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ADMINISTRATIVE INSTRUCTION

UNIDO ENVIRONMENTAL AND SOCIAL SAFEGUARDS POLICIES AND PROCEDURES (ESSPP)

1. UNIDO is committed to promoting *inclusive and sustainable industrial development* (ISID) to harness the full potential of industry's contribution to (i) the achievement of sustainable development, and (ii) lasting prosperity for all. Within the first thematic pillar, UNIDO is dedicated to supporting environmentally sound and sustainable development in the full range of its project activities. The Organization believes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate, and recognizes that projects that foster environmental and social sustainability rank among the highest priorities of its activities.
2. In order to meet this goal, UNIDO has adopted a set of Environmental and Social Safeguards Policies and Procedures (ESSPP). These strengthen the accountability of the Organization to the countries and communities it aims to support; to stakeholders in the development processes; and to the broader development cooperation and donor community. Environmental and social screening and assessment of projects are standard practice in development cooperation. Additionally, safeguard approaches have proven to be suitable vehicles for consultation and disclosure of information.
3. The ESSPP draws on the safeguard requirements and policies of key funding partners, as well as on the guidance provided by the United Nations (UN) Environment Management Group, of which UNIDO is an active member. Following initial issuance on 21 January 2015 and subsequent revision, the ESSPP is now applicable to all UNIDO projects and programmes¹ submitted to the Adaptation Fund (AF), the Global Environment Facility (GEF), the Green Climate Fund (GCF), and all other UNIDO projects and programmes as relevant. The present instruction reflects the latest requirements of the international donor community and supersedes AI/2017/04 dated 18 July 2017.
4. The Partnerships Coordination Division (PFC/PPC/PCD) retains overall responsibility for monitoring the implementation of this administrative instruction and for arranging for its review and amendment when required.
5. Within the context of the ESSPP, responsible UNIDO staff² and experts, national partners, and representatives of project executing entities form the "project development team"³, and are the key players when it comes to putting the policies and procedures into practice. The ESSPP aims to provide the project development team with a set of tools and guidance to be able to strategically design and implement environmentally and socially sustainable projects that support the achievement, equitability and sustainability of development results. In this respect, the ESSPP is fully aligned with applicable UNIDO policies on programme and project formulation and approval. The ESSPP consists of four interrelated components, combined in this document:

¹ Throughout this document, whenever reference is made to 'project', this also encompasses 'programme'.

² The project manager, staff of the field offices and CMO service departments, and other UNIDO staff, as appropriate.

³ This term will be used throughout the document.

1. The **Integrated Safeguard Policy Statement** lays out the policy principles and describes the common objectives of UNIDO's safeguards.
2. The **Operational Safeguards (OS)** consist of a set of ten programmatic and two framework safeguard requirements that the project development team is expected to follow when addressing social and environmental impacts and risks.
3. The **Environmental and Social Safeguard Steps along the Project Cycle** section provides guidance on the specific procedures that the project development team should follow to ensure that operations meet the requirements of the OSs at each stage of the UNIDO project cycle.
4. The **Environmental and Social Safeguard Tools** section provides project development teams with the tools to screen projects for environmental and social risks, and to develop the environmental and social studies required by the ESSPP.

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1. Integrated Safeguards Policy Statement

1.1 Policy

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

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

UNIDO assists its Member States with technical assistance type projects, which largely provide capacity building, training and awareness raising, strategic planning, policy reform, institution strengthening, technology conversion and rehabilitation services. Investment projects supported by UNIDO are predominantly demonstration-scale interventions, such as pilot demonstrations of specific technologies. On occasion, UNIDO also engages in the (co-) development of inclusive and sustainable industrial parks. Within the context of its technical assistance projects and operations, UNIDO is committed to full compliance with the following safeguard standards:

1. Environmental and Social Assessment Safeguard: ensures that projects are environmentally and socially sound and sustainable by providing an overarching framework for the required screening and assessment processes that all UNIDO projects undergo.
2. Protection of Natural Habitats and Biodiversity Safeguard: ensures that biological diversity is conserved, and that sustainable use of natural resources is promoted.
3. Involuntary Resettlement and Land Acquisition Safeguard: ensures that UNIDO projects do not result in involuntary resettlement or physical and/or economic displacement of anyone through project-related land use.
4. Indigenous Peoples Safeguard: ensures that projects foster full respect for indigenous peoples and their dignity, human rights, and cultural uniqueness.
5. Pest Management Safeguard: ensures that environmental and health risks associated with the use of pesticide are minimized and managed, and that safe, effective, and environmentally sound pest management is promoted and supported.
6. Cultural Heritage Safeguard: ensures that UNIDO does not engage in any projects that adversely impact upon tangible and intangible cultural heritage.
7. Safety of Dams Safeguard: ensures compliance with relevant international quality and safety standards in the design, construction, operation, and maintenance of new dams and the rehabilitation of existing dams.
8. Labour and Working Conditions Safeguard: ensures that the pursuit of poverty reduction and economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers.

9. Resource Efficiency and Pollution Prevention Safeguard: ensures that a project-level approach to resource efficiency, cleaner production processes and pollution management in line with internationally disseminated technologies and practices is adopted.
10. Community Health, Safety and Security Safeguard: recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts, and ensures that the health, safety, and security risks and impacts on project-affected communities are avoided or minimized
11. Information Disclosure and Stakeholder Consultation Safeguard: ensures that UNIDO's approach to information disclosure is guided by openness and open and transparent consultation with project stakeholders.
12. Accountability and Grievance System: ensures that a mechanism for dispute resolution and for ensuring accountability and compliance with UNIDO's environmental and social safeguards exists at UNIDO and, if required, also at project/programme level.

Over time UNIDO may adopt additional safeguards or update existing ones to enhance their effectiveness, respond to changing needs, and reflect evolving best practices. UNIDO recognizes the importance of the international move towards greater use of strong and effective country-level environmental and social safeguards systems. UNIDO will take into account relevant aspects of such country-level systems during its own environmental and social screening process.

1.2 Guiding Principles

The following guiding principles are relevant and applicable to all UNIDO projects, regardless of whether safeguard standards are triggered or not. In case UNIDO finds that the environmental and social impacts of any of its proposed interventions do not comply with these guiding principles and/or the safeguard standards, appropriate mitigation measures shall be implemented; alternatively, UNIDO may choose not to proceed with the project.

Compliance with national and international law

UNIDO does not support activities that do not comply with applicable national and international law. UNIDO seeks within the context of project development and implementation to support governments to come into compliance with human rights obligations and to empower individuals and groups, particularly the most marginalized, to realize their rights and interests, ensuring their full participation in projects.

Transparency and inclusivity

UNIDO is committed to ensuring that, throughout the environmental and social assessment process, the project development team engages in meaningful and transparent consultation with affected communities, particularly with vulnerable groups, to ensure that they can participate in a free, prior and informed manner in decisions about avoiding or managing environmental or social impacts. Recognizing that effective public involvement enhances the social, environmental, and financial sustainability of projects, information dissemination, consultation and stakeholder participation are integral to all UNIDO safeguard requirements and processes.

Harmonization in multi-organizational projects

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

Gender equality and gender-related impacts

In accordance with the *UNIDO Policy on Gender Equality and the Empowerment of Women*, UNIDO seeks to identify and integrate the different needs, constraints, contributions and priorities of women and men into its project design. UNIDO is committed to identifying risks and adverse gender-related impacts on women, men, girls and boys as early as possible as part of the screening process, including adverse impacts with respect to gender equality, gender-based violence (GBV), and sexual exploitation and abuse (SEA). Where possible, UNIDO will enhance the positive gender-related impacts of projects by implementing programmes that challenge gender-based discrimination faced by women and girls, whatever their background and identity. Such programmes will facilitate the transformation of social norms and power relations, prioritizing increased women's participation and leadership in formal economic sectors and in environmental conservation and climate action⁴.

UNIDO prohibits sexual exploitation and abuse (SEA), or any other kind of exploitation and abuse, on the part of its personnel⁵ and executing partners. Violations will be subject to disciplinary measures. Furthermore, UNIDO requires the adoption of appropriate prevention and mitigation measures to prevent and respond effectively to GBV, including the organization of activities to prevent and address potential exposure of project-affected people to GBV; the provision of trainings on prevention and response to GBV, as well as the provision of appropriate and confidential reporting, investigation and response protocols in relation to allegations of GBV, including modalities to provide services and redress to survivors.

Climate change risk and resilience

UNIDO recognizes the importance of addressing both the causes and the consequences of climate change in its countries of operations. UNIDO engages, whenever appropriate, in innovative investments and technical assistance to support no/low-carbon investments and climate change mitigation and adaptation opportunities. UNIDO works with the project development team to ensure that proposed interventions undergo an assessment of climate risks, enhance climate resilience, and avoid unwarranted increases in greenhouse gas emissions.

⁴ In accordance with the *UNIDO Policy on Gender Equality and the Empowerment of Women* (DGB/2019/16)

⁵ In accordance with the *UNIDO Constitution, Staff Regulations and Rules*, the *ICSC Standards of Conduct*, and the *UNIDO Code of Ethical Conduct*.

2. Operational Safeguards

The ISPS sets out the basic tenets that guide and underpin UNIDO's approach to environmental and social safeguards. In addition, UNIDO has adopted 12 Operational Safeguards (OS), limiting their number to what is required to achieve the goals and optimal functioning of the ISPS. The Operational Safeguards are:

Programmatic Operational Safeguards

OS 1: Environmental and Social Assessment

OS 2: Protection of Natural Habitats and Biodiversity

OS 3: Involuntary Resettlement and Land Acquisition

OS 4: Indigenous Peoples

OS 5: Pest Management

OS 6: Cultural Heritage

OS 7: Safety of Dams

OS 8: Labour and Working Conditions

OS 9: Resource Efficiency and Pollution Prevention

OS 10: Community Health, Safety and Security

Framework Operational Safeguards

OS 11: Information Disclosure and Stakeholder Consultation

OS 12: Accountability and Grievance System

OS 1 is an overarching safeguard providing the framework for the required environmental and social screening and assessment that all UNIDO projects should undergo. This OS also determines whether proposed projects could potentially involve activities or components that pose any specific risks covered by OS 2 to OS 10 and whether any of these Operational Safeguards, and their subsequent requirements, need to be triggered.

Project-level Operational Safeguards, OS 2 to OS 10, ensure that a precautionary approach is applied in proposed UNIDO projects, and potential adverse impacts and risks to the environment, natural habitats, beneficiaries and local communities, the labour force, indigenous peoples, and cultural heritage are avoided or minimized if possible, and mitigated if not. These Operational Safeguards are triggered by the environmental and social screening and assessment procedure undertaken as part of OS 1.

Framework Operational Safeguards, OS 11 and 12, provide overarching frameworks for information disclosure and stakeholder consultation, as well as for accountability and grievance system requirements.

Each OS is structured in the following fashion:

- A. Objectives
- B. Scope of Application
- C. OS Requirements

2.1 OS 1: Environmental and Social Assessment

A. Objectives

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

B. Scope of Application

This OS applies to all UNIDO projects. Environmental and social assessment work carried out under this OS determines whether the operations involve activities or components that pose any specific risks covered by OSs 2-10 and whether any related requirements need to be met.

C. OS Requirements

C1: Overall approach

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

The environmental and social assessment is integrated into UNIDO's overall project screening, appraisal and approval system. UNIDO may retain experts to assist in the assessment of specialized or technical issues, as well as in the drafting of the required environmental and social studies.

C2: Responsibility

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

C3: Screening

At the concept stage, the project development team screens the project for environmental and social impacts – that is, any changes, potential or actual, to the physical, natural or cultural environment, and related impacts on surrounding communities and workers, resulting from the project, including direct, indirect, cumulative and transboundary impacts (including both adverse and beneficial impacts) – to determine the specific type and level of environmental and social assessment that needs to be carried out during project development (see Section C6 for more details on screening/categorization).

C4: Scope

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

C5: Area of influence

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

- The area likely to be directly affected by the project;

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

C6: The environmental and social assessment procedure

C6.1: Introduction

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

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

The assessment will be conducted according to the principles of proportionality and adaptive management. The level of assessment and management required should be proportionate to the level of risk that the project poses – as identified during screening/categorization and impact scoping – and the management measures adopted should be capable of being adapted to changing circumstances during the full project cycle. Thus, depending on the nature and scale of environmental and social risks and potential impacts identified, appropriate assessments are carried out. The assessments are based on recent environmental and social baseline data at an appropriate level of detail, recognizing that periodicity (e.g., seasonal variation) or other variability over time may require more robust baseline data than relatively constant conditions, and include assessment of alternatives that includes the no-project alternative.

The environmental and social assessment will cover all relevant, direct and indirect, cumulative and associated, project impacts identified during the screening phase, including any covered in OSs 2-10, for which there are specific requirements.

C6.2: Screening/categorization

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

Any replication and scale-up investments, projects or programmes that result from and take place outside of the scope of UNIDO projects, will need to undergo separate environmental and social screenings and assessments in accordance with the applicable ESS policies (e.g. ESSPP, if UNIDO is involved in the replication and scale-up activities, applicable financing partner policies, and/or national policies) to identify and address any potential environmental and social risks.

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

Category A: A proposed project is classified as Category A if it is likely to induce significant and/or irreversible adverse environmental and/or social impacts that are sensitive, diverse, or unprecedented, or that affect an area broader than the sites or facilities subject to physical works, i.e. the geographical scope of the project. Category A projects are **usually large-scale infrastructure development, replication**

and/or scale-up investment projects supported by multilateral and regional development banks (e.g. new large-scale dams above 15 meters in height; **establishment and/or relocation** of industrial zones, industrial parks, large-scale manufacturing and/or processing plants; construction of large-scale waste(water) treatment plants; investment into power generation and distribution systems – i.e. construction/rehabilitation of major power plants and power distribution networks; major road and highway construction⁶).

Category A projects will require an ESIA to be conducted, which should examine the project’s potential negative and positive environmental impacts, compare them with those of feasible alternatives (including the “*without project*” situation), and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts. As a result of the ESIA process, an ESMP will be developed. The ESIA process is further elaborated in Annex F of this document. Activities that require an ESIA by national law are also classified as Category A.

ESSPP information disclosure requirements and the accountability and grievance system outlined under OS 11 and OS 12 also apply to Category A projects.

Category B: Category B projects often differ from Category A projects of the same type only in scale. They are likely to have fewer adverse impacts on human populations or environmentally important areas than Category A projects. Likely impacts will be few in number, site-specific, and few, if any, will be irreversible. In most cases impacts can be readily minimized by applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards. Category B projects may include physical interventions such as **demonstration of pilot approaches at the level of technology transfer and deployment**, which serve as a basis for future replication and scale-up (e.g. rehabilitation of existing dams, limited bioenergy or other small- and medium-scale renewable energy installations, pilot resource efficient technology transfer and installation at existing facilities, treatment and disposal of POPs at existing facilities, small-and medium scale agro- and food-processing installations, etc.⁷).

An ESIA will not be required, but an ESMP needs to be developed so as to integrate environmental and social sustainability elements into project design. Here, appropriate management and mitigation measures will be defined and/or internationally recognized design criteria and standards incorporated. The ESMP process is further elaborated in Annex G of this document.

ESSPP information disclosure requirements and the accountability and grievance system outlined under OS 11 and OS 12 also apply to Category B projects.

Category C: A proposed project is classified as Category C if it is likely to have either minimal or no adverse social and/or environmental impacts (e.g. **studies, mapping, strategy development, business plan development, feasibility study development, policy advice, inventory work, and awareness raising / capacity building activities**⁸), and/or if it has only a minor budget allocation. With regards to the latter, please note that projects shall neither be divided into two or more separate projects nor deliberately under-budgeted for the purpose of meeting this criterion. Moreover, projects that centre on the setting-up of financial mechanisms, accelerator/incubator schemes, business models and the like are classified as Category C. However, the design of selection criteria for such mechanisms/schemes/models should include ESS considerations, in line with the requirements set out in the ESSPP, while the selected financial intermediaries are expected to have their own environmental and social management systems in place in order to address any identified ESS risks, and to meet a level of acceptable compliance with the requirements of the ESSPP. This ensures that resulting proposal, investment, and project submissions towards the said mechanisms/schemes/models undergo separate environmental and social screenings and assessments. All Category C projects that develop full feasibility studies for Category A projects will need to include an ESIA within the feasibility study, unless an ESIA, meeting the standards of ESSPP, has been or will be undertaken by another project stakeholder.

⁶ Please refer to section 3.1. for further examples.

⁷ Please refer to section 3.1. for further examples.

⁸ Please refer to section 3.1. for further examples.

No further specific environmental and/or social assessment is required for a Category C project beyond the ESS screening. It is, however, important to note that Category C projects, particularly those with procurement components, may still have potential environmental and social sustainability considerations. These should be addressed as part of the regular project design activities and through UNIDO's procurement processes, as applicable.

ESSPP information disclosure requirements and the accountability and grievance system outlined under OS 11 and OS 12 apply to Category C projects.

Category NO PROJECT: A proposed project is classified as Category NO PROJECT if it: (i) is likely to infringe on the protection of critical habitats⁹; (ii) introduces or uses potentially invasive, non-indigenous alien species; (iii) uses banned pesticides and/or chemicals; (iv) causes involuntary resettlement or physical and economic displacement; (v) is likely to alter, damage, or remove any cultural heritage or protected site; or (vi) uses forced, trafficked, or child labour.

C6.3: Determinants of categorization

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

C6.4: Vulnerability and community impacts

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

The project development team pays particular attention to assessing the risks and potentially adverse impacts of the project on local communities, including direct and indirect impacts on their health or safety and indirect impacts on their socioeconomic conditions and livelihoods. To this end, any risks or potential adverse impacts on women, men, girls and boys are identified and reflected upon early, and differentiated by gender where relevant, including adverse impacts on gender equality, gender-based violence, and sexual exploitation, abuse and harassment.

