



**SAHARA  
AND SAHEL  
OBSERVATORY**

# **ENVIRONMENTAL AND SOCIAL POLICY**

May 2023

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## Acronyms

<b>CSEGPM</b>	Comprehensive Social and Environmental Grievance and Protection Mechanism
<b>ESC</b>	Environmental and Social Committee
<b>ESDD</b>	Environmental and Social Due Diligence
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>ESMF</b>	Environmental and Social Management Framework
<b>ESMP</b>	Environmental and Social Management Plan
<b>ESMS</b>	Environmental and Social Management System
<b>ESP</b>	Environmental and Social Policy
<b>ESRAC</b>	Environmental and Social Risk Assessment Checklist
<b>ESRMO</b>	Environmental and Social Management Officers
<b>ESS</b>	Environmental and Social Safeguards
<b>GCGHU</b>	Governance Compliance and Grievance Handling Unit
<b>IESA</b>	Initial Environmental and Social Assessment
<b>IFC</b>	International Finance Corporation
<b>OSS</b>	Sahara and Sahel Observatory
<b>PPR</b>	Project Performance Reports
<b>PS</b>	Performance Standards
<b>SEAH</b>	Sexual Exploitation, Abuse and Harassment

## DEFINITIONS<sup>1,2</sup>

**Activities or Projects:** Programs, projects and subprojects for the purposes of this policy, unless otherwise specified.

**Comprehensive Social and Environmental Grievance and Protection Mechanism (CSEGPM):** A comprehensive framework for handling and managing claims, grievances, and safeguards related to social and environmental issues. It is used as a procedural document describing the steps and guidelines to be followed in accordance with relevant OSS policies, including the Environmental and Social Policy, and the Gender Policy.

**Cultural Heritage:** Both tangible and intangible cultural heritage, defined by sites, structures, natural features and landscapes of archaeological, paleontological, historical, architectural, religious, and aesthetic value, or of any other cultural significance, whether located in an urban or rural area, on the ground, underground, or underwater. Cultural Heritage is also defined by practices, representations, expressions, knowledge or skills, and related instruments, objects, artifacts, and cultural spaces associated with them, that communities, groups and, in some cases, individuals recognize as part of their heritage, passed down from generation to generation and constantly recreated by them in response to nature and a shared history.

**Cumulative impacts:** A result from the incremental impact on areas or resources used or directly affected by the project or other existing, planned, or reasonably defined developments, at the time the risks and impacts are identified.

**Disadvantaged or Vulnerable:** Individuals or group of individuals more likely to be adversely affected by project impacts and/or more limited in their ability to take advantage of project benefits than others. Such individuals/groups are also more likely to be excluded from/unable to fully participate in the mainstream consultation process, and as such may require special assistance and/or measures to do so.

**Due Diligence:** Process for investigating potential investments under the Environmental and Social Management System to confirm all procedures, including review of environmental and social safeguards standards, audits, assessments and compliance prior to considering funding or entering into an agreement with another party.

**Environmental and Social Assessment:** Assessment of environmental and social opportunities, risks and impacts, including assessment of potential cross-border ones, by the accredited entities, in accordance with international best practices for the field concerned. This assessment also identifies the best alternatives and provides an integrated and balanced view of environmental and social risks and impacts. This kind of assessment may include specialized impact studies, audits and due diligence.

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<sup>1</sup> [https://www.thegef.org/sites/default/files/documents/gef\\_environmental\\_social\\_safeguards\\_policy.pdf](https://www.thegef.org/sites/default/files/documents/gef_environmental_social_safeguards_policy.pdf)

<sup>2</sup> <https://www.greenclimate.fund/sites/default/files/decision/b19/decision-b19-10-b19-a10.pdf>

**Environmental and Social Committee (ESC):** A committee responsible for ensuring compliance with the programs and projects implemented or carried out by the OSS, while also ensuring compliance with the Observatory's environmental, social and gender policies. This oversight is provided through the evaluation of project proposals, monitoring of project implementation, and annual, mid-term, and final evaluations. It also works with the Investigative Team (IT) of the Governance Compliance and Grievance Handling Unit (GCGHU) in the follow-up and handling of Claims received that fall under its jurisdiction.

**Environmental and Social Impact Assessment (ESIA):** A process or tool based on integrated assessment in which the scale and nature of biophysical and social potential, including cross-border risks and impacts of projects, programs and/or policy initiatives are envisioned, recognized and evaluated. It also includes evaluating alternatives and designing appropriate mitigation, management, and monitoring measures to address projected potential impacts.

**Environmental and Social Impacts:** Any potential or actual change to (i) the physical, natural, or cultural environment, and (ii) the impact on the surrounding community and workers resulting from activities to be performed.

**Environmental and Social Management Framework (ESMF):** Roles, responsibilities and processes for the management of environmental and social risks (ESR) and impacts, particularly those with a cross-border implications including subproject screening, preparation, implementation and monitoring.

**Environmental and Social Management Plan (ESMP):** Document containing a descriptive list of measures identified to avoid and reduce to acceptable levels, or mitigate and compensate for negative environmental and social impacts, mainly cross-border ones.

**Environmental and Social Management System (ESMS):** A set of management processes and procedures that enable an organization to identify, assess, control and reduce the environmental and social impacts of its activities, including cross-border risks and impacts, and improve its performance over time. ESMS in this document refers to the OSS Environmental and Social Management System.

