

ANNEXES TO ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

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1. In relation to Environmental and Social Safeguard Standards: ESS 1

Once the actual locations and communities are confirmed, procedures for further identifying and screening in detail using actual programme conditions on the environmental and social issues will be developed. Screening will have the following purposes: (i) screen for potential environment and social risks and impacts; (ii) identify applicable ESS standards / IFC PSs; (iii) determine the E&S category of the subproject; and, (iv) determine the specific instrument/s to be prepared for each subproject. A checklist is often useful in screening E&S issues.

a) Screening checklist sample

Would the programme, if implemented:	N.A.	No	Yes	Unknown
ESS 1. Assessment and Management of Environmental and Social Risks and Impacts				
Include an irrigation scheme that is more than 20 hectares or withdraws more than 1000 m3/day of water?				
Include an area known or expected to have water quality problems?				
Negatively affect the legitimate tenure rights of individuals, communities or others?				
ESS 2. Labour and Working Conditions				
Respect the fundamental principles and rights at work and support the effective implementation of other international labour standards?				
Impact fall disproportionately on the disadvantaged or vulnerable (which include inequalities between males and females) and any prejudice or discrimination toward such groups in providing access to development resources and programme benefits?				
ESS3. Resource Efficiency and Pollution Prevention				
Requires the use of pesticides?				
Generate dangerous or non-dangerous waste?				
ESS4. Community Health, Safety and Security				
Threats Human Security through the escalation of personal, communal or inter-state conflict, crime or violence?				
Fall disproportionately on the disadvantaged or vulnerable, and cause disadvantaged in sharing any development benefits and opportunities resulting from the programme?				
Exacerbate existing tensions and inequality within society?				

ESS5. Land Acquisition and Involuntary Resettlement				
Result in a significant change/loss in livelihood of individuals?				
Compromise existing legitimate rights for land and natural resource tenure and use (including collective rights, subsidiary rights and the rights of women) or have other unintended consequences, particularly where the programme supports land titling and related issues?				
ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources				
Make reasonable and feasible effort to avoid practices that could have a negative impact on biodiversity, including agricultural biodiversity and genetic resources?				
Respect access and benefit-sharing measures in force?				
Be located such that it poses no risk or impact to protected areas, critical habitats and ecosystem functions?				
GCF's Indigenous Peoples Policy				
Are there any indigenous communities in the programme area?				
Have adverse effects on indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?				
Are indigenous communities outside the programme area likely to be affected by the programme?				
ESS8. Cultural Heritage				
Involves excavations, demolition, movement of earth, flooding, or other changes in the physical environment?				
Designed to be sensitive to cultural heritage issues?				

b) Due diligence procedures

Since the proposal involves financial intermediation, due diligence processes must be detailed. CABEL will carry out the due diligence on its operations with the IFIs. In the case of PFIs, the IFIs will carry out the due diligence (not CABEL). However, CABEL will develop an Operations Manual for the programme where all eligibility criteria will be detailed for the selection of PFI. IFIs must follow the guidelines in the Manual to evaluate and select the PFI that would be receiving resources from the programme.

One of the basic principles governing CABEL's management efforts is that of the due diligence. Some of their guidelines are described for reference:

- Approvals from CABEL's decision-making bodies are subject to verification, analysis and proofing arising from the due diligence of the operation under bank financial technical aspects, accounting aspects and legal aspects, as well as satisfactory documentation for CABEL.
- There are procedures for due diligence, simplified due diligence and enhanced due diligence, which are implemented in accordance with the risk level of Money Laundering and Terrorism Financing of their counterparties and taking into account the nature of the business carried out.
- The personnel in charge of the relationship with the counterparties is required to apply measures of income control and monitoring indicated in the internal regulations, using the tools available at CABEL that allow documenting the due diligence carried out.