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

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

Vulnerability can be determined by identifying a group's likelihood of facing harder conditions as a result of the project, owing to such factors as gender, economic status, ethnicity, religion, cultural behavior, sexual orientation, language or health condition. Depending on the specific context of the project, vulnerable groups may, inter alia, include female-headed households; those below the poverty line; the landless; some categories of children (orphans, homeless); marginalized social groups and

⁹ For a definition of 'critical habitat', please refer to Annex I.

indigenous peoples; those without legal title to assets; ethnic, religious and linguistic minorities; and those with disabilities.

C6.5: Cumulative impacts

Screening/categorization should also cover possible cumulative impacts: impacts on areas and resources that result from the proposed project in addition to impacts from other existing or planned developments, including from any associated projects, regardless of which entity undertakes those actions. Cumulative impacts can result from individually minor, but collectively significant, interventions that take place over a period of time.

C6.6: Public consultation and information disclosure

In addition to categorization, UNIDO follows international best practices with regards to public involvement, disclosure of information, consultation with stakeholders at all levels, and to the establishment of a functioning mechanism to receive and resolve issues of concern for project affected people. Specific modalities and procedures governing public consultation and information disclosure are covered under framework OS 11, while public involvement is a guiding principle for all UNIDO activities and safeguards. Specific requirements of OS 11 are outlined in detail in Annex C of this document.

C6.7: Implementation of safeguard measures

The project development team will be responsible for monitoring and reporting on the implementation of commitments made in either the ESIA or the ESMP as the project commences implementation. Third party monitoring (e.g., by independent experts or local communities) and/or independent audits are used, where appropriate, to monitor project implementation and/or assess whether environmental and social risk and impact mitigation objectives are being or have been achieved. Within UNIDO, established and regular monitoring processes track and ensure the execution of mitigation and performance improvement measures in line with the commitments made in the relevant ESS studies so that adaptive measures can be taken if necessary. UNIDO may undertake ad-hoc compliance checks of projects in the event of possible noncompliance with the present ESSPP. Specific requirements for the implementation of safeguard measures are outlined in detail in Section 3 of this document.

2.2 OS 2: Protection of Natural Habitats and Biodiversity

A. Objectives

This OS recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. Depending on the nature and scope of proposed activities, UNIDO may engage in projects targeting or located in *critical habitats*¹⁰, so long as these projects do not infringe on the protection of the critical habitats. Moreover, UNIDO uses a precautionary and ecosystem-centred approach to natural resource conservation and management to ensure opportunities for environmentally sustainable development. The safeguard reflects the importance of biodiversity and the value of key ecosystems to the population, emphasizing the need to respect, conserve and maintain the knowledge, innovations and practices of indigenous and local communities, and to protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements.

B. Scope of Application

This OS applies to all UNIDO projects. The scope of application of OS 2 will be established during the environmental and social assessment process.

The OS specifically applies to UNIDO projects that:

¹⁰ For exact definition please refer to Annex I.

- Are located in modified, natural and/or critical habitats¹¹;
- Are located in areas providing ecosystem services upon which potentially affected stakeholders are dependent for survival, sustenance, livelihood or primary income, or which are used for sustaining the project;
- Extract renewable natural resources as a main purpose, i.e. projects that include the generation of living natural resources (e.g. plantation forestry, commercial harvesting, agriculture, livestock, fisheries and aquaculture); or
- Involve the use and commercialization of an indigenous knowledge system.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the responsible project development team screens early, before any decisions on siting of physical infrastructure are taken, for the presence of natural and/or critical habitats. Should the presence of a critical habitat be identified through the screening process and should there be a danger of infringing on such a critical habitat, UNIDO will decide either to relocate the project to a different site or to stop any further project development. If the proposed project is classified as Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken during project formulation and prior to project appraisal. These studies will identify and assess the potential opportunities for, risks to, and impacts on natural habitats, biological diversity and ecosystem services, including direct, indirect, cumulative and pre-mitigation impacts.

The project development team will apply the mitigation hierarchy to avoid potentially adverse impacts; if avoidance is not possible, to reduce and minimize potential adverse impacts; if reduction or minimization is not sufficient, to mitigate and/or restore; and, as a last resort, to compensate for and offset¹². In areas of modified habitats, UNIDO will ensure that measures are adopted to minimize impacts on biodiversity and implement mitigation measures as appropriate. In areas of natural habitats, UNIDO will strive to avoid any significant conversion and degradation of such habitats. In areas of critical habitats, where there is no potential for the infringement of their protection, UNIDO will implement all project activities with utmost compliance with the recommendations made in the ESS studies. Special attention is given to the major threats to biodiversity and ecosystem services, such as pollution and contamination, land conversion, habitat fragmentation, natural habitat degradation or loss, deforestation, over-exploitation of natural areas and resources, invasive alien species, migration barriers, the capturing of wild animals, the harvesting of endemic species and indigenous ornamental flora and fauna, and wildlife poaching, through promotion of the sustainable management of living natural resources and ecosystem services.

In rare cases of UNIDO projects involving reforestation or forest restoration, such projects should maintain or enhance biodiversity and ecosystem functionality, and are environmentally appropriate, socially beneficial and economically viable. Moreover, project-supported activities are to follow applicable national and local frameworks and measures related to access and benefit sharing in the utilization of genetic resources, also taking into account existing international best practice examples in this area.

¹¹ For exact definitions please refer to Annex I.

¹² Mitigation measures may include a combination of actions, such as project redesign, use of financial guarantees, post-project restoration, set-asides, and, as a last resort, offsets. Set-asides are land areas within the project area excluded from development and are targeted for the implementation of conservation enhancement measures. Set-asides will likely contain significant biodiversity values and/or provide ecosystem services of significance. Biodiversity offsets may be considered only after appropriate avoidance, minimization, and restoration measures have been applied. Offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken. Offsets must be designed and implemented to achieve measurable conservation outcomes that can reasonably be expected to result in no net loss of and preferably a net gain in biodiversity. Compensation and offsets may eventually be incorporated as elements of a mitigation strategy; however, avoidance and minimization measures must first be fully considered.

UNIDO will ensure that the procurement of natural resource commodities that may contribute to significant conversion or degradation of natural habitats is avoided, where feasible, or limited to suppliers that can demonstrate that they are not contributing to significant conversion or degradation of natural habitats.

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

C2: Siting

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

Where physical infrastructure is part of a UNIDO project, preference is given to siting such physical infrastructure on land where natural habitats have already been legally converted to other land uses,¹³ i.e. land falling into the urban/built-up land category.¹⁴ Any project interventions on a specific piece of land will be conducted in accordance with national land use rights and permits.

This OS commits UNIDO to refraining from undertaking projects that would involve significant conversion or degradation of critical and/or natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities. UNIDO strives to ensure that projects do not lead to a significant reduction or loss of biological diversity in natural or modified habitats. UNIDO will not engage in any projects that introduce or use potentially invasive, non-indigenous or alien species.

C3: Consideration of alternatives

Where procedures undertaken as part of OS 1 indicate that projects may adversely affect non-critical natural habitats, UNIDO will only proceed if viable alternatives are not available, if consultations with relevant stakeholders, including affected communities, have been undertaken, and if appropriate conservation and mitigation measures, including those required to maintain ecological services they provide, are in place.

C4: International environmental agreements

UNIDO will not support projects that contravene the provisions of the United Nations Convention on Biological Diversity of 1992.

C5: Use of experts

Where appropriate, the project development team will obtain the advice of experts to assess biodiversity and ecosystem services values, including, amongst others, their cultural, aesthetic, spiritual, educational, and recreational values.

C6: Information disclosure

Biodiversity mitigation plans will be disclosed in a timely manner, in accordance with information disclosure commitments made in OS 1 (C6.6) and the requirements of OS 11 as outlined in detail in Annex C of this document.

¹³ Excluding land that has been converted in anticipation of a UNIDO project or similar development.

¹⁴ For a definition of 'urban/built-up land', please refer to Annex I.

2.3 OS 3: Involuntary Resettlement and Land Acquisition

A. Objectives

The objective of this OS is to avoid physical and economic displacement as a result of project-related land use. This safeguard ensures that projects potentially involving land acquisition resulting in involuntary physical and/or economic displacement are either re-designed to include viable alternatives or are not approved for further development by UNIDO.

B. Scope of Application

The OS applies to UNIDO project proposals that could result in involuntary resettlement. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and economic displacement (loss of assets that leads to loss of income or other means of livelihood). The scope of application of OS 3 will be established during the environmental and social assessment process required by OS 1. UNIDO will ensure that any interventions done by the project on a specific piece of land will be conducted in accordance with national land use rights and permits, and will not involve involuntary displacement.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the responsible project development team screens early for the possibility of involuntary physical or economic displacement. UNIDO will ensure that the buildable land used/provided for project purposes has the necessary building and zoning permits, in compliance with local law. It will also ensure that any licenses and inspections necessary for the proper execution and completion of the project are or can be obtained. Should the possibility of involuntary resettlement be identified, a decision will be made by UNIDO management, in consultation with national counterparts, either to relocate the project to a different site or to stop any further project development.

If the proposed project is classified as Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken prior to project appraisal. These studies will identify and assess the potential impacts of proposed project activities on environmental and social components, including direct, indirect, cumulative and pre-mitigation impacts. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C2: Information disclosure

Project land use plans will be disclosed in accordance with information disclosure commitments made in OS 1 (C6.6) and the requirements of OS 11 as outlined in detail in Annex C of this document.

2.4 OS 4: Indigenous Peoples

A. Objectives

UNIDO ensures that, consistent with the rights and responsibilities set forth in the United Nations Declaration on the Rights of Indigenous Peoples and other international instruments relating to indigenous peoples,¹⁵ projects are designed and implemented in a way that fosters full respect for indigenous peoples, including those living in voluntary isolation, and for their dignity, human rights, and cultural uniqueness so that they (a) receive culturally appropriate social and economic benefits; and (b) do not suffer adverse effects during the development process.¹⁶

Consistent with international practice, UNIDO abides by the following criteria when considering indigenous people:¹⁷

¹⁵ Including the International Labour Organization Convention 169 on Indigenous and Tribal Peoples (1989); United Nations Declaration on the Rights of Indigenous Peoples (2007); UNDG Guidelines on Indigenous Peoples' Issues (2008); United Nations Permanent Forum on Indigenous Issues (under the Economic and Social Affairs Department), Inter-Agency Support Group on Indigenous Issues, and United Nations International Decade of the World's Indigenous Peoples Plan of Action.

¹⁶ For definitions of 'indigenous peoples' and 'indigenous peoples living in voluntary isolation', please refer to Annex I. For further details, please see: <http://www.oas.org/en/iachr/indigenous/docs/pdf/Report-Indigenous-Peoples-Voluntary-Isolation.pdf>.

¹⁷ Working paper on the concept of "indigenous people" of the Working Group on Indigenous Populations (Commission on Human Rights) (E/CN.4/Sub.2/AC.4/1996/2).

- Priority in time, with respect to occupation and use of a specific territory;¹⁸
- Collective cultural attachment to land;
- The voluntary perpetuation of cultural distinctiveness, which may include aspects of language, social organization, religion and spiritual values, modes of production, laws and institutions;
- Self-identification, as well as recognition by other groups, or by State authorities, as a distinct collectivity/as an indigeneous peoples;
- Presence of customary institutions;
- An experience of subjugation, marginalization, dispossession, exclusion or discrimination;
- Primarily subsistence-oriented agricultural production.

B. Scope of Application

The OS specifically applies to UNIDO projects that affect indigenous peoples, including those living in voluntary isolation. The scope of application of OS 4 will be established during the environmental and social assessment process required by OS 1.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the project development team screens early for the presence of any indigenous people in the project area, who are identified through criteria that reflect their social and cultural distinctiveness (see Section A above).

If the proposed project is classified as Category A or Category B, the project development team is responsible for overseeing the ESS studies that need to be undertaken prior to project appraisal. Competent professionals will be retained to assist in identifying and assessing the potential opportunities for, risks to, and impacts on indigenous peoples, including direct, indirect, cumulative and pre-mitigation impacts. Where a project may affect an indigenous people in voluntary isolation, appropriate measures are taken to recognize, respect, and protect their lands and territories, environment, health, and culture, as well as to avoid all undesired contact. Aspects of the project that would result in such undesired contact are not processed further.

If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project. UNIDO will recruit independent and experienced social scientists or other experts to undertake such monitoring as required.

C2: Free, prior and informed consent (FPIC)

In accordance with OS 1 requirement C6.6 and OS 11 on information disclosure and stakeholder consultation, the provisions for which are outlined in Annex C of this document, UNIDO commits to undertake prior consultations with affected indigenous peoples to ascertain their broad community support for projects affecting them and to solicit their full and effective participation in designing, implementing, and monitoring measures to: (a) ensure a positive engagement in projects; (b) avoid adverse impacts, or when avoidance is not feasible, minimize, mitigate, or compensate for such effects; and, (c) tailor benefits in a culturally appropriate way. Specific requirements and dimensions of FPIC are outlined in detail in Annex A of this document.

C3: Benefit sharing

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

C4: Land tenure

¹⁸ The concept of “priority in time” is used to distinguish between persons who were born in a particular place (i.e. are *indigenous*) and those who arrived from elsewhere (i.e. are *advenae*). Hence it suggests that the group to which it refers was the first to exist in the particular location.

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

C5: Use of cultural resources and/or knowledge

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

As part of UNIDO's approach to FPIC (OS 4, C2), the Organization refrains from utilizing the cultural resources or knowledge of indigenous people without their prior agreement to such use. In addition, UNIDO ensures that any access to and commercialization of indigenous knowledge is based on the principle of equitable benefits.

C6: Indigenous People Plan (IPP)

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

C7: Information disclosure

In line with the requirements of OS 11 and OS 1 (C6.6), the project development team will disclose documentation on the consultation process undertaken during preparation of the ESS studies. Disclosure of required information will take place in a timely manner, before appraisal formally begins, in a place accessible to key indigenous stakeholders, and in a form and language understandable to them.

2.5 OS 5: Pest Management

A. Objectives

UNIDO ensures that, in any project applying or promoting the use of pesticides, the environmental and health risks associated with pesticide use are minimized and managed, and that safe, effective, and environmentally sound pest management is promoted and supported. The principles of integrated pest management¹⁹ and integrated management of vectors and intermediate hosts²⁰ are applied, to the extent feasible. UNIDO does not support the use of any pesticides, products or chemicals specified under the Stockholm Convention on Persistent Organic Pollutants or classified by the World Health Organization (WHO) as Classes IA, IB, or II. Additionally, UNIDO ensures that its projects follow the minimum standards described in the *Code of Conduct on the Distribution and Use of Pesticides* of the Food and Agriculture Organization of the United Nations (FAO).

B. Scope of Application

This OS applies to all UNIDO projects entailing the procurement or use of pesticides. Any indication that a project might lead to the procurement or use of banned pesticides, products or chemicals results in rejection of the project.

¹⁹ For a definition of 'integrated pest management', please refer to Annex I.

²⁰ For a definition of 'integrated management of vectors and intermediate hosts', please refer to Annex I.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the project development team screens early for the use of pesticides. If the proposed project is classified as Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies be undertaken prior to project appraisal. These studies will identify and assess the potential impacts of the use of pesticides on environmental and social components, including their direct, indirect, cumulative and pre-mitigation impacts.

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

C2: Procurement

In line with UNIDO's procurement rules, specific contractual provisions ensure that:

- Any procurement of pesticides complies with WHO regulations;
- Procurement and use of any persistent organic pollutants (POPs) listed under the Stockholm Convention or of other chemicals classified by the WHO as classes IA, IB, and II is banned;
- Any management and disposal of pesticides in a UNIDO project complies with the minimum standards described in the FAO *Code of Conduct on the Distribution and Use of Pesticides*.

C3: Information disclosure

In line with the requirements of OS 11 and OS 1 (C6.6), the project development team will disclose documentation on the consultation process undertaken during the preparation of the relevant ESS studies.

2.6 OS 6: Cultural Heritage

A. Objectives

UNIDO recognizes the vital importance of cultural heritage²¹ for current and future generations. This OS is designed to ensure that effective and active measures are taken to avoid support for projects involving the alteration of, damage to or removal of any type of tangible or intangible cultural heritage. Should such potential adverse impacts on a type of cultural heritage be identified during the development period, UNIDO management will decide, in consultation with national counterparts, either to relocate the project to a different site or to stop any further project development.

B. Scope of Application

This OS applies to all UNIDO projects. Its applicability will be determined during the environmental and social screening process required by OS 1.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

UNIDO ensures that its projects avoid having an adverse impact on cultural heritage. As part of the environmental and social assessment procedure required by OS 1, the project development team screens early for the existence of any type of cultural heritage that may be affected by the project.

If a project may result in the alteration, damage, destruction, or removal of any cultural heritage or site, UNIDO management will decide either to relocate the project to a different site or to stop any further project development. Should the existence and proposed utilization of cultural heritage (both tangible and intangible) be identified, affected communities will be informed of their rights under applicable

²¹ For a definition of 'cultural heritage', please refer to Annex I.

national/local law, of the scope and nature of the proposed development, and of the potential consequences of such development. The project will not proceed without meaningful, effective participation of affected communities and unless (i) good faith negotiations with affected communities result in a documented outcome, and (ii) the project provides for fair and equitable sharing of benefits from any commercialization of any cultural knowledge, innovation, or practice, consistent with the affected community's customs and traditions. For projects that propose to utilize the cultural heritage of any indigenous people, the requirements of OS4 shall apply. Moreover, where a project might result in the introduction of restrictions for stakeholder on access to sites of cultural heritage, continued access will be arranged in consultation with stakeholders, where feasible, subject to overriding safety and security considerations.