**Environmental and Social Risk (ESR):** A combination of some potential contingencies and their serious consequences.

**Environmental and Social Safeguards (ESS):** A set of standards that specify expected results and requirements for achieving them by means appropriate to the nature and scale of the activity and proportionate to the level of risk and/or environmental and social impact. In this policy, ESS standards refer to environmental and social standards that the OSS has adopted on an interim basis pending the development of its own standards.

**Governance Compliance and Grievance Handling Unit (GCGHU):** Independent body within the OSS that directly reports to the Executive Secretary. It is responsible for ensuring adherence to governance principles and regulations. It monitors the implementation of OSS policies and procedures, and addresses grievances or claims raised by Stakeholders, Partners or any individual or entity working or involved in OSS activities. This unit plays a critical role in promoting transparency, accountability, and ethical conduct, while effectively managing and resolving any grievances or disputes that may arise within the Observatory.

**Involuntary resettlement:** Physical or economic displacement, or both, whether permanent or temporary, due to project-related activities where affected individuals or communities do not have the right to reject land acquisition or restrictions on land use.

**Land acquisition:** All means of acquiring land for project purposes, including outright purchase, eminent domain, or obtaining access rights such as easements or rights of way.

**Performing entity:** Entity through which the OSS performs, executes, or implements all or part of its projects.

**Sexual Exploitation, Abuse and Harassment (SEAH):** Sexual Exploitation, Abuse and Harassment as determined in the Sexual Exploitation, Abuse and Harassment Policy of the OSS.

**Stakeholders:** Individuals or groups of people, communities, and governments that: (a) are affected or likely to be affected by activities; and (b) may have an interest in (other interested parties) activities. Stakeholders of an activity will vary depending on its characteristics and may include local communities, national and local authorities, including neighboring governments, neighboring projects, and non-governmental organizations.

# 1- INTRODUCTION AND RATIONALE

The OSS Environmental and Social Policy of the OSS (“Policy” or “ESP”) integrates environmental and social aspects into the decision-making processes and the projects implemented by the Observatory of the Sahara and the Sahel (“OSS” or “Observatory”), and effectively manages risks and impacts that could possibly arise from its activities.

The OSS seeks to manage effectively and equitably the environmental and social risks and impacts that may arise from its activities, within the scope of its mandate.

The Observatory is committed to making every effort to achieve its objectives based on this Policy, by applying a set of Performance Standards (PS) adapted to the conduct of its activities, and commits itself to respond correctly and effectively to the needs of its Partners and local populations.

## 2- OBJECTIVES AND SCOPE

### 2.1 OBJECTIVES

This Policy aims at ensuring that the OSS’s practices of environmental and social risks are in line with internationally recognized standards.

As such, the Observatory is committed to complying with this policy by:

- Preventing or, if not possible, mitigating adverse effects on people (including SEAH risks) and the environment;
- Ensuring a fair distribution of benefits by defining a common all-encompassing framework for incorporating environmental and social criteria into the planning, appraisal, implementation and monitoring of OSS activities;
- Giving due consideration to vulnerable persons and marginalized populations, groups and individuals (women and girls, local communities, indigenous peoples, etc.) affected or likely to be affected by the activities of the Observatory, and who are particularly vulnerable to project operations or other potentially harmful impacts that could adversely affect them;
- Requiring stakeholders and executing entities of OSS-implemented projects to adhere to the principles of the Policy, and to give due consideration to environmental and social impacts;
- Ensuring that Stakeholders and OSS member countries understand the importance of these SEP commitments; and
- Mobilizing partners and resources for effective implementation of the Gender dimension.

### 2.2 SCOPE

The Policy applies to all activities carried out by the OSS. It aims to further promote the environmental and social aspects of the projects implemented by the Observatory on two distinct but complementary levels.

### 2.2.1 The institutional level

The Policy is part of the OSS 2030 strategy. It is also linked to other policies, in particular the Observatory's internal structures and governance framework.

### 2.2.2 The project levels

The Policy identifies environmental and social risk assessment and management requirements, including SEAH risks, to be aligned with the Observatory ESS standards. The objective is to include social and environmental risk assessments, commensurate with the scale and nature of the activities, in the due diligence processes carried out by the Observatory as part of the projects it implements. Furthermore, additional country requirements on environmental and social safeguards and on sustainability may be integrated with the OSS requirements at the project level, provided that they are consistent with, or at least as stringent as, the ESS standards of this Policy.

## 3- REQUIREMENTS AND GOVERNANCE

The OSS is committed to ensuring that its activities meet the following requirements:

1. The International Finance Corporation (IFC) Exclusion List (Appendix 2)
2. The applicable national laws on environment, health, safety and social issues and any standards established therein;
3. The Environmental and Social Risk Assessment Checklist (ESRAC) (Appendix 4)

In compliance with its first Performance Standard (see section 4 below), the OSS has established the Environmental and Social Committee (ESC) and the Governance Compliance and Grievance Handling Unit (GCGHU). The ESC is responsible for ensuring compliance with the Policy implementation and related procedures for projects implemented or executed by the Observatory, in the appraisal of project proposals, the monitoring of their implementation and their annual mid-term and final evaluation.

