

Environmental and Social Analysis and Environmental and Social Management Framework

**E-Mobility Program for Sustainable Cities in Latin America and the
Caribbean**

Inter-American Development Bank (IDB)

2022-06-14

1. Table of Contents

Contents

Executive Summary:.....	4
2. Objectives of the ESA and ESMF	5
3. E-Mobility Program Fund: Objectives and Sub-project Components	6
3.1 Objectives	6
3.2. Intervention Scope.....	6
3.3. Sub-project Components.....	7
3.4 Beneficiaries	7
4. Environmental and Social Risk Category	7
5. Policy and Legal Framework.....	8
5.1. National Applicable E&S laws and regulations.....	8
5.2 IDB Applicable policies	11
6. Environmental and Social Analysis (ESA)	12
6.1. Description of Potential Environmental and Social Impacts.....	13
6.1.1. Expected Positive Impacts	15
6.1.2. Potential Negative Risks and Impacts	15
7. Environmental and Social Risk Management Frameworks	23
7.1. Fund Level Evaluation and Categorization of Participating FIs.....	23
7.2 FI Level Procedures for Evaluating Sub-Sub-projects - ESMS	24
7.2.1. E&S Policy and Applicable Requirements	24
7.2.2. Initial screening and categorization.....	25
7.2.3. E&S Due Diligence (“ESDD”)	25
7.2.4. E&S Action Plan (“ESAP”).....	25
7.2.5 Legal Agreements	26
7.2.6 Approval Process	26
7.2.7 Monitoring and Supervision.....	26
7.2.8 Grievance Mechanisms	27
7.2.9 Consultation	28
8. Non FI Operations.....	28
9. Capacity Building and Technical Assistance.....	28
10. Organizational Capacity	29

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

11. Institutional Arrangements	29
12. Others E&S issues	30
12.1 Gender strategy	30
12.2. Indigenous People	31
12.3 Stakeholder Engagement and Information Disclosure	32
12.4 Cumulative Impacts	33
Appendix I – List of Referenced IDB Policies.....	34
See all IDB operational policies here	34
ENVIRONMENTAL AND SOCIAL POLICY FRAMEWORK.....	34
Appendix III • Outline for developing Sociocultural Analysis and Indigenous People Plans	37

1. Executive Summary:

The Inter-American Development Bank Group (“IDB” or “Bank”) is in the process of structuring a Fund to finance an E-Mobility Program for Sustainable Cities in Latin America and the Caribbean regions. Specifically in the countries of Barbados, Chile, Colombia, Costa Rica, Dominican Republic, Jamaica, Panama, Paraguay, and Uruguay. In line with IDB and GCF sustainability frameworks, the Bank will manage the environmental and social risks and impacts of the Program in accordance with the Bank’s September 2020 Environmental and Social Policy Framework (“ESPF”). Different typologies of executing entities, including local and national governments, transport operators, financial intermediaries, and others according to the sub-projects, will manage the Program in accordance with specific Environmental and Social Management Systems (“ESMS”) to be approved by the Bank. Specific sub-projects to be executed by borrowers will furthermore be subject to environmental and social screening and management consistent with the IDB’s ESPF.

The focus of the program is on commercial e-mobility including buses, taxis, institutional fleets, trucks and vessels. Private usage vehicles such as private passenger cars and motorcycles are not fostered. Program components are (i) deployment of electric buses linked with urban sustainability measures; (ii) deployment of commercial EV fleets and public urban fast-charging infrastructure targeted for usage of taxis and urban delivery vehicles. (iii) green hydrogen, V2G and electric vessel pilot projects; green hydrogen pilot projects shall include the entire value chain and is for transportation usage (preferable trucks, vessels or mobile machinery). (iv) establishment of a conducive e-mobility framework at project/local level (e.g. business models which favor EV deployment), at national level (e.g. public transport electrification roadmaps) and at a regional level to foster the interchange of experiences and know-how. (v) Project sourcing, design, structuring and monitoring. This document aims to present the main components of the environmental and social risk and a preliminary impacts analysis (“ESA”), as well as the Environmental and Social Management Framework (“ESMF”) detailing the management approach applied by the Bank in both the preparation and execution of the Program, focusing on the:

- Applicable Requirements: an overview of the applicable environmental and social policy and performance standards of the Program;
- Potential Environmental and Social (E&S) Risks and Impacts: a summary of the potential identified E&S risks associated with the Program targeted sectors in the region;
- Program E&S Risk Categorization;
- E&S Management System (the “ESMS”): describing the safeguards and procedures to mitigate the identified E&S risks and impacts including the requirements for the selected implementing partners to rollout the Program. Implementation guidelines, monitoring and supervision processes and organizational capacity are also described;
- Other E&S issues: additional E&S themes related to the region and Fund are presented in the final section of the document.

Take note that all impacts and risks have been included on a strategic based and would be confirmed during the due diligence.

Finally, this document has two Appendixes that present the IDB E&S policies and procedures cited as references throughout the ESMF and the List of Exclusion.

2. Objectives of the ESA and ESMF

This ESA and ESMF present the general context of the Program, its expected impacts and risks, the strategy for required mitigation measures as well as the capacity, roles and responsibilities, appraisal, and supervision processes.

The ESA presents broad description and overview of the environmental and social contexts relevant to the Program and the likely environmental and social risks and impacts as well as E&S national policies and institutional arrangements. It also identifies current national regulations and policies in the electromobility sector and provides an overview of the environmental and social context for the selected sectors.

The ESMF, on the other hand, describes how the IDB and the executing agencies will manage and supervise the environmental and social impacts and risks of the Program, when funding from GCF is delivered to the Program sub-projects. The ESMF presents the general context of the Program, the process for evaluating Executing Entities (EEs), capacity to manage E&S risks with an appropriately designed ESMS, the minimum requirements for the ESMS, the technical funds that will be made available to enhance E&S management where necessary, and the monitoring process.

The ESMF follows the requirements and E&S performance standards of IDB's Environmental and Social Policy Framework (ESPF), approved by IDB on Board September 2020 and that started to be effective by October 2021 (Appendix I, List of Referenced IDB Policies). The IDB will maintain supervision responsibilities in accordance with the Accreditation Master Agreement (AMA) and/or such other related arrangements with regard to the Program.

Per relevant the ESPF, EEs will be required to develop and implement an ESMS commensurate to the potential risks and impacts of the activities to be financed. The ESMS will be evaluated, enhanced as necessary with technical cooperation, and implemented prior to first disbursement. The Program will only permit FIs screened as low E&S risk or moderate E&S risk or specific investments categorized as B or C by the IDB to be considered eligible. Eligible FIs will not be permitted to make loans to finance Category A activities.

3. E-Mobility Program Fund: Objectives and Sub-project Components

3.1 Objectives

The Program supports a paradigm change to low-emission transportation systems. The Program shall overcome the barriers identified to kick-start the mass deployment of commercial EVs. The following impacts shall be achieved:

- GHG reduction: EVs have significantly lower lifecycle GHG emissions than fossil units in all countries included in the Program. Mode shift to NMT and electric micro-mobility results in additional GHG reductions.
- Improved air quality: EVs have no combustion emissions and are a crucial instrument to achieve clean air in cities. Commercial vehicles are a major source of PM2.5 and NOx emissions in cities.
- Reduced energy dependency: EVs use domestic resources and reduce reliance on imported fossil fuels. They thereby also increase the resilience of the country's economy to external oil price shocks.
- Increased energy efficiency: BEVs are up to 4x more energy efficient than fossil vehicles. Electricity consumption even if pursuing an ambitious EV penetration level is marginal compared to production levels – however, localized grid problems need to be addressed.
- Increased urban infrastructure resilience.
- Increased grid resilience.

3.2. Intervention Scope

The geographical scope of the Program is in the countries of Barbados, Chile, Colombia, Costa Rica, Dominican Republic, Jamaica, Panama, Paraguay and Uruguay. Some key data for e-mobility on these countries as follow:

	Area	Population	GDP/Ca pita	Vehicle Fleet	Diesel price	Electricity price
Barbados	430 km ²	.3 million	15,200 USD	.11million	1.57 USD/l	0.24 USD/kWh
Chile	756,950 km ²	19 million	13,200 USD	5.6 million	0.89 USD/l	0.16 USD/kWh
Colombia	1,141,750 km ²	51 million	5,300 USD	8.5 million	0.58 USD/l	0.13 USD/kWh
Costa Rica	51,100 km ²	5 million	12,100 USD	1.5 million	0.96 USD/l	0.09 USD/kWh
Dominican Republic	48,400 km ²	11 million	7,300 USD	4 million	0.88 USD/l	0.16 USD/kWh
Jamaica	10,990 km ²	2.9 million	4,700 USD	0.5 million	1.10 USD/l	0.27 USD/kWh
Panama	75,480 km ²	4.3 million	12,300 USD	1.4 million	0.77 USD/l	0.17 USD/kWh
Paraguay	397,300 km ²	7.1 million	4,900 USD	2.5 million	0.83 USD/l	0.06 USD/kWh

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Uruguay	176,220 km ²	3.5 million	17,700 USD	1.2 million	1.13 USD/l	0.21 USD/kW h
---------	----------------------------	-------------	---------------	-------------	------------	------------------

3.3. Sub-project Components

- Component 1: E-bus fleets with low carbon and resilient urban development
- Component 2: EV fleets (taxis, light commercial vehicles, trucks)
- Component 3: Pilot hydrogen, electric vessels and V2G sub-projects
- Component 4: Establishment of a conducive e-mobility framework including gender action plan
- Component 5: Sub-project sourcing, structuring & development and sub-project monitoring

3.4 Beneficiaries

The expected GCF fund-level impacts are reduced GHG emissions through increased access to low-emission transportation resulting in direct emissions reductions of 1,316,545 tCO_{2e} over the asset lifetime of investments co-financed by the Program. The total direct beneficiaries of adaptation measures are estimated at 240,000 persons and the total of direct and indirect beneficiaries is 33 million persons representing 32% of the total population of the Program countries.

4. Environmental and Social Risk Category

The expected GCF fund-level impacts are (i) a total investment of 450 MUSD of which the GCF 200 MUSD (leverage ratio of 1.3) of which 54% for mitigation and 46% for adaptation measures resulting in (ii) 1.24 MtCO_{2e} of direct GHG emission reductions with a GCF cost of intervention of 1614 USD/tCO_{2e} (iii) 631 tPM_{2.5} and 6395 tNO_x reduced, economic benefits due to reduced emissions valued at 154 MUSD of which 108 MUSD due to reduced local air pollution, plus 193,000 direct and 47 million indirect beneficiaries of adaptation measures representing 45% of the entire population of Program countries.

Because higher E&S risk activities will be excluded from the Program eligibility, the potential E&S risks and impacts associated with the Sub-project will have low to moderate E&S risks which are largely manageable by standard mitigation measures. Therefore, this transaction for it financial intermediaries' section was categorized as FI with Moderate and Low E&S risk according to the IDB categorization process or I-2 (Medium level of Intermediation) according to GCF categorization. As part of the Program, the selected EEs (such as LFIs and NDBs) will be required to screen sub-projects against the Program's exclusion list, national E&S laws and regulations as applicable.

The Program for its direct investment part is categorized as category B from the IDB which will exclude activities that (i) could have significant adverse environmental and social impacts (Category A); (ii) physical displacement of people (iii) have a potentially adverse impact on communities and/or indigenous populations; (iv) involve conversion or degradation of critical natural habitats or cultural sites; and/or (v) have potentially adverse transboundary impacts.

The Program will also not invest in sub-projects involving activities in the IDB's Excluded Activities List (Appendix II, Excluded Activities List).

5. Policy and Legal Framework

5.1. National Applicable E&S laws and regulations

The nine countries in the Program have comprehensive legal and policies framework in place. Nevertheless, via the implementation of the Environmental and Social Management system, the sustainability of the sub-project will be assured.

The applicable E&S laws and regulations in each of the 9 countries as regards the FP (e.g. EIA Laws and Regulations, Health and safety, Biodiversity, Renewable energy) will be performed during the due diligence process of the sub-projects.

Barbados: is among the countries most vulnerable to climate change (Stennett-Brown RK, 2019). The 2021 Physical Development Plan (PDP) is based on a vision of sustainable growth and development of Barbados. It addresses the critical impacts of climate change on Barbados through policies and strategies that enable the people to thrive and remain resilient under changing climate conditions. The Roofs-to-Roofs Program (R2RP), supported by the GCF, operationalizes the PDP and includes roof-top solar PV installation increasing distributed electricity generation which shortens recovery time post-disaster and increases resilience. Barbados has put as goal in its updated NDC to be a 100% fossil-free island by 2030. This implies not only 100% renewable electricity generation but also 100% EV or alternatively-fuelled vehicles rates. This is hardly a realistic target as it would require replacement and scrapping of the entire fossil vehicle stock by 2030. Effective April 2021, the government's procurement policy is to prioritize the purchase of electric or hybrid vehicles and the Barbados Transport Board's intention is to operate a fully-electrified government bus fleet by 2030.

Chile: The case of Chile is especially interesting due to the introduction of new business models separating bus ownership and bus operations. The first batch of 200 electric buses was based on investments of electric utilities leasing e-buses to operators, in order to boost their core business (energy sales and the installation of charging infrastructure). Critical for the first batch of e-buses was not only the investment of electric utilities but also a government subsidy for the entire incremental investment cost of e-buses versus fossil units as well as changes in concession contracts reducing risks for investors in vehicle assets and ensuring payments from vehicle operators. In subsequent tenders ownership of e-buses is mixed with some offers based on JVs (Joint Ventures) of bus operators with bus suppliers and others being JVs of bus operators with investment firms. Electric utilities are currently no longer engaged in new investments or have teamed up with capital investment firms as they do not consider vehicle investments to be a part of their core business (e.g. AMP Capital and NEoT Capital have entered as investors). The government no longer pays for incremental investment costs but still offers other advantages for e-buses such as longer concession periods and additional points in the bidding process representing effectively a subsidy to e-buses. Critical take-aways from the Chilean case are: (i) separation of ownership and operations can be an effective instrument to promote e-buses and can bring in new financially strong players into the industry; (ii) for kick-starting the process investment subsidies are critical; (iii) e-buses still require incentives to be competitive with fossil buses; (iv) required subsidies can be reduced significantly after an initial fleet of e-buses and after having established a working business model.

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Colombia: Large Colombian cities already run successfully since many years BRT systems with large private companies working as operators and a public system manager paying companies based on distance driven cum service delivery targets. E-buses have been introduced for secondary routes based on local e-bus targets. The initial batch of 500 e-buses (2019) was based on a tender which only allowed for the provision of e-buses. A subsequent second tender which allowed for any technology resulted in all winning offers to be fossil buses, thereby clearly showing that e-buses are not yet commercially competitive (end 2019). The third tender (2020) included significant additional points for e-buses as well as longer concession periods. This made electric buses competitive with fossil units but also resulted in 16% higher per-km costs of buses which is being paid by the municipality. The experience of Colombia reveals two important points: (i) e-buses can be inserted into public transport operations and will be offered by private operators if concession contracts are sufficiently attractive and if e-buses receive benefits compared to fossil units; (ii) without financial incentives e-buses are commercially not yet competitive. However, some large cities such as Bogota are willing to pay for these incremental costs due to e-buses improving air quality and reducing GHG emissions.

The e-mobility Program will work also in smaller and medium sized cities where such business models might be less applicable due to lower levels of planning, and regulation as well as much smaller volumes and sizes of transport companies making e.g. the involvement of 3rd party asset owners not very probable. For such cities the Program will therefore develop business models apt to their size, structure and conditions.

Costa Rica: Reaffirmed its aspiration of becoming a Carbon Neutral economy and aims for a decarbonized economy with net-zero emissions in 2050. The updated NDC of Costa Rica has concrete 2030 e-mobility targets for public transport, passenger cars and fleets (8% of the vehicle stock). For other vehicle categories such as motorcycles targets and measures shall also be developed to migrate towards EVs. Costa Rica has published a national plan for electric transport which includes concrete steps towards electrification of vehicles and has approved 2018 the law on incentives and promotion of electric transportation which includes targets for EV penetration, the establishment of a public charging infrastructure as well as important tax incentives for private EVs.

Dominican Republic: The updated NDC of the Dominican Republic proposes as mitigation actions the electrification of buses, taxis, school buses, minibuses and "conchos" and the creation of policies to encourage the transition to electric and hybrid mobility for private usage. The country has realized a National Strategic Plan for Electric Mobility with specific EV targets for 2030 (30% of official vehicles and public buses, 10% of private vehicles) and for 2050 (100% EVs for official vehicles and public buses and 70% of all private vehicles shall be electric).

Jamaica: Jamaica's geographical location and biophysical landscape make it vulnerable to climate change impacts, especially for coastal sectors. Jamaica plans to increase its share of renewables in electricity generation creating a greener grid. Jamaica is lagging behind in the uptake of EVs when compared to other countries in the Caribbean. The adoption of EVs in the transport sector however aligns with the National Energy Policy goals for secure energy supply, efficient use of energy, and minimizing the environmental impacts of energy production and utilization. Jamaica Public Service is deploying charging infrastructure and the Jamaican Office for Utility Regulation is discussing an EV charging tariff for public charging infrastructure (JPS, 2021) whilst the Ministry of Science, Energy and Technology proposes a target of EV take-up of 10 per cent of the transport mix by 2030 (around 50,000 vehicles).

Panama: Panama's national government aims to reduce GHG emissions from the transport sector, hence different departments promote sustainable mobility and alternative means of transport. The National Strategy for Electric Mobility was approved in 2019, promoting four

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

objectives until 2030: 10-20% of the total fleet of private vehicles shall be electric; 25-40% of private vehicle sales shall be electric vehicle sales; 15-35% of the buses in the authorized concession fleets shall be electric; 25-50% of the public fleets shall be made up of electric vehicles. Panama's updated NDC focuses mainly on mitigating emissions from the land use change sector and the energy sector, of which transportation accounts for about half of the sector's emissions and represents the biggest challenge.

Paraguay: Paraguay's NDC aims to reduce 20% of the fossil fuel consumption by 2030, compared to the projected baseline. Paraguay has three hydroelectric plants that generate a large surplus of renewable energy, thus EVs provide the opportunity to reduce various environmental and financial externalities resulting from mobility dependent on fossil fuels. In this context, the country is taking its first steps in the transition towards electric mobility, advancing with the development of technical standards for EVs, and implementing "green routes" with chargers installed between the three main cities – Asunción, Ciudad del Este, and Encarnación. The National Development Plan 2030 and the National Energy Policy 2040 consider e-mobility as one of the dimensions to achieve the country's development goals.