If the proposed project is classified as Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken prior to project appraisal. Qualified experts will be retained and consultations held with local people and other relevant stakeholders, in order to assist in the identification of tangible and intangible cultural heritage, and in the assessment of the nature and extent of potential impacts on such cultural heritage, along with the measures necessary to ensure its protection. These studies will use field-based surveys and will identify direct, indirect, cumulative and pre-mitigation impacts.

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

C2: Chance finds

Should the preparation or implementation of a UNIDO project lead to the discovery of a chance finds (an archeological or other cultural find that was previously unknown), relevant national law and procedures will apply. Chance finds will be protected and will not be disturbed until they are assessed by qualified experts. Where national procedures do not exist, appropriate procedures will be developed in line with an assessment by qualified experts. Based on this assessment, UNIDO management may decide to relocate the project to a different site, to redesign the project, or to stop or suspend any further project development or implementation in line with the requirements of this OS.

C3: Information disclosure

In line with the requirements of OS 11 and OS 1 (C6.6), the project development team will disclose documentation on the consultation process undertaken during the preparation of the relevant ESS studies, as well as information on any plan to utilize or protect cultural heritage. Together with stakeholders, project development teams shall determine whether disclosure of information regarding cultural heritage would compromise or jeopardize safety or integrity, or endanger sources of information. In such cases, sensitive information may be withheld from public disclosure. If communities affected by project activities hold the location, characteristics or traditional use of cultural heritage in secret, then the project will support measures to maintain confidentiality and to respect customary practices of communities that limit access to specific aspects of their cultural heritage.

2.7 OS 7: Safety of Dams

A. Objectives

The objective of this OS is to ensure quality and safety in the design, construction, operation, and maintenance of new dams and in the rehabilitation of existing dams. UNIDO does not usually engage in large-scale water management infrastructure investment projects that involve the construction or rehabilitation of large and complex dams, i.e. dams of height above 15 meters. Under [*UNIDO's Small Hydropower Strategy \(SHPS\)*](#), UNIDO constructs mostly run-of-river plants for hydropower purposes. UNIDO's SHPS adapts the Guidelines for SHP Systems, developed by UNEP and the Basel Agency for Sustainable Energy, to assess and mitigate the environmental and social risks of a proposed dam

construction.²² The OS 1 screening procedure determines whether or not a dam is to be constructed or rehabilitated as part of a UNIDO project. Where such a component is identified, UNIDO's SHPS and guidelines on the construction, supervision, instrumentation, operation, maintenance, and emergency preparedness of dams are applied (Annex B: Practical Guide for OS 7 - Safety of Dams).

B. Scope of Application

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

C. OS Requirements

C1: Planning, construction supervision, and safety inspection

UNIDO's SHPS and guidelines on construction, supervision, instrumentation, operation, maintenance, and emergency preparedness (Annex B: Practical Guide for OS 7 - Safety of Dams) apply to all UNIDO projects that involve the construction or rehabilitation of dams.

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

C2: Screening, appraisal, approval, implementation and monitoring

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

C3: Disclosure of draft plans

In line with the requirements of OS 11 and OS 1 (C6.6), the project development team will disclose documentation on the consultation process undertaken during the preparation of the required ESS studies in a timely manner in the context of key project preparation steps, in an appropriate language, and in an accessible place. The results of the consultation will be adequately reflected in the project design and in the project documentation.

2.8 OS 8: Labour and Working Conditions

A. Objectives

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

B. Scope of Application

²² UNEP, Basel Agency for Sustainable Energy (BASE), *Environmental Due Diligence (EDD) Of Renewable Energy Projects - Guidelines for Small-Scale Hydroelectric Energy Systems (Release 1.0)*.

All UNIDO executing partners will be required to have in place human resources policies and procedures appropriate to their size and workforce that comply with these standards and national laws. For the purposes of this OS, a “worker” consists of (a) people engaged directly by the project executing entity (whether full-time, part-time, temporary, seasonal or migrant), to work specifically on the project; and (b) personnel of contractors engaged by the executing entity to work on the project and of subcontractors hired by these contractors to work on the project. The requirements of this OS also extend to the primary supply chain associated with a given project. The scope of application of this OS will be established during the environmental and social assessment process required by OS 1.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

Under this OS, as part of the environmental and social assessment procedure required by OS 1, UNIDO will ensure that project executing entities have adequate human resources policies and procedures in place to:

- Provide workers, including migrant workers, with clear and understandable information on their rights under national law and under any collective agreements that may be in place. The employer will respect the terms of any collective agreement and, where such agreements do not exist or do not address working conditions, will provide reasonable working conditions and terms of employment.²³
- Articulate principles of non-discrimination and equal opportunity in employment, accommodations, working conditions or terms of employment, access to training, job assignment, promotion, termination of employment, and disciplinary practices.
- Prevent and address harassment, intimidation, and exploitation, especially in regard to women and children and migrant workers.
- Ensure that forced or trafficked labour, including bonded labour, is not employed.
- Ensure that children under the age of 18 are not employed in any manner that is exploitative, hazardous, or potentially harmful to the child’s health or development, or that will interfere with his or her education.
- Provide workers with regular and timely payment of wages; adequate periods of rest, holiday, sick, maternity, paternity, and family leave; and written notice of termination and severance payments, as required under national laws and the labor management procedures.
- Provide a safe and healthy working environment, in a manner consistent with good international industry practice²⁴ as it pertains to Occupational Health and Safety. Responsibilities will include identifying potential hazards to workers, providing preventive and protective measures and equipment, documenting and reporting of accidents and diseases, and planning for emergency response.
- Inform workers of applicable grievance and conflict resolution systems provided at the workplace level, which conform to the requirements of OS 12, and ensure that workers may use these mechanisms without fear of retribution or retaliation. These mechanisms shall not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

If the proposed project is classified as Category A or Category B, the project development team is responsible for overseeing the relevant ESS studies that need to be undertaken prior to project appraisal.

²³ Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organizations of employers and workers’ representatives in the trade or industry concerned; or (iii) conditions established by national law.

²⁴ 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.

These studies will identify and assess the potential impacts of proposed project activities on environmental and social components, including direct, indirect, cumulative and pre-mitigation impacts.

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

C2: Information disclosure

Relevant information related to labour and worker conditions and arrangements will be disclosed in accordance with information disclosure commitments made in OS 1 (C6.6) and the requirements of OS 11 as outlined in detail in Annex C of this document.

2.9 OS 9: Resource Efficiency and Pollution Prevention

A. Objectives

While UNIDO's ESSPP is governed by a precautionary approach and most UNIDO projects aim to foster resource efficiency and/or pollution prevention, this OS ensures the adoption of a project-level approach to resource efficiency, cleaner production processes and pollution management, in line with internationally disseminated technologies and practices.²⁵ The objective of this OS is, therefore, to avoid or minimize the adverse impacts of pollution on human health and the environment by avoiding or minimizing project-level wastes, emissions, and pollution. Additionally, the OS strives to promote a more sustainable use of resources, including materials, energy, land and water.

B. Scope of Application

The OS specifically applies to UNIDO projects that (i) aim to improve existing waste-management practices;²⁶ (ii) generate or cause the generation of solid, liquid or gaseous waste or emissions; (iii) use, cause the use of, or manage the use, storage or disposal of hazardous materials and chemicals, including pesticides; and (iv) significantly consume or cause the consumption of water, energy, or other resources. The scope of application of this OS will be established during the environmental and social assessment process required by OS 1.

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the project development team screens early to ensure that:

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

²⁵ As reflected in internationally recognized standards such as the World Bank Group's *Environmental, Health, and Safety Guidelines*, available at <http://www.ifc.org/ehsguidelines>. These standards contain performance levels and measures that will normally be acceptable and applicable to projects. When national regulations differ from these levels and measures, the project will achieve whichever are more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the project will provide full and detailed justification for any proposed alternatives, provided that such alternatives are consistent with the ESSPP.

²⁶ Such as making use of recycled construction waste and other alternatives to new materials where feasible under the project.

If it is determined that a proposed project may pose a significant risk to human health or the environment, the project development team is responsible for overseeing the relevant ESS studies prior to project appraisal. These studies will identify and assess the potential adverse impacts of project activities and establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts. These measures will favour the prevention or avoidance of risks and impacts over their minimization and reduction. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C2: Information disclosure

Relevant information related to resource efficiency and pollution prevention will be disclosed in accordance with information disclosure commitments made in OS 1 (C6.6) and the requirements of OS 11 as outlined in detail in Annex C of this document.

2.10 OS 10: Community Health, Safety and Security

A. Objectives

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

B. Scope of Application

The OS specifically applies to UNIDO projects that may pose significant risks to human health, safety, and security. The scope of application of this OS will be established during the environmental and social assessment process required by OS 1. Standards to avoid or minimize impacts on human health and the environment due to pollution are included in OS 9 (Resource Efficiency and Pollution Prevention).

C. OS Requirements

C1: Screening, appraisal, approval, implementation/monitoring

As part of the environmental and social assessment procedure required by OS 1, the project development team screens early to ensure that:

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

If it is determined that the proposed project may pose significant risks to, and potential impacts on, the health, safety or security of affected communities during the design, construction, operation, maintenance and/or decommissioning of the project, the project development team is responsible for overseeing the relevant ESS studies prior to project appraisal. These studies will identify and assess the

potential adverse impacts of project activities on communities and establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts. If the project is finally approved, management conditions will be applied, and these will be monitored during implementation of the project.

C2: Information disclosure

Relevant information related to community health, safety and security will be disclosed in accordance with information disclosure commitments made in OS 1 (C6.6) and the requirements of OS 11 as outlined in detail in Annex C of this document.

2.11 OS 11: Information Disclosure and Stakeholder Consultation

A. Objectives

This OS recognizes the importance of open and transparent consultation between UNIDO and project stakeholders, such as the project development team, local communities directly affected by the project, civil society organizations (CSOs), and, where appropriate, other stakeholders, as an essential element of good international practice and corporate citizenship. Such open and transparent consultation is also a way of improving the environmental and social sustainability of projects.

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

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

B. Scope of Application

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

C. OS Requirements

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

C1: Openness

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

C2: Consultation

The project development team undertakes consultation with project stakeholders for all UNIDO projects as per the requirements on OS 1 (6.6). For projects determined to be Category A or Category B, Public Consultation and Disclosure (PCD) sections are to be included in the project documentation as outlined in Annex C of this document. The results of consultations and the relevant documentation will be distributed to key stakeholders and affected groups.

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

C3: Contents of information provided

The information provided to project stakeholders as part of the consultation procedures outlined in OS 1 (C6.6) and in the Annex C of this document includes the following written material:

- Project description;
- Rationale for the project's categorization;
- List of key environmental, social, health, and safety issues;
- Details of proposed mitigation measures;
- Information on the project's monitoring and reporting provisions;
- The full ESIA or ESMP in those languages required by the relevant project donor;²⁷ and
- The process by which any grievances will be managed.

C4: Disclosure and consultation timeframes

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

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

Where required, specific timeframes for disclosure and consultation may apply to projects of UNIDO,²⁸ including those executed by project executing entities and overseen by UNIDO, as follows:

Category A Projects

- The completed Environmental and Social (E&S) Screening Template is published on the UNIDO Open Data Platform upon the funding partner's approval of the project concept;
- The draft TOR for the ESIA is placed on the UNIDO Open Data Platform for public review before finalization, in line with the funding partner's requirements;
- The draft ESIA is placed on the UNIDO Open Data Platform prior to consultation, in line with the funding partner's requirements;
- Upon technical clearance by the responsible divisional chief and departmental director, the final ESIA is published on the UNIDO Open Data Platform in the applicable language(s).

Category B Projects

- The completed Environmental and Social (E&S) Screening Template is published on the UNIDO Open Data Platform upon the funding partner's approval of the project concept;

²⁷ For instance, the Global Environment Facility (GEF) requires that draft environmental and social assessments are disclosed in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders, including project affected groups and CSOs, and in a form and language understandable to them. The Green Climate Fund (GCF) requires that environmental and social assessments be made available in both English and the local language (if not English).

²⁸ Agreements with funding partners other than the GEF or GCF may regulate specific project or portfolio-level arrangements on timeframes for disclosure, as well the stage of the project cycle at which an ESMP and/or ESIA needs to be concluded.

- The draft ESMP is placed on the UNIDO website prior to consultation, in line with the funding partner's requirements;
- Upon technical clearance by the responsible divisional chief and departmental director, the final ESMP is published on the UNIDO Open Data Platform in the applicable language(s).

Category C Projects

- The completed Environmental and Social (E&S) Screening Template is published on the UNIDO Open Data Platform upon the funding partner's approval of the project concept.

For all project categories, in case a grievance is triggered in relation to the published ESS studies, UNIDO the Executive Board will delay its approval of the project until an amicable solution, as per OS 12, is found.

C5: General public access

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

If specific information is not available on the UNIDO website and/or UNIDO Open Data Platform, the public can also contact the UNIDO country or regional office (contacts to be provided at country level through the Office of the UN Resident Representative), the Compliance Officer at UNIDO Headquarters (ess@unido.org), or, in the case of GEF or GCF projects, the UNIDO GEF/GCF Coordination (gef@unido.org gcf@unido.org). These offices will be responsible for ensuring that requests for information from the public are addressed.

C6: Review/appeal process

If requested information is denied for reasons that appear inconsistent with the spirit or provisions of this Policy, the requester may file an official complaint in accordance with the procedures outlined in OS 12.

C7: Exceptions

UNIDO recognizes that crises, conflicts, humanitarian disasters and special development situations pose particular challenges in terms of its relations with Governments and other stakeholders. The fundamental principle that applies to information disclosure in these situations, or in communities with heightened levels of political, social and cultural tensions, is transparency. However, UNIDO recognizes that in certain situations, sensitive information relative to the political/economic contexts may need to remain confidential.

2.12 OS 12: Accountability and Grievance System

A. Objectives

The objective of this OS is to outline an accountability system that is designed to guarantee enforcement of UNIDO's environmental and social safeguard policies and procedures. UNIDO is committed to providing clear, constructive, and timely responses to individuals, groups, and communities potentially affected by projects, to correct non-compliance where it has occurred, and to share the results of its review and any actions taken. This OS governs a system that is designed to:

- Respond to complaints related directly to safeguard issues stemming from parties affected by the implementation of UNIDO projects, and to seek resolution of such complaints;

- Respond to complaints related to potential breaches of UNIDO’s rules and regulations, and to seek resolution of such complaints;
- Take appropriate and timely measures to minimise the risk of retaliation against complainants;
- Be independent and transparent;
- Be accessible and broadly advertised to stakeholders and project-affected people and made available on the UNIDO website and on a project/programme-specific website, when such a website exists (including in local languages).

The system encompasses both the institutional UNIDO grievance mechanism described below, as well as any project/programme-specific grievance mechanism, which may be established as required by a funding partner or other relevant stakeholder.²⁹ Annex D provides further guidance on establishing of a project/programme-level grievance mechanism.

B. Scope of Application

This OS applies to all UNIDO projects in which a complaint is made by an affected party alleging non-compliance with a regulation, rule, policy or procedure of UNIDO, or alleging that he or she has been negatively affected by the implementation of a UNIDO project. Complaints involving allegations of fraud, harassment, retaliation, or other breaches of conduct are governed by complementary UNIDO policies, inter alia the EIO Charter and Investigation Guidelines.

C. OS Requirements

C1: Definition of complaint

For the purposes of this OS, a complaint by an affected party (the “complainant”) may relate to:

- (i) Perceived non-compliance with any regulation, rule, policy or procedure of UNIDO, (“Type 1 complaint”); or
- (ii) The appropriateness of the technical design and implementation of a project and any relevant safeguard, regardless of compliance with UNIDO’s regulations, rules, policies or procedures (“Type 2 complaint”); or
- (iii) A combination of the Type 1 and Type 2 complaints described above.

C2: Structure of the grievance mechanism

UNIDO has established institutional mechanisms for dealing with various kinds of complaints. UNIDO’s grievance mechanism is not intended to substitute existing country-level or national grievance systems. Moreover, it exists alongside any project/programme-specific grievance mechanism that may be established. Please refer to Annex D for practical guidance on such mechanisms.

In line with best practices and existing national mechanisms, UNIDO encourages complainants to first bring their complaints to existing project/programme-, local, or country-level grievance and dispute resolution systems. This not only enhances local and country-ownership and governance, but also reflects the fact that local and country-level authorities may have better information on and a better understanding of the causes of disputes that arise from project implementation. As such, UNIDO builds on the approach of first attempting to resolve grievances on the project/programme (as relevant) and/or national level and, only in cases where no resolution is reached on these levels, escalating complaints to UNIDO HQ.

If resolution of the complaint is not possible at the project/programme or local/country level, UNIDO encourages the utilization of the UNIDO grievance mechanism. The complaint may be submitted through any one of the following: (i) United Nations office in the country; (ii) the UNIDO representative

²⁹ All GCF projects/programmes are obliged to establish a project/programme-specific grievance regress mechanism. This obligation extends to project executing entities.

at country or regional level; (iii) the relevant UNIDO project manager; (iv) UNIDO Office of Evaluation and Internal Oversight (EIO);³⁰ or (v) the funding partner’s grievance mechanism.

All complaints, as per section C1, by affected stakeholders received through any of the above “entry points” are channeled to UNIDO EIO, which plays the role of official repository of complaints³¹. Each complaint is registered in EIO’s intake register for tracking until its resolution. The EIO will verify whether a complaint relates to the ESSPP or to allegations of fraud, harassment, retaliation, or other breaches of conduct, which will be managed in terms of separate UNIDO policies.