In the event of non-compliance with the Policy or project Procedures, the ESC must report to and work with the GCGHU to investigate the violations committed, and take appropriate corrective action.

The ESC is responsible, among other things, for:

- Ensuring that the procedures and management practices of the performing entity comply with the ESP during due diligence;
- Monitoring the implementation of risk management measures within the activities of the Observatory, in accordance with the Policy requirements;
- Ensuring the handling of claims received through the OSS Comprehensive Social and Environmental Grievance and Protection Mechanism (CSEGPM), by supporting and working with the UCGTD.

## 4- ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT OFFICERS (ESMRO)

For each of its projects, OSS commits to appointing ESRMOs who shall carry out the following tasks (see Appendix 1 for a more detailed list):

- Evaluate the compliance of the performing entity with the applicable environmental and social requirements of this Policy during due diligence visits;
- Ensure compliance of portfolio projects with applicable requirements;
- Prepare an annual environmental and social performance report based on the annual performance report prepared by the performing entity.

## 5- ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS (PS)

All OSS activities shall comply with the following ten (10) environmental and social PS, as appropriate to the nature and scope of the project.

PS1: Assessment and management of environmental and social risks (ESR) and impacts

- a) Identification of environmental and social risks and impacts in the funding proposal;
- b) Adoption of a hierarchy of mitigation and adaptation: anticipate, avoid, minimize, compensate, or offset;
- c) Improvement of the performance by means of an Environmental and Social Management System (ESMS);
- d) Engagement with affected communities or other Stakeholders throughout the funding proposal cycle, including communication and grievance mechanisms.

PS2: Tasks and working conditions

- a) Fair treatment, non-discrimination, equal opportunities;
- b) Maintain good labor-management relations;
- c) Compliance with national employment and labor laws;
- d) Protection of workers, including vulnerable groups;
- e) Strengthening occupational health and safety;
- f) Prohibition of forced/child labor.

PS3: Resource Efficiency and Pollution Prevention

- a) Project-induced pollution (air, water, ground, noise, etc.) to avoid, minimize or reduce;
- b) More sustainable use of resources, including land, energy and water;
- c) Reduction of project-related greenhouse gas emissions.

PS4: Community health, safety and security

- a) Anticipate and avoid adverse effects on the health, safety and security of the affected community;
- b) Protect persons and property in accordance with relevant human rights principles.

**PS5: Land acquisition and involuntary resettlement**

- a) Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use:
  - (i) Avoid/minimize displacement;
  - (ii) Consider alternative project ideas;
  - (iii) Avoid forced eviction.
- b) Improve or restore livelihoods and living standards.
- c) Improve the living conditions among displaced persons by providing:
  - (i) Adequate housing;
  - (ii) Property protection;

**PS6: Biodiversity conservation and sustainable management of living natural resources**

- a) Protection and conservation of biological diversity;
- b) Maintenance of benefits from ecosystem services;
- c) Promoting sustainable management of living natural resources;
- d) Integrating conservation needs and development priorities.

**PS7: Indigenous peoples**

- a) Ensure full respect for indigenous peoples with respect to:
  - (i) Human rights, dignity, and aspirations;
  - (ii) Livelihoods;
  - (iii) Culture, knowledge and practices of indigenous peoples.
- b) Avoid/minimize adverse impacts;
- c) Opportunities and benefits of culturally appropriate sustainable development;
- d) Free, prior and informed consent under certain circumstances.

**PS8: Cultural heritage**

- a) Protection and conservation of cultural heritage including the prevention of alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international levels.
- b) Promoting fair sharing of cultural heritage benefits.

**PS9: Gender equity and women's empowerment**

Both women and men must:

- (a) Equally participate in OSS activities;
- (b) Enjoy the same benefits of OSS activities.

**PS10: Human rights: Access, Equality and protection**

- a) Provide fair and equitable inclusive access;
- b) No prohibition of access to basic health services, drinking water, sanitation and energy;
- c) Provide education, housing, safe and decent working conditions, and land right;
- d) No exacerbation of existing inequalities, particularly for marginalized or vulnerable groups including children, women and girls, the elderly, tribal groups, displaced persons, refugees, disabled persons, and persons living with HIV/AIDS;
- e) Respect and promote human rights.

## 6- ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

### 6.1- AT THE PERFORMING ENTITY LEVEL

#### 6.1.1 ENVIRONMENTAL AND SOCIAL DUE DILIGENCE (ESDD)

The OSS requires its performing entities to conduct under its supervision and guidance, environmental and social due diligence (ESDD), so as to monitor all project activities and measure the scope of the environmental or social risks (ESR) they could create, as per the Observatory's PS (see in section 5).

The OSS also requires performing entities to ensure that activities with potential are thoroughly assessed, and that the necessary steps for their avoidance, reduction or mitigation are identified. The implementation of such measures shall be monitored and reported on regularly throughout the life cycle of the project.

Where the performing entity does not have the necessary capacity to assess and manage environmental and social risks, the Observatory will provide guidance, either through its own staff and/or through consultants.

In addition, performing entities shall review all activities under the direction of the OSS to ensure compliance with the IFC Exclusion List (Appendix 2) and national environment and social laws and regulations of member countries, where available and applicable (Appendix 3).