Uruguay: recognized for its recent transition to renewable energy in the power system, with 95% renewable sources in the power mix. Uruguay has adopted several national strategies that promote energy efficiency, increased renewable energy supply, and the reduction of fossil fuel consumption. The National Sustainable Mobility Plan promotes a transition towards transport technologies with better energy efficiency. The NDC of Uruguay sets specific goals for electric mobility categories towards 2025: e-Buses (15 units unconditional and 110 conditional), e-taxis (150 units unconditional and 550 conditional) and electric light commercial vehicles (LCVs) (150 units unconditional and 900 conditional), a network of electric vehicle charging stations throughout the main roads across Uruguay (52% completed in 2020), and a fast-charging network. However, these goals are part of a scenario conditional on access to international financing.

All supported sub-projects will be assessed against the requirements established under the applicable E&S laws and regulations. In accordance with the environmental and social due diligence process described in the ESMF, applicable laws, their requirements and authorities with competent jurisdiction for each component (mainly at provincial level), shall be identified and specified by the EE at the screening and scoping stage and further detailed during the assessment.

In addition to the impact classification (category B and C only applicable for this fund)¹, the IDB will assign a risk classification, using an Environmental and Social Risk Rating (ESRR) that is based on a four-level risk rating: low, moderate, substantial, or high. This risk classification will be reassessed throughout the sub-project cycle and adjusted in accordance with the developments and circumstances of implementation and findings of the IDB's monitoring and supervision. Key factors considered in the ESRR are cause (direct environmental and social impacts), contribution (indirect and/or cumulative environmental and social impacts), and additional areas of risk that may be relevant to the delivery of environmental and social mitigation measures and outcomes. These could include legal and institutional considerations; the nature of the mitigation measures

¹ According to IDB's ESG classification, Category "A" investments are excluded from eligibility for financial support under this Programme. For Financial Intermediaries Operations according to IDB's ESG classification only Category "C" investments will be eligible.

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

and technology being proposed; governance structures and legislation; and contextual factors relating to stability, conflict, or security, among others.

The IDB requires Borrowers to conduct environmental and social assessments of operations proposed for IDB support in accordance with Environmental and Social Performance Standard (ESPS) 1 of the ESPF. In turn, the IDB will carry out its own environment and social due diligence of operations in accordance with the requirements and standards of the ESPF. The extent of the IDB's due diligence is determined by the nature and scope of the proposed sub-project and will be proportional to risks and impacts that might be associated with it and the prevailing country context for its implementation. The IDB will also consider the commitment, capacity, and track record of the Borrower and other entities involved in developing and implementing the operation, as well as specific actions to be put in place or taken by the Borrower to address such risks and impacts.

The IDB's due diligence on environmental and social risk and impact management is integrated into its overall operation's due diligence, including the review of material risks that may affect the environmental and social sustainability of the operation, such as contextual and third-party risks. The IDB will consider adopting additional measures in its due diligence process, as needed, to achieve the necessary level of information required to support the requirements of its decision-making processes. Through its due diligence, the IDB will confirm that (i) the Borrower has identified key potential social and environmental sub-project risks and impacts, including those related to natural hazards and climate change; (ii) effective measures to be undertaken by the Borrower to avoid, minimize, mitigate, or compensate for the adverse impacts are feasible; (iii) the Borrower understands the requirements of the ESPSs and has the necessary commitment, capacity, and track record to manage environmental and social risks and impacts adequately; (iv) the role of third parties is appropriately defined; and (v) consultations with sub-project-affected people and other stakeholders are conducted in accordance with the relevant IDB standards. Particularly, in circumstances requiring free, prior, and informed consent (FPIC) of Indigenous Peoples under ESPS 7, the IDB will ascertain the outcomes of the meaningful consultations and will not proceed further with any activity for which FPIC from the affected Indigenous Peoples could not be verified.

The results of the IDB's due diligence process will be summarized if applicable (category B projects) in an Environmental and Social Review Summary Report (ESRS) that will include the ESAP, where required. An ESRS is mandatory for all Category A, B, and FI sub-projects. The ESRS is disclosed to the public in accordance with IDB's Access to Information Policy. Monitoring and supervision: The IDB will monitor the environmental and social performance of sub-projects on an ongoing basis to assess the level of compliance with the standards set forth in the ESPF, and with any other actions agreed at the time of sub-project approval or during previous supervision activities. Those actions include the ones established in the ESAP and in changes resulting from modifications in the design of a sub-project or sub-project circumstances.

The ESRS will be shared with the GCF, when applicable.

As part of the sub-project, IDB may develop sectorial and country guidance and tools for the implementing partners to screen and monitor sub-projects practices against the applicable laws.

5.2 IDB Applicable policies

The Program will apply the Bank's new ESPF approved by the Board of directors in September 2020 and effective by October 2021, including its ten ESPS which are aligned to the International

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Financial Corporation (IFC) Performance Standards but also include additional standards on gender equality and on stakeholder engagement and information disclosure (Appendix I, List of Referenced IDB Policies). The ESPF specifically requires borrower to apply the mitigation hierarchy in sub-project design and development of the mitigation measures. The Operational Policy on Gender Equality in Development will apply to mainstream gender equality and women's economic empowerment proactively throughout the program. The IDB will maintain supervision responsibilities in accordance with the Accreditation Master Agreement (AMA) and/or such other related arrangements with regard to the Program.

The IDB's ten ESPSs are as follow:

ESPS 1: Assessment and Management of Environmental and Social Risks and Impacts

ESPS 2: Labor and Working Conditions

ESPS 3: Resource Efficiency and Pollution Prevention

ESPS 4: Community Health, Safety, and Security

ESPS 5: Land Acquisition and Involuntary Resettlement

ESPS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESPS 7: Indigenous Peoples

ESPS 8: Cultural Heritage

ESPS 9: Gender Equality

ESPS 10: Stakeholder Engagement and Information Disclosure

Where gaps with the requirements of the ESPF are identified through due diligence, the IDB will agree with the Borrower on an ESAP, which sets out the actions required for the sub-project to meet the ESPSs over a specific timeframe. The ESAP, if applicable, will form part of the legal agreement.

Action plans may include an overall Environmental and Social Action Plan necessary for carrying out a suite of mitigation measures or thematic action plans, such as Resettlement Action Plans, Disaster Risk Action Plans, or Biodiversity Action Plans. Action plans may be plans designed to fill in the gaps of existing management programs to ensure consistency with the Environmental and Social Performance Standards, or they may be standalone plans that specify the sub-project's mitigation strategy. The "Action Plan" terminology is understood by some communities of practice to mean management plans, or development plans. In this case, examples are numerous and include various types of environmental and social management plans.

6. Environmental and Social Analysis (ESA)

The electro mobility program aims to link EV deployment with sustainable low-carbon urban development and with increased resilience of urban transport infrastructure and of the grid. Sustainable urban development includes measures to strengthen and improve the public transport sector, Non-Motorized Transport, electric micro-mobility and measures to increase the quality of life of city centers. The focus of the program is on commercial e-mobility including buses, taxis, institutional fleets and trucks. Program components are (i) deployment of electric buses linked with urban sustainability measures and with increased resilience of urban transport infrastructure: (ii) deployment of commercial EV fleets and public urban fast-charging

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

infrastructure targeted for usage of taxis and urban delivery vehicles: all sub-projects which include investments in urban EVs will be linked with components of improving resilience of transport infrastructure and climate-proofing investments to decrease vulnerability of cities to climate change; (iii) hydrogen, V2G and electric vessel pilot sub-projects; green hydrogen pilot sub-projects shall include the entire value chain and is for transportation usage (preferable trucks, vessels or mobile machinery); V2G sub-projects target increased grid resilience and focus on SIDS; (iv) establishment of a conducive e-mobility framework at sub-project/local level (e.g. business models which favor EV deployment), at national level (e.g. public transport electrification roadmaps) and at regional level to foster interchange of experiences and know-how; this component includes also a comprehensive gender action plan and (v) Sub-project sourcing, design, structuring and monitoring. The Program has a comprehensive approach and includes implementation-oriented activities such as targeted policy advice and capacity building to ensure a favorable e-mobility environment combined with financial instruments to ensure deployment of large-scale fleets.

The deployment of this Electromobility fund proposal can contribute to lower the impacts of climate change, reducing GHG emissions and increasing the region's resilience.

Following the IDB's ESMF, all projects that will be categorized as B will have to perform a Environmental and Social Management System (ESMS) that will include:

6.1. Description of Potential Environmental and Social Impacts

The expected environmental and social impacts originate mainly from the construction of the proposed infrastructure for example associated with the hazardous waste generation coming from the disposal / decommission of batteries and materials in hydrogen fuel cells at the end of their life. In addition, there will be potential risks from construction and occupational health and safety activities as well as potential accidents from the production, handling and storing of hydrogen.

The main potential impacts during the construction phase from the EV chargers, infrastructure for charging and hydrogen production plant would be the generation of noise, dust, solid and liquid waste, risk of fuel spillage, increased traffic due to the use of machinery, alteration of the quality of soils due to concrete preparation and occupational and community health and equipment. In addition, there might be social impacts such as the interruption of the traffic of vehicles and pedestrians, affectation of properties due to acquisition and / or easements, blocking of access to housing and / or businesses.

Environmental and Social Performance Standard (ESPS) 5 addresses impacts of sub-project-related land acquisition, including restrictions on land use and access to assets and natural resources, which may cause physical displacement (relocation, loss of land or shelter), and/or economic displacement (loss of land, assets, or restrictions on land use, assets, and natural resources leading to loss of income sources or other means of livelihood). The term "involuntary resettlement" refers to both of these impacts and the processes to mitigate and compensate these impacts. Resettlement is considered involuntary when the sub-project-affected people do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement.

This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for the sub-project-affected people, as well as environmental damage and adverse socio-economic impacts in areas to which

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

they have been displaced. For these reasons, involuntary resettlement should be avoided. However, where involuntary resettlement is unavoidable, it should be minimized, and appropriate measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented. The government plays a central role in the land acquisition and resettlement process, including the determination of compensation.

For this program there will no be physical resettlement allowed. Only resettlement involving socioeconomic affectations if applicable which will then be mitigated by a livelihood restoration plan.

These impacts will be local and of short duration, and there are effective mitigation measures for them. The risks of affecting archaeological and / or cultural sites, as well as protected areas and habitats or vulnerable species, will be evaluated during due diligence of the sub-projects applying to use the Program.

During the operation stage, the potential impacts would be soil contamination due to inadequate waste management, and contamination of water sources due to poor management of waste.

For the installation of the EV charging infrastructure sites have already been heavily intervened by man, therefore the removal of flora is limited to scrub and some trees, which will be replaced with four instead of each in adjacent areas.

During the operation, it is important to have the proper management disposal of the batteries in the final phase of their useful life, where they should be delivered to a recycling company that must have an environmental license, if not returned to its supplier. Batteries being shipped for disposal should be under a roof and in a container that prevents leaks from reaching the drain. They should not be disposed of in household garbage or empty their contents.

Regarding the arrangement of the EV chargers, the same applies once they reach the end of their lifespan. Plans for the correct management of these wastes should be included in the Environmental and Social Management Plan (ESMP)², since these wastes will be characterized by being recyclable and dangerous types produced from the disassembly of the equipment. The recycling of hydrogen fuel cells should be done appropriately to recover materials for product end-of-life management and recycling methods.

For the green pilot production hydrogen plan, storing hydrogen is considered a challenge because it requires high pressures, low temperatures, or chemical processes to be stored compactly. Overcoming this challenge is important for light-duty vehicles because they often have limited size and weight capacity for fuel storage. Adding that hydrogen is nonexplosive, but it can be highly flammable. As well, the transportation of hydrogen in its compression form by trucks is viable for short distances and for low volumes. For longer distances, hydrogen is usually transported in liquid form. Liquefying hydrogen requires cooling it to a temperature of -253°C or below. This practice might require specialized personal training in safety given its pilot phase in the country.

² An ESMP will need to be prepared for specific sub-projects to ensure all potential E&S impacts and risks are managed adequately.

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Lastly the storage of hydrogen is very important given its high-pressure necessities. Proper certified storage tank equipment must be installed, in material and recommended low volume size for better safety.

Therefore, all Good International Industry Practice (GIIP) should be followed on these processes in order to prevent spills and accidents. Taking into consideration that the program will only finance a pilot hydrogen production plant, this pilot plant should only fall within the allowed category B of the Bank in order to be considered part of this program.

During construction there is a risk of Sexual Exploitation, Abuse and Harassment (SEAH) by project workers against women and children in the community, as well as against women and LGBTQI+ project workers. In the operation phase, sexual harassment of women and girls in public transportation might be an issue.

6.1.1. Expected Positive Impacts

The objective of the Program is to increase facilitation of EV deployment that will contribute to climate change mitigation. The economic benefits due to reduced emissions valued at 159 MUS\$ of which 108 MUS\$ due to reduced local air pollution, plus 225,000 direct and 33 million indirect beneficiaries of adaptation measures representing 32% of the entire population of Program countries.

6.1.2. Potential Negative Risks and Impacts

Criteria for the identification of eligible investments would be determined by screening against the ESPF's Exclusion List, exclusion of activities likely to result in Category A impact classifications, and on a country-by-country basis and informed by country-specific circumstances – including criteria associated with gender and indigenous people.

Examples of eligible investment criteria can include: (i) investments that demonstrate positive environmental benefits; (ii) investment that demonstrate the applicability of the EV deployment; (iii) demonstrated use of renewable energy resources for the production of hydrogen.

The following table presents representative E&S risks and potential impacts associated with the targeted EV sectors.

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

EHS Issue/Sector	Deployment of EV vehicles	Urban Fast charging infrastructure	Hydrogen vessel pilot sub-projects	Hydrogen production pilot
Solid waste management	<ul style="list-style-type: none"> - proper end of life recycling of batteries -Proper logistics for hazardous waste destination (no landfill) - licensed operators 	<ul style="list-style-type: none"> - recycling of batteries -Limited logistics for hazardous waste destination (no landfill) 	<ul style="list-style-type: none"> - Proper recycling of fuel cells -Proper logistics for hazardous waste destination (no landfill) 	<ul style="list-style-type: none"> -Proper logistics for hazardous waste destination (no landfill) - licensed operators
Biodiversity and Ecosystems Services	<ul style="list-style-type: none"> - Habitat degradation due to bad management of solid waste 	n/a	<ul style="list-style-type: none"> - Habitat degradation due to bad management of solid waste 	<ul style="list-style-type: none"> - Potential conversion of natural habitat due to clearing for construction. -Extraction of water from important ecosystems services area
Energy Use		-Potential non renewable energy use	-To use hydrogen	- Aim is to utilize renewable energy for production
Water Use	-For maintenance purposes	-For maintenance purposes and construction	-For maintenance purposes	<ul style="list-style-type: none"> - Potential Water usage for hydrogen production via electrolysis - Water consumption and conflicts of use with current users - Domestic sewage
Air quality	n/a	-Dust and air quality impacts from construction	n/a	- Emissions from fossil-fuels operated boilers, stoves and generators

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

EHS Issue/Sector	Deployment of EV vehicles	Urban Fast charging infrastructure	Hydrogen vessel pilot sub-projects	Hydrogen production pilot
				- Dust and air quality impacts from construction
Physical hazards	- Electro hazard in installation – deinstallation and management of batteries and electrical equipment	- Machinery and vehicles - Cutting equipment -Construction equipment -- Electro hazard in installation – deinstallation and management of batteries and electrical equipment	- Electro hazard in installation – deinstallation and management of batteries and electrical equipment - Hydrogen pressurizing activities and storage	- Machinery and vehicles - Cutting equipment -Construction equipment - Slips and falls - Fire safety - flammable - hydrogen pressurizing activities -transport and storage
Chemical hazards	- Exposure to hazardous materials inside the batteries if not properly installed and recycled at end of life		- - Exposure to hazardous materials inside the fuel cells if not properly installed and recycled at end of life	- Exposure to ammonia, methane, methanol, liquid organic molecules or liquid hydrocarbons in case hydrogen gets transformed for transport efficiencies.
Impacts on affected communities including Indigenous People	N/Indirect impacts such as road safety risk for communities and pedestrians along the routes of the vehicles	- External workforce - Traffic disruptions - access to homes, services, commerce possible affected during construction	N/A	Depending on location potential to: - External workforce - Traffic disruptions - access to homes, services, commerce

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

EHS Issue/Sector	Deployment of EV vehicles	Urban Fast charging infrastructure	Hydrogen vessel pilot sub-projects	Hydrogen production pilot
		<ul style="list-style-type: none"> -Possible community impacts from operations as noise -Socioeconomic affectations due to installation of infrastructure 		<ul style="list-style-type: none"> possible affected during construction -Possible community impacts from operations as noise
Labor and working conditions	<ul style="list-style-type: none"> Supply chain sourcing in accordance to ESPS 2 -Analysis for risk on forced child labor -Informal workers (drivers) disguised employment 	<ul style="list-style-type: none"> - Supply chain in accordance to ESPS 2 - informal workers and disguised employment 	<ul style="list-style-type: none"> - Supply chain in accordance to ESPS 2 - informal workers (drivers) disguised employment 	<ul style="list-style-type: none"> - Supply chain in accordance to ESPS 2 - informal workers disguised employment
Sexual Exploitation, Abuse and Harassment (SEAH)	Sexual harassment in public transportation	Project-related SEAH (project workers against women, children and LGBTQI+ persons in the community, and against other project workers)	Project-related SEAH	Project-related SEAH.

6.1.3 Environmental and Social risks mitigation

Based on the identified risks and impacts, the following table presents potential mitigation measures to be rolled out under the Program. The E&S themes are organized according to the Bank's Environmental and Social Performance Standards structure. All activities financed under the Program will require compliance with the applicable IDB E&S Performance Standards part of the Loan Agreement clauses.