Where a complaint relates to the ESSPP, EIO and the UNIDO Compliance Officer (CO), a staff member in the Directorate of Programmes, Partnerships and Field Coordination (PFC), jointly screen each complaints relating to alleged violations of this policy and determine the nature of the complaint:

- (i) Type 1 complaints are dealt with exclusively by EIO/IOD. The allegations are evaluated and investigated in accordance with the provisions of the Charter of EIO and its Investigation Guidelines.
- (ii) Type 2 complaints are reviewed by a Grievance Panel, which will be established and will conduct its work in accordance with the provisions set out below (see Section C3).
- (iii) Combinations of Type 1 and Type 2 complaints are dealt with by EIO and the Grievance Panel, respectively. In such cases, EIO and the Compliance Officer in consultation will clearly define the respective scope of work of EIO and the Grievance Panel and ensure an appropriate flow of information and coordination between them.

C3: The Grievance Panel (Type 2 complaints)

The UNIDO Compliance Officer, in consultation with the Managing Director of PFC, conducts a preliminary evaluation of the complaint to determine, inter alia, the members of the Grievance Panel. The Grievance Panel is established by the Managing Director of PFC, who serves as its chairperson. Directorate of Programmes, Partnerships and Field Coordination, Department of Programmes and Partnership Coordination, Partnerships Coordination Division (PFC/PPC/PCD) acts as secretariat of the Grievance Panel. Each panel normally consists of a minimum of three and a maximum of five members drawn from the following potential members, depending on the complaint:

- The Chief, Director and/or Managing Director of the respective Directorate responsible for implementation of the project,
- The National Project Coordinator or a representative of the project executing entity (PEE) (if relevant),
- Staff members and consultants in the field,
- Staff from the procurement, financial and/or recruitment services (if relevant),
- Independent expert(s) to advise on technical aspects (if required).

The responsible UNIDO project manager may be invited to contribute to the assessment and to state his or her views.

The Grievance Panel will:

- Conduct a thorough and impartial assessment of the merits of the complaint;
- Review relevant documentation, including project and ESSPP-related documents, and documentation provided by the complainant;

³⁰ Wrongdoing can be reported to EIO via the link on the UNIDO Homepage, “Report Wrongdoing”, or via <https://www.unido.org/resources-evaluation-and-internal-oversight/reporting-wrongdoing-or-environmental-and-social-concerns>.

³¹ EIO maintains records on all cases and issues brought forward, with due regard for confidentiality of information and to protect the reputation and rights of parties involved.

- Determine whether the complaint is justified in whole or in part, and if the complaint is justified, propose appropriate corrective measures, actions or activities, such as revision of the ESIA, ESMP, work plans or the project budget;
- Submit a report, containing the findings and recommendations of the panel, to the Managing Director of PFC for final decision on the complaint.

Should the Grievance Panel have reason to suspect that a breach of UNIDO's regulations, rules, policies or procedures may have occurred (Type 1 complaint), the suspected breach will be referred to EIO.

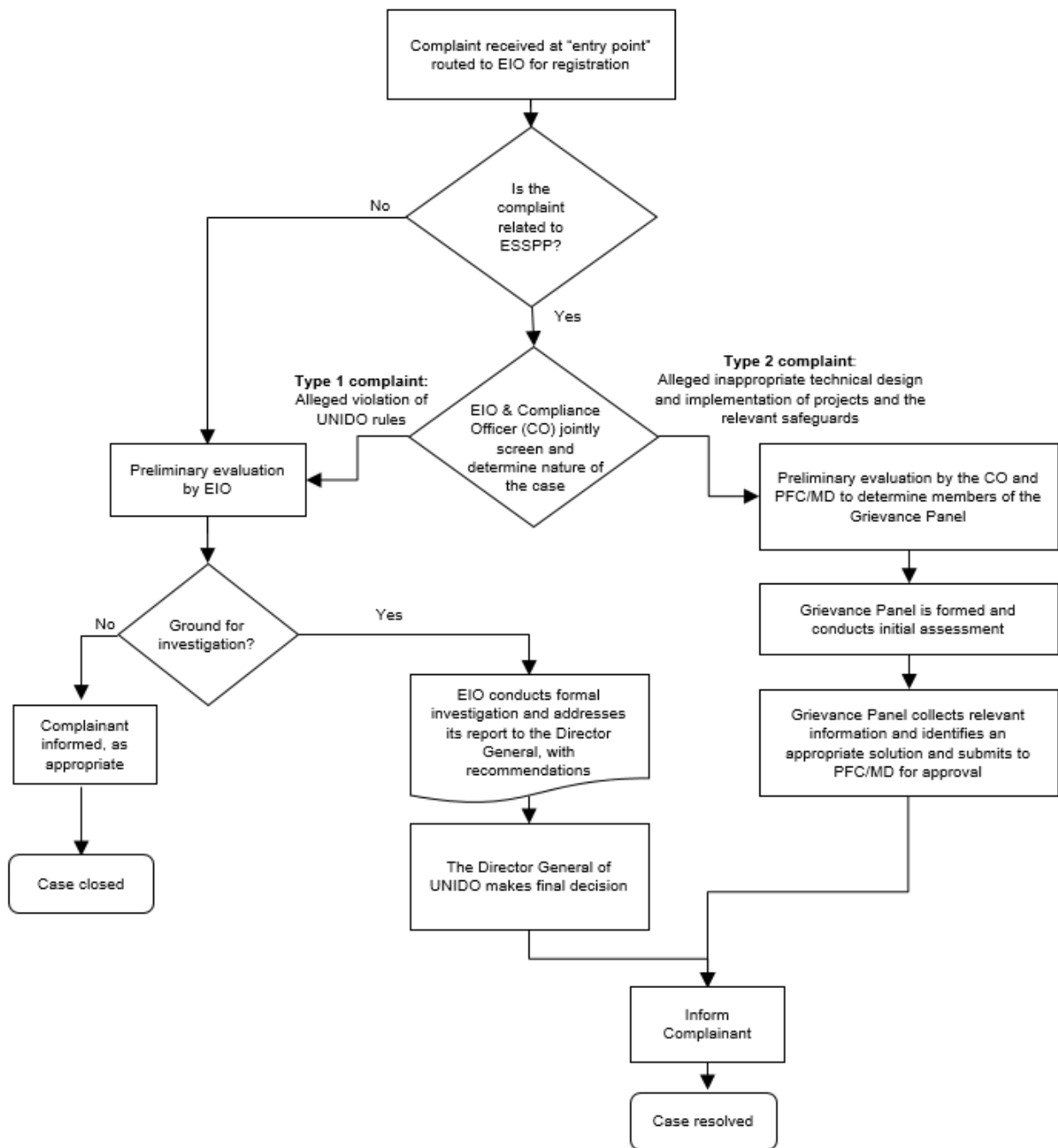
The members of the Grievance Panel will be guided by the principles and values of UNIDO, as reflected in the Constitution of UNIDO, the Organization's Code of Ethical Conduct and the Competency Framework.

The secretariat of the Grievance Panel will:

- Assist the chairperson and the Grievance Panel in carrying out their duties;
- Notify the complainant of the final decision on the complaint;
- Transmit copies of the report of the Grievance Panel and the Managing Director's final decision to EIO for record-keeping purposes;
- Follow up with the UNIDO project manager on the required corrective action, if any.

The diagram below summarizes the grievance mechanism for complaints under the ESSPP:

Figure: UNIDO Grievance Mechanism



C4: Impartiality/independence

Impartiality and independence are assured through the involvement of EIO and the application of its Charter and Investigation Guidelines, and through the establishment of the Grievance Panel, as and when needed.

C5: Information disclosure

The structure of the grievance mechanism, along with UNIDO’s online reporting tool and related information, are made publicly available on the UNIDO website. If necessary, complainants are informed of the existence of UNIDO’s grievance mechanism during consultations.

3. Environmental and Social Safeguard Steps along the Project Cycle

This section provides step-by-step guidance to project development teams on environmental and social safeguards and the associated project development procedures³², which need to be conducted in order to ensure that UNIDO operations meet the OS requirements at each stage of the project cycle.

Many development agencies have designed ESS procedures that focus on predicting, evaluating, and managing negative impacts associated with large-scale infrastructure development investment projects. UNIDO assists its Member States with technical assistance projects, which largely provide or promote capacity building, training and awareness raising, strategic planning, policy reform, institution strengthening, technology conversion, and rehabilitation services. Investment projects supported by UNIDO are predominantly demonstration-scale interventions, such as pilot demonstrations of specific technologies. Notwithstanding this fact, UNIDO has designed a procedure to screen its projects, which enables environmental and social issues to be carefully mainstreamed into project design and project document development. The outcome is an approach that allows UNIDO to both analyse risk and maximize environmental and social opportunities.

UNIDO's Operational Safeguard 1 (OS 1 - Environmental and Social Assessment) provides a general outline of the Organization's environmental and social safeguard assessment procedure (ESS procedure). The requirements under OS 1 link directly to the four most important stages of UNIDO's project cycle:

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

3.1 Project Identification, Screening and Categorization

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

ESS Identification and Screening Guidance

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

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

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

³² In line with the prevailing UNIDO policies and guidelines related to formulation, appraisal and approval processes.

Steps Required of Project Manager

- Step 1: During project identification stage familiarize yourself with the UNIDO environmental and social screening process by reviewing this document and the *E&S Screening Template*. Use the guidance contained in the *E&S Screening Template* to substantiate the project identification process. During the ESS screening process, review and take into account the relevant aspects of country-level environmental and social safeguard systems.
- Step 2: After initial discussions with the stakeholders and during concept drafting, complete the *Screening for E&S Impact Potential*, which guides you through the process to determine if the project is a Category A, B, C, or NO PROJECT. Note that a “Yes” response to some questions in the screening template will directly lead to a “NO PROJECT” Category, in compliance with UNIDO’s OS 2, OS 3, OS 5, OS 6 and OS 8. In such cases further discussions and alternative design of the project will be required to reach a “No” response. Failing this, the proposal will not be considered for further development.
- Step 3: Summarize the results of the screening process in the *E&S Screening & Categorization Outcome*, which includes guidance on what should be documented.
- Step 4: After initial discussions with the stakeholders and during concept drafting, complete the *Identification of E&S Risks*, which guides you through the process to determine, which operational safeguards should be triggered for the project.
- Step 5: Attach the completed *E&S Screening Template* to the concept draft. Finalize and submit the concept for concept screening in accordance with UNIDO project cycle procedures.

ESS Categorization Guidance

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

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

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

- Projects involving voluntary resettlement of populations;³³
- Projects with construction of new dams of height above 15 meters;
- Projects on large-scale aquaculture and mariculture;
- Projects on large-scale energy production and distribution facilities;
- Resource recovery facilities projects (e.g. large-scale mining operations, large-scale recycling plants);

³³ i.e. legally recorded market transactions in which the seller is fully informed about available choices and has the genuine right to retain the land and refuse to sell it

- Large-scale agro-industry projects;
- Large-scale afforestation/reforestation, including logging operations, use of Mangroves and wetlands projects;
- Large-scale forest industry operations projects, such as sawmills and pulp and paper mills;
- Projects that establish new and/or relocate industrial zones and/or industrial parks;
- Projects that establish new and/or relocate large-scale manufacturing, processing and/or treatment plants (e.g. wastewater, POPs, etc.);
- Projects that may have potentially significant adverse impacts on physical cultural resources;
- Large-scale natural resource extraction activities such as farming, irrigation, mining or fishing; and
- Activities that require an ESIA by national law are also classified as A.

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

The following projects and components may have environmental and/or social impacts that would result in less serious risks, and warrant the development of ESMPs instead of ESIA:

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

Category C: A proposed project is classified as Category C either if it is likely to have minimal or no adverse social and/or environmental impacts (e.g. **studies, mapping, strategy development, business plan development, feasibility study development, policy advice, inventory work, and awareness raising / capacity building activities**) and/or has only a minor budget allocation.³⁴ Moreover, projects that centre on the setting-up of financial mechanisms, accelerators/incubators, business models and the like are classified as Category C.³⁵ All Category C projects that develop full feasibility studies for Category A projects will need to include an ESIA within the feasibility study, unless an ESIA, meeting the standards of ESSPP, has been or will be undertaken by another project stakeholder.

No further specific environmental and/or social assessment is required for a Category C project beyond the ESS screening. It is, however, important to note that Category C projects, particularly those with procurement components, may still have potential environmental and social sustainability

³⁴ Please note that projects shall neither be divided into two or more separate projects nor deliberately under-budgeted for the purpose of meeting this criterion.

³⁵ However, the design of selection criteria for such mechanisms/schemes/models should include ESS considerations, in line with the requirements set out in the UNIDO ESSPP, while the selected financial intermediaries are expected to have their own environmental and social management systems in place in order to address any identified ESS risks. This ensures that resulting proposal, investment, and project submissions towards the said mechanisms/schemes/models undergo separate environmental and social screenings and assessments..

considerations. These should be addressed as part of the regular project design activities and through UNIDO's procurement processes, as applicable.

Category "NO PROJECT" (i) is likely to infringe on the protection of a **critical habitat**³⁶; (ii) introduces or uses potentially invasive, non-indigenous alien species; (iii) uses **banned pesticides and/or chemicals**, (iv) causes **involuntary resettlement** or physical and economic displacement; (v) is likely to alter, damage, or remove any cultural heritage and/or sites; or (vi) uses forced, trafficked, or child labor. Projects categorized as NO PROJECT cannot be supported by UNIDO, since they are not in compliance with UNIDO's Standards. Further discussions with stakeholders are required to re-design and/or relocate the project in order to re-categorize the project. **Failing this, the proposal will not be considered for further development.**

³⁶ For exact definition please refer to Annex I.

3.2 Project Formulation

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

ESS Formulation Guidance

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

The ESS process during the *project formulation* phase requires the PM to prepare terms of reference (TORs) for an ESIA and/or an ESMP, based on the issues identified in the **E&S Screening Template**.³⁷

Category A projects are required to undergo an ESIA and prepare an associated ESMP during the project formulation phase³⁸ or project inception phase. The ESIA should examine the project's potential negative and positive environmental impacts, compare them with those of feasible alternatives (including the "without project" situation), and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. ESIA's will normally be directed by the project development team, using consulting teams with local and possibly international impact assessment experience. Annex F provides detailed guidance on how ESIA studies should be undertaken. Final project documents should reflect design changes made as a consequence of an ESIA.

For project concepts that have been categorized as **Category B**, an ESIA will not be required, but an ESMP needs to be developed so as to integrate environmental and social sustainability elements into project design. Unlike ESIA's, ESMP's do not focus on impact prediction or evaluation, though these can be included. Relevant environmental and social issues should to the greatest extent have been identified during the screening process, and these provide the focus for the mitigation, monitoring, and environmental and social management components of the ESMP. Annex G provides the steps required to develop an ESMP.

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

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

Steps Required of Project Managers

- Step 1:** Familiarize yourself with the final categorization of the proposed project, as cleared by the UNIDO Compliance Officer.
- Step 2:** Develop a TOR for either an ESIA or ESMP, depending on final categorization. Get advice from relevant compliance advisors in design of TOR. Refer to the TOR templates in Annex F and G for guidance.
- Step 3:** In partnership with potential national project executing entities, recruit impact assessment consulting teams for ESIA's and ESMP's.
- Step 4:** In partnership with potential national project executing entities, oversee the drafting of ESIA and ESMP studies.

³⁷ Templates for the TOR of ESIA and ESMP are included in Annex F and G, respectively.

³⁸ Applicable for AF, GEF and GCF projects.

- Step 5: Use Annex F to ensure that the ESIA has been adequately undertaken. Use Annex G to ensure that the ESMP has been adequately undertaken.
- Step 6: Finalize the project document³⁹ or inception report, and reflect design changes required by the ESIA or ESMP in the project structure, including incorporation of mitigation measures, and allocation of the required budget items.
- Step 7: Disclose project document and the findings of the ESIA or ESMP studies in accordance with ESSPP OS 11.
- Step 8: For UNIDO AF, GEF and GCF-funded projects, submit the project document package including ESIA/ESMP (as required) to PFC/PPC/PCD for review and transmission to the donor for their approval.

³⁹ Applicable for AF, GEF and GCF projects.

3.3 Project Clearance/Compliance Verification/Approval

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

ESS Project Clearance/Compliance Verification/Approval Guidance

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

Required Steps

- Step 1: PM submits PPM compliance sheet and project document package for technical quality review and clearance to the Division Chief and Director of the relevant technical department.
- Step 2: PFC/PPC/CPD finalizes the assessment process and clears the project document package for submission to the UNIDO Quality Monitoring Division (ODG/SPQ/QUA) in its function as EB TC Secretariat for compliance verification.
- Step 3: ODG/SPQ/QUA reviews the project document package and PPM compliance sheet and verifies that ESS assessments have been conducted and are included in the project design. ODG/SPQ/QUA submits the project documentation for UNIDO Executive Board approval.
- Step 4: Based on the submission package the UNIDO Executive Board approves the project.
- Step 5: For UNIDO projects funded by donors (other than GEF) submit the project document package to the donor for their approval.

3.4 Project Implementation/Monitoring/Evaluation

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

ESS Project Implementation/Monitoring/Evaluation Guidance

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

Steps Required of Project Managers

Step 1: Familiarize yourself with the post-approval ESS monitoring/management commitments as well as the mitigation measures outlined in the ESIA and/or ESMP and the required budget allocations.

Step 2: PM prepares annual project progress reports, ensuring that ESS monitoring/management commitments are reported on. PMs to report on general project progress, including a separate section on compliance with the monitoring/management commitments made in the ESIA and/or ESMPs. Where mitigation measures are deemed as insufficient or new risks have arisen, PMs shall lay out the **adaptive measures to be undertaken**. Technical Departments review progress reports for AF/GEF/GCF projects to ensure compliance with ESSPP requirements.