Based on the PS of the OSS, the ESDD preliminary screening process seeks to identify potential ESR, by assessing all resulting direct, indirect, cross-border and cumulative impacts in the project's area of action.

All proposed activities shall be categorized according to the scale, nature and severity of their potential environmental and social impacts, according to the following classification table:

Category	Specifications
A	Project with significant adverse environmental and/or social impact
B	Project with moderate adverse environmental and/or social impact
C	Project with little or no adverse environmental and/or social impact

The ESDD determines the extent to which a project requires further environmental and social assessment, based on the classification table above.

If, during the review process of a project implemented using the ESRAC tool, the OSS identifies an additional need for information on environmental and social risk assessment, mitigation and management, the performing entities will be required to provide further details about it. If necessary, this could be included in the agreement between the OSS and the performing entity.

### 6.1.2 Environmental and Social Impact Assessment (ESIA)

Following the initial screening process, the OSS and/or Performing Entities shall prepare an ESIA for all projects that are likely to have “significant” to “moderate” negative environmental and/or social impacts (i.e. all categories A and B).

The ESIA shall identify any environmental or social risks, including those potentially related to the OSS environmental and social performance standards set out in Section 5 above.

The assessment shall:

- Consider all potential direct, indirect, cross-border, and cumulative impacts and risks that could result from the proposed project;
- Assess alternatives to the project’s environmental and social issues;
- Assess possible measures to avoid, minimize, or mitigate the environmental and social risks of the proposed project.

It is worth noting that for some Category B projects where the proposed activities requiring such assessment represent a minor part of the project, and where inclusion in the proposal is not feasible, the agreement between the Observatory and the performing entity must therefore be supplemented with a timetable for completion of the environmental and social assessment prior to the start of activities, and included in the annual project performance report (PPR). A copy of the ESIA shall be provided to the OSS as soon as the assessment is completed.

In addition, if deemed necessary prior to ESIA submission to the OSS, the performing entity will be required to provide additional information on environmental and social assessment, mitigation and risk management.

The ESIA results are summarized in the assessment report, which is required for Category A and B projects and whose level of detail and comprehensiveness is commensurate with the significance of the potential environmental and social impact risks. A standard ESIA report contains the main elements listed in Appendix 3, in addition to the Initial Environmental and Social Assessment (IESA), which may have a narrower scope depending on the nature of the project. The in-depth aspects of this outline should allow for the preparation of environmental and social impact assessment reports, although not necessarily in the order shown.

### 6.1.3 Environmental and Social Management Plan (ESMP)

In case the environmental and social assessment identifies environmental and/or social risks (ESR), it must be accompanied by an ESMP that determines the necessary measures to avoid, minimize or mitigate them. Commitment of the performing entity to the ESMP must be a condition of project approval, and included in the monitoring and reporting plan.

### 6.1.4 Monitoring, Reporting and Evaluation

The OSS requires the performing entity to establish monitoring procedures to verify the progress of the operation and its compliance with legal and/or contractual obligations and regulatory requirements.

The performing entity's monitoring and evaluation of projects implemented by the Observatory, shall address all environmental and social risks identified by this entity during project appraisal, design and implementation. The performing entity's annual project performance reports (PPR) shall include a section on the status of implementation of any environmental and social management plan, including the measures required to avoid, minimize, or mitigate environmental and/or social risks. The reports shall also include if necessary, a description of any corrective measures deemed useful.

The mid-term and final evaluation reports must also include an assessment of the environmental and social performance of the project.

### 6.1.5 Public disclosure and consultation

Performing entities shall identify Stakeholders and involve them from the planning of any project implemented by the OSS.

The results of the environmental and social survey, the proposed environmental and social assessment, and any proposed management plan, must be made available for timely, effective, inclusive, and noncoercive public consultation in an appropriate manner to the communities directly affected by the proposed project.

The OSS must make the final environmental and social assessment available to the public on its website as soon as it is received. The performing entity is responsible for communicating it to affected people and other Stakeholders.

PPRs must be published including the implementation of the environmental and social measures. Any proposed changes to the project during the implementation phase must be subject to public consultation with directly affected communities.

### 6.1.6 Performing Entities' Mechanism for Grievance Redress

All implementing entities shall have in place a grievance redress mechanism that provides affected people with an accessible, transparent, fair and effective service for the receipt, processing and resolution of their grievances regarding adverse environmental and/or social impacts resulting from OSS projects.

### 6.1.7 Performing Entity Roles and Obligations

Performing entities are responsible for assessing projects and their environmental and social impacts, preparing safeguard plans, and engaging with affected communities through information disclosure, consultation, and informed participation in accordance with all policy principles and safeguard requirements. Performing entities must provide OSS with all necessary information for review, including assessment reports, safeguard plans/frameworks, and monitoring reports.

## 6.2 AT THE OSS LEVEL

### 6.2.1 Environmental and Social Due Diligence (ESDD)

OSS ESDD is part of its assessment project activities. It verifies the consistency between the management methods proposed by the performing entity and the PS one the one hand, and the PES of the Observatory on the other hand.

It also allows for the recommendation to the Committee for the Allocation of Donations and the Evaluation of Funding Requests for projects and programs, of only those activities that meet the requirements for managing environmental and social risks and impacts, in accordance with the PS standards and this Policy.

