

EBRD COVID-19 Resilience Framework - Environmental and Social Assessment Training Programme

PR1 – Assessment and Management of Environmental and Social Risks and Impacts – ESDD Guidance

Introduction

PR1 establishes the importance of an integrated assessment to identify the environmental and social risks and impacts associated with Projects, and the Client's environmental and social performance throughout the Project lifecycle.

A successful and efficient Environmental and Social Management System (ESMS) is a dynamic, continuous process, initiated and supported by management, and involves meaningful communication between the Client, its workers, local communities and other stakeholders.

PR1 outlines the responsibilities of the Client in the process of assessing environmental and social impacts and issues associated with the Project and developing and implementing procedures for managing and monitoring them. PR1 is the overarching PR that applies to all Projects, with the remaining PRs providing detail of additional requirements for specific topic areas.

PR1 places emphasises on the use of the 'mitigation hierarchy'. This comprises measures taken to avoid creating environmental or social impacts from the outset of Project activities and, where this is not possible, to implement additional measures that would minimise, mitigate, and as a last resort, offset and/or compensate any potential residual adverse impacts.

It is important to note that the overall aim of any ESDD assignment, regardless of the specific characteristics of an individual Project, is to:

- identify and assess potentially significant, existing and future, adverse environmental and social impacts associated with the Client's current operations and the Project;
- assess compliance with applicable laws and EBRD's Environmental and Social Policy (2019);
- determine the measures needed to prevent or minimise and mitigate the adverse impacts; and
- identify potential environmental and social opportunities, including those that would improve the environmental and social sustainability of the Project and the current operations.

The ESDD process should be commensurate with, and proportional to, the scale and magnitude of the Project, and the associated environmental and social risks and impacts. The ESDD will cover, in an integrated way, all relevant direct and indirect environmental and social risks and impacts of the Client's operations, the Project and the relevant stages of the Project cycle (e.g. pre-construction, construction, operation, and decommissioning or closure and reinstatement).

The guidance on PR1 is presented across each of the three ESDD tasks:

Task 1 – Review of existing documentation

The following documents should be requested from the Client for review:

- organisation chart outlining the environmental and social functions, responsibilities, internal resources, and accountability and reporting lines within the overall company structure;
- corporate policies covering environmental and social management;
- an example of any environmental or social procedure document, along with a complete list of implemented procedures;
- any internal ordinances, instructions, programmes and plans related to environmental and social matters, expenditures and initiatives;
- Environmental and Social Impact Assessment (ESIA) reports including scoping reports and accompanying documents;
- internal or external supply chain audit reports;
- Environmental and Social Management Plan (ESMP);
- content of the Projects' Environmental and Social Management System (ESMS) which may include details of their certification to ISO9001, ISO14001, ISO45001, SA8000 and other management systems;
- environmental and social key performance indicators and targets;
- contractor management procedures/plans;
- feasibility studies and any other documents covering engineering and environmental basis of design documents;
- example pre-qualification documents that are issued to potential suppliers/contractors to gather information on their environmental and social management systems, and past environmental and social record, in advance of awarding a contract;
- example legal documentation that reflects the way in which the Client requires suppliers/contractors to adhere to the provisions of the ESMS/ESMP;
- national EIA licences, certificates and other types of permits and consents, and planning documents that have been prepared or obtained for the Project;
- details of any environmental and social insurance policies;
- management of change procedure; and
- environmental and social monitoring reports, and incident notification reports.

The Client's documentation should be compared against applicable national legislation and EBRD's requirements, summarised in the table below.