CABEI will ensure that the requirements for IFIs and that the Manual for PFIs include appropriate environmental and social management systems, based on its guidelines for the Management of Environmental and Social Risk for Financial Institutions. Main elements of CABEI's guidelines are:

- The Environmental and Social Risk Management Unit for Financial Institutions (GERSYP for its Spanish acronym) is responsible for identifying the initial environmental and social risks of the loan portfolio of the Financial Institution, analyzing the impacts and probability of occurrence, defining the category of environmental and social risk, as well as identifying the existing verification methods and recommending the more appropriate measures for mitigation or compensation, in case the risks materialize. The objective is to determine the residual risk of the operation after the application of the verification methods and thus define the required level for the Environmental and Social Action Plan.
- Three categories of environmental and social risk are defined to categorize the portfolios:
 - i. Category SA: If the current or proposed portfolio includes or is expected to include substantial financial exposure to activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible or unprecedented.
 - ii. Category SB: If the current or proposed portfolio consists or is expected to consist of activities with possible risks or adverse environmental or social impacts, of a limited nature, that are scarce in number, generally located in specific sites, mostly reversible and easily manageable through mitigation measures, or includes a very limited number of business activities with potential significant adverse environmental and social risks or impacts that are diverse, irreversible or unprecedented.
 - iii. Category SC: If the current or proposed portfolio includes financial exposure to activities that predominantly have minimal or null adverse environmental or social impacts.

- To avoid the materialization of risks associated with the financial institution's portfolio, GERSYP must consider, as part of the mitigation measures, at least the following:
 - i. Policies or formal plans for the environmental and social management of the client.
 - ii. Environmental and Social Management System.
 - iii. Responsibility for environmental and social management: Internal or external staff in charge and their credentials/experience.
 - iv. Training received by staff.
 - v. Level of implementation of the Environmental and Social Management System.
 - vi. Other environmental and/or social plans of the client.

2. In relation to Environmental and Social Safeguard Standards: ESS 2

Once the programme is in execution, it will consider its impacts on working conditions, terms of employment, workers organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers. The programme will ensure that labourers and sub-contractors are being paid the correct wages including respecting the minimum wage. The programme will consider the impacts on working conditions of the labourers. The programme will also consider establishing a grievance mechanism.

a) Labour Management Procedures

The main objective of the Labour Management Procedures is to establish the procedures in order to: 1) promote health and safety in the workplace; 2) promote a fair treatment, nondiscrimination and equal opportunities of programme workers; 3) protect all the programme workers, including vulnerable workers; 4) to prevent the use of all forms of forced labor and child labor; 5) support the principles of freedom of association and collective bargaining of programme workers in a manner consistent with national law; 6) to provide programme workers with accessible means to raise workplace concerns.

These Labor Procedures apply to all those employers and workers that maintain a labor relation with any activity of the programme, independently of the type and duration of the contract.

The elaboration of a Labor Management Guide will be considered during the programme execution, in order to identify the main labor needs, and associated risks, as well as the necessary resources to respond to potential labor problems. It will identify the number of workers in the programme, the description of the programme workers (age, women, migrants, etc.), vulnerable workers, an assessment of the main labor-related risks, the responsible personnel, terms and conditions, policies and procedures, contractors, community workers, and providers.

b) Grievance Mechanism

The establishment of a grievance mechanism will also be pondered, and if elaborated, it could follow this four-component model:

The first component refers to the processes for receiving information (complaints, claims, and others) from the workers. At this stage, the information enters the system for analysis, evaluation and allocation, according to the competencies of the entities involved. This allows generating information that supports decision-making, actions and corresponding measures.

The second component interacts closely with the first and is made up of a set of instruments and tools, of a technical and legal nature, based on a computer system which is managed by the unit for receiving and processing complaints, which collects, stores and distributes information.

The third component concerns the strategic analysis of the information, assumes the processing of complaints, grievances, and conflicts. Once this process has been carried out, the result is sent to the corresponding instance, in the form of a resolution and processes initiated, as well as the corresponding follow-up, monitoring and report.

The fourth component is to inform and communicate about the cases attended, and to systematize and define the procedures and tools. It is intended that it follows-up and supports the parties in conflict, seeking harmony between them.

3. In relation to Environmental and Social Safeguard Standards: ESS 3

As stated in the ESMF, if during the programme execution, it is observed that there is an increase in fertilizer use which could potentially harm workers or pollute natural resources, specific guidelines on the use of fertilizer will be developed to address these impacts. If necessary, the programme could also identify and assess activities related to the programme that produce emissions to the air and or produce effluents, if any, and how these will be managed, if any.

4. In relation to Environmental and Social Safeguard Standards: ESS 4

a) Emergency Response Plan

The preparation of an Emergency Response Plan will be pondered during programme execution. The purpose of the plan is to be ready to respond if the programme sites and/or targeted communities are affected, during operational phase, by emergencies or natural disasters, such as earthquakes or flooding. Risks will be assessed, and potential impacts on the safety of affected communities to address them in a commensurate manner. Consideration will be given to potential exposure to both accidental and natural hazards.