Step 3: For projects that require a Mid-Term Review, the PM and/or PEE prepare terms of reference (TOR) and contract an external reviewer (if applicable⁴⁰). In terms of ESS, the TOR, at the minimum, requires an assessment of the extent to which the project has incorporated the provisions specified in the ESSPP, namely tracking the relevant environmental and social (E&S) risks and applying appropriate E&S safeguards established at the time of project design; and how these processes have affected the achievement of project results. Where mitigation measures are deemed as insufficient or new risks have arisen, the reviewer shall lay out the **adaptive measures to be undertaken** by the PM.

Step 4: For projects that require an independent final evaluation⁴¹, six months before the project ends, the PM informs the Office of Evaluation and Internal Oversight (EIO) to start the Final Independent Evaluation and confirms the evaluation budget allocated. EIO, in consultation with the PM, prepares and clears the TOR for the Final Independent Evaluation and identify the independent evaluator to be hired by the PM. The final independent evaluation is conducted in line with the EIO Charter and Evaluation Policy.

For projects that require a terminal self-evaluation or review, the PM and/or PEE prepare terms of reference (TOR) for the terminal evaluation/review and contract an external evaluator/reviewer.

In terms of ESS, the TOR, at the minimum, requires an assessment of the extent to which the project has incorporated the provisions specified in the ESSPP, namely tracking the relevant environmental and social (E&S) risks and applying appropriate E&S safeguards

⁴⁰ MTRs do not have to be conducted externally but can also be conducted by the project team / PMU.

⁴¹ In 2016 the UNIDO Executive Board established the threshold for mandatory project independent terminal evaluations at USD 2 million. For projects below this threshold independent terminal evaluations might be required as per the provisions in the respective project document and/or funding agreement.

established at the time of project design and possibly revised thereafter (e.g. post-MTR); and how these processes have affected the achievement of project results. Where mitigation measures were deemed to have been insufficient, the lessons learned will be **disseminated within UNIDO for consideration in future projects.**

4. Environmental and Social Safeguard Tools

Environmental and social sustainability is fundamental to the achievement of development outcomes and is systematically mainstreamed into UNIDO's project cycle through consistent application of an environmental and social screening and assessment procedure. This section provides practical environmental and social safeguard tools to support project development teams assess and mitigate environmental and social risks in compliance with UNIDO's ESSPP. Specifically, this section contains the following tools for project development teams:

4.1 Environmental and Social (E&S) Screening Template

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

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

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

4.2 Environmental and Social Management Plan (ESMP) Template

An **ESMP** defines the mitigation and monitoring requirements, and includes the specific tasks, schedule, and the budget for implementing, supervising, and monitoring the environmental and social impact mitigation and management measures; in the case of Category A projects, an ESMP forms an integral part of the Environmental and Social Impact Assessment (ESIA).

Recognizing the dynamic nature of the project formulation and implementation process, the implementation of an ESMP will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring. An ESMP should consist of separate sections on: (i) Environmental and social impacts mitigation; (ii) Environmental and social sustainability monitoring; (iii) Capacity development; (iv) Communication; and (v) Implementation action plan.

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

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

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

The UNIDO Environmental and Social Safeguards Policy and Procedures (ESSPP), are applicable to all UNIDO projects and programmes submitted to the AF, GEF and the GCF and all other UNIDO projects and programmes as relevant. It requires that UNIDO projects and programmes undergo environmental and social risk (E&S) assessments. This helps UNIDO decide whether a project or programme should be supported and, if so, the way in which environmental and social issues should be addressed in its development and implementation. To complete the E&S screening, basic understanding of the ESSPP is required. As such, project development teams are recommended to thoroughly review the ESSPP. ESS categorisation guidance is provided in Annex 1.

The objective of the **E&S Screening Template** is to help UNIDO project development teams in a two-step approach to (i) determine the appropriate environmental and social risk category of a proposed UNIDO project or programme, and (ii) assess whether the project's or programme's activities pose any specific risks covered by ESSPP OS 2 to OS 10.

Once the E&S screening template is completed, the project development team will be in the position to plan the resulting required environmental and social assessments (e.g., ESIA's and ESMPs, or ESMPs). The completed and signed **E&S Screening Template** should be attached to the concept draft⁴² and/or project document submitted in accordance with UNIDO project cycle procedures.

Title of the proposed project/programme:	
UNIDO Project Number:	
Proposed donor(s) for the project/programme:	
Name and function of the submitter:	
Department/Division of the submitter:	
Proposed ESS category:	
Signature & Date of submitter:	
Comments by Compliance Officer:	
Signature & Date of Compliance Officer:	

⁴² Obligatory for all AF, GEF and GCF projects and advisable for any other projects receiving preparatory funding.

TABLE 1 - Screening for E&S Impact Potential

The aim of the environmental and social screening process is to determine if and what environmental and social review and management is required, quickly identifying those projects and programmes no potential environmental and social issues exist, so that only those with potential environmental and social implications will be required to undergo more detailed assessments.

Please respond to the below questions with “No” or “Yes”, taking note of the guidance provided.

<i>Guiding principles</i>	No	Yes	Guidance
1. Has a combined environmental and social impact assessment/review that covers the proposed project/programme already been completed by the National Partner, Project Execution Partner, or other donor(s) within the last year?			If you answered “yes” , please refer to the table in Annex E of the ESSPP to identify whether the existing documentation meets UNIDO’s ESSPP requirements. Please attach existing documentation and send to ess@unido.org for further guidance.
2. Would the proposed project/programme potentially involve or lead to adverse impacts on the situation of women, men, girls and boys? This includes adverse impacts on gender equality, gender-based violence (GBV) and/or sexual exploitation and abuse (SEA).			For definitions of GBV and SEA, please refer to Annex I of the ESSPP. If you answered “yes” , kindly contact the UNIDO Gender Coordinator at gender-coordinator@unido.org as well as ess@unido.org for further guidance.
3. Has a climate risk assessment for the proposed project/programme been carried out?			If you answered “yes” , please provide this assessment to ess@unido.org . If you answered “no” , please refer to Table 3 and complete in line with guidance provided.
<i>ESS categorization</i>	No	Yes	Guidance
4. Is the proposed project/programme: <ul style="list-style-type: none"> - Likely to infringe on the protection of a critical habitat⁴³? - Introducing or using potentially invasive, non-indigenous alien species? - Manufacturing, trading, and/or using pesticides and/or chemicals subject to international action bans or phase-outs⁴⁴ (OS5)? 			If you answered “yes” , the proposed project will be categorized as “Category NO PROJECT”. It is non-compliant with UNIDO’s ESSPP . National stakeholders and project proponents will be informed accordingly that UNIDO cannot support the development of this project.

⁴³ Please refer to Annex I for a definition of ‘critical habitat’ and other terms used in Table 1.

⁴⁴ For example, DDT, PCBs and other chemicals listed in international instruments such as the WHO Recommended Classification of Pesticides by Hazard (Classes IA, IB, or II); the Stockholm Convention on Persistent Organic Pollutants; or the Montreal Protocol.

<ul style="list-style-type: none"> - Causing involuntarily resettlement or physical and economic displacement of populations, including Indigenous People? - Altering, damaging or removing any cultural heritage and/or sites? - Using forced, trafficked or child labour? - Employing children under the age of 18 in hazardous work? 			<p>Alternatively, further discussions and redesign of the project is required for the project to be reassessed for UNIDO support.</p>
<p>5. Is the proposed project/programme scope including:</p> <ul style="list-style-type: none"> - Actual establishment and/or relocation of a new large-scale facility such as a large-scale manufacturing and/or processing plant, landfill site, dam above 15m in height, etc.? - Actual establishment and/or relocation of industrial zones or industrial parks? - Deploying new large-scale technology installations such as large-scale waste(water) treatment plants, large-scale power generation and distribution systems, etc.? - Activities that would adversely or seriously affect indigenous peoples (IP) – including those living in voluntary isolation – rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage inside and/or outside the project area? - Activities that require an ESIA by national law/regulations? 			<p>Please refer to Annex 1 for further details and examples.</p> <p>If you answered “yes”, the proposed project will be categorized as “Category A”.</p> <p>Complete Tables 2&4 and attach to the UNIDO project documentation.</p>
<p>5. Is the proposed project/programme scope including:</p> <ul style="list-style-type: none"> - Upgrading/optimization of processes/introduction of alternative technologies at an existing facility such as treatment and disposal of POPs at existing facilities, pilot resource efficient technology transfer and installation at existing facilities, etc.? - Deploying new small-scale technology installations such as limited bioenergy or other small- and medium-scale renewable 			<p>Please refer to Annex 1 for further details and examples.</p> <p>If you answered “yes”, the proposed project will be categorized as “Category B”.</p> <p>Complete Tables 2&4 and attach to the UNIDO project documentation.</p>

energy installations, small-and medium scale agro- and food-processing installations, etc.?			
<p>6. Is the proposed project/programme scope including:</p> <ul style="list-style-type: none"> - Development of feasibility studies,⁴⁵ roadmaps, inventories, strategies, business plans, studies, etc.? - Provision of policy advice, capacity building / awareness raising, etc.? - Organisation of <u>forums</u>, etc.? - Setting-up of financial mechanisms, accelerators/incubators, business models, etc.? 			<p>Please refer to Annex 1 for further details and examples; particularly regarding the requirements pertaining to mechanisms/schemes/models to be set-up.</p> <p>If you answered “yes”, the proposed project will be categorized as “Category C”.</p> <p>Complete Tables 2&4 and attach to the UNIDO project documentation.</p>

⁴⁵ If a full feasibility study is to be developed for a planned Category A project, an ESIA needs to be included (if not already undertaken or to be undertaken by another project stakeholder).

TABLE 2 - E&S Screening & Categorization Outcome

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

<input type="checkbox"/> Category NO PROJECT	The proposed project/programme is non-compliant with UNIDO's ESSPP OS2/OS3/OS5/OS6/OS8. Further discussions, alternative design, and reassessment of the project is required or further project development will be stopped.
<input type="checkbox"/> Category A	The proposed project/programme is likely to induce significant and/or irreversible adverse environmental and/or social impacts that are sensitive, diverse, or unprecedented. A full ESIA and ESMP will need to be completed during Project Formulation or Inception.
<input type="checkbox"/> Category B	The proposed project/programme is likely to have less adverse impacts on human populations or environmentally important areas than those of Category A projects. Likely impacts will be few in number, site-specific, and few if any will be irreversible. An ESMP will need to be completed during Project Formulation or Inception.
<input type="checkbox"/> Category C	The proposed project/programme is likely to have minimal or no adverse social and/or environmental impacts. No further specific environmental and/or social assessment is required during Project Formulation or Inception. Additional requirements may, however, still apply. ⁴⁶

⁴⁶ Please refer to Annex 1 for further details.

TABLE 3 – Climate Risk

Consideration of climate risk is an important aspect of project/programme design for the AF, GEF and GCF and may also be requested by other funding partners. As a minimum, the below questions would need to be answered at the project concept stage. Additional analysis can be provided during the preparatory phase. You may want to consult the following publications and tools:

- STAP guidance on climate risk screening⁴⁷**
- Climate Expert – specifically for SMEs and Industrial Zones⁴⁸**
- World Bank Climate and Disaster Risk Screening Tools⁴⁹**

Please respond to the below questions, taking note of the guidance provided.

<p>(i) Has the sensitivity to climate change, and its impacts, been assessed?</p> <p>Consider to include:</p> <ul style="list-style-type: none"> • Details of the historical (past to current) and the range of projected future climatic conditions in the project location.⁵⁰ • Information on the overall vulnerability (the product of exposure, sensitivity and adaptive capacity) of targeted natural resources in the project area to climate change. • Information on the vulnerability and exposure of the local communities in the project area to a changing climate. • Information on the role of climate change as a driver to the problem being addressed, if applicable. • Details on how climate and non-climate stressors might interact to exacerbate climate risks. 	<p>Please provide details:</p>
<p>(ii) How will the project’s objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately?</p> <p>Consider to include:</p>	<p>Please provide details:</p>

⁴⁷ Available at: <https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>

⁴⁸ Available at: <https://www.climate-expert.org/en/home/>

⁴⁹ Available at: <https://climatescreeningtools.worldbank.org/>

⁵⁰ Projected future climatic conditions and possible impacts include temperature, precipitation, drought, flood, sea-level rise, ocean warming, ocean acidification, shifting seasonal patterns, heatwaves, storm surges, winds, frequency and intensity of extreme events, etc.

<ul style="list-style-type: none"> • Information on how the targeted project components (e.g., forests, wetlands, rivers, semi-arid croplands, parks, mangroves, chemicals, fishery, etc.) will be impacted by climate change and the level of severity. • Specific information on how different levels of projected climate change impacts, including climate variability, in the project location can affect the efficacy of proposed interventions? • Information on how the proposed interventions may contribute to reducing the vulnerability to climate risks. • Evaluation of the possibility that the proposed interventions increase vulnerability to climate risks or lead to maladaptation, and measures for preventing this. 	
<p>(iii) Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with?</p> <p>Consider to include:</p> <ul style="list-style-type: none"> • How proposed climate risk management options address the identified current and projected climate risks. • Details of the resilience enhancement practices, measures, and technologies proposed to manage identified current and projected climate risks. • Evaluation of how to manage adaptively and project implementation proceeds. • Information on the feasibility, effectiveness, tradeoffs, and co-benefits of the proposed climate risk management option, and its alignment with project objectives and expected outcomes. 	<p>Please provide details:</p>

<p>(iv) What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures?</p> <p>Consider to include:</p> <ul style="list-style-type: none">• Details of the technical and institutional capacities needed to address identified climate vulnerabilities and design resilience enhancement measures.• Information on the financial implications of the proposed climate vulnerability management option.• Mechanisms for evaluation of the success of mechanisms to reduce vulnerability and improve resilience.	<p>Please provide details:</p>
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TABLE 4 - Identification of E&S Risks (OS-specific questions)

Project/Programme-Specific Questions	Yes	No	Relevant Safeguards to be Triggered & Additional guidance	If answered “yes”, detail the specific project activities and potential E&S impacts that pertain to this OS ⁵¹
1. Could the project/programme directly or indirectly undertake any activities located in natural habitats?			OS 2: Protection of Natural Habitats and Biodiversity. <i>For further details please refer to:</i>	
2. Could the project/programme directly or indirectly use natural resources, e.g., plantation forestry, commercial harvesting, agriculture, livestock, fisheries and aquaculture?			- <i>The relevant section in Annex 1</i> - <i>ESSPP OS 2</i> - <i>ESSPP Annex I (for definition of natural habitats)</i>	
3. Could the project/programme potentially involve land acquisition?			OS 3: Involuntary Resettlement and Land Acquisition OS 10: Community Health, Safety and Security	
4. If the project/programme involves land acquisition, would this potentially require a conversion of the land use category?			<i>For further details please refer to:</i> - <i>The relevant section in Annex 1</i> - <i>ESSPP OS 3 and OS 10</i> - <i>ESSPP Annex I (for definition of land use categories)</i>	

⁵¹ This might include both environmental and social opportunities that could be seized to strengthen the project, as well as risks that need to be managed. Information provided will inform the development of the TOR for the ESIA and/or ESMP.

TABLE 4 - Identification of E&S Risks (OS-specific questions)

Project/Programme-Specific Questions	Yes	No	Relevant Safeguards to be Triggered & Additional guidance	If answered “yes”, detail the specific project activities and potential E&S impacts that pertain to this OS ⁵¹
<p>5. Could indigenous peoples (IP), including those living in voluntary isolation, be present in the project/programme’s area of influence and would the project/programme have any impact on their livelihoods, lands, etc.?</p> <p>Will the IP be direct beneficiaries/ stakeholders in the project/programme?</p>			<p>OS 4: Indigenous People OS 6: Cultural Heritage OS 10: Community Health, Safety and Security</p> <p><i>For further details please refer to:</i></p> <ul style="list-style-type: none"> - <i>The relevant section in Annex 1</i> - <i>ESSPP OS 4, OS 6, and OS 10</i> - <i>ESSPP Annex A: Practical Guide for OS 4 – Indigenous People, which details assessment and consultation requirements that are to be considered.</i> - <i>ESSPP Annex I (for related definitions)</i> 	
<p>5. Could the project potentially apply or promote the use of pesticides?</p>			<p>OS 5: Pest Management</p> <p><i>For further details please refer to:</i></p> <ul style="list-style-type: none"> - <i>The relevant section in Annex 1</i> - <i>ESSPP OS 5</i> - <i>ESSPP Annex I (for related definitions)</i> 	

TABLE 4 - Identification of E&S Risks (OS-specific questions)

Project/Programme-Specific Questions	Yes	No	Relevant Safeguards to be Triggered & Additional guidance	If answered “yes”, detail the specific project activities and potential E&S impacts that pertain to this OS ⁵¹
			<p><i>Note: If a project manufactures, trades, and/or uses pesticides and/or chemicals subject to international action <u>bans or phase-outs</u>, it will be categorized as NO PROJECT.</i></p>	
<p>6. Could any cultural heritage and/or sites be present in the project area or area of influence? Would the project directly deal with such resources?</p>			<p>OS 6: Cultural Heritage</p> <p><i>For further details please refer to:</i></p> <ul style="list-style-type: none"> - The relevant section in Annex 1 - ESSPP OS 6 - ESSPP Annex I (for definitions of cultural heritage) 	
<p>7. Will the project involve building of new or rehabilitating of existing dams?</p>			<p>OS 7: Safety of Dams</p> <p>OS 8: Labour and Working Conditions</p> <p>OS 9: Resource Efficiency and Pollution Prevention</p> <p>OS 10: Community Health, Safety and Security</p> <p><i>For further details please refer to:</i></p> <ul style="list-style-type: none"> - The relevant section in Annex 1 	

TABLE 4 - Identification of E&S Risks (OS-specific questions)