In this respect, the OSS is responsible for:

- Screening projects by performing due diligence;
- Reviewing the performing entity's ESIA to ensure that safeguards are in place to avoid minimize, mitigate, and compensate for adverse social and environmental impacts where possible, or where avoidance is not feasible, in compliance with the OSS environmental and social PS;
- Supporting the performing entity to meet the standards set forth in the Policy through capacity building; and
- Monitoring and ensuring the social and environmental performance of the performing entity throughout the project cycle.

### 6.2.2. Applicable Procedures

In order to ensure that the performing entity complies with the Policy, the Observatory shall require environmental and social risk managers to use the Environmental and Social Risk Assessment Checklist (ESRAC) (Appendix 4). They must conduct their own environmental and social screening. This may need a documentary review or require a full-scale one with site visits carried out by a skilled consultant.

Special emphasis shall be placed on the following procedure as a part of the OSS overall ESMS:

- Ensuring that proposed activities are not on the IFC's exclusion list (Appendix 2).
- Avoiding projects with a history of negative environmental and/or social impacts;
- Ensuring project compliance with applicable national laws on environment, health, and safety;
- Using the ESRAC in the assessment of all projects.

The Environmental and Social Risk Management Officers (ESRMO) must make an initial assessment of the project's activities (which the Observatory considers to be beneficial) and any potentially negative environmental and/or social impacts, as per the OSS PS. The project must then be classified into an environmental risk category based on the following three factors:

- Activities or sectors.
- Proximity to environmentally sensitive areas;
- Potentially irreversible impacts.

If the assessment shows that the project's activities may have adverse environmental and/or social impacts, the Observatory will conduct a detailed and comprehensive assessment (as referenced in the ESIA - Appendix 3) as part of the Due Diligence Process, in order to ensure that the performing entity's activities comply with all applicable environmental and social requirements.

In the event that the OSS is unable to ensure that the performing entity's activities comply with all applicable environmental and social requirements, it must either:

- Decline to implement such projects; or
- Offer limited implementation on the condition that the performing entity implements an agreed-upon corrective action plan within a specified timeframe.

### 6.2.3 Organizational Capacity and Competence

The OSS shall appoint a technical staff for the implementation of the project who shall have the knowledge, skills and experience necessary to understand and ensure the implementation of the ESMS.

The OSS must also build organizational and human capacity for environmental and social responsibilities, including the assignment and training of ESRMO.

### 6.2.4 Implementation and Monitoring by the OSS

The OSS shall require the performing entities to establish monitoring procedures to verify that activities in progress comply with all legal and/or contractual obligations and regulatory requirements, as with the ESP. The follow-up scope and frequency must be commensurate with the environmental and social risks (ESR) and potential impacts of the project, as identified in the ESDD.

The OSS must maintain a record of supporting environmental and social review documentation for each project, from the initial ESR assessment through the implementation of project activities.

### 6.2.5. Comprehensive Social and Environmental Grievance and Protection Mechanism (CSEGPM)

At the project level, the OSS requires the performing entity to provide information to the communities affected or likely to be affected by the Observatory's activities about the CSEGPM at the earliest possible stage of stakeholder involvement, in an understandable way and in all relevant languages.

At the Observatory level, a unit called Governance Compliance and Grievance Handling Unit (GCGHU) has been established to collect, review and process all formal claims submitted by individuals, groups of individuals or communities likely to be affected or adversely affected by project activities undertaken by OSS. Such claims may also be submitted on their behalf by governments or by a duly authorized representative.

The CSEGPM provides persons concerned with an accessible, transparent, equitable and effective process for receiving and addressing their claims through forms available in five different languages on the OSS website: <http://www.oss-online.org/en/policies-and-procedures>. Claims can also be sent by e-mail through the following address: [gcghu@oss.org.tn](mailto:gcghu@oss.org.tn).

### 6.2.6 Provision of Resources

The Observatory must allocate adequate resources to ensure effective implementation of the ESP. As the Policy is an essential component of the overall management framework described as the ESMS of the OSS, it shall be implemented through processes and procedures developed as part of the ESMS, taking into account other relevant policies and the PS of the OSS.

The Observatory shall devote adequate resources to support the effective implementation of the Policy, by;

- Identifying OSS experts to assess and manage environmental and social risks; and
- Ensuring training and empowering of the OSS staff, subject to available resources of performing entities.

## 7- EFFECTIVENESS AND REVISION

This Policy will come into effect upon its adoption by the OSS Board of Administration. It will apply to all OSS ongoing projects and programs to the extent reasonably possible, and to those that will be approved after the effective date of this Policy.

This Policy will remain in effect until amended or superseded. It will be reviewed and updated, as needed.

## APPENDICES

### APPENDIX 1 – DESCRIPTION OF THE POSITION OF ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT OFFICERS (ESRMO)

1. Assist the ESC and the GCGHU in coordinating and monitoring compliance with the agreed measures, and ensure internal and external communication of these measures.
2. Assist the GCGHU, as needed, in revising the ESP by proposing updates and assisting in monitoring compliance with these changes.
3. Oversee the creation and management of an environmental and social database and use the information contained therein to formulate environmental and social goals, monitor compliance, and review and modify these goals as needed.
4. Propose an annual environmental and social management plan and budget with the respective budget.
5. Overseeing the compliance with environmental and social regulations and standards for managing the environmental and social impact, for loans subject to medium or high environmental risks.
6. Coordinate the preparation of the OSS annual environmental and social performance report, and reports to the OSS Steering Committee and other external Stakeholders.
7. Represent the OSS at all internal and external events focusing on topics related to the environment and social issues.
8. Perform the tasks prescribed by internal regulations of the OSS Management and/or Department Head.