	E&S Risks and Impacts	Mitigation Measures
ESPS1	<p>Depending on the executing agency, it will be analyzed where structured ESMS can be implemented.</p> <p>E&S management practices and governance is usually limited to meet national law and permits requirements.</p>	<p>Where applicable, executing agencies will implement ESMS. Otherwise, sub-projects will seek good practices independent third party certifications such as GIIP.</p> <p>Implementing partners will screen sub-projects performance against: (i) Exclusion List; (ii) applicable E&S laws and regulations; and (iii) the ESPS (for medium risks long-term sub-projects).</p>
ESPS2	<p>Targeted sectors have physical, and hazards waste risks. Given the EV-mobility is very new in some countries Occupational Health and Safety risks might be a risk.</p> <p>COVID-19 infection risks</p> <p>Deployment of EV vehicles include the risk of not properly disposing used batteries. Supply chain sourcing</p> <ul style="list-style-type: none"> -Analysis for risk on forced child labor -Informal workers (drivers) disguised employment <p>Urban Fast charging infrastructure- - informal workers and disguised employment</p> <p>Hydrogen vessel pilot sub-projects - Supply chain in accordance to ESPS 2</p> <ul style="list-style-type: none"> - informal workers (drivers) disguised employment 	<p>IDB will support the development of sectoral labor practices and working conditions checklist and guidance assessment for the Program sectors.</p> <p>To include biosecurity plans for working protocols.</p> <p>Proper handling of batteries and mitigations in accordance to ESPS 2 by implementing plans</p> <p>Labor practices according to ESPS 2</p>

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

	Hydrogen production pilot 0 Supply chain in accordance to ESPS 2	
ESPS3	<p>Limited logistics to final disposal for waste and hazardous materials.</p> <p>Wastewater pollution.</p> <p>Potential water usage for hydrogen production</p> <p>Since machinery is required in some of the works to carry out trenching and installation of electric lines, EV charges and hydrogen pilot plant. It is intended that the main potential impacts during the construction phase are the generation of noise, dust, solid and liquid waste, risk of fuel spillage, increased traffic due to the use of machinery, alteration of the quality of soils due to preparation work and concrete and equipment placement and occupational and community health.</p> <p>Water Usage for electrolysis in hydrogen production. Possible water conflicts with other users.</p> <p>Hydrogen production, storage and handling with possible spills and accidents</p> <p>Water usage for maintained of vehicles</p>	<p>Implementing partners will review applicable required environmental permits based on sector and country requirements, as well as against selected EHS guidelines. In addition, only licensed operators should manage the batteries and fuel cells at the end of life or returned to the manufacturer.</p> <p>IDB will support the development of sectoral environmental checklist and guidance assessment for the Program sectors.</p> <p>Mitigation measures to be included on the specific environmental and social management plans as part of the ESMS.</p> <p>Water management plan and water balance to be included</p> <p>Production, storage and handling to utilize GIIP.</p> <p>Water management plan according to GIIP</p>
ESPS4	<p>Affected communities EHS related may include:</p> <ul style="list-style-type: none"> • Access to resources and benefit sharing issues (including Environmental Services related to provision) • Exposure to hazards (physical and chemical) • Nuisance by noise, dust, and movement of heavy machinery, blocking access to housing and / or public infrastructure • Risk of accidents impacts to peasant and native communities, an increase in the probability of accidents and possible conflicts between construction personnel and the population. • Disaster risk exposure depending on the location of the infrastructure 	<p>IDB will support the development of sectoral affected communities EHS checklists and guidance assessments for the Program sectors.</p> <p>Mitigation measures to be included on the specific environmental and social management plans as part of the ESMS.</p> <p>Development of an Emergency Preparedness and Response (EPRP)</p>
ESPS5	Sub-projects involving involuntary resettlement (including physical displacement) will not be eligible	Exclusion of Category A type of sub-projects.

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

	Permits and land tenure for installation of EV charging infrastructure and hydrogen plant	<p>Sub-projects to use existing right of ways for electric lines. Sub-projects to follow IDB environmental and social management framework.</p> <p>In line with ESPS5 sub-projects to implement compensation plans for temporary socioeconomic affectations.</p>
ESPS6	<p>Land conversion and deforestation risks (including supply chain)</p> <p>Impact on critical habitats, including protected areas and Key Biodiversity Areas.</p> <p>- Habitat degradation due to bad management of solid waste</p>	<p>Exclusion of sub-projects requiring deforestation, or which present significant risk of induced deforestation, including supply chain.</p> <p>Supervision will include monitoring of land use and land cover change for the pilot hydrogen plant as well as any other associated facility.</p> <p>Exclusion of sub-projects in critical habitats that involve land clearing activities.</p> <p>Waste management plan</p>
ESPS7	<p>Adverse impacts to communities and persons belonging to indigenous peoples and African descendant</p> <p>Indirect impacts such as road safety risk for communities and pedestrians along the routes of the vehicles</p>	<p>Sub-projects with potential adverse impacts on Indigenous people will not be eligible.</p> <p>IDB and implementing partners will develop and rollout consultation and stakeholder engagement strategies with indigenous peoples in case it will be necessary.</p> <p>Community engagement plan, including traffic measures</p>
ESPS8	Sub-projects involving adverse impacts on cultural heritage.	<p>Sub-projects will protect cultural heritage from the adverse impacts of sub-project activities and support its preservation. Sub-projects to include process of cultural and archeological findings and management.</p> <p>As part of the Borrower's ESMS, the Borrower will develop provisions for managing chance finds through a chance find procedure which will be applied in the event that cultural heritage is subsequently discovered. The Borrower will not disturb any chance find further until an assessment by competent professionals is made and actions consistent with the requirements of this ESPS are identified.</p>
ESPS 9	Gender equality	Sub-projects must be designed to avoid exclusion from sub-project-derived benefits of people of all genders, sexual orientations, and gender identities.

Annex 6a Environmental and Social Analysis and
Environmental and Social Management Framework

		<p>Sub-projects must be designed to minimize risk of sexual and gender-based violence in affected communities and sub-project workers (SEAH)</p> <p>Mitigation measure as stated in ESPS 9 to be applied across all targeting countries and sub-projects throughout their sub-project cycle.</p> <p>During sub-project due diligence, if the assessment indicates a risk of SEAH, the financial intermediary, borrower, EE or implementing partner, as applicable, must develop a SEAH Prevention and Management Plan as part of the sub-project ESMP. The SEAH Prevention and Management Plan may include:</p> <ul style="list-style-type: none"> - Developing, implementing, enforcing, and monitoring a sub-project's Policy or Code of Conduct establishing a zero-tolerance for SEAH against community members and project workers. All contractors must adhere to this Code of Conduct. All project workers should sign the Code of Conduct. - Educating all sub-project workers on SEAH and project-related SEAH risks, local customs, appropriate interaction with communities, the sub-project's Code of Conduct, how to report violations of the Code, and how they will be handled. - Informing local communities about project-related SEAH risks, prevention and mitigation measures put in place and how to report complaints of SEAH through the sub-project's grievance mechanism. - Procedures on how to respond to any allegations of SEAH (refer the survivor to appropriate SEAH support services, with his/her consent; investigate the allegation). <p>All sub-projects must put in place a grievance mechanism with specific procedures to receive, register and manage SEAH allegations (See section 7.2.8 below).</p> <p>Additional measures to tackle sexual harassment in public transportation are detailed in the Gender Action Plan.</p>
ESPS 10	Stakeholder engagement and information disclosure	Borrowers will comply with IDB requirements for stakeholder engagement and information disclosure.

7. Environmental and Social Risk Management Frameworks

Each participating EEs will manage the supported portfolio by applying a specific ESMS to be approved by the IDB during sub-project preparation in line with the ESPS 1 of the IDB ESPF. The ESMS will include the application of the Program's Exclusion List and a risk-based approach by assessing the potential E&S risks and impacts against the applicable IDB E&S Performance Standards. In order to do so, IDB review will focus on the improving partners capacity and commitment to assure adequate level of safeguards implementation in both Financial Intermediaries and direct borrower entities. IDB will review any existing ESMS for every selected Financial Intermediaries as well as direct borrower entities that will provide funding to sub-projects. The ESMS will be evaluated, enhanced as necessary with technical cooperation, and implemented prior to first disbursement. The Program will only permit FIs screened as low risk or that finances category C sub-projects, and specific direct investments categorized as category "B" or "C" to be considered eligible. Eligible FIs will not be permitted to make loans to finance Category A or B activities.

As part of the ESMS review, IDB will follow the IDB E&S procedure and apply its Platform for the Analysis of Institutional Capacity (PACI) tool to identify needs to capacity building and institutional strengthening in ESG aspects (see appendix 7 for sample).

IDB will include in the Loan Agreements with the selected EEs the commitment to comply with applicable E&S requirements. If gaps in the ESMS are mapped, IDB will also include E&S action plans for the EESs to enhance its procedures and/or capacity. The EESs will also be required to monitor the E&S performance of the supported portfolio and provide reports to IDB.

7.1. Fund Level Evaluation and Categorization of Participating FIs

Based upon the nature of this Fund to, in part, provide financing to FIs that will, in turn, offer financial products and services for electro mobility, there may be low or minimal indirect environmental, social or health and safety (ESHS) and labor risks and impacts typically associated with the EV sector. Pursuant to the ESPF, applied in accordance with the Accreditation Master Agreement and/or such other related arrangements, specific environmental due diligence is required on each FI to ensure that appropriate and commensurate safeguards are adopted to manage sub-borrower environmental and social risks. Management of this risk will be the responsibility of the participating FI.

The evaluation process undertaken by the IDB Group in assessing FI risks and capacity would typically include:

- i. Screening – A standard due diligence process in accordance to the Bank's ESMF will be performed to interested FIs to evaluate portfolio risk as it pertains to E&S issues. The Due Diligence will evaluate likely sub-loan size, tenor, sector, use of proceeds (e.g. working capital, land expansion, investment, etc.), local legislation and adequacy to mitigate typical agricultural risks, geographic location/concentration of sub-borrowers, and country context.
- ii. ESMS Evaluation – A similar evaluation will be done on the FI's management capacity pertaining to E&S issues. In this sense, the FI will be evaluated on the use and application of an ESMS, the adequacy and sophistication of the system, previous work or existing action plans with other Development Finance Institutions, sub-borrower screening/evaluation process, portfolio risk related to E&S issues, use of action plans to

correct identified non-compliance issues, monitoring process and organizational capacity.

iii. Categorization – On the basis of the E&S risk profile of the sub-projects eligible for financing with resources from the Programme combined with the capacity evaluation of the FI, a risk determination will be made, classifying the FI as either low risk or moderate risk, substantial risk or high risk. FIs with high, substantial and moderate risk targeted - sub-projects will not be considered under this Fund, only category C sub-projects will be considered. The risk level will guide the general expectations and requirements pertaining to the scope of the ESMS and the possible use of technical assistance to enhance a given FI's management capacity.

7.2 FI Level Procedures for Evaluating -Sub-projects - ESMS

Per the Policy Statement and Environmental and Social Performance Standard (ESPF)¹ of the ESPF, FI borrowers will be required to adopt and implement an ESMS. The specific and standard elements of the ESMS will include: (a) a policy statement that sets forth the FI's policy and standards of performance, (b) roles and responsibilities for E&S management, coordination, and training, (c) review procedures to ensure compliance with the FI's own policies and specific IDB ESPF if and when applicable and with the use of customized checklists, (d) development of specific environmental and social action plans as applicable, for loans supported by the Program, (e) supervision and monitoring of the loan portfolio, and (f) reporting requirements on compliance with the ESMS requirements, including compliance of loans funded with IDB's proceeds with applicable standards, and (g) incorporation of a grievance mechanism as applicable.

In the following sessions, the key elements required of an ESMS for the selected EEs under the Program are presented.

7.2.1. E&S Policy and Applicable Requirements

The E&S Policy should define the FI's intended role in relation to the environment and society and include the concise objectives of its ESMF. All implementing partners will be required to review its portfolio against a set of Applicable Requirements, which in the case of the Program will include:

- Exclusion List

The Exclusion List includes specific activities for which the EEs will not provide financing. The Program Exclusion List will be in line with the IDB Exclusion List (see Appendix II).

- Compliance with National E&S laws

As part of the E&S screening, selected EEs will be required to assess if sub-projects conduct their activities in line with the applicable E&S laws and regulations. Reference to national regulations may vary based on the different countries and sectors. As part of the ESMS structuring, EEs will be required to develop guidance notes and tools to support potential E&S compliance review in the credit granting process.

- High or Substantial and moderate risk sub-project exclusion

Sub-projects with potential significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented will not be eligible. Under the E&S assessment process, the selected EEs will be required to screen out such sub-projects. The sub-project will not include high ES risk sub-projects, for example, involuntary resettlement or adverse impacts on critical habitats or indigenous peoples.

- No Deforestation Policy

As part of the assessment of sub-projects, implementation partners will be required to develop and or enhance procedures to assess and monitor potential deforestation practices.

7.2.2. Initial screening and categorization

The supported EEs will be required to perform an initial E&S screening of sub-project and assign a risk categorization to define the level of due diligence and extent of mitigation planning required for each level. E&S risk levels range from low to high and will depend on the type and size of the financial transaction and the location and magnitude of potential impacts.

During the initial screening phase of a transaction, the scope and nature of the transaction should be identified in order to screen the credit application against the FI's exclusion list and to make a preliminary classification of its level of risk. The latter will determine the extent to which an evaluation is required and will define the E&S Applicable Requirements and the steps to implement them.

Depending on the initial screening and categorization, the E&S assessment effort can be calibrated.

7.2.3. E&S Due Diligence ("ESDD")

The FIs ESMS will include clearly defined ESDD procedures, describing in detail, the steps to identify, evaluate, mitigate, and monitor the risks of screened sub-project proposals during the appraisal process, based on their assumed level risks and the Applicable Requirements of IDB's ESPF. The ESMF will include clear lines of responsibility, as well as list the necessary documentation and forms used during the process.

During the review process, the FI will gain an insight into the nature and scope of a client's operation, using E&S information forms, checklists, and sector guidelines. ESDD on the sub-project may be minimal; however, if the sub-project is deemed high risk, on-site visits and a full assessment will be required, as well as technical expert analysis. Taking note that high risk FI projects are not eligible for this program only low risk that are equivalent to category C. Desk assessments should be adequate for lower-risk operations, supplemented by relevant questionnaires and other streamlined procedures.

If the review concludes that a proposed lending/investment activity will have minimal or no potential E&S risks or adverse impacts, the FI will document this conclusion as part of its decision to proceed with the transaction.

Additional in-depth due diligence may be required should the review process indicate the existence of E&S risks or potential impacts that require further analysis. For transactions applying specific IDB E&S Performance Standards requiring expertise, such as for biodiversity, cultural heritage, or indigenous peoples, the FI will engage external qualified experts should adequate in-house capacity to manage E&S risks and impacts associated with these transactions not be in place. The ESDD should also identify gaps against the Applicable Requirements and potential corrective actions to be reflected in the E&S Action Plan.

7.2.4. E&S Action Plan ("ESAP")

The ESAP should outline key E&S performance gaps in a borrower's/investee's operations identified during the ESDD, as well as proposed mitigation measures and a timeline to ensure compliance with applicable national E&S laws and regulations and the Performance Standards (where required). ESAPs may range from basic mitigation measures to detailed management plans, with actions that can be measured quantitatively or qualitatively.

The FI will discuss the ESAP as part of general E&S requirements with the borrower/investee and

agree on its scope and timeframe for completion. If an ESAP is developed as part of the transaction review process, its fulfillment will be referenced in the legal agreement.

7.2.5 Legal Agreements

The selected EEs will be required to review its Loan Agreements with sub-projects to include standard E&S terms. These are typically represented as general E&S definitions, representations and warranties, disbursement conditions, and/or covenants regarding compliance with requirements defined by the FI's E&S policy. ESAPs including mitigation measures to address identified performance gaps as well as requirements on annual reporting on E&S performance will also be included in the EESs legal agreement with the borrower/investee. The covenants will include clear provisions for addressing non-compliance and include clear lines of responsibility between the sub-borrowers and the EESs.

7.2.6 Approval Process

Policies and procedures should include the decision-making authorities defining approval process and responsibilities. Based on the level of risk, outcome of the analysis, and other factors, EESs will determine the approval process. Essential to the decision-making process is the need to ensure that all information is available so that the risks are appropriately taken into consideration. Depending on the EESs structured responsibilities may be assigned between the credit, risk, and commercial or compliance departments. E&S assessment can occur in different stages such as during onboarding, know-your-client review, commercial interactions and site visits, credit assessment or legal review. As part of its assessment of the supported EESs, IDB will review organizational capacity and competency to manage E&S risks.

7.2.7 Monitoring and Supervision

Monitoring enables the EESs to periodically check, evaluate, and report on the E&S risks within its portfolio. Reporting to IDB on the Program supported portfolio will be based on quantitative indicators that define the risks at the sector and client levels and will be updated regularly to reflect changes.

A periodic (annual) reporting system will be required and will include portfolio information as well as information on material E&S issues that the FI had to face over the year.

IDB will monitor the environmental and social performance of the specific sub-projects financed by the Program through supervision by IDB ESG safeguards specialists. Loan agreements will include reporting requirements by the EE on environmental and social safeguards compliance. ESG specialists will carry out supervision missions and prepare a supervision report that includes a Safeguards Performance Rating (Satisfactory, Partially Satisfactory, Partially Unsatisfactory, or Unsatisfactory) and an updated Environmental and Social Risk Rating (Low, Moderate, Substantial, and High). Corrective Action Plans may be developed as necessary to address non-compliances. ESG supervision includes support and collaboration with the executing agencies.

The IDB requires its Borrowers to report to the Bank on their compliance with applicable standards with an agreed frequency, including their progress on achieving environmental and social objectives and aspects related to the implementation of relevant legal and contractual obligations and regulatory requirements.

Within the Sub-project it is expected to design and implement mechanisms and platforms for monitoring and evaluating the environmental and social impacts of the electromobility solutions, as well as strengthening the internal systems of the EEs for monitoring the financial operations of the funds and the SPVs (*through the development of economic, social, and environmental impact monitoring and assessment tools*).

Specifically, this activity hopes to identify and implement information collection methodologies, and the design of indicators (such as forest cover, deforestation, jobs and income of people, among others) in collaboration with other entities (whether public or private and national or international). It is also expected to support the analysis of social, economic, and environmental information through training EES officials in the use and the management of those types of data for decision-making, between other actions.

