESIA Study

<u>Step 1: Further Detail and Define the Proposed Project</u>.

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

- The geographic, ecological, social and temporal context of the proposed project, including any offsite investments (i.e. associated facilities) 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

- Map showing the project site, project's area of influence (as determined during the scoping phase) and sensitive environmental and social features.

Step 2: Develop Baseline Information.

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

- Descriptions of the relevant existing physical, biological, gender, and socio-economic conditions;

- Evaluation of any changes anticipated in these conditions before the project commences, as well as any trends in or projections of data over time after the project commences that are anticipated independently of the project, including current and proposed development activities located in the project area but not directly connected to the project; and,

- Estimation of the reliability of the information sources used and the quality of the information available, including its accuracy, precision, completeness, representativeness, etc.

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

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

Review the legal and permitting requirements as well as applicable social and environmental standards from:

- Applicable laws and regulations of the local and national jurisdictions in which the proposed project will operate.

- Applicable international obligations and agreements (e.g. Multilateral Environmental Agreements) that must be complied with.

- UNDP Social and Environmental Standards

- Social and environmental safeguard policies and procedures of other donors and project partners.

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. Where standards differ, UNDP requires adherence to the higher standard.

This discussion provides the legal and regulatory context for the project and helps to ensure that all relevant planning approvals are identified. It must be noted that per the SES (para. 9), UNDP will not support activities that do not comply with national law and obligations under international law, whichever is higher ("Applicable Law").

Step 4: Examine Project Alternatives and Revise Project Design.

Systematically review and compare feasible[14] project alternatives identified during scoping and initial public consultation and select the preferred or most socially and environmentally sound and benign

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[14] Determining feasibility of alternatives has several dimensions. Technical feasibility means the proposed measures and actions can be implemented with commercially viable skills, equipment and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity and

option(s) for achieving the objectives of the proposed project. Potential type and scale of likely social and environmental impacts associated with different alternatives should be considered. Consider all types of alternatives related to overall approach and project design, including the "no action" alternative. Factors to consider include:

- Project site locations[15]
- Timing
- Scales
- Partners
- Intensities
- Technologies/processes

- Facilities designs
- Construction
- Operation and maintenance
- Organizational and management setups
- Ways of dealing with impacts

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

Step 5: Analyze and Evaluate Risks and Impacts.

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

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

- Physical: surface and ground water, air, soil, land use, landform/topography, noise, vibration, geology, seismicity and other natural hazards, resource use, waste, greenhouse gases, etc.

- Biological: terrestrial and aquatic flora and fauna, habitat, ecosystems and ecosystem services, endangered species, protected areas, etc.

- Social and socioeconomic: impacts on socioeconomic conditions, human rights, livelihoods, indigenous peoples, vulnerable or marginalized groups, gender dimensions, risks of physical and/or economic displacement, occupational health and safety, cultural heritage, community health and safety. Examine if individuals or groups may be differentially or disproportionately affected because of their disadvantaged or marginalized status, and if so, ensure adverse impacts do not affect them disproportionately.[16]

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

The spatial scope of potential impacts (i.e. area of influence) will encompass:

- The primary project site(s) and related facilities that the UNDP and its Implementing Partners develop or control, such as buildings and facilities, protected areas, agricultural areas, fisheries, transportation, construction areas (e.g. seawalls, solar installations, roads);

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operational reliability. Financial feasibility means the ability to apply sufficient financial resources to install the measures and maintain them in operation in the long term.

[15] Whenever feasible, preference should be given to projects, or project components, that are sited on lands already converted (e.g. not on natural habitats). Among other factors, potential climate change risks need to be considered in project siting decisions.

[16] Disadvantaged or marginalized status may be due to such factors as race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority.

- Associated facilities that are not funded or financed as part of the proposed project (funding or financing may be provided separately by the Implementing Partners or by third parties including multilateral financing institutions), and whose viability and existence depend on the project;

- Areas potentially impacted by cumulative impacts from the incremental adverse impacts of the project when added to other past, existing, planned or reasonably predictable future projects and developments (e.g. incremental contribution to pollutant emissions, forest depletion due to multiple logging concessions). Assessing potential cumulative impacts enlarges the scale and timeframe for assessing combined effects of multiple activities and impacts;

- Areas potentially affected by impacts from unplanned but predictable developments (indirect and induced impacts) caused by the project that may occur later or at a different location (e.g. facilitation of settlements or illegal logging in intact forest areas through expansion of adjacent agricultural activities);[17]

- Transboundary impacts, such as pollution of international waterways or transboundary river basins, airsheds and ecosystems; migration of populations; international relations;

- 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.