PR1 Requirement	Issues to consider
<p>The environmental and social assessment process will be based on current and/or recent information, and environmental and social baseline data, including gender disaggregated data, at an appropriate level of detail.</p>	<p>If an ESIA report has been prepared, how old is the environmental and social baseline data? Does it need to be updated?</p> <p>Was baseline data collected in the field or through a desktop research of existing available data?</p> <p>Does the baseline data reflect the magnitude and geographical and temporal boundaries of the Project?</p> <p>Does the environmental baseline cover seasonal changes over a period of 12 months? If not, are there pronounced seasons where the Project is located?</p> <p>Were social baseline data gathered through physical surveys and interviews?</p> <p>Is social baseline data disaggregated by gender?</p>
<p>The assessment process will also identify: (i) applicable environmental and social laws and regulatory requirements of the jurisdictions in which the Project operates, including those laws implementing host country obligations under public international law; and (ii) applicable requirements under the PRs. Central to this approach is the application of the mitigation hierarchy and Good International Practice (GIP).</p>	<p>Does the ESIA report contain a summary of applicable national laws and regulatory requirements, policies and guidance?</p> <p>Is the way in which legislation and policies apply to the specific Project described? <i>NOTE: it is common for ESIA reports to list legislation and policies rather than indicate how they specifically apply to the Project.</i></p> <p>Has the Project been designed to avoid/minimise risks and impacts from the outset by considering other Project alternatives, process technology and location options, or does it focus on obtaining the necessary permits and approvals?</p> <p>Has an analysis of the applicability of each PR been presented in the ESIA report? <i>NOTE: refer to Module 1 of this training programme.</i></p>

PR1 Requirement	Issues to consider
<p>The environmental and social assessment process will also identify and characterise, to the extent appropriate, cumulative risks and impacts of the Project in combination with risks and impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the Project that may occur later or at a different location.</p>	<p>Has the assessment process covered the key environmental and social impacts and risks that may occur during each stage of the Project's life cycle (e.g. design, engineering studies; pre-construction clearance; construction, operation, and decommissioning)?</p> <p>Is the Project clearly defined including any associated facilities and/or existing facilities which interact with or relate to the Project? Have impacts from these facilities been considered?</p> <p>Did the assessment consider accidental and emergency events and their potential consequences?</p> <p>Did the assessment consider cumulative risks and impacts from existing or planned Projects in the area?</p> <p>Are both direct and indirect impacts assessed?</p> <p>Were the mitigation and monitoring measures presented in the ESIA implemented and monitored as set forth in the ESIA to verify level of impacts anticipated?</p>
<p>The assessment process will be commensurate with and proportional to the potential risks and impacts of the Project and will cover, in an integrated way, all relevant direct and indirect environmental and social risks and impacts of the Project, and the relevant stages of the Project cycle including gender aspects and risks caused by climate change.</p>	<p>Are all of these risks and impacts assessed to the extent needed? Have any risks or impacts been missed (refer to the sector-specific guidance documents).</p> <p><i>NOTE: the level of detail presented in the assessment should reflect the overall scale and magnitude of the Project's impacts and risks. For example, a Project located in a country with a poor record on human rights, would be expected to include a human rights impact assessment either as a standalone document or integrated into the main report.</i></p>
<p>The Client is required to 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 in accordance with GIP.</p>	<p>Has the Client established an ESMS, or do they have in place a structure and set of procedures that provide a good foundation for an ESMS?</p> <p>Does such an ESMS contain effective procedures for the assessment and mitigation of relevant risks and impacts?</p> <p><i>NOTE: this is expected to include the following: (1) policies covering environmental and social topics; (2) a process of assessment of risks and impacts (this could be current and future use of ESIA); (3) a set of management plans covering specific topic areas (refer to the section on management plans in this guidance document), (4) details of the Client's organisation and capacity; (5) emergency response measures; (6) a SEP; and (7) a procedure for monitoring implementation of the ESMS.</i></p>
PR1 Requirement	Issues to consider