Project/Programme-Specific Questions	Yes	No	Relevant Safeguards to be Triggered & Additional guidance	If answered “yes”, detail the specific project activities and potential E&S impacts that pertain to this OS ⁵¹
			<p>- ESSPP OS 7, OS 8, OS 9, OS 10</p> <p>- ESSPP Annex B: Practical Guide for OS 7 – Safety of Dams</p> <p>- ESSPP Annex I (for related definitions)</p> <p><i>In the case of SHP projects, please explicitly state that run-of-the-systems will be used, if applicable.</i></p>	
<p>8. Could the working environment pose a potential threat to technical staff (e.g. gas leakage, PCB oil spillage, exposure to chemicals and/or other hazardous materials, electric shocks, use of potentially hazardous tools, machinery and equipment, exposure to heights, etc.)?</p>			<p>OS 8: Labour and Working Conditions</p> <p><i>For further details please refer to:</i></p> <p>- The relevant section in Annex 1</p> <p>- ESSPP OS 8</p>	
<p>9. Could the project directly and/or through a third party: (i) generate or cause generation of solid, liquid or gaseous waste/emissions; (ii) use, cause use of, or manage the use, storage or disposal of hazardous materials and chemicals, including pesticides; (iii) significantly consume or cause consumption of water (> 5,000 m³/day), energy, or other resources?</p>			<p>OS 8: Labour and Working Conditions</p> <p>OS 9: Resource Efficiency and Pollution Prevention</p> <p><i>For further details please refer to:</i></p> <p>- The relevant section in Annex 1</p>	

TABLE 4 - Identification of E&S Risks (OS-specific questions)

Project/Programme-Specific Questions	Yes	No	Relevant Safeguards to be Triggered & Additional guidance	If answered “yes”, detail the specific project activities and potential E&S impacts that pertain to this OS ⁵¹
			- ESSPP OS 8 and OS 9	
10. Could the project pose risks and have potential negative impacts to the health, safety and security (e.g., potential risks associated with project-related civil works, potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable diseases) of the project-affected communities during its lifetime?			OS 10: Community Health, Safety and Security <i>For further details please refer to:</i> - The relevant section in Annex 1 - ESSPP OS 10	

Annex 1: UNIDO ESSPP – Key guidance

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

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

UNIDO assists its Member States with technical assistance type projects, which largely provide capacity building, training and awareness raising, strategic planning, policy reform, institution strengthening, technology conversion and rehabilitation services. Investment projects supported by UNIDO are predominantly demonstration-scale interventions, such as pilot demonstrations of specific technologies. On occasion, UNIDO also engages in the (co-) development of inclusive and sustainable industrial parks. Within the context of its technical assistance projects and operations, UNIDO is committed to full compliance with the following safeguard standards:

OS 1: Environmental and Social Assessment

OS 1 is an overarching safeguard providing the framework for the required environmental and social screening and assessment that all UNIDO projects should undergo. This OS also determines whether proposed projects could potentially involve activities or components that pose any specific risks covered by OS 2 to OS 10 and whether any of these Operational Safeguards need to be triggered.

OS 2: Protection of Natural Habitats and Biodiversity

This OS recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. Depending on the nature and scope of proposed activities, UNIDO may engage in projects targeting or located in *critical habitats*⁵², so long as these projects do not infringe on the protection of the critical habitats. Moreover, UNIDO does not engage in any projects that introduce or use potentially invasive, non-indigenous alien species. UNIDO uses a precautionary and ecosystem-centred approach to natural resource conservation and management to ensure opportunities for environmentally sustainable development. The safeguard reflects the importance of biodiversity and the value of key ecosystems to the population, emphasizing the need to respect, conserve and maintain the knowledge, innovations and practices of indigenous

⁵² For a definition of the term 'critical habitat' and the other terms used in Annex 1, please refer to ESSPP Annex I.

and local communities, and to protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements.

OS 3: Involuntary Resettlement and Land Acquisition

The objective of this OS is to avoid physical and economic displacement as a result of project-related land use. This safeguard ensures that projects potentially involving land acquisition resulting in involuntary physical and/or economic displacement are either re-designed to include viable alternatives or are not approved for further development by UNIDO.

OS 4: Indigenous People

UNIDO ensures that, consistent with the rights and responsibilities set forth in the United Nations Declaration on the Rights of Indigenous Peoples and other international instruments relating to indigenous peoples,⁵³ projects are designed and implemented in a way that fosters full respect for indigenous peoples, including those living in voluntary isolation, and for their dignity, human rights, and cultural uniqueness so that they (a) receive culturally appropriate social and economic benefits; and (b) do not suffer adverse effects during the development process.⁵⁴

OS 5: Pest Management

UNIDO ensures that, in any project applying or promoting the use of pesticides, the environmental and health risks associated with pesticide use are minimized and managed, and that safe, effective, and environmentally sound pest management is promoted and supported. The principles of integrated pest management⁵⁵ and integrated management of vectors and intermediate hosts⁵⁶ are applied, to the extent feasible. UNIDO does not support the use of any pesticides, products or chemicals specified under the Stockholm Convention on Persistent Organic Pollutants or classified by the World Health Organization (WHO) as Classes IA, IB, or II. Additionally, UNIDO ensures that its projects follow the minimum standards described in the *Code of Conduct on the Distribution and Use of Pesticides* of the Food and Agriculture Organization of the United Nations (FAO).

OS 6: Cultural Heritage

UNIDO recognizes the vital importance of cultural heritage⁵⁷ for current and future generations. This OS is designed to ensure that effective and active measures are taken to avoid support for projects involving the alteration of, damage to or removal of any type of tangible or intangible cultural heritage. Should such

⁵³ Including the International Labour Organization Convention 169 on Indigenous and Tribal Peoples (1989); United Nations Declaration on the Rights of Indigenous Peoples (2007); UNDG Guidelines on Indigenous Peoples' Issues (2008); United Nations Permanent Forum on Indigenous Issues (under the Economic and Social Affairs Department), Inter-Agency Support Group on Indigenous Issues, and United Nations International Decade of the World's Indigenous Peoples Plan of Action.

⁵⁴ For definitions of 'indigenous peoples' and 'indigenous peoples living in voluntary isolation', please refer to Annex I. For further details, please see: <http://www.oas.org/en/iachr/indigenous/docs/pdf/Report-Indigenous-Peoples-Voluntary-Isolation.pdf>.

⁵⁵ For a definition of 'integrated pest management', please refer to ESSPP Annex I.

⁵⁶ For a definition of 'integrated management of vectors and intermediate hosts', please refer to ESSPP Annex I.

⁵⁷ For a definition of 'cultural heritage', please refer to ESSPP Annex I.

potential adverse impacts on a type of cultural heritage be identified during the development period, UNIDO management will decide, in consultation with national counterparts, either to relocate the project to a different site or to stop any further project development.

OS 7: Safety of Dams

The objective of this OS is to ensure quality and safety in the design, construction, operation, and maintenance of new dams and in the rehabilitation of existing dams. UNIDO does not usually engage in large-scale water management infrastructure investment projects that involve the construction or rehabilitation of large and complex dams, i.e. dams of height above 15 meters.

OS 8: Labour and Working Conditions

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

OS 9: Resource Efficiency and Pollution Prevention

While UNIDO's ESSPP is governed by a precautionary approach and most UNIDO projects aim to foster resource efficiency and/or pollution prevention, this OS ensures the adoption of a project-level approach to resource efficiency, cleaner production processes and pollution management, in line with internationally disseminated technologies and practices.⁵⁸ The objective of this OS is, therefore, to avoid or minimize the adverse impacts of pollution on human health and the environment by avoiding or minimizing project-level wastes, emissions, and pollution. Additionally, the OS strives to promote a more sustainable use of resources, including materials, energy, land and water.

OS 10: Community Health, Safety and Security

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

⁵⁸ As reflected in internationally recognized standards such as the World Bank Group's *Environmental, Health, and Safety Guidelines*, available at <http://www.ifc.org/chsguidelines>. These standards contain performance levels and measures that will normally be acceptable and applicable to projects. When national regulations differ from these levels and measures, the project will achieve whichever are more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the project will provide full and detailed justification for any proposed alternatives, provided that such alternatives are consistent with the ESSPP.

OS 11: Information Disclosure and OS 12: Accountability and Grievance System

Framework Operational Safeguards, OS 11 and OS 12, provide overarching frameworks on UNIDO's information disclosure requirements and the accountability and grievance system. As such, they are not directly relevant for completing E&S Screening. However, OS 11 and OS 10 are applicable to all UNIDO projects, even those with minimal or no adverse environmental or social impacts. The requirements of these operational safeguards also apply to UNIDO project executing entities.

ESS Categorization Guidance

Project⁵⁹ categorization is based on a combination of project type, characteristics of potential impacts, and sensitivity of the receiving environment, i.e. planned project site. In the meantime, the following provides an indication of how UNIDO projects might be categorized and a framework for the screening decision. However, many factors come into play during screening, and the below should not be used as the sole basis for decision-making. Project concept screening results in the determination of one or more of the following categories:

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

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

- Projects involving resettlement of populations;
- Projects with construction of new dams of height above 15 meters;
- Projects on large-scale aquaculture and mariculture;
- Projects on large-scale energy production and distribution facilities;
- Resource recovery facilities projects (e.g. large-scale mining operations, large-scale recycling plants);
- Large-scale agro-industry projects;

⁵⁹ When reference is made to 'project', this also encompasses 'programme'.

- Large-scale afforestation/reforestation, including logging operations, use of Mangroves and wetlands projects;
- Large-scale forest industry operations projects, such as sawmills and pulp and paper mills;
- Projects that establish new and/or relocate industrial zones and/or industrial parks;
- Projects that establish new and/or relocate large-scale manufacturing, processing and/or treatment plants (e.g. wastewater, POPs, etc.);
- Projects that may have potentially significant adverse impacts on physical cultural resources;
- Large-scale natural resource extraction activities such as farming, irrigation, mining or fishing; and
- Activities that require an ESIA by national law are also classified as A.

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

The following projects and components may have environmental and/or social impacts that would result in less serious risks, and warrant the development of ESMPs instead of ESIA:

- Energy efficiency and energy conservation projects;
- Projects with rehabilitation of dams of height above 15 meters;
- Small- and medium-scale agro-industries projects;
- Small- and medium-scale irrigation and drainage projects;
- Projects on small and medium-scale aquaculture, including small and medium-scale industrial and artisanal fisheries;
- Renewable energy projects (incl. new hydroelectric dams 15 metres or below in height);
- Rural electrification projects, including mini-grids;
- Limited bioenergy projects;
- Climate adaptation projects;

- Chemicals and waste recovery, recycling and destruction projects (e.g. projects dealing with phase-out and handling of persistent organic pollutants, ozone depleting substances, e-waste, mercury and other heavy metals, etc.) at existing facilities;
- Small- and medium-scale reforestation/afforestation projects;
- Small- and medium-scale rural water supply and sanitation projects; and
- Projects that may have potentially minor adverse impacts on physical and cultural resources.

Category C: A proposed project is classified as Category C either if it is likely to have minimal or no adverse social and/or environmental impacts (e.g. studies, mapping, strategy development, business plan development, feasibility study development, policy advice, inventory work, and awareness raising / capacity building activities) and/or has only a minor budget allocation.⁶⁰ Moreover, projects that centre on the setting-up of financial mechanisms, accelerators/incubators, business models and the like are classified as Category C.⁶¹ All Category C projects that develop full feasibility studies for Category A projects will need to include an ESIA within the feasibility study, unless an ESIA, meeting the standards of ESSPP, has been or will be undertaken by another project stakeholder.

No further specific environmental and/or social assessment is required for a Category C project beyond the ESS screening. It is, however, important to note that Category C projects, particularly those with procurement components, may still have potential environmental and social sustainability considerations. These should be addressed as part of the regular project design activities and through UNIDO's procurement processes, as applicable.

Category "NO PROJECT": (i) is likely to infringe on the protection of a critical habitat;⁶²; (ii) introduces or uses potentially invasive, non-indigenous alien species; (iii) uses banned pesticides and/or chemicals, (iv) causes involuntary resettlement or physical and economic displacement; (v) is likely to alter, damage, or remove any cultural heritage and/or sites; or (vi) uses forced, trafficked, or child labor. Projects categorized as NO PROJECT cannot be supported by UNIDO, since they are not in compliance with UNIDO's Standards. Further discussions with stakeholders are required to re-design and/or relocate the project in order to re-categorize the project. Failing this, the proposal will not be considered for further development.

⁶⁰ Please note that projects shall neither be divided into two or more separate projects nor deliberately under-budgeted for the purpose of meeting this criterion.

⁶¹ However, the design of selection criteria for such mechanisms/schemes/models should include ESS considerations, in line with the requirements set out in the ESSPP, while the selected financial intermediaries are expected to have their own environmental and social management systems in place in order to address any identified ESS risks. This ensures that resulting proposal, investment, and project submissions towards the said mechanisms/schemes/models undergo separate environmental and social screenings and assessments..

⁶² For exact definition please refer to ESSPP Annex I.

Tool #2: Environmental and Social Management Plan (ESMP): Recommended template⁶³

1. Project Description

In this section, a brief description of the project should be provided, as this indicates the relevant context for the ESMP. The location of all project actions should be described and a map showing their location provided. Basic information on the environment at these locations should also be included as this helps provide the environmental context to which the environmental management plan applies.

Additionally, the main outcomes of the environmental and social risk screening that was done such as environmental and social (E&S) risk category and identified E&S issues should be defined.

2. Policy, legal, and administrative framework

In this section, a brief description of the relevant national policy, legal, and administrative framework which could define/help shape issues/risks that need to be included into the EMSP, should be provided.

Additionally, compliance with applicable international, national and local policies laws, regulations, safeguards, performance safeguards, policies, procedures should be indicated.

3. Environmental and social risks and mitigation measures

In this section, information about the relevant environmental and social risks that were identified during the ESS studies should be provided. Since ESMP should serve as an active tool, additional risks that are identified during the project implementation should be included as they are identified.

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

⁶³ To be tailored to the project specific circumstances.

The table format provided below is recommended:

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

5. Environmental and social sustainability monitoring

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

The table format provided below is recommended:

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

6. Capacity development

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

The capacity development section of the ESMP will include the following subsections:

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

If needed, the capacity development section of the ESMP will outline a plan for strengthening capacities of UNIDO staff, project executing entity staff, and contractors with direct responsibility for activities relevant to the environmental and social sustainability of the proposed project.

The capacity development plan will have the following components:

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

7. Communication

Please complete this section of the ESMP in line with the following clarification: UNIDO will annually communicate implementation progress on issues that involve ongoing risk to or impacts on the project stakeholders, and on issues that the consultation process or grievance mechanism has identified as of concern to those stakeholders. The ESMP will be disclosed on the UNIDO public website, under the following link: <https://open.unido.org/index.html>

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

The table format provided below is recommended:

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

Annex A: Practical Guide for OS 4 - Indigenous People

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS 4.

Consistent with the global recognition of the distinctiveness and rights of indigenous peoples (IP), UNIDO will be guided by, and abide with the following core principals in projects related to IP, including those living in voluntary isolation:⁶⁴

- Self-determination
- Development with identity
- Free, prior and informed consent (FPIC)⁶⁵
- Participation and inclusion
- Rights over land and other natural resources
- Cultural rights
- Collective rights; and
- Gender equality

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

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

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

A.1. Integration of OS 4 into UNIDO's Project Cycle

A.1.1 Project identification, screening and categorization

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

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

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

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

⁶⁴ For a definition of 'indigenous people living in voluntary isolation' and other terms, please refer to Annex I. For further details, please see: <http://www.oas.org/en/iachr/indigenous/docs/pdf/Report-Indigenous-Peoples-Voluntary-Isolation.pdf>

⁶⁵ FPIC is an internationally recognized guideline or "best practice" for Indigenous people for negotiating or determining priorities and strategies for their own development.

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

A.1.2 Project formulation

If the concept screening indicates potentially negative impacts on IP, the project is to be categorized as a Category A project and the TOR for an ESIA will be prepared accordingly. The ESIA TOR⁶⁶ will include provisions to ensure that the project should ultimately be designed in a way which will offset and enhance any negative impacts with potentially positive impacts and benefits to the IP.⁶⁷ This includes those living in voluntary isolation. That is, where a project may affect indigenous peoples in voluntary isolation, appropriate measures are taken to recognize, respect, and protect their lands and territories, environment, health, and culture, as well as to avoid all undesired contact. Aspects of the project that would result in such undesired contact are not processed further.

The following actions should be completed during project formulation:

- i. **Experts, NGOs and/or recognized leaders in the relevant IP communities** should be engaged early in the ESIA process to ensure that any potential issues are resolved in an acceptable manner. Such engagement may also help generate ideas on early project design questions.
- ii. **FPIC** is required from IP communities for project development. The FPIC process (Figure A) will be facilitated by local counterparts, in languages and context familiar with the affected IP communities.⁶⁸ The principle of FPIC requires that IP are consulted meaningfully and in good faith, and that their consent be obtained for development initiatives on their lands, sources of livelihoods or spiritual heritage. Consent from IP is mandatory for a project to meet UNIDO's approval. Note that FPIC does not necessarily require unanimity and may be considered valid even when individuals or groups within the communities explicitly disagree. However, in such cases a clear **Indigenous People Plan (IPP)**⁶⁹ needs to be prepared, outlining specific actions and steps to be taken in going forward (Figure A).
- iii. **A formal process to identify indigenous and local community members**, experts, organizations, and relevant stakeholders should be undertaken in order to draw up an **IPP**. The plan will outline specific actions and steps to be taken during project implementation and will be attached to the ESIA.
- iv. As required under OS11: **Information Disclosure and Stakeholder Consultation**, ESIA findings and IPPs should be disclosed on UNIDO website before submission for project approval.