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

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

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

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

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[17] It should be noted that indirect and cumulative impact analyses are concerned with impacts that are sufficiently likely to occur and not with the speculation of any impact that can be conceived of or imagined. The assessment seeks to identify all the indirect effects that are known, and make a good faith effort to explain the effects that are not known but are reasonably foreseeable and probable.

Determine whether the proposed project will meet applicable social and environmental requirements (e.g. national laws and regulations, international obligations, UNDP SES) 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 social and environmental sustainability.

Step 6: Prepare an ESIA Report

An ESIA Report will be prepared to provide an adequate, accurate and impartial evaluation and presentation of the issues and conclusions of the assessment. This report, which is usually technical, must be presented in an understandable format and in an appropriate language(s). Draft assessments and reports, including any draft management plans, should be disclosed before project appraisal; however if the assessment is conducted as part of project implementation (see Section 4.1 of this Guidance Note), then draft assessments need to be disclosed and consulted on prior to initiation of any activities that may lead to adverse social and environmental impacts. Short summaries and graphic presentations will often be required to facilitate reading and understanding. Moreover, a non-technical summary – that can be understood by different stakeholders – should be included to facilitate and encourage comments. Where appropriate, independent expertise should be used to assist in the preparation of ESIA reports. Attachment 1 provides and outline of the content of an ESIA Report. Final reports are disclosed upon completion.

STAGE 4: 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 Environmental and Social Management Plan (ESMP) needs to 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 social and environmental sustainability outcomes.

An ESMP may apply broadly across UNDP and Implementing Partner organizations for project implementation, or it may apply to specific sites, facilities, or activities relating to the proposed project. The ESMP may range from a brief description of routine mitigation and monitoring measures (e.g. for Moderate Risk projects with limited, readily identifiable potential impacts) to a series of specific plans as required by UNDP's Social and Environmental Standards (refer to specific requirements of applicable standards), including, for example, Resettlement Action Plans/Livelihood Action Plans, Indigenous Peoples Plans, Biodiversity Action Plans, Cultural Heritage Management Plans, Emergency Preparedness and Response 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. All plans will contain specific monitoring measures.

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

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

An ESMP will consist of separate sections on:

1. Social and environmental impact mitigation;
2. Social and environmental sustainability monitoring;
3. Capacity development;
4. Stakeholder engagement;
5. Implementation action plan.

(1) Social and environmental impact mitigation. The ESMP will include environmental and social impact mitigation actions, in accordance with the following, listed in descending order of preference (i.e. the mitigation hierarchy):

- 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 minimize and mitigate impacts so that the project operates in compliance with applicable international, national and local environmental and social laws and regulations and UNDP requirements, or achieves acceptable levels of impacts otherwise defined and agreed;

- Where it is not technically or financially feasible to minimize and mitigate risks and impacts, identify measures to offset them by enhancing the proposed project's positive environmental and social impacts;[18]

- 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 social and environmental 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 social and environmental impacts of these measures will be estimated. Linkages with other mitigation plans (e.g., for displacement, indigenous peoples, or cultural heritage) required for the proposed project will be identified.

(2) Social and environmental sustainability monitoring and reporting. The ESMP will detail the social and environmental monitoring to be conducted during project implementation to:

- Provide information about actual versus predicted social and environmental 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, UNDP SES, other relevant performance standards, policies and procedures;

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[18] Refer to UNDP SES Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management, para. 12 regarding conditions and limitations on use of biodiversity offsets.

- 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.

Monitoring activities should involve direct participation of affected stakeholders, where possible.

Stakeholder complaints or grievances are to be tracked and monitored.

Monitoring and reporting should include data disaggregated by categories of potential beneficiary and/or affected groups, and include specific gender indicators.

The monitoring plan should 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 (see also stakeholder engagement section below).

Periodic reports are to be provided to the affected communities that describe progress with implementation of the ESMP and related action plans and on issues that the consultation process or grievance process has identified as a concern. Any material changes or additions to the mitigation measures or actions plans will be communicated to affected communities. Reports will be provided at a frequency proportionate to the concerns of affected communities but not less than annually; quarterly reporting is recommended.

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

The capacity development section of the ESMP will:

- Recommend management arrangements for the project, including structure, roles, responsibilities, and authorities;

- Designate specific personnel, including management representative(s), with well-defined and clearly communicated lines of responsibility and authority;

- Require sufficient oversight and human and financial resources be provided on an ongoing basis to achieve effective and continuous environmental and social management throughout the life of the proposed project.

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

- Identification of capacity needs;

- Development of a capacity development plan to address defined needs;

- Monitoring and Evaluation of capacity development plan.