7.2.8 Grievance Mechanisms

The IDB ESPF requires borrowers to implement effective grievance mechanisms to receive and assist with the resolution of any concerns and grievances of stakeholders that may arise in connection with a sub-project's environmental and social performance. The IDB believes that prompt consideration and resolution of grievances locally can provide the fastest relief for complaints, clarify expectations, and build confidence among stakeholders. Stakeholders may submit complaints regarding a Bank-financed sub-project to (1) the sub-project grievance mechanism; (2) appropriate local grievance mechanisms; or (3) directly to the IDB, which will respond within a reasonable timeframe. In addition, the IDB's Independent Consultation and Investigation Mechanism (ICIM) provides a mechanism and process to address allegations of harm by sub-projects as a result of noncompliance by the IDB with one or more of its operational policies, including the ESPF.

Sub-projects must put in place two grievance mechanisms: (i) one grievance mechanism to receive and facilitate resolution of concerns and grievances from project-affected people and other stakeholders, as established in ESPS 1, ESPS 5 on Land Acquisition and Involuntary Resettlement, ESPS 9 Gender equality and ESPS 10 Stakeholder Engagement and Information Disclosure³; and (ii) one grievance mechanism for sub-project workers to raise workplace concerns, as established in ESPS 2 on Labor and Working Conditions.

Both grievance mechanisms must include specific procedures for how SEAH complaints will be received, registered, acknowledged, investigated, and handled, by whom and within what timeframe, and the range of possible disciplinary actions. To respond to the needs of different groups of sub-project workers and community members, the mechanism may need to provide multiple channels to initiate a complaint, including anonymous options (e.g., independent helpline, sub-project's website, mobile phone app, suggestion boxes, SEAH service provider, local women's organization, etc. depending on the local context and the identified risks). The channels must allow for anonymity and be free of charge and accessible. Due to the sensitive nature of SEAH and the risk of stigma, reprisals, and rejection associated with this type of incident, special attention must be paid to protect the confidentiality and safety of survivors along the entire process and to ensure a fair assessment and due process for all those implicated. The identities of complainants, survivors, witnesses, and alleged perpetrators must be safeguarded to minimize the risk of reprisals and to protect a person's right to privacy. SEAH allegations should be evaluated by a gender-balanced investigative committee. Any person involved in the grievance mechanism should be specifically trained to manage SEAH complaints confidentially, empathetically, respectfully, and without judgment. It is important that the grievance mechanism be continually and widely publicized. Each SEAH allegation must be addressed promptly and empathetically. After receiving a complaint, the Borrower should immediately refer the survivor to appropriate SEAH support services, always with his/her consent. These referrals should not be contingent on the outcome of any investigative process. The priority must be to protect the safety and wellbeing of the survivor and any action should always be taken with due regard for the survivor's safety and needs and with their explicit consent, allowing survivors to make decisions

³ In line with IP Policy of GCF (IP representative). IDB ESPF

<https://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-110529158-160>

about how to solve issues and providing information together with available support.

In compliance with IDB ESPF, communities who are affected or potentially affected by the program will be informed about the grievance redress mechanisms available to them at all three levels: GCF's Independent Redress Mechanism⁴, the IDB's GRM⁵, and the sub-project GRM. This will be done early in the stakeholder engagement process, in a culturally appropriate manner. Design of the sub-project-level GRM will include input from locally affected stakeholders. GRM will include information on how stakeholders will be informed about the three levels of GRMs, when and how they can be accessed, and the specific steps and contact information for registering concerns with each GRM.

7.2.9 Consultation

Consultation for specific mechanisms and sub-projects to be financed by the Program will be carried out by EEs in accordance with ESPS 1 and ESPS 10 of the IDB ESPF⁶.

8. Non FI Operations

The Program will also finance activities through investment loans and Technical Cooperations (TC).

Technical Cooperations to be financed by the Program will only support activities such as capacity building, planning, sectorial and market assessments, policy frameworks, advisory services and inclusion mechanism for women, traditional peoples, and indigenous peoples. No works or productive activities will be financed by technical cooperation funds.

For other specific investments, they will be categorized as B or C by the IDB to be considered eligible under the Program.

Both TCs and specific investments should apply the requirements of the ESPF. the IDB will review the terms of reference and outputs of any technical cooperations that finance prefeasibility or feasibility studies of specific investment sub-projects that include environmental and social studies.

9. Capacity Building and Technical Assistance

Capacity Building, training, and outreach include Strengthening of policies and legal framework that enable the massive deployment of e-mobility through (i) formulation of e-mobility roadmaps; (ii) support of authorities in the legal and financial structuring of innovative business models that enable the financing of electric units, along with their dissemination to the relevant stakeholders; (iii) assistance in the formulation of policies for the proper disposal and secondary uses of EV batteries; (iv) formulation and implementation of policies and regulations which favour in a cost-effective manner EVs against Internal Combustion Engines (ICEs).

In addition, the bank will look into improving environmental and social capabilities by capacity building in accordance with the Bank's ESPF.

Capacity building and training of core actors in (i) training for drivers and maintenance

4

⁵ IDB's redress mechanism <https://www.iadb.org/en/mici/independent-accountability-mechanisms-network>

⁶ See item 12.1 for additional requirements related to IP consultation

personnel for the proper operation of EVs in order to ensure a larger lifespan of the batteries and reduced energy usage; (ii) the design of cost-effective urban infrastructure with increased resilience to climate change and options for V2G and increased grid resilience; (iii) the design of urban mobility measures integrating public transport, electric micro-mobility and NMT in a sustainable manner.

- Dissemination of knowledge and technical assistance to local authorities on the particularities of hydrogen usage in transportation, business models which integrate the value-chain of H2 and the identification of options and perspectives of coordinated e-mobility and renewable energy deployment.
- Outreach events including workshops, training materials, webinars, and case studies.

10. Organizational Capacity

The IDB Environmental and Social Solutions Unit (ESG) will assign a primary safeguards specialist to each specific sub-project that is prepared under the Program if it assigned a category B. Depending on the environmental and social contexts of the particular sub-project, this may be either an environmental or social specialist and additional specialists may be assigned to support the sub-project as needed.

In addition, such support may also sometimes be provided by external consultants in the territory for particular work, such as identification of gaps between legislation and international standards, the capacity of the implementer, inconsistencies analysis in general, among others.

Each sub-project will have a specific management system for its potential environmental and social risks and impacts to ensure socio-environmental performance consistent with the applicable safeguards. During the sub-project appraisal, the ESG specialist will prepare reports, establishing the level of detail and periodicity of supervision and monitoring, through, for example, periodic reports, field visits, specific environmental assessments, etc., that are necessary for the approval and execution of the sub-project.

For onboarding EE into the Program, as part of the appraisal process, the IDB will assess the environmental and social management capacity of executing agencies by applying the Platform for the Analysis of Institutional Capacity (PACI), a tool to support the gathering and analysis of information related to an executing agency's institutional capacity. Within the due diligence appraisal, the Bank will perform additional validations of this information, as well as establish training mechanisms as part of the sub-project's socio-environmental requirements, depending on the particular weaknesses or threats found as per required by the ESMS.

11. Institutional Arrangements

Key elements to be managed by the designated staff are: (i) the operational framework for implementing the Program, including for example, technically-rigorous guidance on how to determine which -sub-projects can be considered to wholly and significantly contribute to the Program the process for the strategic prioritization of locations, details on the mapping of complementary efforts and functioning of the collaboration mechanisms (ii) adequate coordination, evaluation, monitoring and reporting on the Initiative and its activities, following the Bank's established processes and using the Bank's operational systems; (iii) communication and outreach at the Initiative level; and (iv) facilitating consultations with and coordination among interested stakeholders, within the IDB Group and externally.

The IDB, as Accredited Entity, will maintain the responsibilities of the Program to the GCF as per the terms to be agreed between IDB and GCF. The Executing Entities will execute the implementation of the specific transactions to be financed or cofinanced with Fund resources, including the structuring and deployment of IDB and GCF capital into the Program portfolio sub-projects. The Executing Entities will be subject to compliance with the Accreditation Master Agreement to be entered into between the GCF and the Accredited Entity and/or such other relevant arrangements. Supplementing this, at the sub-project level, rights and responsibilities of sub-project sponsors, lenders, and other sub-project parties will be defined under the sub-sub-project contracts, completing the governance structure of the Program.

The development of the -sub-project level ESMS by the borrowers is part of the capacity building sub-component as part of the ESPS1 of the ESMF of the Bank. The IDB will be including activities to improve Environmental and Social capacities within the Executing Entities.

The IDB will be performing as part of its sub-project approval process an environmental and social due diligence as stated on the IDB ESPF. The EE will be responsible for producing the required ESMS as part of the requirement of ESMS 1, when applicable category B or low risk FI. The ESMS will incorporate the following elements: (i) sub-project-specific environmental and social framework; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.

The EE will be responsible for implementing the ESMS during the sub-project execution including compliance of the E&S plans by all third's parties and sub-contractors. The IDB will be the responsible party for performing the sub-project E&S supervision.

12. Others E&S issues

On September 16, 2020, IDB Board of Executive Directors approved a new Environmental and Social Policy Framework (ESPF) setting new standards in several areas, as well as by establishing provisions for the Bank's clients to tackle E&S issues. The new ESPF *"elevates respect for human rights to the core of environmental and social risk management and includes a dedicated, stand-alone standard on gender equality. A new standard on labor and working conditions aligns with the core international conventions and instruments."*

The new policy framework also includes consideration of risks associated with pandemics and epidemics, and it aligns with international best practices on biodiversity protection and conservation. In addition, the ESPF stipulates when free, prior, and informed consent is required from indigenous peoples, mandates protections for African descendants and persons with disabilities, and requires consideration of race, ethnicity, age, and social conditions. To obtain open, transparent, and inclusive engagement around sub-projects, the ESPF also includes a stand-alone stakeholders' engagement and information disclosure standard, which requires clients to routinely implement grievance mechanisms."

IDB set an implementation period of one year's time line to prepare the Bank and borrowers for the rollout the new policy framework. Given the timing of GCF Board and the ESPF effective date, sub-project to be financed by the Electro Mobility Fund will follow IDB's new ESPF.

12.1 Gender strategy

The IDB's new Environmental and Social Performance Standard ("ESPS") 9 on Gender Equality

has the following objectives: to anticipate and prevent adverse risks and impacts based on gender, sexual orientation, and gender identity, and when avoidance is not possible, to mitigate and compensate for such impact; to establish actions to prevent or mitigate risks and impacts due to gender throughout the sub-project cycle; to achieve inclusion in -sub-project-derived benefits of people of all genders, sexual orientations, and gender identities; to prevent SGBV, including sexual harassment, exploitation and abuse, and when incidents of SGBV occur, to respond promptly; to promote safe and equitable participation in consultation and stakeholder engagement processes regardless of gender sexual orientation, and/or gender identity; and to meet the requirements of applicable national legislation and international commitments relating to gender equality, including actions to mitigate and prevent gender-related impacts.

Therefore, as part of the Program strategy, IDB together with the implementing partners will look for opportunities to promote gender equality. This will be carried at the EEs levels by IDB while reviewing working conditions and labor practices of the selected partners, but also at the financial product line level by fostering products targeting empowerment of women such as women-owned MSMEs or women-led cooperatives.

The selected LFIs will also be required to enhance their ESMSs in order to properly assess gender related themes at the sub-project level. This will include procedures to: i) review and monitor gender related indicators; ii) identify and address adverse impacts, including SEAH, and the risk of gender-based exclusion; iii) include women and men in consultation processes; and iv) comply with applicable legislation relating to equality between men and women.

Additionally, IDB will apply the Operational Policy on Gender Equality in Development to mainstream gender throughout the program and actively promote gender equality and women's economic empowerment. These activities will be included in the Gender Action Plan in case of required.

12.2. Indigenous People

The IDB's new ESPS 7 on Indigenous Peoples and objectives are to ensure that the development process fosters full respect for the human rights, collective rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples; to anticipate and avoid adverse impacts of sub-projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts; to promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner; to establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) in a culturally appropriate manner with the Indigenous Peoples affected by a -sub-project throughout the sub-project's life cycle; and to ensure the FPIC of the Sub-project-Affected Communities of Indigenous Peoples when the circumstances described in the ESPS are present.

Aligned with IDB objective to safeguard Indigenous People and their rights against adverse impacts, Category A type of sub-projects will not be eligible for financing under the Program. For sub-projects where E&S assessment identifies Indigenous People as stakeholders, participation and consent requirements will be implemented in accordance with the Bank's ESPS 1, ESPS 7, and ESPS 10.

Sub-projects with potential undesired contact with indigenous people who are uncontacted living in voluntary isolation or "in initial contact" will not be eligible.

Annex 7 of the Program provides a Stakeholder Engagement Plan and describes the socializations activities already realized. Direct dialogue roundtables were organized on Wednesday, May 13, 2020; Thursday, May 14; 2020, Sunday, May 17, 2020, and Monday, May 18, 2020. 783 stakeholders were invited, 136 participated. The following elements were developed in the FP as a result of the dialogue: i) small grants program for indigenous and

traditional communities, ii) continuous stakeholder engagement, iii) strengthening of the inclusion mechanism for gender and diversity, iv) amplification of the dialogue process on the topic of indigenous ancestral practices.

12.3 Stakeholder Engagement and Information Disclosure

The objectives of the IDB's new ESPS 10 on Stakeholder Engagement and Information Disclosure are to establish a systematic approach to stakeholder engagement that will help the Borrower identify stakeholders, especially sub-project-affected people, and build and maintain a constructive relationship with them; to assess the level of stakeholder interest in and support for the sub-project and to enable stakeholders' views to be considered in sub-project design and environmental and social performance; to promote and provide the means for effective and inclusive engagement with sub-project-affected people throughout the sub-project's life cycle on issues that could potentially affect or benefit them from the sub-project; to ensure that appropriate information on environmental and social risks and impacts of the sub-project is disclosed to stakeholders in a timely, understandable, accessible, and appropriate manner and format; and to provide stakeholders with accessible and inclusive means to raise questions, proposals, concerns, and grievances and allow Borrowers to respond and manage them appropriately

During the PACI, IDB will review the LFIs and NDBs ESMSs capacities to assess and monitor stakeholder engagement related themes at the sub-project level.

For sub-projects where ESPS 10 is applicable, the implementing partners will be required to review if stakeholder engagement elements have been adequately conducted. This will involve reviewing the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to affected communities.

The nature, frequency, and level of effort of stakeholder engagement will vary considerably and will be commensurate with the sub-project's risks and adverse impacts, and the sub-project's phase of development.

The Borrower will disclose sub-project information to allow stakeholders to understand the sub-project's risks, impacts, and potential opportunities and development benefits from the sub-project. The Borrower will provide stakeholders with access to the following information, as early as possible in the sub-project development process, and in a timeframe that enables meaningful consultations with stakeholders on sub-project design: a) A description of the area of influence and physical and technical characteristics of the proposed sub-project or activity, b) The duration of the proposed sub-project activities, c) Potential risks and impacts on local communities and the environment, and proposals for mitigation, highlighting the potential risks and impacts that may disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimize them, d) Potential opportunities and development benefits from the sub-project for local communities e) A summary of (a), (b), (c), and (d) of the present paragraph in comprehensible, non-technical language, f) The proposed stakeholder engagement process, highlighting ways in which stakeholders can participate, g) The time and venue of any proposed public consultation meetings and the process by which meetings will be notified, summarized, and reported, h) The process and means by which grievances can be raised and will be addressed.

The information will be disclosed in relevant local languages and in an accessible and culturally appropriate manner, taking into account the needs of groups that may be differentially or disproportionately affected by the sub-project or groups with specific information needs (such as disability, literacy, gender, mobility, differences in language, or accessibility). sub-project.

Depending on the country regulation, in the case where an FI is bound by banking secrecy

regulations, the bank should require the client to disclose this information. The FI can also implement a mechanism, not only for communities to be informed of high-risk sub-projects in a timely manner, but also to provide a grievance platform for those who have been affected by a sub-project's impacts. IDB will require that the EEs under the Program implement a grievance mechanism to *"receive and assist with the resolution of any concerns and grievances of stakeholders (sub-project-affected people and interested parties) that may arise in connection with the sub-project's environmental and social performance. The grievance mechanism will be proportionate to the level of risk and impacts of the sub-project"*.

12.4 Cumulative Impacts

The Bank's ESPF defines the cumulative impacts of a sub-project as the incremental impact of the sub-project when added impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the sub-project that may occur later or at a different location.

As per IDB ESPS 1 on Assessment and Management of Environmental and Social Risks and Impacts, a borrower's identification environmental and social risks and impacts will consider all relevant direct, indirect, and cumulative environmental and social risks and impacts of the sub-project.

Therefore, borrowers of Fund funds may be required to develop a cumulative impact assessment to identify the magnitude and significance of those impacts and risks and develop and implement appropriate mitigation measures. Cumulative impacts management should include effective application of and adherence to the mitigation hierarchy in environmental and social management of the specific contributions by the Program to the expected cumulative impacts; and demonstrated best efforts to engage in, enhance, and/or contribute to a multi stakeholder, collaborative approach to implementing management actions that are beyond the capacity of individual sub-projects proponents.

Appendix I – List of Referenced IDB Policies

See all IDB operational policies [here](#)

ENVIRONMENTAL AND SOCIAL POLICY FRAMEWORK

The Board of Executive Directors of the Inter-American Development Bank (IDB) approved a new Environmental and Social Policy Framework (ESPF) on September 16, 2020. The new ESPF is the result of a rigorous process that spanned 20 months and was based on an inclusive, transparent, and participatory public consultation process. The ESPF has been effective since October 2021 for all new operations that have not passed the Eligibility Review Meeting prior the effective date.

The ESPF sets ambitious new standards in several areas and provides IDB's clients with leading-edge provisions to tackle environmental and social issues. It elevates respect for human rights to the core of environmental and social risk management and includes a dedicated, stand-alone standard on gender equality. A new standard on labor and working conditions aligns with the core international conventions and instruments.

The new policy framework also includes consideration of risks associated with pandemics and epidemics, and it aligns with international best practices on biodiversity protection and conservation. In addition, the ESPF stipulates when free, prior, and informed consent is required from indigenous peoples, mandates protections for African descendants and persons with disabilities, and requires consideration of race, ethnicity, age, and social conditions. To obtain open, transparent, and inclusive engagement around sub-projects, the ESPF also includes a stand-alone stakeholders' engagement and information disclosure standard, which requires clients to routinely implement grievance mechanisms.

Moreover, an exclusion list now identifies activities that the IDB will not finance because they could adversely impact people and the environment, or because they are inconsistent with the IDB's commitment to addressing climate change and promoting environmental and social sustainability (see Annex II below).