⁶⁶ Template for ESIA TOR is included in Annex F.

⁶⁷ E.g.: non-hazardous job creation; revenues from the levying of fees; access to markets; etc.

⁶⁸ For consultation process best practices, see Annex C.

⁶⁹ IPP specifications are provided in Annex C, Figure C2.

Figure A: Key elements of FPIC

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

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

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

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

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

A.1.3 Project implementation/monitoring/evaluation

While FPIC is a mandatory criterion at *project formulation* stage to ensure project approval, inclusive participation of and consultation with IP in project activities should be maintained throughout the *project implementation* phase. Additionally, the project development team should ensure that the IP are aware of the existence of a functioning OS12: UNIDO Accountability and Grievance mechanism.

A.2. Guidance for Projects that Engage IP

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

Documentation: Project team should document the consultation process if proposed project will adversely impact natural resources on lands owned by, or under customary use of IP, or if access to them is restricted. Where relevant, the following actions should be documented:

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

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

Reporting Tips:

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

Annex B: Practical Guide for OS 7 - Safety of Dams

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS 7. These guidelines set measures to ensure the quality and safety of new and existing dams which are constructed or rehabilitated as part of UNIDO projects. For additional guidance on how to assess and mitigate environmental and social risks of a dam construction, please refer to [UNIDO's Small Hydropower Strategy \(SHPS\)](#),⁷⁰ which adapts the Guidelines for SHP Systems, developed by UNEP and the Basel Agency for Sustainable Energy.⁷¹

B.1 Definitions and Application

The following guidelines apply the below definitions:

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

The following guidelines apply to water management projects which:

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

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

B.2.1 General applicability

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

B.2.2 National laws and regulations

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

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

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

B.2.3 Ensuring the quality and sustainability of dam projects

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

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

⁷⁰ https://www.unido.org/sites/default/files/2015-01/SHP_Strategy_ECC_0.pdf

⁷¹ UNEP, Basel Agency for Sustainable Energy (BASE), *Environmental Due Diligence (EDD) Of Renewable Energy Projects-Guidelines for Small-Scale Hydroelectric Energy Systems* (Release 1.0).

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

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

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

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

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

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

B.3.1 General applicability

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

B.3.2 National laws and regulations

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

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

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

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

If available national laws or regulations do not specify safety inspections or are not covering all aspects listed below, projects have to carry out and report on periodic safety inspections during project implementation, based on the below criteria. Any issues which were already covered under the section of national laws and regulations may be omitted. This should be reported to in annual monitoring reports. The content of the safety inspections report shall be as follows:

- (i) Location and name of the dam;
- (ii) Date of inspection;
- (iii) Name of Engineering Consultant completing the inspection;
- (iv) Condition of the dam (Good, Satisfactory, Fair, Poor, Unsafe);
- (v) Summary of major deficiencies;

- (vi) Summary of activities since the last inspection;
- (vii) Summary of major recommendations.

The inspections shall be reported regularly as set forth in the project monitoring plan. During the project duration, capacity building shall be conducted to ensure that safety inspections and maintenance are undertaken by national stakeholders after the operational completion.

Annex C: Practical Guide for OS 11 - Information Disclosure and Stakeholder Consultation

This Annex provides additional guidance to project development teams on methodological approaches and requirements under OS 11.

In order to fulfill its commitment to accountability to the countries it aims to support, UNIDO will carry out meaningful consultations⁷² with the affected communities and all project stakeholders throughout the life of UNIDO projects. The goal is to ensure that adequate and timely information on a project's purpose, nature and scale, duration, its risks and potential impacts, as well as draft ESIA/ESMP, as applicable, are provided in a place accessible to key stakeholder including project affected groups, in a form and language understandable to them. This will enable these groups to voice their opinions and concerns on project design and implementation. Such disclosure will occur as early as possible in the project development process⁷³ and will continue throughout the project implementation phase. In order to ensure this, projects categorized as Category A or B should include a Public Consultation and Disclosure (PCD) section, within the project documentation (see below).

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

C.1.1 Project identification, screening and categorization

Consultation: If there is likelihood that OS 2-OS 10 may be triggered due to the presence of important environmental or social concerns, limited consultation with selected stakeholders may be carried out during the *project identification/screening/categorization* stage. Stakeholders may include but are not limited to government entities, academic institutions, civil society organizations, UN agencies, international or local NGOs, or donors.

C.1.2 Project formulation

Public Consultation and Disclosure (PCD) section of the project documentation:⁷⁴ This section is prepared for Category A and B projects. The section should describe local requirements for consultation and disclosure, provide a strategy and timetable for consulting with each of the stakeholder groups, and provide a budget for the consultation activities and mechanisms through which they will be engaged. The PCD section should also provide a means to document the consultation and disclosure process. The following are key points to consider in this section:

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

⁷² Meaningful consultations aim notably for (i) inclusiveness in respect of all different groups in the community, including women; (ii) sharing of information in as transparent a manner as possible; (iii) timely feedback to questions raised by communities, etc.

⁷³ In the case of AF, GEF and GCF, that is during the project formulation phase and before project document approval.

⁷⁴ This includes the actual ESIA/ESMP.

(vii) *Reporting*: Indicate where and when results of the public consultation/disclosure will be reported.

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

- Who will be **adversely affected** by potential environmental and social impacts in the project area?
- Who are the **most vulnerable** among the potentially impacted; and are special engagement efforts necessary?
- At **what stage** of project development will stakeholders be most affected (e.g. procurement, implementation, and completion)?
- What are the various **interests** of project stakeholders and what influence might this have on the project?
- Which stakeholders can **best assist the early scoping** of issues and impacts?
- Who strongly **supports or opposes** the changes that the project will bring and why?
- Whose opposition could be **detrimental** to the success of the project?
- Who is **critical** to engage with first, and why?
- What is the **optimal sequence** of engagement?
- Are there any representative and accountable **NGOs** and **community-based organizations** to engage with?

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

Disclosure: All project categories are subject to disclosure on UNIDO's Open Data Platform (open.unido.org). The E&S Screening Template as well as draft ESIA (along with ESIA executive summary) and/or ESMP will be fully disclosed upon their finalization, in accordance with international best practice. The public may provide comments on the draft documents before finalization of project design. A record of comments and concerns raised will be kept as part of the project records.

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

Figure C1: Best practices for disclosure and consultation

- Written and oral communications in local languages and readily understandable formats (e.g. radio, television, mailings, village/town meetings);
- Points to consider in deciding formats for different groups include: level of technical detail, cultural sensitivity, roles of women and men, literacy levels, community leadership structures;
- Input/advice from an informed stakeholder should be sought;
- A stakeholder consultation workshop should be organized prior to the submission of the project for approval. This consultation workshop should seek stakeholder endorsement of (i) the final project document and required ESS reports; and (ii) execution agencies and arrangements for project implementation. The minutes of the consultation workshop should be submitted as an Annex to the project documentation package, while also disseminating all relevant documents and reports to stakeholders.
- Remote and non-literate communities should be taken into account and local methods of disseminating information within groups should be considered;
- Sufficient time between disclosure of information and the start of consultations should be allowed, in order for groups to reflect, undertake internal decision-making processes, reach conclusions considered legitimate by the majority;
- UNIDO's role in the proposed project should be clearly explained;
- "Facts" should be provided, and uncertainties explained in a manner as transparent as possible (i. e. the "worst", "best" and "most likely" scenarios);
- Stakeholders should be provided with information on what they can do or whom they can contact to get more information;
- This communication approach should be continued throughout the project lifetime.

C.1.3 Project implementation/monitoring/evaluation

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

Annex D: Practical Guide for OS 12 - Accountability and Grievance System – UNIDO Procedure for setting up a project/programme-specific grievance mechanism

This Annex provides guidance to project development teams as well as project executing entities (PEE) on the requirements for project/programme-specific grievance mechanisms as indicated under OS 12.

In line with the requirements outlined in OS 12, UNIDO builds on the approach of first attempting to resolve any grievances at the local level and, only in cases where no resolution is reached at the local level, escalating complaints to Headquarters. UNIDO recognizes that local or project/programme-specific grievance mechanisms not only enhance country-ownership and governance, but also reflect the fact that locally there is often better information and understanding relating to the causes of disputes that can arise from project/programme implementation. Hence, UNIDO encourages the use of such mechanisms, whenever possible.

A project/programme-specific grievance mechanism is a process for receiving, evaluating, and addressing project/programme-related grievances from affected stakeholders at the activity level and encourages the resolution of concerns and grievances at the local level first. This approach aims to facilitate a resolution of complaints in a manner that is efficient and satisfactory to the complainant(s).

D.1 Definition and application

A project/programme-specific grievance mechanism is a process for receiving, evaluating, and addressing project/programme-related grievances from affected stakeholders at the activity level and encourages the resolution of concerns and grievances at the local level first. This approach aims to facilitate a resolution of complaints in a manner that is efficient and satisfactory to the complainant(s).

Depending on the project/programme intervention as well as requirements of funding partners, UNIDO may opt to establish a project/programme-specific grievance mechanism and/or will require project executing entities (PEEs) to do so. In the case of the latter, two options exist:

- PEE establishes a project/programme-specific grievance mechanism following its policies and procedures, which meets the requirements of the ESSPP (as elaborated in this annex);
- PEE establishes a project/programme-specific grievance mechanism based on the procedures outlined in this annex.

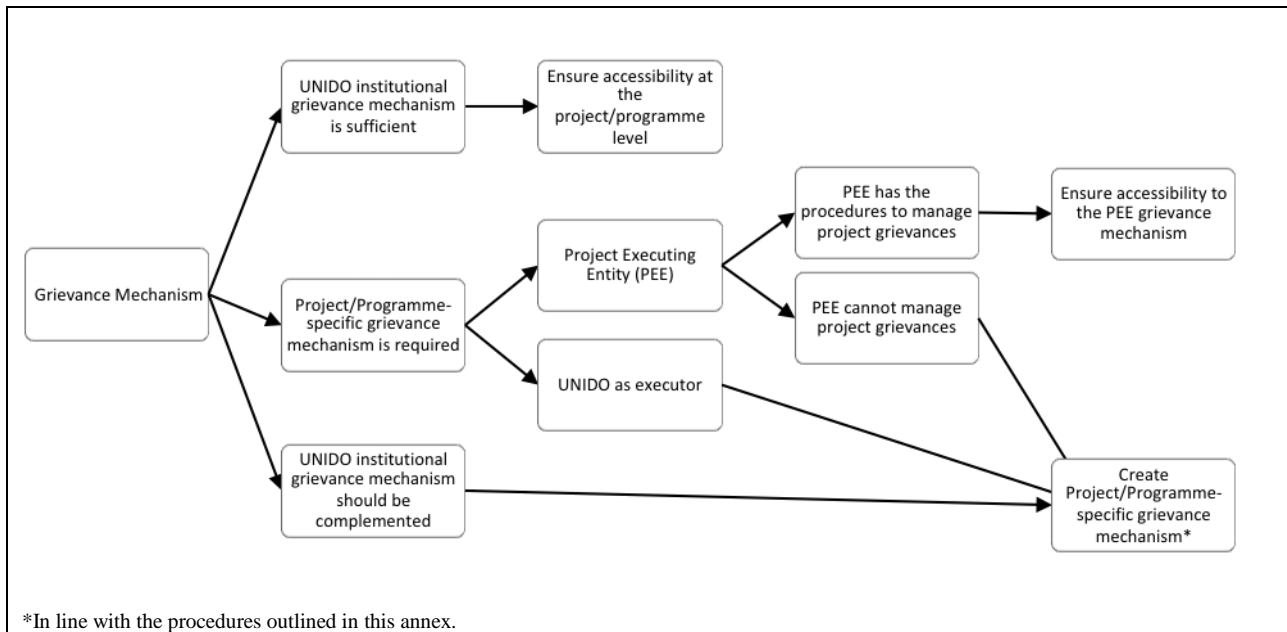
In both cases the requirements of OS 12 apply. The decision-making tool in Figure D1 provides guidance on what grievance mechanism needs to be set up and what procedures to apply.

UNIDO will assess the project executing entity's capacity to receive and manage potential complaints and concerns. In cases where the PEE does not have a satisfactory track record and procedures to adequately set up a project/programme-specific grievance mechanism and to manage project/programme grievances, UNIDO will require the PEE to establish a project/programme-specific grievance mechanism in line with the requirements set out in this annex.

In cases where the assessment of the PEE's capacity to manage grievances reveals gaps, UNIDO may choose to build the capacities of the local entity and/or – depending on the project/programme intervention – create an additional project/programme-specific grievance mechanism. This might require project funding to be set aside. Furthermore, in cases where the level of environmental and social risk requires it, the UNIDO institutional grievance mechanism may be complemented by an additional project/programme-specific grievance mechanism.

It should be noted that a host entity needs to be identified for the project/programme-specific grievance mechanism. This may be the PEE but could also be a different local, regional or national entity.

Figure D1: Project/programme-specific grievance mechanism decision-making tool



The establishment of a project/programme-specific grievance mechanism does not limit in any way the ability of complainants to access the UNIDO institutional grievance mechanism. In fact, in the cases where no resolution of a complaint is possible at the local level, UNIDO encourages the utilization of its institutional grievance mechanism. As such, UNIDO institutional grievance mechanism exists alongside any project/programme-specific grievance mechanism. Additionally, UNIDO grievance mechanism is not intended to substitute existing country-level or national grievance systems.

Moreover, it that may be established. Please refer to Annex D for practical guidance on such mechanisms.

D.2 Minimum design requirements

Similar to UNIDO’s institutional grievance mechanism, the project/programme-specific grievance mechanism aims to:

- Respond, in a timely and culturally appropriate manner, to concerns and complaints raised by project/programme affected stakeholders and to seek resolution of such complaints;
- Be readily accessible⁷⁵ and broadly advertised to stakeholders as well as project/programme-affected people
- Be fair, equitable, inclusive, independent and transparent;
- Be predictable, rights compatible and to allow for continuous learning;
- Take appropriate and timely measures to minimize the risk of retaliation to complainants.

The project/programme-specific grievance mechanism should be designed in line with the following minimum criteria, which are also applicable to the grievance mechanism policies and procedures of any PEE:⁷⁶

1. Complaints uptake and processing:

- There are identified and clear ways, in a locally accessible language, in which project/programme-affected stakeholders can submit their concerns and complaints. This may include (but is not limited

⁷⁵ And available in a local language

⁷⁶ It is understood that all materials need to be made available in a locally accessible language and format.

to) submission via a specific e-mail address or organizational website, a phone number, letter, fax or in person;

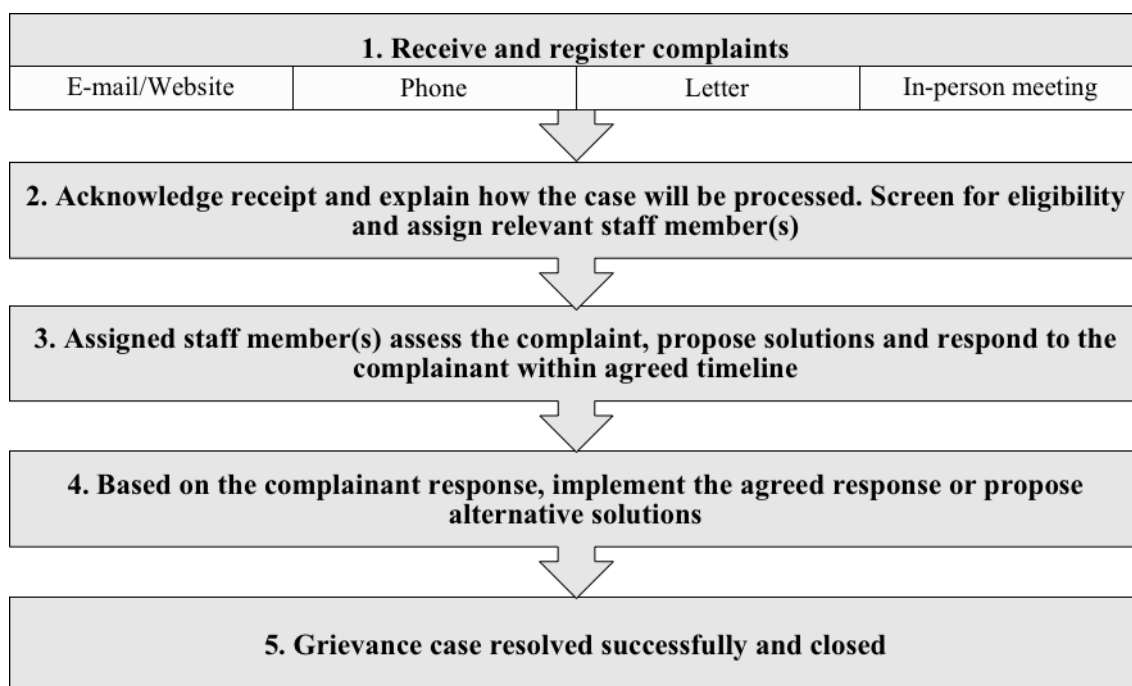
- In case there is a project/programme-specific website, a clear and easily accessible link is available to facilitate the collection of concerns and complaints;
- There are designated officers to receive, log and monitor grievances;
- There are regular outreach sessions to increase the project/programme-affected stakeholders' awareness of the project/programme-specific grievance mechanism;
- If possible, the available grievances uptake options/contact information are made available on the project/programme communication materials.

2. Processing and tracking of complaints:

- There is a clear organizational structure for handling grievances, with designated officers/focal points from existing staff to whom responsibilities for grievance resolution are assigned;
- A record of all grievances that have been received is established and maintained;
- There is a monitoring system to maintain tracking of all received grievances;
- There are clear, reasonable and transparent timeframes for acknowledgment, response, and resolution of complaints. This is communicated to the complainants in a transparent manner;
- There are mechanisms in place to regularly seek and review the feedback received on the effectiveness of the project/programme-specific grievance mechanism and to make the necessary improvements.