<p>The Client will establish, as appropriate, an overarching policy defining the environmental and social objectives and principles that enable the Project to achieve sound environmental and social performance.</p>	<p>Has the Client developed a policy aligned with the objectives of PR1?</p> <p>If, yes, does the policy need to be updated?</p>
<p>Taking into account the findings of the environmental and social assessment process and the outcomes of stakeholder engagement, the Client will develop and implement a programme of actions to address the identified Project's environmental and social risks and impacts and other performance improvement measures to meet the PRs.</p>	<p>Based upon the findings of the assessment process the Client should have developed a series of management plans covering specific topic areas. Refer to the section in this guidance document on the review of management plans.</p>
<p>Where affected individuals or groups are identified as disadvantaged or vulnerable during the appraisal process, the ESMP will include differentiated measures so that risks and impacts do not fall disproportionately on them and they are able to take advantage of opportunities to benefit from the Project.</p>	<p>Has the assessment explored the way in which impacts and risks may be experienced by different people and groups, based upon their vulnerability, and how these impacts and risks will be managed?</p> <p><i>NOTE: vulnerable individuals and/or groups may include people living below the poverty line, the landless, the elderly, women and children headed households, single parents, refugees, internally displaced people or other displaced persons (who may not be protected through national legislation and/or international law), ethnic minorities, and natural resource dependent communities. The presence of vulnerable people and groups within the Project's area of influence should be described within the assessment.</i></p>

PR1 Requirement	Issues to consider
The ESMP will define	Does the ESMP contain details of outcomes, targets, and

<p>measurable outcomes supported, to the extent possible, by targets and performance indicators that can be tracked over defined time periods.</p>	<p>performance indicators to measure the effectiveness of the mitigation measures during the Project?</p> <p>Is the timing of the plan appropriately defined and corresponds to the Project implementation schedule to ensure that potential impacts are mitigated promptly?</p> <p>Does the plan contain a clear and sufficient allocation of responsibilities and resources for implementation of identified actions?</p> <p>Is there sufficient budget allocated for implementation of the ESMP?</p> <p><i>NOTE: the indicators used should include 'leading' indicators reflecting future performance of the Project (such as the total hours of worker safety training), as well as 'lagging' indicators which reflects past performance (such as the number of safety-related accidents that have occurred).</i></p>
<p>The Client will establish, maintain, and strengthen, as necessary, an organisational structure that defines roles, responsibilities, and authority to implement the ESMS for ensuring on-going compliance with relevant national laws and regulatory requirements, and the PRs.</p>	<p>Does the Client have a clearly defined organisational structure, with specific people identified for environmental and social management?</p> <p>Are the environmental and social resources sufficient for the nature and magnitude of existing and planned activities?</p> <p>How is information associated with the Project's environmental and social management communicated to senior management?</p>
<p>The Client will ensure that employees with direct responsibility for activities relevant to the environmental and social performance of the Project are suitably qualified and trained.</p>	<p>Has the Client employed suitably qualified and experienced professionals?</p> <p>Is the Client providing regular training to these personnel members?</p>
<p>The Client will monitor the environmental and social performance of the Project. This monitoring is intended to: (i) determine whether the Project is being implemented in accordance with the PRs, and (ii) learn lessons, allocate resources and identify opportunities for continuous improvement.</p>	<p>Is the Client monitoring performance using the target and indicators stated in the ESMP/management plans?</p> <p>Is the monitoring methodology clear and consistent, to enable identifying improvements or deterioration in monitored parameters over the lifecycle of the Project?</p> <p>Are monitoring reports being regularly compiled and distributed amongst the Client's senior management?</p> <p>Are follow-up measures/plans developed and required specialist resources and budgets allocated and approved?</p> <p>Has the Client prepared a 'lessons learned' or other type of document to demonstrate they are continually trying to improve?</p>
<p>PR1 Requirement</p>	<p>Issues to consider</p>
<p>The Client will provide</p>	<p>Does the Client have in place a system to regularly collect</p>

<p>regular reports to EBRD on the environmental and social performance of the Project, including compliance with the PRs and implementation of the ESMS, ESMP, ESAP and stakeholder engagement plan where appropriate.</p>	<p>and analyse environmental and social performance parameters?</p> <p>Has the Client been providing regular environmental and social performance monitoring reports to EBRD (if required)?</p> <p>Does the content of the report accurately reflect the actual environmental and social performance of the Project and the Client?</p> <p>Has the Client prepared a corrective action process (including a tracking system) to resolve actions, such as non-compliances, identified from monitoring?</p> <p><i>NOTE: Projects need to establish a corrective action and tracking system to check that non-compliances, uncovered by monitoring findings, are being resolved. The latest version of the corrective action and tracking system should be checked.</i></p>
<p>The Client must promptly notify EBRD of any changes to the Project's scope, design or operation that is likely to materially change its environmental or social risks and impacts. The Client will carry out any additional assessment and stakeholder engagement in accordance with the PRs and amend the ESMP or ESAP as agreed with EBRD.</p>	<p>Have any major changes to the Project taken place since the original ESIA Report was completed and/or relevant permits obtained?</p> <p>If yes, does this ESIA Report need to be updated, along with any other related Project documentation?</p>
<p>The Client must promptly notify the EBRD of any environmental or social incident or accident relating to the Client or the Project.</p>	<p>Have any environmental or social incidents or accidents occurred since the start of the Project?</p> <p>If yes, have these been notified to EBRD and fully investigated?</p>