(4) Stakeholder Engagement. The ESMP will be developed in close consultation with project stakeholders and disclosed in draft and final form. The ESMP is to include a section that outlines a stakeholder engagement plan to promote meaningful, effective consultations during project implementation, including identification of milestones for consultations, information disclosure, and periodic reporting on progress on project implementation and issues of concern to project stakeholders. The plan should also include a description of effective processes for receiving and addressing stakeholder concerns and grievances regarding the project's social and environmental performance.

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.

Periodic reports will be provided to potentially affected communities describing progress with implementation of the ESMP and on issues that the consultation process or grievance mechanism has identified as a concern. The frequency of these reports will be proportional to the concerns of the stakeholders but not less than annually. For projects designated as highly complex and sensitive, quarterly reporting should be required.

(5) Implementation action plan (schedule and cost estimates). For above aspects (mitigation, monitoring, capacity development, and stakeholder engagement), the ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the ESMP. These figures are also integrated into the total project cost tables.

(6) Consultations on draft ESIA and ESMP. Meaningful, effective and informed consultations with project-affected stakeholders should be undertaken on the draft ESIA and ESMP to ensure that they adequately respond to potential issues and concerns. The draft ESIA and ESMP are to be disclosed. At a minimum the draft ESIA report, which includes a summary of the draft ESMP, should be translated into local languages and made accessible with appropriate lead-time before consultation meetings. A summary of the consultation should be produced and disclosed and the draft ESIA and draft ESMP should revised as appropriate per input from project-affected stakeholders.

STAGE 5: Appraising the ESIA

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

Appraisal should ensure that the ESIA/ESMP work:

- Meets its terms of reference, both procedurally and substantively;

- Provides an accurate and complete evaluation of the proposed project;

- Contains the information required for decision-making;

- Describes specific mitigation, monitoring and capacity development measures that comply with applicable law, regulations, and UNDP Social and Environmental Standards;

- Assesses capacity of institutions responsible for implementing social/environmental management;

- Was developed through a consultative process with strong iterative stakeholder engagement;

- Assesses the adequacy of the capacities, cost of and financing arrangements for environmental and social management implementation.

Where existing assessments are found to contain inconsistencies with the requirements of UNDP's SES, then additional assessment and, where necessary, stakeholder consultations should be undertaken.

Annex 2. Indicative Outline of ESIA Report

An ESIA report should include the following major elements (not necessarily in the following order):

(1) Executive summary: Concisely discusses significant findings and recommended actions.

(2) Legal and institutional framework: Summarizes the analysis of the legal and institutional framework for the project, within which the social and environmental assessment is carried out, including (a) the country's applicable policy framework, national laws and regulations, and institutional capabilities (including implementation) relating to social and environmental issues; obligations of the country directly applicable to the project under relevant international treaties and agreements; (b) applicable requirements under UNDP's SES; and (c) and other relevant social and environmental standards and/or requirements, including those of any other donors and development partners. Compares the existing social and environmental framework and applicable requirements of UNDP's SES (and those of other donors/development partners) and identifies any potential gaps that will need to be addressed.

(3) Project description: Concisely describes the proposed project and its geographic, social, environmental, and temporal context, including any offsite activities that may be required (e.g., dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities), as well as the project's primary supply chain. Includes a map of sufficient detail, showing the project site and the area that may be affected by the project's direct, indirect, and cumulative impacts. (i.e. area of influence).

(4) Baseline data: Summarizes the baseline data that is relevant to decisions about project location, design, operation, or mitigation measures; identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions; assesses the scope of the area to be studied and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences; and takes into account current and proposed development activities within the project area but not directly connected to the project.

(5) Social and environmental risks and impacts: Predicts and takes into account all relevant social and environmental risks and impacts of the project, including those related to UNDP's SES (Overarching Policy and Principles and Project-level Standards). These will include, but are not limited to, the following:

(a) Environmental risks and impacts, including: any material threat to the protection, conservation, maintenance and rehabilitation of natural habitats, biodiversity, and ecosystems; those related to climate change and other transboundary or global impacts; those related to community health and safety; those related to pollution and discharges of waste; those related to the use of living natural resources, such as fisheries and forests; and those related to other applicable standards.[19]

(b) Social risks and impacts, including: any project-related threats to human rights of affected communities and individuals; threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; risks of gender discrimination; risks that adverse project impacts fall disproportionately on disadvantaged or marginalized groups; any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of disadvantaged or marginalized groups; negative economic and social impacts relating to physical displacement (i.e. relocation or loss of shelter) or economic displacement (i.e. loss of assets or

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[19] For example, the Environmental, Health, and Safety Guidelines (EHSGs), which are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain information on industry- specific risks and impacts and the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. Available at www.ifc.org/ehsguidelines.

access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land or resource acquisition or restrictions on land use or access to resources; impacts on the health, safety and well-being of workers and project-affected communities; and risks to cultural heritage.