## APPENDIX 2 - IFC EXCLUSION LIST

**NOTE:** This Exclusion List covers IFC investments before it introduces version 2 of the Environmental and Social Review Procedure dated July 30, 2007.

### IFC Exclusion List

The IFC Exclusion List defines the types of projects that IFC **does not** finance, namely the:

- Production or distribution of any product or activity deemed illegal under host country laws, or regulations, or international conventions and agreements.
- Production or distribution of weapons and ammunitions.<sup>i</sup>
- Production or distribution of alcoholic beverages (excluding beer and wine).<sup>i</sup>
- Production or distribution of tobacco.<sup>i</sup>
- Gambling, casinos and equivalent businesses.<sup>i</sup>
- Marketing of CITES-regulated wildlife or wildlife products.<sup>ii</sup>
- Production or distribution of radioactive material.<sup>iii</sup>
- Production, distribution, or use of unbonded asbestos fibers.<sup>iv</sup>
- Purchase of logging equipment for use in tropical rain forest.
- Production or distribution of pharmaceuticals subject to restrictions or international bans.
- Production or distribution of pesticides/herbicides subject to restrictions or international bans.
- Drift net fishing in a marine environment using nets exceeding 2.5 km.

A reasonableness test is applied when the company's activities would have a significant development impact, and when the circumstances of the country require an adjustment to the exclusion list.

**All financial intermediaries (FIs)**, must apply the following exclusions in addition to IFC's Exclusion List:

- Production using harmful materials, or exploitative activities of forced/harmful child labor.<sup>vi</sup>
- Commercial logging activities in tropical rain forest. Production or distribution of products containing PCBs.<sup>vii</sup>
- Production or distribution of internationally banned ozone-depleting substances.<sup>viii</sup>

\* When investing in **microfinance**, FIs must avoid the following activities in addition to the IFC Exclusion List:

- Production using harmful materials, or exploitative activities of forced/harmful child labor.<sup>vi</sup>
- Commercial logging activities in tropical rain forest. Production or distribution of products containing PCBs.<sup>vii</sup>
- Production or distribution of internationally banned ozone-depleting substances.<sup>viii</sup>
- Production or distribution of timber or other forest products from unmanaged forests.
- Production, distribution, storage or transportation of significant quantities of hazardous chemicals or distribution of hazardous chemicals.<sup>ix</sup>
- Production or activities that encroach on lands owned or claimed by indigenous peoples without their full and written consent.

\*When engaged in **trade finance**, given the nature of the transactions, FIs will apply the following exclusion List:

- Production using harmful materials or exploitative activities of forced/harmful child labor.<sup>vi</sup>
- Production or distribution of any product or activity that is illegal under host country laws or regulations, or international conventions and agreements.
- Production or distribution of weapons and ammunitions.<sup>i</sup>
- Production or distribution of alcoholic beverages (except beer and wine).<sup>i</sup>
- Production or distribution of tobacco.<sup>i</sup>
- Gambling, casinos and equivalent businesses.<sup>i</sup>
- Marketing of CITES-regulated wildlife or wildlife products.<sup>ii</sup>
- Production or distribution of radioactive materials.<sup>iii</sup>
- Production, distribution or use of unbonded asbestos fibers.<sup>iv</sup>
- Commercial logging or purchase of logging equipment for use in tropical rain forests.
- Drift net fishing in a marine environment using nets exceeding 2.5 km.
- Production or distribution of products containing PCBs.<sup>vii</sup>

## FOOTNOTES

- i. Not applicable to project leads who are not substantially involved in these activities. "Not substantially involved" means that the activity in question is ancillary to the principal activities of a Project lead.
- ii. CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES-listed species is available from the Environment Division.
- iii. Not applicable to the purchase of medical equipment, quality control (measurement) equipment, and any equipment where the IFC deems the radioactive source to be trivial and/or adequately protected.
- iv. Not applicable to the purchase and use of bonded asbestos-cement sheets where the asbestos content is less than 20%.
- v. Forced labor means any work or service, not voluntarily performed, extracted from a person under threat of force or punishment.
- vi. Harmful child labor means the employment of children in economically exploitative work that is likely to be hazardous, interfere with the child's education, or harm the child's physical, mental, spiritual, or moral health or social development.
- vii. PCBs: Polychlorinated biphenyls - A group of highly toxic chemicals. PCBs are found in electrical transformers, capacitors, and oil-filled switchgear manufactured between 1950 and 1985.
- viii. Ozone Depleting Substances (ODS): Chemical compounds that react with and deplete stratospheric ozone, resulting in the widely-publicized "ozone holes". The Montreal Protocol lists ODS and their target reduction and phase-out dates. A list of the chemical compounds regulated by the Montreal Protocol including aerosols, refrigerants, foam blowing agents, solvents, and fire retardants, together with details of signatory countries and phase out target dates, is available from the Environment Division.
- ix. A list of hazardous chemicals is available from the Environment Division. Hazardous chemicals include gasoline, kerosene and other petroleum products

## APPENDIX 3 - OUTLINE OF THE ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA) REPORT\*

### A. Executive Summary

This section concisely describes the critical facts, significant findings, and recommended actions.