The measures should favour prevention or avoidance of risks and impacts. The measures will need take into account differences in risk exposure and sensitivity of women and men, as well as marginalized and disadvantaged groups, including children, older persons, persons with disabilities, minorities and indigenous peoples.

The plan will also specify emergency scenarios, emergency response or contingency actions that will be implemented in the event of an emergency occurring. It will further establish training requirements to ensure that the programme team and other relevant stakeholders are prepared to respond to accidental and emergency situations in a manner appropriate to prevent and mitigate any harm to people. The plan will also specify emergency equipment and communication protocols and designate responsibilities among the programme team.

b) Incident reporting

The elaboration of an incident reporting procedure will also be considered. It should require executing entities to inform of all serious incidents caused by or related to a programme that have or could have significant negative impacts on people or on the environment. The purpose

of reporting serious incidents is to ensure that appropriate responses and corrective actions are taken in order to minimize, mitigate or remedy the impacts. A serious incident is an unplanned or uncontrolled event that has an adverse effect on programme personnel and workers, community members or on the environment within the programme's area of influence. Serious incidents include the following:

- Fatalities, serious injuries and accidents at work.
- Fatalities, serious injuries and accidents affecting local communities and others.
- Violations of human rights.
- Conflicts, disputes and disturbances leading to loss of life, violence or the risk of violence.
- Environmental impacts or public accusation of significant environmental impacts attributed to programme activities that have led to or could lead to serious contamination, destruction or degradation of natural habitats or areas of high biodiversity value.

5. In relation to Environmental and Social Safeguard Standards: ESS 6

The elaboration of a Biodiversity Management Plan will be pondered during the operational phase. The following are the general guidelines that will be considered:

a) General guidelines for biodiversity management

All threats to biodiversity resulting from the programme activities should be considered. For example, habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, pollution, and so forth. The importance of biodiversity or habitats will be determined based on their vulnerability and irreplaceable nature at the global, regional or national level, taking into account the different values that affected communities and other stakeholders place on biodiversity and habitats.

Adverse impacts on biodiversity and habitats should be avoided. When it is not possible to avoid such impacts, measures will be implemented to minimize them and restore biodiversity. Likewise, it will be ensured that specialized knowledge on biodiversity is applied to carry out the environmental and social assessment, as well as for the verification of the effectiveness and feasibility of mitigation measures. When significant risks and impacts on biodiversity are identified, a Biodiversity Management Plan must be prepared and implemented.

In the event that any species, habitat or natural resource is negatively affected due to the activities of the programme, a characterization will be included within a Biodiversity Management Plan.

6. In relation to Environmental and Social Safeguard Standards: ESS 8

The programme will ensure that there is continuous access to any cultural heritage that may be restricted by the programme, although none has been identified so far.

7. Information disclosure

Disclosure procedures for safeguard instruments for sub-activities to comply with the GCF's and CABEL's Information Disclosure Policy are guided by the following:

a) GCF's Information Disclosure Policy

In the case of Category B subprojects, the fit-for-purpose ESIA and an Environmental and Social Management Plan (ESMP) will be disclosed at least 30 days in advance of the approval decision. The safeguard reports will be available in both English and the local language (Spanish in this case). The reports will be submitted to GCF and made available to GCF via electronic links in both CABEL's and the GCF's website as well as in locations convenient to affected peoples in consonance with requirements of GCF Information Disclosure Policy and Section 7.1 of (Information Disclosure) of GCF Environmental and Social Policy. This would also apply to subprojects that will be identified under the components to be implemented by the IFIs and the PFIs.

b) CABEL's Environmental and Social Policy

Transparency, Stakeholder Engagement and Consultation: CABEL must promote transparency, disclosure and effective communication with regard to this Policy. This must be carried out on the CABEL web page, as well as through other media.

8. Budget

Budget for the implementation of the ESMF has been allocated throughout Activity 1.1, which will involve workshops and consultations that will ensure that interventions are site-specific and in the interest of local populations. Each country will also have a National officer in Gender, Social Engagement and Safeguards, who will have the responsibility of ensuring that the ESMF is put in place, besides from a regional one.