Checking the ESMP and management plans

The content of the ESMP and management plans that form part of the Client's ESMS should be checked to ensure that the mitigation hierarchy has been adopted, and that the mitigation measures are realistic. The management plans should contain all of the mitigation measures included in the ESIA report. Each management plan should include details of the following:

- introduction, purpose and scope;
- a summary of the Project and key risks and impacts relevant to the specific management plan;
- Project requirements from the Client's policy, national legislation, laws and other guidelines, and EBRD's PR requirements;
- mitigation and monitoring measures;
- roles and responsibilities;

- training, awareness and competency; and
- reporting using indicators.

NOTE: an ESMP may also take the form of procedures, instructions, etc., if an operational ESMS is already implemented by the Client.

Checking the Client has adequate third party (supplier/contractor) controls in place

Under PR1, a Client is required to identify risks associated with its supply chain and the findings should be included in the initial assessment. Using this risk-based approach, the ESMP/ESMS should include measures to manage and monitor the risks associated with contracted works and services required for the implementation of the Project. It is essential that the documents between the Client and their primary suppliers, and the primary suppliers own supply chain of companies, all have a legally binding obligation to perform their contracted scope in accordance with the ESMP/ESMS. If a legally binding obligation is not present, then it can be difficult to persuade individual companies to modify or improve their performance for all Projects, as they only have an obligation to comply with national legislation.

During Task 1 check the following:

- relevant obligations from the ESMP/ESMS conditions have been incorporated into tender documents;
- primary suppliers of goods and services, required for the implementation of the Project to the Client, have embedded relevant obligations from the ESMP/ESMS conditions into their own tender documents within their supply chain network;
- primary suppliers have the necessary knowledge, skills and experience to perform their scope in accordance with EBRD's requirements; and
- the Client is regularly monitoring how primary suppliers are complying with their contractual obligations.

The ESMS should also include a process for taking action against primary suppliers who do not adhere to the ESMP/ESMS conditions. This may include a system of financial penalties.

Checking the Client's environmental and social monitoring activities

The Client's ESMS should contain a robust set of management plans that are relevant for the current stage of the Project. Before the site visit, the Client's internal system of monitoring its implementation of the ESMP/ESMS should be reviewed. A set of questions should be compiled for discussion with the Client's representatives and these questions could cover the:

- actions specified in the ESMP, ESAP and individual management plans that should have been completed according to the current Project stage;
- actions required by a regulatory authority including those included in an EIA/ESIA or Project consent or permit;
- sources of significant environmental and social impacts and issues identified during the environmental and social assessment process;

- a review of recent monitoring reports to check non-compliances are being resolved.

A list of queries should be compiled following the review of all documentation received during Task 1. Use the 'Task 1 Key Findings' format presented in Module 1 of this training programme.

Task 2 – Site visit and discussions

The site visit and discussion with Client representatives should be used as an opportunity to discuss the list of queries compiled during Task 1. During Task 2, you may need to meet with the following (these meetings should be organised in advance):

- **Project Director** – for a brief introduction associated with the purpose and scope of your visit, to request the availability of other Client representatives that you need to meet, and to thank them for their general support; and
- **Project Manager/Environmental and Social Manager** – to discuss the status of the Project, details of the Client's certification to various management systems, and to discuss changes in the Project's location or design that may have occurred.