See ESPF [here](#)

GRIEVANCE MECHANISM – see [here](#)

The Independent Consultation and Investigation Mechanism (MICI) is a last resort alternative open to group of individuals or communities who may be adversely impacted by IDB financed operations due to the Bank's potential non-compliance with its own operational policies. The MICI process includes two phases: a Consultation Phase that provides parties with the opportunity to address requesters' concerns in a voluntary, flexible and collaborative manner; and a Compliance Review Phase that enables requesters to ask for an investigation of a Bank-financed operation with the objective of establishing whether the Bank has failed to comply with any of its Relevant Operational Policies and whether that has caused harm to requesters.

Appendix II – Excluded Activities List

The IDB will not knowingly finance, directly, or indirectly through FIs, sub-projects involved in the production, trade, or use of the products, substances, or activities listed below. Additional exclusions may apply in the context of a specific operation.

1. PROHIBITED ACTIVITIES

a. Activities that are illegal under host country laws, regulations or ratified international conventions and agreements, or subject to international phase out or bans, such as:

1. Polychlorinated biphenyl compounds (PCBs).
2. Pharmaceuticals, pesticides/herbicides, and other hazardous substances subject to international phaseouts or bans.⁷
3. Persistent Organic Pollutants (POPs).⁸
4. Ozone-depleting substances subject to international phase-out.⁹
5. Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora.¹⁰
6. Transboundary trade in waste or waste products,¹¹ except for nonhazardous waste destined for recycling.
7. Lead paint or coatings in the construction of structures and roads.¹²

b. Activities that are illegal under host country laws, regulations, or ratified international conventions and agreements relating to the protection of biodiversity resources or cultural heritage.

2. OTHER ACTIVITIES

a. Activities that, although consistent with a country's legal and/or regulatory framework, may generate particularly significant adverse impacts on people and/or the environment, such as:

1. Weapons, ammunitions, and other military goods/technology.
2. Tobacco.¹³

⁷ Reference documents are: Council Regulation (EEC) No 2455/92 of 23 July 1992 Concerning the Export and Import of Certain Dangerous Chemicals, as amended from time to time; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard, World Health Organization Pharmaceuticals: Restrictions in Use and Availability

⁸ Stockholm Convention on Persistent Organic Pollutants as amended in 2009

⁹ Ozone-depleting substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes.' The Montreal Protocol lists ODSs and their target reduction and phase-out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam-blowing agents, solvents, and fire protection agents. (<https://ozone.unep.org/treaties/montreal-protocol>)

¹⁰ www.cites.org

¹¹ As defined by the Basel Convention (www.basel.int).

¹² Paints or coatings with a total lead concentration great than 90 ppm or the concentration limit set by the host country, whichever is lower.

¹³ This does not apply to sub-projects whose primary objective is not related to the production, trade, or use of tobacco.

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

3. Gambling, casinos, and equivalent enterprises.¹⁴
4. Radioactive materials.¹⁵
5. Unbonded asbestos fibers or asbestos containing products.
6. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

b. Activities that are inconsistent with the IDB's commitments to address the challenges of climate change and promote environmental and social sustainability, such as:

- 1) Thermal coal mining or coal-fired power generation and associated facilities.¹⁶
- 2) Upstream oil exploration and development sub-projects.¹⁷
- 3) Upstream gas exploration and development sub-projects.¹⁸ Under exceptional circumstances and on a case-by-case basis, consideration will be given to financing upstream gas infrastructure where there is a clear benefit in terms of energy access for the poor and where GHG emissions are minimized, sub-projects are consistent with national goals on climate change, and risks of stranded assets are properly analyzed.

¹⁴This does not apply to sub-projects whose primary objective is not related to the construction and operation of gambling, casinos, and equivalent enterprises.

¹⁵ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, or any equipment where it can be demonstrated that the radioactive source is trivial and/or adequately shielded.

¹⁶ This applies only to associated facilities which primary objective is related to the production, trade, or use of coal for power generation or to the transmission of energy generated by a coal-fired power plant (e.g., a dedicated transmission line).

¹⁷ Upstream oil and gas exploration and development refer to all the steps involved from the preliminary exploration through the extraction of the resource.

¹⁸ Idem.

Appendix III • Outline for developing Sociocultural Analysis and Indigenous People Plans

See Annex B of the following document :

https://publications.iadb.org/publications/english/document/Social_Impact_Assessment_Integrating_Social_Issues_in_Development_Sub-projects.pdf)

When the socio-cultural analysis is prepared as a document, the following items could serve as a starting point for the elaboration of the SCA:

- Analysis of the legal framework related to Indigenous Peoples: Identification of the main applicable instruments, from national legislation as well as international conventions ratified and subscribed to by the country, and principles and guidelines established in the Policy (OP-765) of the IDB.
- Characterization of the Indigenous communities: Detailed description and analysis of the Indigenous population located in the area of influence (direct and indirect) of the sub-project. Based on this characterization, the analysis will determine whether it is necessary to expand the indirect area of influence of the sub-project in specific places, justifying the reasons why it should be expanded.
- Community structure and institutional functioning: Norms, values, rules, customs, behaviors and decision-making mechanisms that have been institutionalized through inter and intra-group relations, relevant for the sub-project, to take into account in the public consultations and the management measures to be proposed.
- Gender aspects: Identification of gender dynamics as an integral part of the SCA, identifying sociocultural patterns such as the exclusion of women from decision-making processes or public life, economic or professional life, harmful attitudes or practices towards women and girls (like their exclusion from education), physical violence against women (whether by strangers, acquaintances, or intimate partners), using both qualitative and quantitative data and indicators. Identify special measures necessary to ensure that women and girls participate in decision-making processes about the sub-project like the public consultation. It would also be important to analyze if as a result of the sub-project there could be negative impacts differentiated by gender, or worse for women and girls than for men and boys, or if preexisting gender inequalities could be exacerbated as a result of the sub-project.
- Symbolic aspects: characterization of values, norms, traditions, customs, beliefs, aspirations and attitudes of the community related to the sub-project, with special emphasis on ceremonial sites and other places with symbolic meaning for the population.
- Social vulnerability analysis: Situation of the Indigenous population in the area of the sub-project according to its levels of socioeconomic vulnerability, historic and cultural vulnerability, linking that situation with potential risk of exclusion from the potential benefits of the sub-project.
- Population expectations: Aspirations, perceptions, and attitudes towards the sub-project within the Indigenous communities, including the history of interactions with the agencies of the public sector and the level of confidence or distrust that Indigenous communities have in them. Production and connection with the regional commercial system. Analysis of how the changes generated by the sub-project could provoke changes in the interactions between the Indigenous population and agents related to the commercialization of products and subsistence activities currently existing in Indigenous communities.
- Existing liabilities and contextual risk: Identification of the presence of potential sociopolitical liabilities and risks associated with the context in which a sub-project will be constructed and operate.

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

- Risks of physical, territorial, or cultural integrity of the potentially affected population, including natural resources, food security, rights, economy, identity, etc.
- Possible impacts generated by the presence of construction workers. Analyze the possible risks associated with the construction works (health, accidents, unwanted pregnancies, etc.), with particular emphasis on the behavior of personnel of the contractors in their interactions with the local Indigenous population.
- Cultural changes and generational disruption: Analyze the internal cultural changes and tensions that could be generated or identified because of the sub-project, in the framework of the changes that the sub-project could introduce or intensify.
- Risk of conflict. Identification of latent conflicts and potential new conflicts that could be generated or intensified because of the sub-project.
- Potential indirect impacts related to tenancy and use of lands. Analyze the principal threats in this area that could be created or intensified because of the sub-project, including land titling issues, rent or leasing, invasion of Indigenous lands, ancestral territories they aspire to recover, etc.
- Other risks and possible adverse social impacts, including direct, indirect, and accumulative, induced or residual impacts on Indigenous communities.
- Public consultations with Indigenous Peoples: Guidelines and criteria for conducting public consultations with Indigenous Peoples, reflecting the requirements established in Policy OP-765 of the IDB on Indigenous Peoples. These measures would be additional to the consultation activities to be carried out in the context of the ones required by OP-703. These consultations should be socio-culturally appropriate, preferably using one or more Indigenous facilitators, ensuring that those people that don't speak Spanish (or Portuguese, in the case of Brazil) have the opportunity to form questions and express their opinions and concerns; that they are held at times and in spaces that are accessible to the local Indigenous population, and that they respect the decision-making mechanisms of the Indigenous groups.
- Indigenous Peoples Plan. Inclusion of specific measures to reduce, mitigate and/or compensate the potential impacts on Indigenous communities, following the mitigation hierarchy discussed in this note. Compensation does not necessarily mean economic compensation, but mainly replacement of the affected functionality or replacement in kind, as in land for land. The impacts identified should be associated with the mitigation measures, clearly explaining the relation between the impacts and the measures. This plan, and its measures, should have an assigned budget, tentative timeline, required personnel to execute them, institutional responsibilities, among other practical details that facilitate its eventual implementation.
- Monitoring of Sociocultural Aspects: Definition of sociocultural indicators that serve as a baseline for eventual monitoring of changes generated by the sub-project, defining a monitoring system specifically for Indigenous communities, analyzing the possibility of implementing participatory monitoring systems, when that is practical.
- Field visits: To write the sociocultural analysis, and to gather the primary information related to Indigenous communities required, there should be field visits to the Indigenous communities in the direct and indirect area of influence of the sub-project, in coordination with the executing agency, and advising the executor to carry out the specific consultations with Indigenous Peoples.

Appendix 4 – Guide for completing and ESMS

PREPARATION OF AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM THAT MEETS THE REQUIREMENTS OF THE INTER-AMERICAN DEVELOPMENT BANK'S ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARD 1.

A Guide for Government Agencies and Executing Units of IDB Operations in Latin America and the Caribbean

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

TABLE OF CONTENTS

1.	INTRODUCTION	3
1.1	Objective of the ESMS Guide	3
1.2	Use of this Guide	4
1.3	Principles for the Preparation of an ESMS aligned with ESPS 1	4
1.4	Structure of an ESMS	5
1.5	When is the ESMS prepared?	7
1.6	Organization of this Guide	8
2.	ESMS Element 1: Project Specific Environmental and Social Framework	8
3.	ESMS Element 2: Identification of Risks and Impacts	8
4.	ESMS Element 3: Management Programs	10
5.	ESMS Element 4: Organizational Capacity and Competency	12
6.	ESMS Element 5: Emergency Preparedness and Response	13
7.	ESMS Element 6: Stakeholder Engagement	14
8.	ESMS Element 7: Monitoring and Evaluation	16
9.	Other Key Aspects of an Effective ESMS: Document Control and Continuous Improvement	16
9.1	Document Control	16
9.2	Continued Improvement	17

Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

ACRONYMS

CIA	Cumulative Impact Assessment
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESMS Document	Environmental and Social Management System Document
ESMS Guide	Environmental and Social Management System Guide
ESP	Environmental and Social Policy
ESPF	Environmental and Social Policy Framework
ESPF Guide	Environmental and Social Policy Framework Guide
ESPS 1	Environmental and Social Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts
ESPS 2	Environmental and Social Performance Standard 2 – Labor and Working Conditions
ESPS 3	Environmental and Social Performance Standard 3 – Resource Efficiency and Pollution Prevention
ESPS 4	Environmental and Social Performance Standard 4 – Community Health, Safety, and Security
ESPS 5	Environmental and Social Performance Standard 5 – Land Acquisition and Involuntary Resettlement
ESPS 6	Environmental and Social Performance Standard 6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources
ESPS 7	Environmental and Social Performance Standard 7 – Indigenous Peoples
ESPS 8	Environmental and Social Performance Standard 8 – Cultural Heritage
ESPS 9	Environmental and Social Performance Standard 9 – Gender Equality
ESPS 10	Environmental and Social Performance Standard 10 – Stakeholder Engagement and Information Disclosure
FPIC	Free, Prior, and Informed Consent
HRIS	Human Rights Impact Assessment
IDB	Inter-American Development Bank
LAC	Latin America and the Caribbean
OP-703	Environmental Safeguard Compliance
OP-704	Disaster Risk Management
OP-710	Involuntary Resettlement
OP-761	Gender Equality in Development
OP-765	Indigenous Peoples
PEU	Project Execution Unit

1. INTRODUCTION

The new Environmental and Social Policy Framework (ESPF) of the Inter-American Development Bank (IDB) became effective on November 1, 2021. The ESPF confirms IDB's commitment "*...as the region's partner in managing environmental and social risks in IDB-supported operations.*" The ESPF applies to investment loans, non-reimbursable resources for investment and investment guarantees, including co-financed and related facilities operations. The ESPF supersedes, with the exception of their mainstreaming aspects, the following operational environmental and social policies of the IDB: Environment and Safeguards Compliance (OP-703), Disaster Risk Management (OP-704), Involuntary Resettlement (OP-710), Gender Equality in Development (OP-761), and Indigenous Peoples (OP-765). The ESPF establishes 10 specific Environmental and Social Performance Standards (ESPS)—designed to avoid, minimize, reduce, or mitigate the adverse environmental and social risks and impacts of IDB-funded operations¹⁹—and describes the requirements that the Borrower must meet. The ESPF states that "The Bank will provide assistance to Borrowers to facilitate their application of the ESPSs." This Guide to the Preparation of an Environmental and Social Management System (ESMS Guide) reflects the IDB's commitment to support Borrowers in interpreting and complying with ESPS 1 of the ESPF.

1.1 Objective of the ESMS Guide

Environmental and Social Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts (ESPS 1) states that "*The Borrower, in coordination with other government agencies and third parties, as appropriate, will conduct a process of environmental and social assessment and establish and maintain an ESMS appropriate to the nature and scale of the project and*

commensurate with the level of its environmental and social risks and impacts. The ESMS will incorporate the following elements: (i) project-specific environmental and social framework; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement and (vii) monitoring and review."

The purpose of this publication is to provide practical recommendations to Borrowers in the Latin American and Caribbean region (LAC) on how to establish an ESMS that complies with ESPS 1 to support IDB operations. Beyond meeting a funding requirement, we expect this ESMS Guide will help Borrowers identify and manage the environmental and social aspects of operations in a more systematic, consistent, and effective manner, in line with good international practices.

The IDB has published on its website the Guidelines for the Environmental and Social Performance Standards (ESPF Guide), which provides guidelines for interpreting and applying the 10 ESPS of the ESPF (see <https://www.iadb.org/en/mpas/guidelines>). This ESMS Guide focuses only on the ESPS 1 requirement to prepare an ESMS and complements the ESPF Guide to support Borrowers in meeting the new and specific requirement to establish an ESMS. It is important to note that this ESMS Guide provides guidelines on how to structure an ESMS and is not intended to provide a technical manual on how to – for example – conduct environmental impact studies or develop management plans.

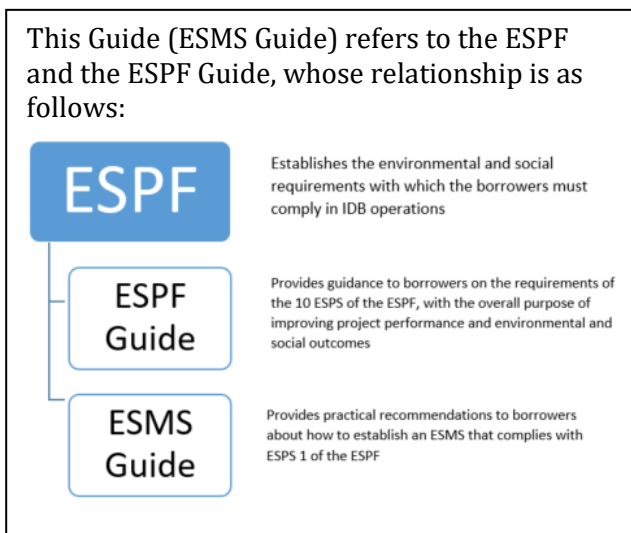
In this ESMS Guide we use the term "Borrower" to denote the recipient of the financing, who is responsible for meeting IDB requirements. The term applies to other responsible entity designations used in the context of IDB financing, including Executing Agency and Project Executing Unit, as the case may be.

¹⁹ An IDB-funded operation can contain multiple subprojects and components. In some cases, such as in "multiple works" operations, subprojects may be located in different areas.

1.2 Use of this Guide

This ESMS Guide presents practical recommendations to support Borrowers in preparing an ESMS that complies with ESPS 1. This ESMS Guide is neither a policy, nor is it mandatory. The information and recommendations presented are for informational purposes only. In the event of any inconsistency or conflict between the ESMS Guide and the 10 ESPS, the provisions of the ESPS shall prevail.

This ESMS Guide should be used as a complement to the requirements established in the ESPF and the guidelines of the ESPF Guide. In this ESMS Guide, we refer to the content of those documents only when necessary and we assume that the Borrower has become familiar with them and can use them as a framework for following the recommendations of this ESMS Guide.



1.3 Principles for the Preparation of an ESMS aligned with ESPS 1

The ESMS is an ongoing process that begins with its initial development and continues through its implementation during all phases of the operation (i.e., preparation, construction, operation). It is recommended that the Borrower apply the following four principles to guide the preparation and implementation of the ESMS:

1. **Conduct an appropriate risk and impact assessment.** Effective mitigation of the risks and impacts of a project or program requires that these risks and impacts be properly identified and evaluated. This identification and evaluation process is continuous: it typically begins during the conceptualization of the operation, continues during the Environmental and Social Impact Study (ESIA) (or its equivalent), and is updated as the operation progresses, and other risks and impacts materialize. Effective identification of risks and impacts should be based on an appropriate characterization of the environmental and social baseline. The ESPF emphasizes the need to assess social risks and impacts, such as gender or human rights impacts. This principle is the basis of ESPS 1.
2. **Apply the mitigation hierarchy.** The ESPF requires that the Borrower apply the mitigation hierarchy in its operations. The mitigation hierarchy is a risk and impacts analysis and management tool that “includes measures taken to avoid impacts from the outset of development activities and, where this is not possible, to implement measures that would minimize, then reinstate and, as a last resort, offset any potential residual adverse impacts.” (Definition of mitigation hierarchy in the ESPF).
3. **Identify, understand, and address gaps between the national and local regulatory framework and ESPF requirements.** At the beginning of the preparation of an operation with the IDB, the Borrower must perform an analysis of the gaps between the environmental and social requirements of the national and local regulatory framework and the requirements of the ESPF. In the event of discrepancies or gaps in local regulation, the IDB requires that the Borrower apply the requirement that is more stringent. Differences and gaps may occur in the type and scope of impact and risk assessment studies (e.g., under some circumstances, ESPS 6 requires a critical habitat assessment, which is not required by regulations of the countries of the region) or in mitigation requirements (e.g., noise standards required by the IDB may differ from national or local requirements).