(6) Analysis of alternatives: systematically compares feasible alternatives to the proposed project site, technology, design, and operation – including the "without project" situation – in terms of their potential social and environmental impacts; assesses the alternatives' feasibility of mitigating the adverse social and environmental impacts; the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the alternative mitigation measures; for each of the alternatives, quantifies the social and environmental impacts to the extent possible, and attaches economic values where feasible. Sets out the basis for selecting the particular project design.

(7) Mitigation Measures: Inclusion or summary of (with attachment of full) Environmental and Social Management Plan (ESMP) (see indicative outline of ESMP below.) The ESMP identifies mitigation measures required to address identified social and environmental risks and impacts, as well as measures related to monitoring, capacity development, stakeholder engagement, and implementation action plan.

(8) Conclusions and Recommendations: Succinctly describes conclusion drawn from the assessment and provides recommendations.

(9) Appendices: (i) List of the individuals or organisations that prepared or contributed to the social and environmental assessment; (ii) References – setting out the written materials both published and unpublished, that have been used; (iii) Record of meetings, consultations and surveys with stakeholders, including those with affected people and local NGOs. The record specifies the means of such stakeholder engagement that were used to obtain the views of affected groups and local NGOs, summarizes key concerns and how these concerns addressed in project design and mitigation measures; (iv) Tables presenting the relevant data referred to or summarized in the main text; (v) Attachment of any other mitigation plans; (vi) List of associated reports or plans.

Annex 3. Indicative Outline of an ESMP

An ESMP may be prepared as part of the Environmental and Social Impact Assessment (ESIA) or as a stand-alone document.[20] The content of the ESMP should address the following sections:

(1) Mitigation: Identifies measures and actions in accordance with the mitigation hierarchy that avoid, or if avoidance not possible, reduce potentially significant adverse social and environmental impacts to acceptable levels. Specifically, the ESMP: (a) identifies and summarizes all anticipated significant adverse social and environmental impacts; (b) describes – with technical details – each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; (c) estimates any potential social and environmental impacts of these measures and any residual impacts following mitigation; and (d) takes into account, and is consistent with, other required mitigation plans (e.g. for displacement, indigenous peoples).

(2) Monitoring: Identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the environmental and social assessment and the mitigation measures described in the ESMP. Specifically, the monitoring section of the ESMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

(3) Capacity development and training: To support timely and effective implementation of social and environmental project components and mitigation measures, the ESMP draws on the environmental and social assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level. Specifically, the ESMP provides a description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training). Where support for strengthening social and environmental management capability is identified, ESMP recommends the establishment or expansion of the parties responsible, the training of staff and any additional measures that may be necessary to support implementation of mitigation measures and any other recommendations of the environmental and social assessment.

(4) Stakeholder Engagement: Outlines plan to engage in meaningful, effective and informed consultations with affected stakeholders. Includes information on (a) means used to inform and involve affected people in the assessment process; (b) summary of stakeholder engagement plan for meaningful, effective consultations during project implementation, including identification of milestones for consultations, information disclosure, and periodic reporting on progress on project implementation; and (c) description of effective processes for receiving and addressing stakeholder concerns and grievances regarding the project's social and environmental performance.

(5) Implementation action plan (schedule and cost estimates): For all four above aspects (mitigation, monitoring, capacity development, and stakeholder engagement), ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of

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[20] This may be particularly relevant where contractors are being engaged to carry out the project, or parts thereof, and the ESMP sets out the requirements to be followed by contractors. In this case the ESMP should be incorporated as part of the contract with the contractor, together with appropriate monitoring and enforcement provisions.

funds for implementing the ESMP. These figures are also integrated into the total project cost tables. Each of the measures and actions to be implemented will be clearly specified and the costs of so doing will be integrated into the project's overall planning, design, budget, and implementation.

Annex 4. Guidance on Conducting/Reviewing a SESA[21]