In addition to the minimum requirements, the procedure outlined in Figure D2 shall be adhered to in resolving potential grievance cases at the project/programme-level.

Figure D2: Recommended procedure to resolve grievances at the project/programme level⁷⁷



1. Receive and register complaints

As noted above, the purpose of the grievance mechanism at the project/programme level is to provide an accessible, quick and effective response to the complaints and concerns raised by project/programme affected stakeholders. In this context, it is important that all project/programme affected stakeholders understand the different options that they have for communicating their grievances and where they can get support and advice about whether and how to communicate a potential grievance.

In this context, it is important to offer a variety of options to project/programme affected stakeholders to channel their concern and grievance. This can be done via e-mail to a pre-defined and communicated e-mail address, a specific link on the organizational and/or project/programme-specific website, a phone number, a letter to the PEE, or via an in-person meeting.

In order for UNIDO to comply with its reporting obligations vis-à-vis funding partners (as relevant), UNIDO needs to be informed about any grievance case logged under the project/programme-level grievance mechanism and kept up to date in a timely manner on each step taken towards the resolution of the case.

2. Acknowledge receipt and explain how the case will be processed. Screen for eligibility and assign relevant staff member(s)

The staff member who receives the grievance, or a central grievance office, should acknowledge receipt of the complaint within three to five days of receipt of the complaint. The acknowledgement should be in the form of a letter or email to the complainant, which should inform the complainant that the complaint will be logged and reviewed and that it will generate an organizational response.

The acknowledgement should also include a clearly identified point of contact within the entity hosting the project/programme-specific grievance mechanism, a brief description of the process that will be followed, and a reference number for the complaint.

⁷⁷ The PEE is responsible for informing and updating UNIDO in a timely manner about each step taken towards the resolution of the grievance. UNIDO will report to the relevant donor(s), as applicable.

Afterwards, the complaint is screened for eligibility⁷⁸ by the relevant authorized staff member(s) in order to determine whether it relates to any potential harm that might have been caused by the project/programme.

3. Assigned staff member(s) assess the complaint, propose solutions and respond to the complainant within agreed timeline⁷⁹

The staff or team responsible for finding a response needs to determine whether the grievance can be addressed directly, through a relatively simple action, or whether the grievance requires additional assessment and engagement with the complainant and/or other relevant stakeholders to determine how best to respond.

In case the grievance is complex, further investigation, such as interviews with the concerned stakeholders, might be required to better assess the potential adverse impact that the project/programme may have caused.

4. Based on the responses obtained from the complainant, come-up with and implement the proposed response/alternative solutions to the case

The entity hosting the project/programme-specific grievance mechanism is responsible for communicating the proposed response to the complainant in a timely manner, in writing using a language that is understandable by the complainant. Responders may also contact the complainant by telephone or set up a meeting to review and discuss the initial solution with the complainant.

The response should include a clear explanation of why the response is being proposed; what the response would be; and what the complainant's choices are, given the proposed response.

5. Outcome of grievance case and closure

In cases where the complainant agrees with the proposed solution, the solution can then be implemented, and the case can be successfully closed. In cases where the complainant does not agree with the proposed solution, the PEE should offer an alternative solution(s). In the cases where no mutually agreeable solution is reached, the complainant should be informed about the possibility to use the UNIDO institutional grievance mechanism and/or other local level systems.

⁷⁸ "Screening for eligibility" refers to screening whether the complaint is linked to alleged inappropriateness of the technical design and implementation of a project/programme and any relevant safeguard(s).

⁷⁹ Related timelines are pre-defined by the PEE.

Annex E: E&S Screening Template – Supporting Documents

D.1: Checklist for Appraising Quality Assurance of Existing Environmental and Social Assessment/Review

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

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

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

The assessment process that is outlined below is based on standard international practice.

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

This Annex provides the key elements of an ESIA process to assist the project development team in the development of terms of reference (TOR) and in undertaking quality assurance steps when an ESIA is required. An ESIA is normally conducted with the assistance of external expertise.

Figure E1: Indicative summary of the ESIA Process

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

STAGE 1: Conducting an ESIA Study

Step 1: Detail and define the proposed project

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

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

Step 2: Develop an ESIA TOR

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

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

- (vii) Identification of institutional needs to implement environmental and social assessment recommendations: review of the authority and capability of institutions at local, provincial, regional, and national levels. Recommendation of steps to strengthen or expand them so that monitoring and management plans in the environmental and social assessment can be implemented.
- (viii) Development of a monitoring plan: preparation of a detailed plan to monitor the implementation of mitigation measures and the impacts of the project during construction and operation.
- (ix) Civil society/NGO participation and inter-organization coordination: description of arrangements for obtaining the views of local NGOs and affected groups.
- (x) ESIA Report: production of a concise report, limited to significant environmental and social issues with focus on findings, conclusions, and recommended actions, supported by summaries of the data collected, and citations for any references used.

Step 3: Collect baseline environmental and social information

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

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

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

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

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

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

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

Step 5: Examine project alternatives and revise project design

Systematically review and compare feasible project alternatives identified during screening and initial public consultation and select the preferred or most environmentally and socially sound and benign option(s) for achieving the objectives of the proposed project. Consider all types of alternatives related to

overall approach and project design including the following: project site locations;⁸⁰ timing; scales; partners; gender dimensions; intensities; technologies/processes; facilities' designs; construction; operation and maintenance; organizational and management setups; ways of dealing with impacts.

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

Step 6: Analyse and evaluate impacts

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

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

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

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

The temporal scope of potential impacts will encompass:

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

⁸⁰ Whenever feasible, preference should be given to projects, or project components, that are sited on land already legally converted to other land uses.

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

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

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

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

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

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

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

Step 7: Prepare an ESIA Report

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

Figure E2: Sample Contents of an ESIA Report

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

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

STAGE 2: Preparing an Environmental and Social Management Plan

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

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

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

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

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

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

1. Environmental and social impacts mitigation;

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

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

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

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

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

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

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

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

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

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

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

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

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

The capacity development section of the ESMP will:

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

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

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

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

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

STAGE 3: Appraising the ESIA

As has been mentioned earlier, one of the main purposes of this guidance is to provide information that will enable UNIDO PMs to ensure the quality of the ESIA process (usually undertaken by external specialists) and that will lead to UNIDO appraisal of ESIA documentation.

Fund permitting, the ESIA report, along with completed project document, will be submitted for UNIDO project clearance, compliance verification and approval as part of the UNIDO project approval processes. Alternatively, it will be submitted upon completion of the project's inception phase. The PM needs to

appraise (and sign off on) the ESIA to ensure that he/she provides enough quality advice to enable the UNIDO Compliance Officer and/or UNIDO Executive Board to make informed decisions.

Appraisal should ensure that the ESIA work:

- Meets its terms of reference, both procedurally and substantively;
- Provides an accurate and complete evaluation of the proposed project;
- Contains the information required for decision-making;
- Describes specific mitigation, monitoring and capacity development measures;
- Assesses the capacity of the institutions responsible for implementing environmental and social management;
- Was developed through a consultative process with strong stakeholder engagement;
- Assesses the adequacy of the cost of and financing arrangements for environmental and social management implementation.

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

This Annex provides the key elements of an ESMP process to assist the project development team in the development of terms of reference (TOR) and in undertaking quality assurance steps when an ESMP is required.

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

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

Figure F1: Guidance on ESMP TOR Structure

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

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

An ESMP may apply broadly across UNIDO and project executing entities, or it may apply to specific sites, facilities, or activities relating to the proposed project. The ESMP may range from a brief description of routine mitigation and monitoring measures to a series of specific plans including, for example, Biodiversity Action Plans, Hazardous Materials Management Plans, Physical and Cultural Resources Management Plans, Gender Mainstreaming Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, and Indigenous People Plans. The level of detail and complexity of an ESMP and priority of the identified measures and actions will be commensurate with the proposed project's risks and impacts. In

addition, all action plans contained within the ESMP are to be completed prior to project completion, and all plans will contain specific monitoring measures.

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

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

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

Environmental and social impact mitigation

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

- Avoid, prevent or eliminate environmental and social risks and adverse impacts, wherever technically and financially feasible; for proposed projects involving existing facilities, remediation may need to be undertaken instead of, or in addition to, mitigation;
- Where it is not technically or financially feasible to avoid, prevent or eliminate risks and impacts, identify measures and actions to mitigate, minimize or reduce impacts so that the project operates in compliance with applicable international, national and local environmental and social laws and regulations or achieves acceptable levels of impacts otherwise defined and agreed;
- Where it is not technically or financially feasible to mitigate, minimize or reduce risks and impacts, identify measures to offset them by enhancing the proposed project's positive environmental and social impacts;
- Where avoidance, mitigation and offset measures are not technically or financially feasible, identify compensatory measures to balance the residual adverse impacts.
- The ESMP will describe each mitigation measure, including the type of impact and environmental and social parameter(s) to which it relates, the location and frequency, timing or conditions under which the measure is required (e.g., continuously or in the event of contingencies), and provide technical details on the mitigation technology, process, equipment, design and operating procedures, as appropriate. Potential environmental and social impacts of these measures will be estimated. Linkages with other mitigation plans (e.g., for involuntary resettlement, indigenous people, or cultural property) required for the proposed project will be identified.

Environmental and social sustainability monitoring

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

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

- Sampling or monitoring locations;
- Frequency or timing of measurements;
- Definition of thresholds that will signal the need for corrective actions.

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

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

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

Capacity development

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

The capacity development section of the ESMP will:

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

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

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

Communication and Stakeholder Engagement

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

ESMP quality assurance

Fund permitting, the ESMP, along with completed project document, will be submitted for UNIDO project clearance, compliance verification and approval as part of the UNIDO project approval processes. Alternatively, it will be submitted upon completion of the project's inception phase. The PM needs to appraise (and sign off on) the ESMP to ensure that he/she provides enough quality advice to enable the UNIDO Compliance Officer and/or UNIDO Executive Board to make informed decisions.

Annex H: Acronyms

Term	Definition
AF	Adaptation Fund
CSO	Civil Society Organization
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Safeguards
E&S Screening Template	Environmental and Social Safeguards Screening Template
FPIC	Free, Prior and Informed Consent
GBV	Gender-based Violence
GCF	Green Climate Fund
GEF	Global Environment Facility
IP	Indigenous People(s)
IPP	Indigenous People Plan
ISPS	Integrated Safeguard Policy Statement
MD	Managing Director
ODG	Office of the Director General
OS	Operational Safeguard
OMD	Office of Managing Director
PCD	Public Consultation and Disclosure section of the project documentation (includes ESIA/ESMP)
PEE	Project Executing Entity
PM	Project Manager
SEA	Sexual Exploitation and Abuse
SHPS	UNIDO's Small Hydropower Strategy
TC	Technical Cooperation
TOR	Terms of Reference
UR	UNIDO Representative

Annex I: Glossary of Terms⁸¹

Term	Definition
Associated facility	A facility or addition to an existing facility not funded as part of the project that is necessary for the financial and/or operational viability of the project or program, and would not have been constructed or expanded if the project or program did not exist.
Critical habitat	Critical habitats ⁸² are: (i) existing protected areas and areas officially proposed by governments as protected areas (e.g., reserves that meet the criteria of the World Conservation Union (IUCN) classifications ⁸³); areas protected by indigenous peoples and traditional local communities; and sites that maintain conditions vital for the viability of these protected areas (as determined by the environmental assessment process); and (ii) sites identified by authoritative sources. Such sites may include areas recognized by indigenous peoples and traditional local communities; areas with known high suitability for biodiversity conservation; and sites that are critical for rare, vulnerable, or endangered species. ⁸⁴ Listings should be based on systematic evaluations of such factors as species richness; the degree of endemism, rarity, vulnerability of component species; representativeness; and integrity of ecosystem processes.
Cultural heritage	The legacy of physical artefacts and intangible attributes of a group or society that are inherited from past generations, maintained in the present and bestowed for the benefit of future generations.
Cumulative impacts	The combination of multiple impacts from existing projects, the proposed project, and/or anticipated future projects that may result in significant adverse and/or beneficial impacts that would not be expected in case of a stand-alone project.
Gender-based violence	Gender-based violence (GBV) is violence directed against a person because of that person's gender or violence that affects persons of a particular gender disproportionately. GBV can take different forms and mostly affects women and girls.
Greenhouse gases (GHGs)	The six greenhouse gases that form the Kyoto Protocol to the United Nations Framework Convention on Climate Change: Carbon Dioxide (CO ₂), Methane (CH ₄), Nitrous Oxide (N ₂ O), Hydro fluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF ₆).

⁸¹ Adapted from: GEF PL/SD/03; World Bank Group, *Involuntary Resettlement Sourcebook* (2004); and International Finance Corporation (IFC), *Performance Standards and Guidance Notes – Glossary of Terms* (2006)

⁸² Biodiversity outside of natural habitats (such as within agricultural landscapes) is not covered under this policy. It is good practice to take such biodiversity into consideration in project design and implementation.

⁸³ The IUCN's categories are as follows: I (a) Strict Nature Reserve, (b) Wilderness Area: protected area managed for science or wilderness protection; II--National Park: protected area managed mainly for ecosystem protection and recreation; III--Natural Monument or feature: protected area managed mainly for conservation of specific natural features; IV--Habitat/Species Management Area: protected area managed mainly for conservation through management intervention; V--Protected Landscape/Seascape: protected area managed mainly for landscape/seascape conservation and recreation; and VI--Protected area with sustainable use of natural resources: protected area managed mainly for the sustainable use of natural ecosystems. Further information on IUCN's categories maybe found in Dudley, N. (Editor) *Guidelines for Applying Protected Area Management Categories* (2008).

⁸⁴ Rare, vulnerable, endangered, critically endangered or similarly threatened, as indicated in the IUCN's latest Red List of Threatened Species, BirdLife International List of Threatened Birds, IUCN Red List of Threatened Plants, or in other credible international or national lists.

Hazardous materials/waste	Substances, classified as hazardous wastes, which are listed in international instruments such as the WHO Recommended Classification of Pesticides by Hazard (Classes IA, IB, and II), the Stockholm Convention on Persistent Organic Pollutants, and/or the Montreal Protocol, and which possess at least one of four characteristics: ignitability, corrosivity, reactivity, or toxicity.
Indigenous people	A distinct social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous group and recognition of this identity by others; (ii) maintain a collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social or political institutions that are separate from mainstream society or culture; (iv) a distinct language/dialect often different from the official languages of the country or region in which they live.
Indigenous people living in voluntary isolation	An indigenous people living in voluntary isolation is an indigenous people or a segment of an indigenous people who do not maintain sustained contacts with the majority, non-indigenous population, and who generally reject any type of contact with persons not part of their own people. They may also be peoples or segments of peoples previously contacted and who, after intermittent contact with the nonindigenous societies, have returned to a situation of isolation and break the relations of contact that they may have had with those societies. For further details, please see: http://www.oas.org/en/iachr/indigenous/docs/pdf/Report-Indigenous-Peoples-Voluntary-Isolation.pdf
Integrated pest management	Integrated pest management means a mix of farmer-driven, ecologically-based, pest control practices that seeks to reduce reliance on synthetic chemical pesticides, involving (i) managing pests rather than seeking to eradicate them, (ii) integrating multiple methods to keep pest populations low, and (iii) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.
Integrated management of vectors and intermediate hosts	Integrated management of vectors and intermediate hosts is a rational decision-making process for the optimal use of resources for the management of vectors and intermediate hosts, seeking to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease management, and the management of vectors and intermediate hosts.
Involuntary resettlement	Refers both to physical displacement and economic displacement as a result of project-related land acquisition. Resettlement is considered involuntary when affected persons or communities do not have a right to refuse land acquisition which results in their displacement.
Modified habitat	Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or areas where human activity has substantially modified an area's primary ecological functions and species composition (this excludes habitats

	that have been converted in anticipation of the project. Modified habitats may include areas managed for agriculture, forest plantations, reclaimed coastal zones, reclaimed wetlands, and regenerated forests and grasslands.
Natural habitat	Natural habitats are areas (terrestrial and aquatic) composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.
Sexual exploitation and abuse	Sexual exploitation and abuse (SEA) occurs when a position of power is used for sexual purposes against a beneficiary, vulnerable member of the community or other project stakeholder.
Vulnerable groups	Individuals or groups within the project area who could experience adverse impacts from the project more severely than others based on their status. The status may stem from an individual's or group's race, colour, sex, language, religion, political or other opinion. Other factors include gender, physical or mental disability, poverty or old age.
Voluntary resettlement	Refers to any resettlement not attributable to eminent domain or any form of land acquisition backed by the State. The operative principles in voluntary resettlement are "informed consent" and "power of choice". The people have the have the option to agree or disagree to resettlement without adverse consequences imposed formally or informally by the state.
Urban / built-up land category	<p>In accordance with the US Land Use and Land Cover Classification System, Level I Urban or Built-up Land category is characterized by intensive land use where the landscape has been altered by human activities. Although structures are usually present, this category is not restricted to traditional urban areas. Urban or Built-up Land Level II categories include Residential; Commercial and Service; Industrial; Transportation, Communication and Utilities; Industrial and Commercial Complexes; Mixed Urban or Built-up; Other Urban or Built-up and Recreational. Included with each of the above land uses are associated lands, buildings, parking lots, access roads, and other appurtenances, unless these are specifically excluded. Urban or Built-up Land takes precedence over other categories when the criteria for more than one category are met.</p> <p>For example, recreational areas that have enough tree cover to meet Forest category criteria are placed in the Recreational category.</p> <p>For further information please refer to: http://www.state.nj.us/dep/gis/digidownload/metadata/lulc02/anderson2002.html</p>