4. **Establish an ESMS whose complexity and scope are proportional to the magnitude and significance of the risks and impacts of the operation.** The IDB recognizes that each operation has its own level of risks and impacts, and therefore, “the responsibilities and technical requirements that the IDB imposes on Borrowers must be proportional to the level of risk of operations. Those with higher risk will require more effort and resources than those with lower risk.” (Extract from the definition of the principle of proportionality in the ESPF).

These four principles should not be confused with the seven elements of an ESMS; instead, they are basic recommendations for achieving environmental and social management of any operation. These principles are reflected in the ESPF and the ESPF Guide and are emphasized in this ESMS Guide to reinforce their importance.

1.4 Structure of an ESMS

The ESPS requires that the ESMS include seven elements (Figure 1) but it does not specify a format. The ESPF Guide explains that the seven elements required for an ESMS follow the “planning, implementation, verification and action” cycle and are in many ways similar to the international frameworks established for quality and environmental management systems, such as ISO 9001 and ISO 14001.

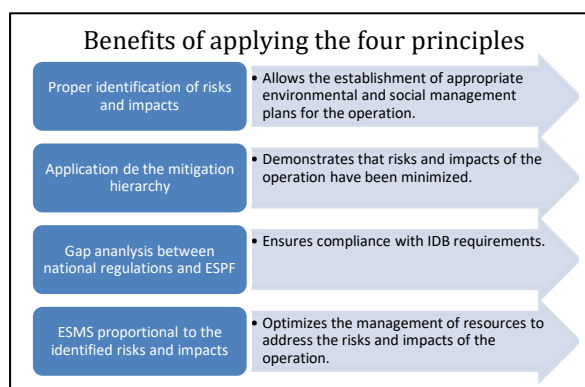


Figure 1. Elements of an ESMS required by ESPS 1

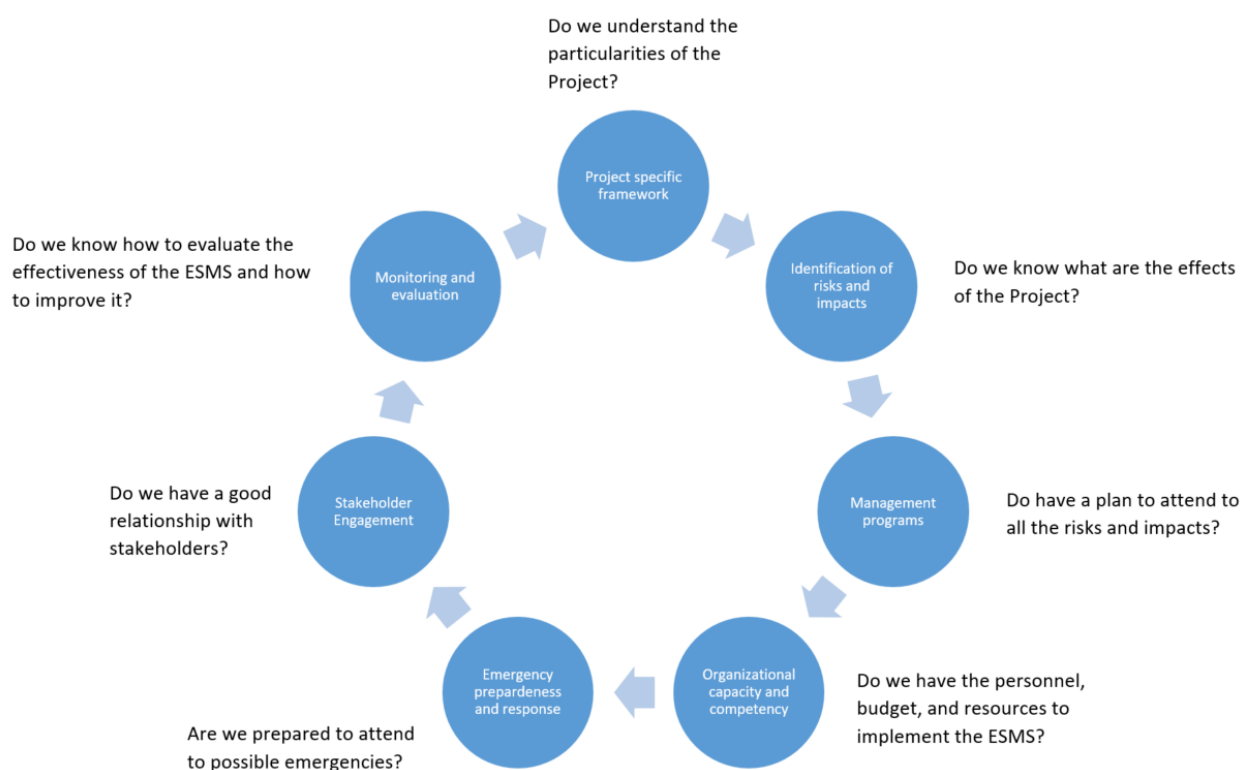


Depending on the complexity of the operation, the documentation associated with an ESMS can include dozens to hundreds of individual documents, which follow an organization hierarchy, from general to specific. For the Borrower, it may be impractical to present numerous documents to the IDB to show that it has an ESMS for the operation. For the IDB, it may be impractical to review numerous documents to determine whether the ESMS complies with ESPS 1.

Therefore, this ESMS Guide recommends that the Borrower prepare an ESMS consolidated document (ESMS Document), which summarizes the seven elements of the ESMS and provides references and/or links to the multiple other documents that make up the entire ESMS. The IDB reserves the right to request and review individual documents, as it deems necessary, to determine compliance of the ESMS with ESPS 1. However, preparing an ESMS Document will help the Borrower organize the ESMS elements in a logical and systematic manner while helping the IDB to verify that the Borrower's ESMS includes the seven elements required in ESPS 1. The ESMS Document does not have to be complex or long: in most cases, an effective ESMS document can have fewer than 50 pages, plus appendices, as needed.

The ESMS includes the established management processes, but also the team and resources needed to implement them. In government entities, people can change frequently, increasing the importance of preparing a clear, concise, and comprehensive ESMS Document that allows new team members to resume implementation and avoid delays and inconsistencies. Figure 2 reflects the connection between the elements of the ESMS and the fundamental questions that the Borrower must ask to ensure that the ESMS is well structured.

Figure 2. Fundamental questions that guide the development of the ESMS



Note: This ESMS Guide focuses on assembling the elements of an ESMS according to the requirements of the ESPS 1 of the ESPF. Beyond including the seven required ESMS elements, the Borrower is responsible for the technical quality of ESMS studies, programs, and plans, as well as the implementation of the plans during all phases of implementation. In some cases, the Borrower may have the ESMS elements and therefore “meet” the requirement, even if specific plans or programs require revisions to meet the technical requirements of ESPS 1-10. For example, the ESMS may establish that a Cumulative Impact Assessment (CIA) will be done (in compliance with the requirement to include a process for assessing impacts and risks), but the study presented may be deficient and the IDB may require improvement.

1.5 When is the ESMS prepared?

The ESMS is dynamic: It must be prepared as early as possible in the formulation of the project, program, or operation and is continuously adjusted and improved during all stages of the operation: preparation and design, construction and implementation, and operation. As soon as a Borrower determines that a request for financing will be made to the IDB, the Borrower must begin to establish the ESMS elements, making a rapid and early assessment of the elements that the IDB will require in the ESMS.

It is possible that, early in the preparation of the operation, the details of all the elements of the ESMS may not be in place. However, the Borrower can and should begin to outline and prepare the ESMS elements to assemble an ESMS Document, with the expectation that the system and document will be adjusted and updated as the Borrower develops the details and the operation progresses.

During the operation preparation process, the IDB will conduct its environmental and social due diligence (ESDD). During this phase, the Borrower may submit an ESMS that may comply with ESPS 1 even though some of the seven elements of the ESMS are not yet defined. In such cases, the Environmental and Social Action Plan (ESAP) resulting from the ESDD will establish the requirements and dates for the necessary elements to be defined or refined. The Borrower is responsible for maintaining the accuracy of the ESMS throughout the life of the operation so that its scope and complexity are always commensurate with the impacts and risks of the operation as it

progresses.

If the ESMS Document is prepared before specific studies and plans are ready, then the process that will be undertaken to complete such documentation should be described. As studies, plans and other documents are completed, the Borrower will update the ESMS Document and incorporate links or references to those documents.

1.6 Organization of this Guide

The following sections follow the seven elements of an ESMS as established by ESPS 1. For each element, practical recommendations on how to address the element in a summary document are presented.

2. ESMS Element 1: Project Specific Environmental and Social Framework

The ESPF requires the Borrower to establish *"an overarching Environmental and Social Framework in defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance."* The ESPF adds that the framework must specify that the project *"will comply with the applicable laws and regulations of the jurisdictions in which it is being undertaken, including applicable country obligations under international law"* and must be consistent with the IDB's ESPS. Finally, the ESPF requires that the framework indicate who within the Borrower's organization will be responsible for its implementation and that the framework be communicated to all relevant levels of the Borrower's organization.

This section of the ESMS Document should include at least the following:

- A brief and concise description of the proposed project.
- A list of national and local regulations, as well as international standards and requirements, including the ESPF. This set of requirements is typically referred to as "applicable standards".
- A statement of intent and commitment to comply with applicable standards.
 - The Borrower may also express broader environmental and social commitments, at its discretion, such as, for example, "to adopt the United Nations Sustainable Development Goals" or "to support the development of local communities."
- Identify who will be ultimately responsible for the implementation of the framework within the Borrower's organization.
- Establish how and when the framework will be communicated to all relevant levels of the Borrower's organization.

The ESPF Guide provides guidance for this element of the ESMS in paragraphs GL19 to GL20 of ESPS 1.

(<https://www.iadb.org/en/mpas/guidelines>)

Applicable Standards: The ESPF (paragraph 3.3) states that "The Borrowers will also use the World Bank Group's Environment Health and Safety Guidelines (EHSG), given that these are recognized good international industry practice (GIIP) for the implementation of ESPSs 2, 3, and 4." The guidelines can be found on the World Bank's website at: [Environmental, Health, and Safety Guidelines \(ifc.org\)](https://www.ifc.org/en/environmental-health-and-safety-guidelines)

3. ESMS Element 2: Identification of Risks and Impacts

The basic requirements of ESPS 1 on the risk and impact identification component of the ESMS are as follows :

- The Borrower establishes and follows a process to identify and assess the

The ESPF Guide provides guidance for this element of the ESMS in paragraphs GL21 to GL62 of ESPS 1.

(<https://www.iadb.org/en/mpas/guidelines>)

environmental and social risks and impacts of the operation. Paragraph GL28 of ESPS 1 of the ESPF Guide emphasizes the importance of the baseline information-gathering phase as an important step to enable the determination of the project's risks and potential impacts.

- The process should apply the mitigation hierarchy. Paragraph GL26 of ESPS 1 of the ESPF Guide describes the steps to be followed in the application of the mitigation hierarchy.
- It is assumed that the Borrower will prepare the necessary studies and documentation to obtain the national or local licenses or permits required under the country's legal framework. However, in many countries in the region, the national requirements do not include specific aspects or studies required by the ESPF. Therefore, the Borrower must identify additional studies and assessments required according to the risks and impacts identified and in line with the ESPF. The Borrower may incorporate these additional analyses into its own national environmental and social documents, or prepare separate documents for submission to the IDB. The ESMS Document should identify the additional studies and indicate when they will be done and how they will be submitted to the IDB.

Some additional studies or documents that may be required depending on the characteristics of the operation include the following (see paragraph GL22, ESPS 1, of the ESPF Guide):

- A properly defined ESIA, consistent with the requirements of the ESPS.
- Socio-cultural analysis: required in the event that indigenous and Afro-descendant communities and other communities characterized as traditional are found in the area of influence of the project (see paragraphs GL99 [ESPS 1] and GL13 [ESPS 7] of the ESPF Guide).
- Health and safety impact assessment (as required by ESPS 4).
- Gender analysis: required if gender risks and impacts are identified that may disproportionately affect women, girls, and sexual and gender minorities (see paragraphs 11-14 of ESPS 9 of the ESPF and GL12-20 [ESPS 9] of the ESPF Guide, among others).
- Human rights impact assessment (HRIA): according to paragraph 6 of ESPS 1 and footnote 51 in ESPS 1; GL33 [ESPS 1] of the ESPF Guide).
- Critical habitat assessment: paragraph 16 of ESPS 6 defines critical habitat and footnote 148 in ESPS 6 provides guidelines on how to do the critical habitat assessment. Paragraphs GL60-GL85 (ESPS 6) of the ESPF Guide provide a detailed discussion of the methodology for evaluating whether the project affects critical habitat.
- Disaster risk and climate change assessment: according to paragraphs 13-14 of ESPS 4 and GL16 and GL44-GL50 (ESPS 4) of the ESPF Guide and the [Disaster and Climate Change Risk Assessment Methodology for IDB Projects: A Technical Reference Document for IDB Project Teams | Publications \(iadb.org\)](#).
- An environmental audit: in cases when the project includes existing facilities, according to paragraph GL27 (ESPS 1) of the ESPF Guide.
- Hazard or risk assessment: see, for example, paragraph 9 of ESPS 1 and paragraphs GL113 (ESPS 2) and GL19 (ESPS 4) of the ESPF Guide, among others.
- Contextual risk assessment: see paragraphs GL24 and GL98 (ESPS 1) and GL38 (ESPS 10) of the ESPF Guide.
- Labor assessment: see paragraph GL2 (ESPS 2) of the ESPF Guide.
- Social and conflict analysis: see, for example, paragraph GL24 (ESPS 1) of the ESPF Guide.
- Cumulative impact assessment: see paragraphs GL39 to GL45 (ESPS 1) of the ESPF Guide.

This section of the ESMS Document should include, at a minimum, the following:

- Summary of the process for assessing the risks and impacts of the operation.
- Summary of the documentation and process required to obtain the national and local licenses and permits required for the project, with links to the specific documents prepared and the corresponding licenses and permits, where available.

- Summary of the gap analysis between national and local requirements and ESPF requirements (e.g., in a table), identifying additional studies required to meet ESPF requirements that are additional to national and local requirements.
- Summary of additional studies performed and links to those documents, and those yet to be performed.
 - If the ESMS Document is prepared before the additional studies have been conducted, this section should summarize the plan for their completion. For example, indicate whether consultants will be hired, summarize the objectives and approach of each study, and establish the schedule for their execution.

4. ESMS Element 3: Management Programs

According to ESPS 1, management programs may consist of *"some documented combination of operational procedures, practices, plans, and related supporting documents, including legal agreements, that are managed in a systematic way."*⁵⁹ *The programs will apply broadly across the Borrower's organizational structure for project implementation, including contractors and primary suppliers over which the organization has control or influence, or to specific sites, facilities, or activities."*

The ESPF Guide provides guidance for this element of the ESMS in paragraphs GL63 to GL71 of ESPS 1.

(<https://www.iadb.org/en/mpas/guidelines>)

The Borrower must demonstrate that its management programs:

- Address all risks and impacts identified for the operation.
- Incorporate the mitigation hierarchy and result in minor residual impacts.

Paragraph GL64 of ESPS 1 in the ESPF Guide clarifies that the level of detail and complexity of the management programs should be commensurate with the nature, scope, and potential environmental and social risks and impacts of the operation. Typically, management programs are presented in the ESIA prepared to meet national and local regulatory requirements, as well as in supplemental documents that may be prepared to meet ESPF requirements.

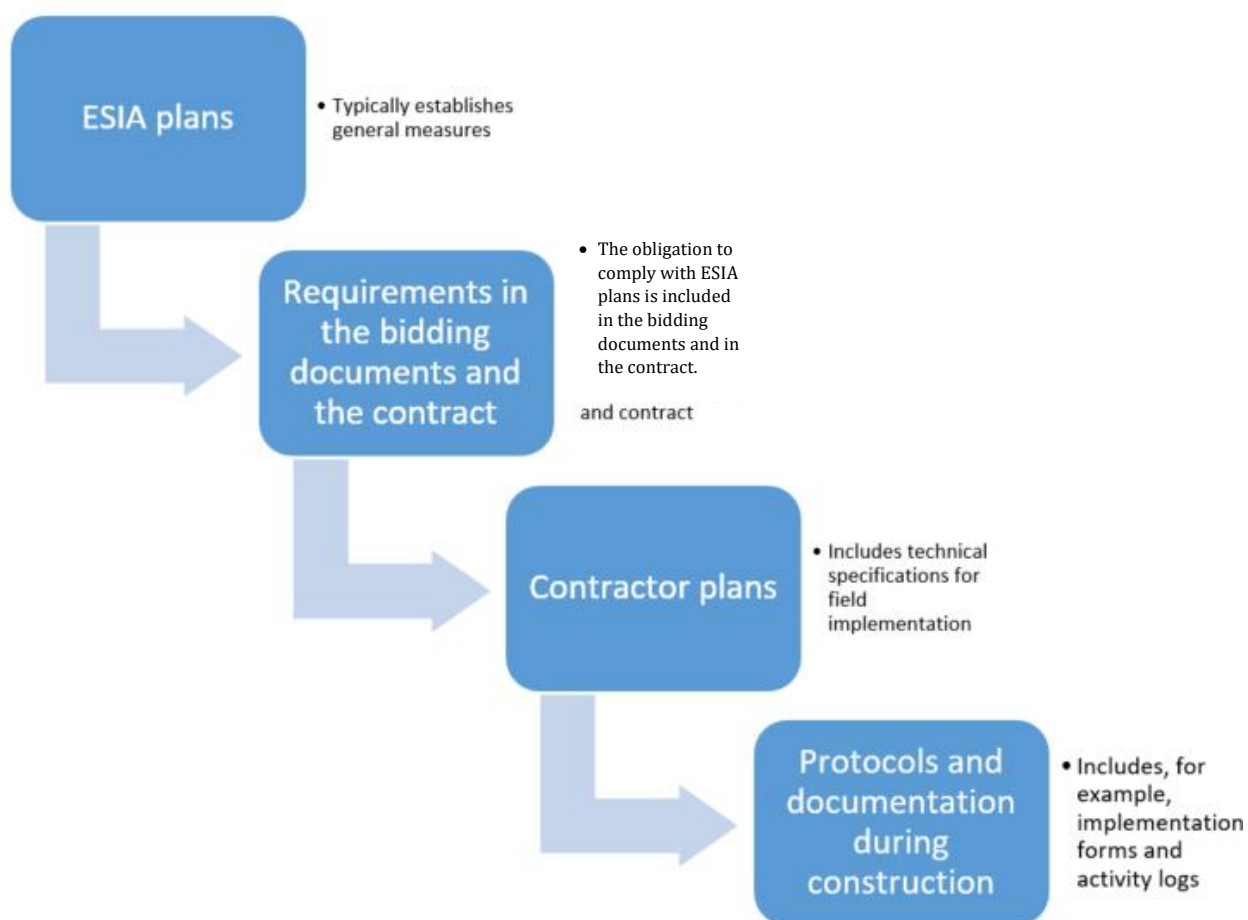
This section of the ESMS Document should include, at a minimum, the following:

- Description of the process for preparing the management plans yet to be completed, summarizing the application of the mitigation hierarchy and explaining how it will be verified that all risks and impacts identified for the operation will be managed.
- If they already exist, present a list of the management plans already prepared for the operation and provide links or references to the plans, allowing access to their contents, to facilitate IDB's review.
- Description of the adaptive management process, indicating when and how the plans will be re-evaluated to adjust and improve them as necessary.
- Description of the process by which the Borrower will ensure that the measures set forth in the management plans will be implemented by all organizational levels of the operation, including contractors, subcontractors, and suppliers.