This document provides specific guidance on the key steps that should be considered when conducting a Strategic Social and Environmental Assessment (SESA). Project Developers/Managers can use this guidance either to review existing assessments produced by partners (or internally within UNDP), or as a reference for drafting a Terms of Reference for a SESA to be undertaken.
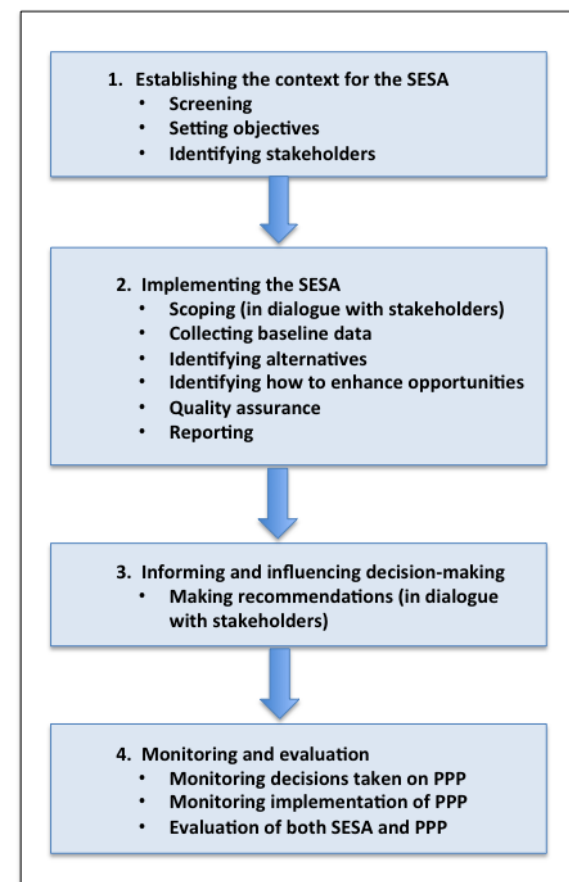
The general SESA process outlined below is generic and must be adapted to the context and focus of the particular planning process. Various resources are available for additional guidance (see UNDP's SES Toolkit).

For High Risk projects, UNDP requires that all relevant requirements of the UNDP Social and Environmental Standards (SES) be addressed during the SESA process, including stakeholder engagement and disclosure of information.

A key strength of SESA is that it combines analytical and participatory approaches in an iterative fashion, strengthening understanding of and potential support for desired policy reforms and outcomes. The SESA helps governments formulate policies, plans, and programmes in a way that reflects inputs from key stakeholder groups and addresses the key social and environmental issues identified. Through this process, social and environmental opportunities and desirable outcomes are identified and agreed on in an effort to ensure that the chosen strategies and actions will be sustainable and contribute to the country's development objectives.

SESA should be applied at the very earliest stages of decision making both to help formulate policies, plans and programmes and

Figure A3.1. Basic stages of SESA

1. Establishing the context for the SESA
   - Screening
   - Setting objectives
   - Identifying stakeholders

2. Implementing the SESA
   - Scoping (in dialogue with stakeholders)
   - Collecting baseline data
   - Identifying alternatives
   - Identifying how to enhance opportunities
   - Quality assurance
   - Reporting

3. Informing and influencing decision-making
   - Making recommendations (in dialogue with stakeholders)

4. Monitoring and evaluation
   - Monitoring decisions taken on PPP
   - Monitoring implementation of PPP
   - Evaluation of both SESA and PPP

Source: OECD DAC, Applying Strategic Environmental Assessment, p. 54.

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[21] Annex utilizes materials from OECD DAC, Applying Strategic Environmental Assessment: Good Practice Guidance For Development Cooperation, 2006, available at http://www.oecd.org/environment/environment-development/37353858.pdf; Kulsum Ahmed and Ernesto Sánchez-Triana, (eds.), Strategic Environmental Assessment of Policies: An Instrument of Good Governance, World Bank, 2008, available at http://documents.worldbank.org/curated/en/2008/01/9660902/environmental-assessment-policies-instrument-good-governance; Diji Chandrasekharan Behr and Fernando Loayza, "Guidance Note on Mainstreaming Environment in Forest Sector Reform," World Bank, 2009, available at http://documents.worldbank.org/curated/en/2009/03/10694924/guidance-note-mainstreaming-environment-forest-sector-reform; and FCPF Readiness Preparation Proposal Template (under "Templates"), in particular Annex 4 on SESA and ESMF, available at https://www.forestcarbonpartnership.org/fcpf-templates-and-materials

to assess their potential development effectiveness and sustainability, including potential adverse social and environmental effects.

The SESA process should link with and, where feasible, reinforce other policy appraisal approaches used to shape development policies and plans. This will help ensure that social and environmental considerations are not overlooked. For example, SESA should link, for example, with forms of poverty and social impact analysis (PSIA), country-level environmental assessments, conflict/post-conflict and disaster assessment, and other diagnostic tools.

As noted above, where projects that support planning and policy reforms include or anticipate "downstream" interventions that may pose potentially significant adverse risks and impacts, the SESA process also involves the development of an **Environmental and Social Management Framework (ESMF)** (see Annex 5 for an indicative outline).