### B. Political, Legal, and Administrative Framework

This section deals with the national and local, legal, and institutional framework within which the environmental assessment is carried out. It also identifies international environmental agreements that are relevant to the projects and to which the country is a party.

### C. Description of the Project

This section describes the proposed project, its major components, and its geographic, environmental, social, and temporal context, including any related facilities required by and for the project (for example, access roads, power plants, water supply, quarries, borrow pits, and debris removal). It usually includes drawings and maps showing the project's layout and components, the project site, and the project's area of influence.

### D. Description of the Environment (Baseline Data)

This section describes the relevant physical, biological and socioeconomic conditions within the study area. It also discusses current and proposed development activities within the project area of influence, including those not directly linked to the project. It indicates the accuracy, reliability, and sources of the data.

### E. Anticipated Environmental Impacts and Mitigation Measures

This section anticipates and assesses the project's direct and indirect, positive and negative, and potential impacts on physical, biological, and socioeconomic resources (including occupational health and safety, community health and safety, vulnerable groups and gender issues), and impacts on livelihoods, environmental media, and physical cultural resources in the project area of influence, quantitatively where possible. This section also identifies mitigation measures and any residual negative impacts that cannot be mitigated, and explores opportunities for improvement. Besides, it identifies and assesses the extent and quality of available data, major data gaps, forecast uncertainties, and identifies issues that do not require special attention. Finally, this section will look at the global, cross-border, and cumulative impacts.

## **F. Analysis of Alternatives**

This section examines alternatives to the proposed project site, technology, design, and operation-including the No Project Alternative-with respect to potential environmental effects.; The feasibility of mitigating these impacts; The investment and operating costs; Their suitability for local conditions; And their institutional, training, and monitoring requirements. It also states the basis for selecting the particular project design proposed and justifies emission level recommendations and pollution prevention and reduction approaches.

## **G. Information Disclosure, Consultation, and Participation**

This section:

(i) Describes the process used to involve Stakeholders during project design and preparation., including information disclosure and consultation with affected people and other Stakeholders;

Summarizes concerns and comments received from affected people and other Stakeholders and how these comments have been addressed in the project design and mitigation measures, with special attention paid to the needs and concerns of vulnerable groups, including women, the poor, and indigenous peoples; and (iii) describes the planned information disclosure activities (including the type of information to be disseminated and the method of dissemination), and the process for consulting with affected people and facilitating their participation during project implementation.

## **H. Comprehensive Social and Environmental Grievance and Protection Mechanism (CSEGPM)**

This section describes the framework for considering claims (both informal and formal channels) by establishing the timeframe and mechanisms for handling claims about environmental performance.

## **I. Environmental Management Plan**

This section deals with the set of mitigation and management measures to be taken during project implementation, to avoid, reduce, mitigate, or compensate for adverse environmental impacts (in this order of priority). It may include multiple management plans and actions, and includes the following key components (with details appropriate to the project's impacts and risks):

### **(i) Mitigation:**

(a) Identifies and summarizes anticipated significant adverse environmental impacts and risks;

- (b) Describes each mitigation measure with technical details, including the kind of impact to which it relates and the conditions under which it is required (for instance, continuously or in case of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; and
- (c) Provides links to any other mitigation plans (for example, for involuntary resettlement, indigenous peoples, or emergency response) required for the project.

**(ii) Monitoring:**

- (a) Describes monitoring activities with technical details, including parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits and establish thresholds that signal the need for corrective action; and
- (b) Describes monitoring and reporting procedures to ensure early detection of conditions requiring special mitigation measures and to document the progress and results of mitigation actions.

**(iii) Implementation arrangements:**

- (a) specifies the implementation schedule that shows the phasing and coordination with the overall project implementation;
- (b) describes the institutional or organizational arrangements, namely: the body responsible for carrying out the mitigation and monitoring measures, which may include one or more of the following additional issues to strengthen environmental management capability: technical assistance programs, training programs, equipment and supplies procurement for environmental management and monitoring, and organizational changes; and
- (c) Evaluates capital and recurrent costs, and sources of funding for implementing the environmental management plan.

**(iv) Performance indicators:** Describe the desired results as signs, traceable to the extent possible, such as performance indicators, targets, or acceptance criteria that can be tracked over defined periods of time.

**J. Conclusion and Recommendations**

This section provides information on the evaluation conclusions and makes recommendations.