NOTE: The questions in this guidance document may need to be modified to reflect the current status of the Project.

Interview with the Project Manager / Environmental and Social Manager

The Project Manager / Environmental and Social Manager should be interviewed to clarify the list of queries generated during Task 1. During this meeting, the following questions could be asked:

- Please provide an overview of the current status of the Project. *NOTE: this should include details of the Project design and current/planned capacity; Project locations, facilities and infrastructure; workforce arrangements, details of primary suppliers; Project schedule; and activities that are currently ongoing during the site visit.*
- *Do the Project/Client's technical and operational team provide timely information about the Project and any planned activities or changes, to the environmental and social team for them to assess relevant risks and impacts?*
- *Are the environmental and social team regularly asked to provide feedback/suggestions back to the operational team?*
- *Does the environmental and social team provide regular budget estimates for environmental and social expenditure and capital investment to the financial management?*
- *Does the environmental and social team take part in budget planning activities?*
- Which management systems have been implemented within the organisation? *NOTE: this may include ISO 14001, ISO 50001, etc.*
- *Have the financial, technical and operational management of the Client been trained on the management systems?*
- Please provide an overview of the management plans currently implemented.

- How does the organisation check that contractors and primary suppliers have the capacity to comply with the Project's environmental, health safety and labour standards, prior to their appointment?
- How does the organisation monitor the ongoing use of contractors and primary suppliers to ensure that they continue to meet the contractual obligations?
- Has the organisation assessed the risks of poor environmental, health and safety and labour performance in its contractors and primary suppliers?
- Has the Project experienced any environmental or social incidents, including those within its contractors and primary suppliers?
- Please provide an overview of ongoing monitoring activities on contractors and primary suppliers? *NOTE: refer back to the list of monitoring requirements and request evidence that these are being collected on the defined frequency.*
- Has the Project experienced any regulatory or other type of enforcement actions?
- If yes, what steps were taken to investigate the incident and to prevent future occurrences?

NOTE: Before leaving complete the checklist overleaf to ensure that the EBRD's key requirements under PR1 have been covered.

Task 3 – Analysis and reporting using the EBRD format

The findings of Task 1 and 2 need to be analysed and presented using EBRD's Reporting Framework presented in Module 3 of this training programme.

During the analysis of the data collected consider the following:

- Check the Project's categorisation (A, B or C) using the guidance in Module 1.
- Has the Client identified and evaluated the potentially significant environmental and social impacts and risks associated with the Project and within primary suppliers?
- Where these have been evaluated, are they assessed in sufficient detail?
- Has the Client systematically adopted the mitigation hierarchy in the assessment of potentially significant environmental and social impacts and risks?
- Is the Client making sufficient efforts to improve its environmental and social performance over time, through their use of the ESMS?
- Does the Client have a detailed understanding as to how EBRD's PRs apply to their Project, as well as the requirements of national legislation?

EBRD COVID-19 Resilience Framework - Local Environmental and Social Due Diligence Skills Capacity Building

PR1 – Assessment and Management of Environmental and Social Risks and Impacts – ESDD Checklist

Please confirm all of the actions have been completed		Yes / No
<i>Environmental and social assessment</i>		
5.1	The categorisation of the Project (Category A, B or C) has been checked.	
5.2	Copies of all ESIA reports and related documentation have been reviewed.	
<i>Environmental and social management systems</i>		
5.3	The Client's policy documents, procedures and plans have been checked.	
5.4	The Client's ESMS has been checked to ensure that it is focused on the potentially significant sources of environmental and social risks and impacts.	
5.5	The Client's internal organisational capacity to manage the environmental and social aspects of the Project has been evaluated. This has included consideration as to whether additional staffing resources are required.	
<i>Third party risk</i>		
5.6	The Client's approach to assessing risks within their contractors and primary suppliers has been evaluated.	
5.7	The way in which the Client monitors risks amongst contractors and primary suppliers has been discussed.	
<i>Project monitoring and reporting</i>		
5.8	The way in which the Project is using monitoring indicators has been checked.	
5.9	The way in which the Project is reporting, to EBRD, the outcome of its monitoring actions has been checked.	