Key Stages in the SESA process

Given the wide range of contexts, levels of analysis, and thematic areas (e.g. policies, plans, programmes across any number of sectors), the focus of a SESA (and its Terms of Reference) must be adapted to the specific circumstances of the proposed PPP and activities. For example, SESA applied at the policy level requires a particular focus on the political, institutional and governance context underlying decision-making processes (see Figure A3.1).

Although the steps and format of a SESA will vary depending on the method and topic, key stages for carrying out an SESA on the level of policies or plans would typically include: (1) establishing the context; (2) undertaking the needed analysis and implementing the SESA in dialogue with appropriate stakeholders; (3) informing and influencing decision making through recommendations; and (4) monitoring and evaluation.

1. Establishing the context and parameters of the SESA

- **Background description of policy, programme or plan (PPP):** SESA concisely describes the proposed policy, programme or plan (PPP) and its social and environmental context. Where relevant, the geographic area of influence of proposed PPP is described.
- **Design of SESA process.** SESA involves an iterative process of analysis and consultation with stakeholders (see below). Key principles and objectives of the SESA are described. Diagnostic processes/outputs are identified. SESA design process should include a consultation with stakeholders on the ToR to promote agreement on issue prioritization and process steps.
- **Development of stakeholder engagement plan.** A stakeholder analysis maps the actors most affected by the proposed PPP, with attention to obstacles to stakeholder engagement and representation. The Plan should establish an institutional structure that ensures meaningful participation in decision-making concerning relevant strategic issues and activities. A consultation process should clearly indicate sequenced milestones to ensure an informed participatory approach (e.g. consultation meetings, workshops, information sharing and reporting. The plan outlines public communication and information disclosure requirements and also includes a description of effective processes for receiving and addressing stakeholder concerns and grievances regarding the PPP's social and environmental issues and performance.

2. Analysis and implementation

- **Baseline data.** Collect and assess the baseline data that is relevant to decisions about design, operation, or mitigation measures of proposed PPP; identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions; assesses the scope of the area to be studied and describes relevant physical, biological, and socioeconomic conditions,

including any changes anticipated before the project commences; and takes into account current and proposed activities that may affect implementation of proposed PPP.

- **Policy, legal, and institutional capacity analysis.** SESA assesses the adequacy of the applicable legal and institutional framework for the proposed PPP, including (a) the country's applicable policy framework, national laws and regulations, and institutional capabilities relating to social and environmental issues related to the PPP; obligations of the country directly applicable to the PPP under relevant international treaties and agreements; (b) applicable requirements under UNDP's SES; and (c) and other relevant social and environmental standards and/or requirements, including those of any other donors and development partners. Compares the existing social and environmental framework and applicable requirements of UNDP's SES (and those of other donors/development partners) and identifies any potential gaps that will need to be addressed.
- **Anticipated social and environmental impacts.** SESA predicts and assesses the programme, plan or policy's likely positive and negative impacts and their distribution, in quantitative terms to the extent possible. The analysis identifies mitigation measures and any residual adverse impacts that cannot be mitigated. It explores opportunities for social and environmental enhancement, and specifies topics that do not require further attention.
- **Analysis of alternatives.** SESA systematically compares feasible alternatives to the proposed policy, programme, or plan, technology, design, and operation – including the "without" situation – in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. For each of the alternatives, SESA quantifies the social and environmental impacts of each alternative to the extent possible, and attaches economic values where feasible. States the basis for selecting the particular PPP design.
- **Environmental and social management framework (ESMF).** (see Annex 5)

3. SESA Report and Recommendations

- **SESA Report and Recommendations.** Preparation of a concise report that summarizes (a) main findings and results of SESA, including (a) SESA stakeholder engagement process; (b) key social and environmental priorities and issues associated with chosen PPP; (c) institutional arrangements for coordinating integration of social and environmental issues into chosen PPP; (d) legal, regulatory, policy, institutional and capacity recommendations to address any identified gaps for managing the social and environmental priorities and implementing applicable social and environmental policies; (e) results of assessment of social and environmental risks/impacts associated with the implementation of PPP; (f) identification of measures (e.g. policies, institutional strengthening, governance reform) to address and manage anticipated adverse social and environmental risks and impacts, including a summary Action Matrix (see Table A2.1 below for indicative outline); and (g) where applicable, final or advanced draft of ESMF as framework for managing social and environmental risks during implementation of PPP related activities and/or policies/regulations.

4. Monitoring and evaluation

- **Monitoring.** SESA specifies how implementation of the SESA recommendations (and, where applicable, the ESMF) will be monitored and evaluated by partner. The extent of monitoring activities will be commensurate with the risks and impacts associated with implementation of the PPP. Progress on implementation of any required mitigation/management plans is monitored; complaints/grievances are tracked and monitored; follow-up on any identified corrective actions is tracked; and (iv) any required monitoring reports are finalized and disclosed.