## APPENDIX 4 - ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT CHECKLIST (ESRAC)

Environmental and Social Screening Checklist	
<b>Project name:</b>	<b>Location:</b>
<b>Grant amount (\$m) and purpose:</b>	
<b>Business line:</b>	<b>Brief project description:</b>
<b>Date of EIA visit:</b>	<b>Additional technical review required:</b> Yes  No
<b>Review by:</b>	
Compliance with applicable requirements - check all that apply:	
<p>Exclusion list</p> <p>National regulatory requirements</p> <p>Environmental, health and safety permits granted</p> <p>Injuries and fatalities that have occurred (how and when): _____)</p> <p>Labor-related fines (when and why): _____)</p> <p>Environmental incidents and fines (when and why): _____)</p>	
Management systems— - check all that apply:	
<p>No written environmental and social policy</p> <p>No written human resources policy (e.g. employee rights/non-discrimination protection)</p> <p>No written fire/safety or emergency prevention/preparedness/response plan</p> <p>No environmental, health and safety training for employees</p> <p>No environmental and social risk management procedures</p>	
Project site - check all that apply:	

Non-urban/undeveloped land  Proximity to river/stream/pond/lake/sea  Proximity to protected area (e.g. forest/endangered species); ecologically sensitive area (e.g. wetland/nesting habitat)  Proximity to culturally sensitive/indigenous area	
<b>Environmental problems—check all that apply:</b>	
<i>Air emissions</i>   Boilers Generators Vehicles and equipment Furnaces and incinerators Welding and soldering On-site landfill Use of solvents Use of fumigation Evaporation of chemicals Refrigeration plant	<i>Waste water</i>   Waste water discharged into: Drains and grids Oil separators Separation tanks or filters Reed beds Cut-off valves Sewers and septic systems Water treatment plants Cleaning procedures

Use of exhaust ventilation	Spraying operations Water draining/pumping
<i>Solid and hazardous wastes</i>  Waste generated Types of waste: _____ _____ _____  Hazardous waste (e.g. waste oils, pesticide washes, solvents, hospital waste, asbestos)  Removed waste _____	<i>Hazardous chemicals, fuels, and pesticides</i>  On-site chemicals or fuels storage  Protective measures against leaks/spills  Signs of leaks/spills On-site spill clean-up equipment Rain protective measures  Corrosion signs on tanks/containers  Secured storage areas against theft  Training in the proper use of chemicals and fuels Use and management of pesticides
<i>Resource consumption</i>  Materials used: _____ _____ _____  Use of renewable natural resources  Use of tools and equipment  Water source:  Energy source:	<i>Annoyance</i>  Dust  Noise  Odors  Fumes  Vibrations  Traffic jams and obstructions

<b>Interactions with the Community - check all that apply:</b>
No one in charge of responding the community questions
No procedures for managing community Claims Use of security personnel
<b>Social issues - check all that apply:</b>
Land acquisition
Displacement/resettlement of local groups
Impact on local groups/livelihoods
Impact on indigenous peoples
Claims of persons/communities occupying or living near a site of cultural/archaeological significance
<b>Labor issues - check all that apply:</b>
Personal protective equipment not expected (e.g. protective goggles/helmets/protective gloves)
Inadequate employee health and safety measures (e.g. fall prevention/ventilation)
Inadequate working environment (e.g. air quality / lighting / limited space / on-site hygiene)
Inadequate working conditions (e.g. working hours/breaks/rest hours/overtime pay)
Unequal employment opportunities (e.g. gender discrimination/ethnic group/age)
Payment below the minimum interprofessional wage guarantee
Employees under the legal minimum working age
Child or forced labor

No recognition of worker organizations/trade unions	
No process for employees to submit claims	
<b>Additional comments</b>	
<p>Company's overall environmental and social impact rating</p> <p><input type="checkbox"/> High Significance (A)</p> <p><input type="checkbox"/> Medium Significance (B)</p> <p><input type="checkbox"/> No significance (C)</p>	<p><i>Borrower:</i></p> <p><b>Name and Signature:</b></p> <p>_____</p> <p>_____</p> <p><b>Position:</b> _____</p> <p><b>Date:</b></p> <p>____/____/____</p> <p><i>OSS Employee:</i></p> <p><b>Name and Signature:</b></p> <p><b>Position:</b></p> <p><b>Date:</b></p> <p>____/____/____</p>

## APPENDIX 5 – MGPRDSE - CLAIMS FORM -

<b>Claimant</b>		
<b>Name</b>		
<b>Phone</b>		
<b>Address</b>		
<b>Claim</b>		
<b>Details (include the nature of the violation)</b>		
<b>Supporting Documentation</b>		
<b>Expected Result</b>		
<b>For official use only</b>		
<b>Registration Number</b>		
<b>Received by</b>		<b>Date</b>
<b>Referred for investigation by</b>		<b>Date</b>
<p><b>Notes</b></p> <ol style="list-style-type: none"> <li style="margin-bottom: 10px;">1. This form ensures that the claim is officially received, that important information is provided, and that actions are considered for investigating the claim.</li> <li style="margin-bottom: 10px;">2. The word "Claimant" does not necessarily mean a person, but may mean a message sent to a newspaper, a press article, or published on the Internet.</li> <li>3. The word "Details" mean a brief outline and will probably be accompanied by a more detailed letter.</li> </ol>		

- 4.** When evidence is provided, it is important to record it, to ensure that it is considered in the investigation, and avoid potential concealment claims in the event of a loss.
- 5.** The "Desired Result" for claimants means what they would like to see happen as a result of their claim. e.g. disciplinary action, retender, reverse a decision etc.
- 6.** The OSS must maintain a register in which all claims are recorded and the results of the investigations are indicated - hence the "registration number".
- 7.** The person receiving the claim must sign and date the form.
- 8.** When the claim is assigned to someone to conduct the investigation, his/her name and the reception date must be recorded.
- 9.** Once posted on the website, the form must be completed according to the instructions provided with it.