With respect to the last point, the Borrower should describe how the management plans included in the initial studies (e.g., ESIA) are reflected in the specific management programs that the contractor executes. For example, the management plans presented in the ESIA are typically general and summarize typical measures to be executed during the implementation of the operation, while the contractor's plans must be sufficiently detailed to be executed in the field. Therefore, in an operation, different documents are generated during multiple moments of the operation and at different levels of detail. The process for generating these documents as well as the documents themselves are part of the ESMS (Figure 3). The ESMS Document should explain the hierarchy of documents and who is responsible in each instance, to demonstrate that plans in the field will be implemented according to the original plans, requirements, and commitments

in the ESIA. Section 9.1 of this ESMS Guide emphasizes the importance of establishing an effective ESMS document organization and management system.

Figure 3. Different instances of management plans



The importance of contractor management to the success of an operation

Although the Borrower is accountable to the IDB for the environmental and social management of its operations, it is common for IDB-financed operations to have multiple layers of management, from the Borrower to the contractor or subcontractor, which can result in a dilution of the commitment to comply with IDB requirements. For example, in some cases, funds may go directly to a ministry, which in turn distributes the funds through a Project Execution Unit (PEU), which in turn selects individual projects in different provinces or municipalities, each of which contracts construction companies to carry out the works. In order to adequately manage the socio-environmental risks and impacts of the operation, it is critical that the requirements, commitments and measures established in the ESMS and the loan contract be faithfully transferred to all levels of management of the operation, including the contractor and subcontractors in the field.

The Borrower must require contractors to comply with ESMS requirements. Paragraph 16 of ESPS 1 states that "[management] programs will apply broadly across the Borrower's organizational structure for project implementation, including contractors and primary suppliers over which the organization has control or influence, or to specific sites, facilities, or activities." The process begins with the inclusion of clear language in the bidding documents, continues with the inclusion of explicit clauses in the contract, and culminates with detailed verification during supervision of the operation.

Requirements on contractors and subcontractors should include, at a minimum, the following:

- Ensure that contractors are aware of and can assess the environmental and social risks and impacts related to the operation;
- Establish strict qualification criteria, which ensure that contractors involved in the operation are legitimate and trustworthy companies;
- Incorporate all ESMS and financing contract requirements in the bidding documents and the contract resulting from the process;
- Establish clear requirements to the contractor on the proper management of the environmental and social aspects of the operation, including the implementation of appropriate management programs and adequate corrective measures where necessary, for, among others, obtaining work certificates;
- Ensure that the Borrower's requirements to the contractor set forth in the bidding documents are contractually applicable to any subcontractor.

The Borrower should ensure that all requirements of the ESMS elements applicable to the contractor are clearly stated in the contract and verified in the supervision. For example, the contractor and subcontractors have responsibility for identifying risks and impacts during construction (ESMS Element 2), implementing management plans (ESMS Element 3), maintaining appropriate capacity and competence to execute the operation (ESMS Element 4), executing the emergency preparedness and response plan (ESMS Element 5), engaging with the community (ESMS Element 6), and monitoring and evaluating management (ESMS Element 7).

5. ESMS Element 4: Organizational Capacity and Competency

Early in the preparation of the operation, the Borrower must demonstrate that it has established (or will establish) an organizational structure that will enable it to implement the management plans and oversee their execution by all organizational levels of the operation. If the organizational structure is not yet established, the ESMS Document should

The ESPF Guide provides guidance for this element of the ESMS in paragraphs GL72 to GL79 of ESPS 1.

(<https://www.iadb.org/en/mpas/guidelines>)

describe how and when it will be established. The organizational structure and organizational competence includes designating sufficient specific personnel, with well-defined responsibilities and functions, as well as providing the necessary management support and budgetary resources to ensure effective implementation of the ESMS.

This section of the ESMS Document should include at least the following:

- The organization chart of the Borrower and the PEU, if relevant, showing the environmental and social functions that have been established specifically for the operation.
 - The organization chart should show that the environmental and social functions have full authority to address the issues and have a direct line of accountability to the operation's senior management.
 - If the PEU does not yet exist, describe the process and milestones for its creation, and what roles and functions it will have.
- Description of the minimum technical and professional qualifications required for each environmental and social position.
- Description of the training program required to ensure that the environmental and social team is kept up to date on their job qualifications, including specific training on the ESPF and the applicable ESPS for the operation.
- Summary of management and budget resources allocated to environmental and social functions.
- Discussion of whether there is a need to hire specialized consultants to support environmental and social work, especially for operations in which there are complex issues such as health and safety, natural disasters and climate change, human rights, resettlement, biodiversity or indigenous peoples. Provide standard Terms of Reference for the hiring of consultants, including requirements for familiarity with the ESPF.
- Description of how the Borrower will ensure that any contractor/subcontractor will also establish and maintain an environmental and social management capability, as needed, including qualified personnel, management and budget support, training program and reporting requirements.
 - The contractor must also demonstrate that its environmental and social personnel (at least the persons in charge) are familiar with the ESPF and the applicable ESPS for the operation, that they are aware of the operation's environmental and social requirements and commitments, and that it has a training program to ensure that the persons in charge remain qualified to handle ESMS implementation.

The Borrower must ensure that it has the capacity and competence to address all environmental and social issues of the operation, including, where necessary, the hiring of specialized staff or consultants on specific issues (e.g., biodiversity or resettlement). The ESMS Document should identify whether specialized professionals are needed, describe roles and responsibilities, the technical qualifications required, and describe the process for hiring these specialists.

6. ESMS Element 5: Emergency Preparedness and Response

ESPS 1 requires that, *"Where the project involves specific activities, aspects and facilities that are likely to generate impacts, the ESMS will establish and maintain an emergency preparedness and response system so that the Borrower, in collaboration with appropriate and relevant third parties and relevant government agencies and authorities, will be prepared to respond to accidental and emergency situations associated with the project in a manner appropriate to prevent and mitigate any harm to people and/or the environment."*

The ESPF Guide provides guidance for this element of the ESMS in paragraphs GL80 to GL81 of ESPS 1. (<https://www.iadb.org/en/mpas/guidelines>)

This section of the ESMS Document should include at least the following:

- Summary of the operation's potential risks and impacts with respect to potential emergency situations.
 - If the ESMS Document is prepared before the identification of risks and impacts is completed, describe the process for identification and summarize the typical risks and impacts anticipated for the operation or type of operation.
- Summary list of the emergency preparedness and response processes and measures that will be applicable during the execution of the operation, with links or references to the specific documents.
- Table of contents of the Emergency Preparedness and Response Plan that will serve as a guideline for the implementation of the specific emergency preparedness and response plans that are part of the Environmental and Social Management Plans (ESMP) required for the execution of the operation.
- Organizational chart and discussion of the organizational capacity to address emergency preparedness and response by the Borrower, the PEU, its contractors, and suppliers, as appropriate.
- Summary of the process of engagement with local authorities and the community, in line with the requirements of ESPS 4.
- Summary of agreements with local authorities for emergency preparedness and response, with links or references to documents demonstrating such agreements. If agreements have not been signed, present the plan or process for signing.

7. ESMS Element 6: Stakeholder Engagement

ESPS 1 establishes the requirements for stakeholder participation:

- Identify those parties that may have an interest in the operation and consider how external communications could facilitate a dialogue with all of them (paragraph 28, ESPS 1).
- Develop and implement a stakeholder engagement plan that is commensurate with the risks and impacts of the operation and its stages of development, and tailored to the characteristics and interests of the people affected by the operation and other relevant stakeholders (paragraph 29, ESPS 1).
- Provide persons affected by the operation and other relevant stakeholders with access to relevant information on (i) the purpose, nature and scale of the operation; (ii) the duration of the proposed activities of the operation; (iii) the potential risks and impacts on those communities and relevant mitigation measures; (iv) the intended stakeholder engagement process; (v) the grievance mechanism; and (vi) the potential opportunities and benefits of development (paragraph 31 of ESPS 1).
- In cases where people affected by the operation, as well as other stakeholders, are distressed by the identified risks and adverse impacts of an operation, the Borrower will undertake a consultation process that provides those people and other relevant stakeholders with an opportunity to express, without fear of reprisal, their views on the risks, impacts, and mitigation measures of the operation, as well as on access to potential opportunities and development benefits, and allows the Borrower to give them consideration and feedback (paragraph 32 of ESPS 1).

The ESPF Guidance provides guidance for this element of the ESMS paragraphs GL92 to GL105 of ESPS 1. (<https://www.iadb.org/en/mpas/guidelines>)

- Conduct a meaningful consultation process on an ongoing basis as issues, impacts, potential opportunities, and development benefits evolve (paragraph 33 of ESPS 1).
- In operations with adverse impacts on indigenous peoples, the Borrower shall undertake a culturally appropriate consultation and informed participation process with indigenous peoples and, in certain circumstances, shall obtain their free, prior, and informed consent (FPIC) (paragraph 35 of ESPS 1).
- In the case of operations that adversely affect people of African descent, the Borrower must (i) engage in a culturally appropriate informed consultation and participation process with the people and communities of African descent affected by the operation and (ii) propose and adopt culturally appropriate measures to avoid or minimize risks and adverse impacts throughout the operation cycle (paragraph 36 of ESPS 1).
- Where stakeholder engagement is the responsibility of a government agency that is not involved in the implementation of the operation, the Borrower will collaborate with the responsible government agency to achieve outcomes that meet the objectives of ESPS 1 (paragraph 37 of ESPS 1).
- Establish and maintain a procedure for external communications that includes methods for (i) receiving and recording external communications from the public; (ii) analyzing and evaluating the issues raised in such communications and determining how to address them; (iii) providing appropriate responses, following up and documenting them; and (iv) adjusting the management program, as appropriate (paragraph 38 of ESPS 1).
- Establish a grievance mechanism to receive concerns and complaints about its environmental and social performance and facilitate their resolution. The grievance mechanism should be appropriate to the risks and adverse impacts of the operation and its primary users should be the people affected by the operation (paragraph 39 of ESPS 1).
- Provide regular reports to people affected by the operation and other relevant stakeholders describing progress in the implementation of the operation, action plans with respect to issues that pose active risks or impacts to affected people, and about issues that have been raised in the consultation process or grievance mechanism as concerns of those communities (paragraph 40 of ESPS 1).

Additional requirements associated with specific issues that may apply to an operation are found in ESPS 4 (Community Health and Safety), ESPS 5 (Land Acquisition and Involuntary Resettlement), ESPS 6 (Biodiversity), ESPS 7 (Indigenous Peoples), ESPS 8 (Cultural Heritage) and ESPS 9 (Gender Equality). ESPS 10 focuses directly on Stakeholder Engagement and Information Disclosure.

This section of the ESMS Document should include at least the following, in accordance with the requirement in paragraph 27 of ESPS 1:

- Stakeholder analysis and related planning;
- Disclosure and dissemination of information;
- Consultation and participation;
- Grievance mechanisms; and
- Ongoing provision of information to persons affected by the operation and other interested parties.

For each element, the ESMS Document should briefly describe the plans or procedures and provide links to the specific documents if they are already prepared or, alternatively, describe the process and schedule for preparing them.

8. ESMS Element 7: Monitoring and Evaluation

ESPS 1 requires the Borrower to establish procedures to monitor the management program and measure its effectiveness, as well as compliance with any related legal or contractual obligations and regulatory requirements (see paragraph 24 of ESPS 1).

Monitoring and evaluation may include dynamic mechanisms, such as internal and/or external inspections and audits, where appropriate, to verify compliance and progress towards desired results. Monitoring typically includes recording information to track performance and comparing that data to

previously established baseline levels or management program requirements. The Borrower will document the results of monitoring and identify and set forth the necessary corrective and preventive actions in the amended version of the management programs and plans.

The ESPF Guide provides guidance for this element of the ESMS in paragraphs GL82 to GL91 of ESPS 1.

(<https://www.iadb.org/en/mpas/guidelines>)

This section of the ESMS Document should include at least the following:

- A description of the scheme for monitoring and evaluation if it already exists; if it does not yet exist, describe the process by which the scheme will be defined.
- Roles and responsibilities of each participant in the monitoring and evaluation scheme. Depending on the operation, monitoring and evaluation may include multiple levels. For example:
 - The PEU, which monitors the contractor and may do so directly or through an inspection firm.
 - The regulatory body, which can supervise the operation to verify compliance with the environmental license requirements.
 - The contractor, who supervises the subcontractors to verify that they comply with their environmental and social obligations.
 - The IDB, who may supervise the operation.
- The outline includes, for each level of monitoring and evaluation, the scope and frequency of monitoring and reporting requirements at each level.
- The outline should also be clear in describing the monitoring and evaluation aspects specifically related to certain additional management plans or programs such as, for example, Resettlement Plan, Indigenous Peoples Plan, or Biodiversity Offset Plan, which may require their own processes in addition to the normal monitoring of the work or operation.

9. Other Key Aspects of an Effective ESMS: Document Control and Continuous Improvement

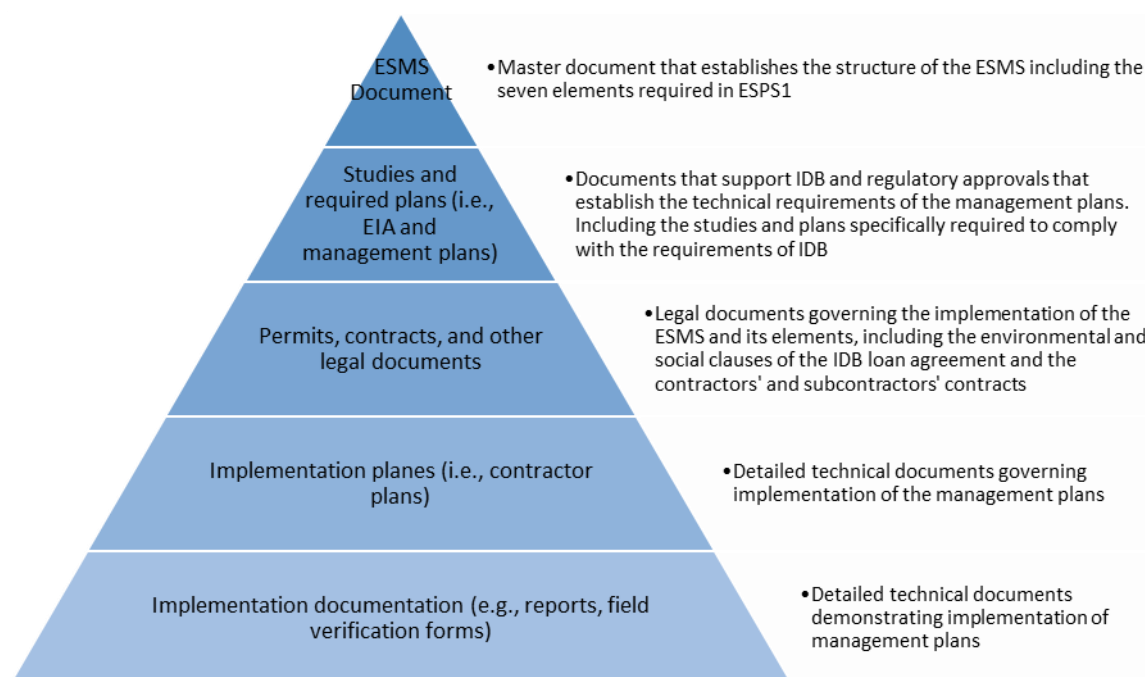
9.1 Document Control

A complete ESMS can include hundreds of documents, from general policies, plans and protocols to reference documents and monitoring documents (Figure 4). Although ESPS 1 does not require the Borrower to establish a document control system, it is recommended that, where possible, the Borrower implement a system to organize, verify and control the documents that comprise the ESMS. Such a system may be structured according to the hierarchy of application of the documents, should establish version control and should provide easy access to the documents. The IDB, in its supervision, reserves the right to request any documentation related to

The hierarchy of application of ESMS documents refers to the fact that different documents apply at different levels. For example, the ESMS Document establishes the structure of the ESMS and governs its entire implementation, whereas a contractor erosion control plan is applied only in the field, during construction, to manage the impact of the project on soil erosion.

the ESMS and the Borrower must be prepared to provide the requested documentation in a timely manner.

Figure 4. Simplified structure of the hierarchy of documents that make up the ESMS



9.2 Continued Improvement

The Borrower must establish a systematic process to evaluate the effectiveness of the ESMS (see Section 8) and, specifically, to adjust the ESMS as necessary. Adjustments and improvements to the ESMS may result from, among other causes, the following:

- Changes in executing agency;
- Changes in the scope and complexity of the operation's interventions;
- Improvements to plans;
- Adaptation of plans to different stages of the operation;
- Changes in the organizational chart;
- Identification of new risks and impacts as the operation progresses;
- Changes in risk level as the operation progresses;
- Changes identified during system audits;
- At the request of the IDB, e.g., as a result of necessary corrective actions warranting changes to the ESMS.