Generic checklist for preparing/reviewing SESAs (all types)

Principles and Scope

- Have adequate principles, criteria and indicators been defined for the SESA?
- Has the spatial and temporal scope of the SESA been adequately defined?
- Is there a need/opportunity for donor co-ordination in the conduct of the SESA?
- Have alternatives (to the proposed PPP) been identified and considered?
- Does/would the SESA address the requirements of UNDP's SES?

Linkage to other strategies, policies and plans

- Have all relevant strategies, policies and plans – at national to local levels – been reviewed (e.g. PRS, MDG-based strategy, district plan) and is the assessed PPP supportive of and consistent with their goals? Have any conflicts been taken into account in the design of the proposal?

Effects

- Have the potential direct, indirect and cumulative negative and/or positive effects (short-, medium- and long-term; environmental and social) of the proposed PPP been predicted and analysed?
- Have relevant, specific measures been identified and included to counteract/mitigate these? Alternatively, is it made clear how other national policies/programmes are mitigating the potential negative effects?
- Is there potential for enhancing positive effects? Have these opportunities been maximised?
- Has the quality of the assessment been independently reviewed?

Stakeholder engagement

- Have all relevant stakeholders had an opportunity to engage in the SESA process and to identify potential impacts and management measures?
- In particular, have the views of civil society, particularly affected communities, been included? What has been their influence in the development of the proposed PPP?

Capacity

- Is there sufficient capacity within institutions and agencies, at national and sub-national levels, to implement the specific PPP (e.g. to enable them to apply an environmental and social management framework for sub-elements); and to manage, regulate and be accountable for use of natural resources? How can these institutions be strengthened?
- Is there an institutional framework to manage social and environmental impacts and major environmental resource policy and potential institutional failures?
- Is the social and environmental policy framework and legislative authority in place to respond to significant problems that might arise?

Influence of SESA

- Are there specific points where the SESA can have influence over PPP decisions or design?

Data, information and monitoring

- Are there significant data and information deficiencies and gaps? How can these be filled?
- Are measures proposed for monitoring? Are these clear, practicable and linked to the indicators and objectives used in the SESA? Are responsibilities clear?

Source: adapted from OECD-DAC, Applying Strategic Environmental Assessment, p. 70

Table A2.1. Indicative sample of an action matrix for summarizing SESA recommendations, including measures to address anticipated social and environmental risks and impacts

Strategic Priority 1

Example: Enhance community participation and benefits in sector X

Priority reform area	Short term actions (1-2 years)	Short term monitorable outcomes	Medium-term actions (3-5 years)	Medium-term monitorable outcomes	Long-term actions (> 5 years)	Final outcomes
Women's participation and employment in sector X	*Establish mechanisms to enhance women's participation in local government and in negotiations involving companies in sector X*	*Increase participation in negotiations* *Increase in female employment* *Female participation in training programmes*	*Awareness programs for women's rights* *Refine and strengthen mechanisms for women's participation*	*Significant increase in female employment and training programmes*	*Reformed procedures for promoting women's participation in local and regional development*	*Gender differences significantly reduced in sector X and local and regional development processes*
Community disputes with companies in sector X	*Establish a dispute resolution mechanism on social and environmental issues that is accessible to community*	*Disputes between companies in sector X and local communities resolved more speedily with less conflict*	*Strengthen ability of community representatives in use of mediation to resolve disputes* *Strengthen ability of local governments and community representatives to investigate and motivate legal procedures against companies in sector X with poor social and environmental performance*	*Increase percentage of satisfactory settlements* *Time taken to settle disputes declines*	*Extend and adapt dispute resolution system to other industries associated with the sector X*	*Disputes reduced and managed effectively*

Notes:

- "Strategic priorities" are defined in the SESA process and are key SESA recommendations. Examples: enhancing benefits to communities, strengthening environmental governance, incorporating artisanal mining in mining sector.
- "Priority reform areas" are key intervention areas to support implementation of the "Strategic Priority"

Annex 5. Indicative Outline of an ESMF

This document provides an outline and key steps that should be considered when conducting or reviewing an Environmental and Social Management Framework (ESMF). The outline provided below can also be used as a general reference to assist in developing a Terms of Reference for undertaking an ESMF.

An ESMF sets out the principles, rules, guidelines and procedures for screening, assessing, and managing the potential social and environmental impacts of forthcoming but as yet undefined interventions. It contains measures and plans to avoid, and where avoidance is not possible, to reduce, mitigate and/or offset adverse risks and impacts. The ESMF specifies the most likely applicable social and environmental policies and requirements and how those requirements will be met through procedures for the screening, assessment, approval, mitigation, monitoring and reporting of social and environmental risks and impacts associated with the activities to be supported.