If the Borrower chooses to include these items in the ESMS Document, it is recommended that it include, at a minimum, the following:

- Description of the document management system, including version and approval management.
- Description of the process for continuous improvement of the ESMS, including periodic revisions to the ESMS Document.

Appendix 5- Example of Semi-Annual Environmental and Social Compliance Report

This sheet includes Executing Agency aspects, as well as E&S aspects applicable to the entire Operation. The IDB's Environmental and Social Specialist for the Operation will adapt the form to the characteristics of the Operation.

Semi-Annual Environmental and Social Compliance Report

1. Environmental and Social Team of the Executing Agency

Speciality	Name, Surname, Role	Profile/job requirement based on ESMF and/or Operating Manual (ROP)	Time dedicated to environmental and social management of the Operation (full / part time)	Contact information
Social		<i>In case of specific requirements of the profile or specific ToRs in the ESMF/ROP (years of experience, training, etc.)</i>	<i>Full time: exclusive dedication to this Program. Part time: part time, manages more than one program.</i>	
Environmental				
Occupational Health and Safety				
Communication, GRM, others				
Resources assigned to environmental and social management	<i>Indicate resources assigned to the environmental and social management team. It can include resources for administration and for implementation of plans. (USD/month)</i>			

2. Executing Agency Environmental and Social Training Activities

Themes	Participants	Date	Training entity

3.Compliance with Environmental and Social Conditions of the Operation

REQUIREMENT (to be detailed by the IDB Specialist as per the contract and ROP)	Current Compliance Status	Next Steps			LINK TO DOCUMENTS
		Description	Agreed date	Person in Charge	
Conditions for Loan Disbursements	<i>Indicate semi-annually if the condition(s) are still being met (e.g. E&S team within the EA or other specific conditions)</i>				
Special Conditions of Execution					
Conditions in the ROP					
(Multiple works) New Projects in the Semester	<i>As applicable, indicate the status of new projects to be incorporated into the Operation and their progress status, in relation to E&S documents that must be sent to the Bank for non-objection and other contractual conditions.</i>				

OTHER COMMENTS

In case of pending action plans, as a result of past supervision missions, use this section to document progress and compliance status.

Prepared by:	Date:	
Reviewed by:		

Semi-annual Environmental and Social Compliance Report

1. Project Information

Name of the works and bidding number				
Contractor Company	Name:		Date of last supervision visit by the Executing Agency:	Indicate approximate frequency of visits. In case supervisory visits are outsourced, indicate in the section below.
	Environmental Specialist:		Supervising Company	Environmental Specialist
	Social Specialist:			Social Responsible:
	Occupational Health and Safety Specialist:			Occupational Health and Safety Responsible:

2. Environmental Aspects

2. Environmental Aspects

REQUIREMENT		Current Status	Next Steps			LINK TO DOCUMENTS
Description			Description	Agreed Date	Person in Charge	
Legislation and National Regulations		Does the project have a valid environmental license? (include license number and date of issue and validity), other permits and relevant legislation.				
Environmental and Social Assessments and Management Plans	Preparation	Was the E&S assessment undertaken published on the Bank and Executing Agency's website? (Yes / No). Was the ESMP included in the bidding documents? Was it aligned with the requirements of the MIGAS (in the case of multiple works)?				
	Transboundary Impacts (if applicable)	Indicate the mitigation measures identified and their implementation status, agreements reached, monitoring carried out for transboundary impacts.				
	Natural habitat, invasive species and cultural sites	If the project has actions that may affect natural habitats or cultural sites, indicate the implementation status of measures of the ESMP, archaeological studies conducted, and the results.				
	Hazardous Materials	Indicate if there is a license for hazardous substances and/or waste management (include license number and validity period). Indicate carriers and/or operators authorized for treatment and final disposal that have been hired. Include characteristics of the materials, management plans including transitory storage and volumes generated.				
	Pollution Prevention and Reduction	Report on measures implemented to prevent and reduce pollution. Include here if there have been events such as spills or other environmental contingencies, during the reporting period.				
	Projects under construction (if applicable)	If this project was under construction before Operation's eligibility, indicate measures implemented or remaining liabilities to comply with IDB Policies.				
	Disaster Risk Management	Mention the risks identified, studies carried out and measures implemented to manage risk type 1 and type 2 (in accordance with the classification of Policy OP-704 and its guidance). If there are doubts about the scope, consult with the Bank's team. Specify if there has been an event in the semester, and how it has been managed.	Detail if there are studies or plans in preparation, non-conformities or adjustments to be made.			
Other risks or impacts identified		For example: associated facilities, or others identified either during the process of preparing the EIA or during the construction stage.				

3. Occupational and Community Health and Safety (OHS)

Number of workers employed during the semester:	Specify subcontractors, and shift jobs.
---	---

REQUIREMENT	Description and Compliance Status	Next Steps			LINK TO DOCUMENTS
		Description	Agreed Date	Person in Charge	
OHS Plan	Indicate implementation or plans, training for workers, actions taken during the semester, cases of deviations, conditions of work camps and general health conditions of the facilities.				
Contingency Plans	Indicate contingencies considered in the Plan, simulations/drills carried out and participants.				
Community Health and Safety Plans	For example: traffic management plans, signage, lighting work, etc.				

Accidents/Incidents during Semester

Number of cases in the semester:	Frequency Index:
	Seriousness Index:

EVENT	Date Registered	Corrective, mitigatory, prevention or inductions actions	Person in Charge	LINK TO DOCUMENTS
		Example: conducting research reports		

4. Meaningful Public Consultations and Community Engagement Processes

REQUIREMENT	Actions Taken during the Semester	Mitigation, Corrective Actions and/or Next Steps			LINK TO DOCUMENTS
		Description	Agreed Date	Next Steps	
Meaningful Consultations	Date and place of public consultation, number of participants, existence of minutes.	Actions agreed in the consultations (if applicable)			
Engagement Activities	Compliance with the community engagement plan: dissemination and education activities, press releases, generation of informative material, meetings with leaders, etc.				
Participatory Monitoring (if applicable)					

5. Grievance Redress Mechanism (GRM) (this table can be replaced by the report or record generated by the GRM system)

Person in Charge of the GRM:	
Nº of requests received:	
Average response time:	

Number of requests / complaints	Theme of the Request/Complaint	Means of Admission	Response Provided	Actions to be Carried out Cased on Content of the Request or Complaint	Person in Charge	LINK TO DOCUMENTS
No. of cases presented	Briefly summarize the topic of the request	Mail, telephone, mailbox on site, etc.	Briefly indicate what answer was given, on what date and by what means.	Indicate if there are further actions. Eg: update of design, work plan, communication, etc.		Eg Minutes of meeting with the interested party, response email, photo report of the measure implemented, etc.

6. Implementation of Resettlement Plan and/or Livelihood Restoration Plan (if applicable. Content to be adjusted by the IDB specialist as appropriate)

Family units (FU) to be resettled:	
Percentage of advance to date (FU resettled / FU to be resettled):	
Link to resettlement plan or livelihood restoration plan published:	

Description (consider as applicable)	Current Status	Mitigation, Corrective Actions and Next Steps			LINK TO DOCUMENTS
		Description	Date Agreed	Person in Charge	
Preparation or update of the census					
Consultations					
Transfer of family units and / or community equipment					
Temporary resettlements					
Dispute resolution mechanism					
Negotiation and payment of compensations					
Monitoring and evaluation of effectiveness					

7. Indigenous Peoples (if applicable. Content to be adjusted by the IDB Specialist as appropriate)

REQUIREMENT	Current Status	Mitigation, Corrective Actions and Next Steps			LINK TO DOCUMENTS
Description		Description	Date Agreed	Person in Charge	
Sociocultural analysis	Specify existence of sociocultural analysis including link to the publication	Actions planned for the following semester:			
Consultations, good faith negotiation and agreements					
Implementation of mitigation, monitoring and compensation measures					

8. Other Aspects of Social Management (if applicable. Content to be adjusted by the IDB Specialist as appropriate)

REQUIREMENT	Current Status	Mitigation, Corrective Actions and Next Steps			LINK TO DOCUMENTS
Description		Description	Date Agreed	Person in Charge	
Gender aspects	For example, in relation to codes of conduct, hiring of labor, etc.	Actions planned for the following semester:			
Others					

9. Environmental Monitoring carried out during the semester

Date	Sampling point	Coordinates	Results	Legal / standard limit used	Is it above the allowed limit?	CORRECTIVE, MITIGATORY OR PREVENTION ACTIONS	RESPONSIBLE	LINK TO DOCUMENTS
Underground water								
Superficial water								
Air quality								
Soil								
Others (effluente, noise, vibrations, etc)								

OTHER COMMENTS

Prepared by: _____ Date: _____
 Reviewed by: _____

Appendix 6 – Sample – Executing Agencies Environmental and Social of Capacity Analysis (PACI)

Executability Condition	Question	Explanation/Rationale	IDB Comments
CONDITION 1. The institution has a policy establishing its commitment to managing environmental, social, and occupational health and safety impacts in its projects	1. Does the institution have a policy establishing its commitment to managing environmental, social, and occupational health and safety (ESHS) impacts in its projects?		
	SUPPORTING DOCUMENTATION: Relevant policy or regulation		
	a. Yes	[Attach supporting documentation]	
	b. Yes, but it is out of date or has not received formal approval	[Attach supporting documentation]	
	c. No		
	CONCEPTUAL NOTE		
	Public investment project: A temporary endeavor that makes full or partial use of public funds with the objective of creating, expanding, improving, or regaining the government's capacity to produce goods or provide services.		
	2. What areas does this policy cover? [Select all options that apply]		
	a. Environmental		
	b. Social		
	c. Occupational Health and Safety		
	d. The institution does not have a policy establishing its commitment to managing ESHS impacts		
CONDITION 2. The department responsible for ESHS impacts in the IDB project has defined responsibility for this function in the institution's projects	3. Which of the institution's departments will be responsible for managing ESHS impacts in the IDB-financed project?		
	REQUIRED DOCUMENTATION: organizational chart		
	a. A department specialized in managing ESHS impacts	[Specify the name of the department and which entity it reports to in the organizational structure]	
	b. A technical department	[Specify the name of the department and which entity it reports to in the organizational structure]	
	c. Another of the institution's departments	[Specify which one and to which entity it reports to in the organizational structure]	
	d. None of the institution's departments	[Specify who will be responsible for ESHS impacts in the project]	
	CONCEPTUAL NOTE:		
	Technical department: A department responsible for functions directly related to the institution's role in its sector of activity. For example, the National Roads Directorate, Vice Ministry of Primary Healthcare Services, Potable Water Subsecretariat, National Directorate for Ecosystems and Wildlife, Import Policy Unit, etc.		
	4. Select the statement that best describes this department's authority in the area of ESHS impact management: [Select all options that apply]		
	REQUIRED DOCUMENTATION: law, organizational and functions manual, or similar		
	a. The department has specific authority for the management of ESHS impacts in the institution's projects	[Specify the document that establishes this authority and attach it as required documentation]	
	b. The department has general authority in the ESHS area	[Specify the document that establishes this authority and attach it as required documentation]	
	c. None of the above	[Specify what authority the department has]	
	d. Does not apply		

CONDITION 3. The department responsible for ESHS impact management in the project has recent experience with IDB policies	5. In the last three years, has this department had any experience of managing ESHS impacts in <u>projects</u> based on any of the following frameworks? [Select all options that apply]		
	a. National legislation		
	b. IDB policies	[Indicate which ESHS impact management processes have been conducted in accordance with IDB policies in the past]	
	c. Other lenders' policies	[Indicate which ESHS impact management processes have been conducted in accordance with other lenders' policies, including the name of the lender]	
	d. None of the above		
CONDITION 4. The institution has skilled staff and sufficient resources to manage the project's environmental, social, and occupational health and safety impacts	6. Indicate which of the institution's departments will be responsible for performing the following processes in the IDB-financed project: [Select all options that apply]		
	a. Performing environmental, social, and occupational health and safety analyses	[Specify which department will be responsible for this process]	
	b. Consulting parties affected by the project in the area of ESHS	[Specify which department will be responsible for this process]	
	c. Implementing the environmental management plan	[Specify which department will be responsible for this process]	
	d. Implementing the social and occupational health and safety plan	[Specify which department will be responsible for this process]	
	e. Implementing the resettlement or compensation plan	[Specify which department will be responsible for this process]	
	f. Providing technical ESHS inputs for project procurement	[Specify which department will be responsible for this process]	
	g. Processing internal or external complaints in the ESHS area	[Specify which department will be responsible for this process]	
	h. Ensuring that contractors comply with ESHS regulations and standards	[Specify which department will be responsible for this process]	
	i. None of the above		
	7. Who will perform ESHS impact management processes during execution of the IDB-financed project? [Select all options that apply]		
	a. Existing staff assigned full-time to the project	[Specify the number of people that will be assigned to the IDB project and the departments they belong to]	
	b. Existing staff assigned part-time to the project	[Specify the number of people that will be assigned to the IDB project and the departments they belong to]	
	c. Newly hired staff assigned full-time to the project	[Specify the number of people that will be hired, the tasks they will be responsible for, and the departments they will be assigned to]	
	d. Newly hired staff assigned part-time to the project	[Specify the number of people that will be hired, the tasks they will be responsible for, and the departments they will be assigned to]	
	8. Where the tasks are to be performed by existing staff in the institution, indicate whether these staff have: [Select all options that apply]		
	a. At least five years' experience in managing ESHS impacts	[Indicate how many people have similar experience]	
	b. At least two years' experience in managing ESHS impacts in accordance with IDB policies	[Indicate how many people have prior experience with IDB projects and specify the names of the projects]	
	c. Sufficient time to perform the assigned functions	[Indicate how many people will have sufficient time to perform these functions]	
	d. None of the aforementioned characteristics		
	e. It is not yet been decided who will perform this role		
f. Does not apply			
9. Indicate which of the following resources are needed to manage the IDB project's ESHS impacts and are NOT available in the institution: [Select all options that apply]			
a. Budget for expenses (implementation and monitoring of mitigation measures, training, communications, etc.)			
b. Vehicles			
c. Specialized equipment			
d. Other	[Specify which]		
CONDITION 5. The position of ESHS impact management specialist can be easily filled and/or is relatively stable	10. When there has been a need to hire additional staff for the IDB project, has the entity experienced difficulty in finding ESHS impact management specialists? [Select all options that apply]		
	a. Yes, difficulties in finding someone with suitable qualifications	[Specify which qualifications]	
	b. Yes, difficulties in financing their recruitment due to salary limits		
	c. Yes, difficulties in financing their recruitment due to budget restrictions		
	d. No		
	e. The institution has not hired any ESHS impact management staff in the past		
	11. Which of the following statements best describes the level of stability among ESHS impact management specialists hired in the last five years to support execution of the entity's public investment projects?		
	a. They generally stay until projects are completed		
	b. They normally change once during project execution		
	c. They normally change two or more times during project execution		
d. The institution has not hired any ESHS impact management staff in the past five years			
CONDITION 6. The institution has formal procedures for managing ESHS impacts in its projects	12. Does the institution have a procedures manual for the management of ESHS impacts?		
	SUPPORTING DOCUMENTATION: Procedures manual		
	a. Yes	[Attach supporting documentation]	
	b. Yes, but it is out of date or has not received formal approval	[Attach supporting documentation and specify whether the manual is out of date or has not received formal approval]	
	c. No		
	13. Indicate which of the following processes are covered by the manual and will apply to the IDB-financed project: [Select all options that apply]		
	a. Performing environmental, social, and occupational health and safety analyses		
	b. Consulting parties affected by the project in the area of ESHS		
	c. Implementing the environmental management plan		
	d. Implementing the social and occupational health and safety plan		
	e. Implementing the resettlement or compensation plan		
	f. Providing technical ESHS inputs for project procurement		
	g. Processing internal or external complaints in the ESHS area		
	h. Monitoring ESHS risks, their impacts, and the actions taken		
i. Ensuring that contractors comply with ESHS regulations and standards			
j. The institution lacks a manual describing any of the above procedures			
14. Do you feel that the institution's procedures are adequate for managing ESHS impacts in the IDB-financed project? [Select all options that apply]			
a. Yes, completely			
b. Yes, partly			
c. No			
d. The institution lacks defined ESHS management procedures			
CONCEPTUAL NOTE			
Partially: The institution's procedures are satisfactory in the case of some, but not all, of the processes needed to manage project procurement.			

CONDITION 7. The institution can provide evidence demonstrating satisfactory performance in the management of ESHS impacts in projects	15. With reference to public investment projects executed by the institution in the last three years, is there any evidence that the opinions of stakeholders affected by these projects have been incorporated into the design?	
	REQUIRED DOCUMENTATION: Evidence that the opinions of affected stakeholders have been incorporated into past projects	
	a. Yes	[Attach the required documentation]
	b. No	
	c. No projects have been executed in the last three years	
	16. With reference to public investment projects executed by the institution in the last three years, has the institution generated any monitoring reports on ESHS risks and impacts?	
	[Select all options that apply]	
	a. Yes, annual reports	[Specify whether the reports are public or internal]
	b. Yes, semiannual or more frequent reports	[Specify whether the reports are public or internal]
	c. No	
	d. No projects have been executed in the last three years	
	17. With reference to public investment projects executed by the institution in the last three years, have any SYSTEMIC problems been experienced in relation to any of the following processes? [Select all options that apply]	
	a. Preparing environmental, social, and occupational health and safety studies	[Specify the problems experienced]
	b. Conducting consultations in the area of ESHS with parties affected by the project	[Specify the problems experienced]
	c. Implementing the environmental management plan	[Specify the problems experienced]
	d. Implementing the social and occupational health and safety plan	[Specify the problems experienced]
	e. Implementing the resettlement or compensation plan	[Specify the problems experienced]
	f. Providing technical ESHS inputs for project procurement	[Specify the problems experienced]
	g. Processing applications for environmental licenses or permits	[Specify the problems experienced]
	h. Managing project-related complaints	[Specify the problems experienced]
i. Supervising the contractor's environmental and social management actions	[Specify the problems experienced]	
j. Other	[Specify the problems experienced]	
k. No problems have been experienced in any of the aforementioned processes		
l. The entity has not executed any investment projects in the last three years		