An ESMF is typically utilized when a project consists of a series of sub-projects/activities or subsequent downstream implementation of policies, plans, programmes that cannot be fully assessed until the details of the sub-project or activities have been identified (often later in the project cycle). The ESMF ensures that the sub-project/activities are screened and assessed and that appropriate management measures are in place prior to implementation.

The ESMF procedures are to be designed to ensure compliance with the relevant social and environmental policy framework, including UNDP's SES, during the implementation of the activities. The ESMF also specifies the inter-institutional arrangements for the preparation of time-bound action plans for avoiding, and where avoidance is not possible, reducing, mitigating, and managing adverse impacts related to the future activities or policies/regulations. It also contains provisions for estimating and budgeting the costs of such measures.

The ESMF should be prepared as a stand-alone document. A draft ESMF should be prepared as early as possible so that it can be publicly disclosed and be the subject of meaningful public consultation. Early disclosure and consultations on the draft ESMF ensure that stakeholders are kept informed of relevant issues that may affect them before specific activities or policies/regulations with potentially adverse social and environmental impacts are adopted.

It is critical to ensure that implementation of the ESMF is properly supervised. Project documentation needs to specify that sub-projects/activities which may potentially cause adverse social and environmental impacts may not proceed until they are screened and assessed and that appropriate management measures are in place, according to the rules and procedures of the ESMF.

Indicative outline of an ESMF -

 (1) Executive Summary: Concise description of the ESMF including information summarized from preliminary assessments (if conducted) and stakeholder consultations carried out during project preparation, including on the draft ESMF document.

(2) Project description: Concisely describes the proposed project and its social and environmental context. Summarize project components, including typology of the future activities, sub-projects, policies, and/or regulations to be supported by the project.

(3) Potential social and environmental impacts: A description of the potential social and environmental impacts, both positive and negative, related to typology of likely activities, sub-projects, policies, and/or regulations to be supported during project implementation.

(4) Legal and institutional framework: Summarizes the legal and institutional framework for the project, including (a) the country's applicable policy framework (e.g. national laws and regulations) relating to relevant social and environmental issues; obligations of the country directly applicable to the project under relevant international treaties and agreements; (b) likely applicable requirements under UNDP's SES; and (c) and other relevant social and environmental standards and/or requirements, including those of any other donors and development partners. Compares the existing social and environmental framework and applicable requirements of UNDP's SES (and those of other donors/development partners) and identifies any potential gaps that may need to be addressed.

(5) Procedures for screening, assessment and management: Specify the procedures for reviewing and addressing potential social and environmental issues and impacts of specific project activities, sub-projects, policies, or regulations to be adopted during implementation, including the following:

(a) Screening of social and environmental issues and impacts and determining applicable social and environmental standards and requirements (including UNDP SES) and the appropriate types of social and environmental assessment needed to address identified impacts.

(b) Preparing and approving time-bound action plans for avoiding, and where avoidance is not possible, reducing, mitigating, and managing adverse impacts, including development of specific management plans according to applicable policies and regulations, including UNDP's SES (e.g. Environmental and Social Management Plans, Indigenous Peoples Plans, Resettlement or Livelihood Action Plan). Generic outlines of such plans may be included (to be completed post-assessment).

(6) Institutional arrangements and capacity building: Clear definition of roles and responsibilities of project staff and associated agencies in implementation of project activities and application of social and environmental procedures (e.g. screening, assessment, preparation of management plans, monitoring). Assess the particular institutional needs within the implementation framework for application of the ESMF, including a review of the authority and capability of institutions at different administrative levels (e.g. local, district, provincial/regional, and national), and their capacity to manage and monitor ESMF implementation. Where necessary, capacity building and technical assistance activities should be included to enable implementing agencies and involved institutions and stakeholders to implement the ESMF, including preparation, implementation and monitoring of specific social and environmental management plans/measures.

(7) Stakeholder engagement and information disclosure process: Describe procedures for ensuring consultation and stakeholder engagement during assessment, development of action plans, and monitoring of social and environmental impacts associated with specific project activities, including information disclosure requirements.

(8) Grievance redress mechanism: Describe mechanisms to provide stakeholders and potential affected communities avenues to provide feedback or grievances, and receive responses, with regard to the implementation of specific activities, policies, or regulations.

(9) Monitoring and evaluation arrangements: Define the monitoring and evaluation arrangements in order to monitor the implementation of the ESMF and specific social and environmental management plans/measures, including the parameters to be measured and arrangements for stakeholder participation in such monitoring.

(10) Budget for ESMF implementation.

(11) Annexes and List of Figures as applicable