



Policy on Environment and Social Risk Management

Introduction

The Policy on Environment and Social Risk Management is a framework policy to assist WWF in identifying potential environmental and social risks and benefits associated with a project.

The specific objectives of this policy are to:

- Ensure appropriate planning—especially in the identification and selection of alternatives to enhance environmental benefits—and avoid or, if avoidance is not possible, minimize, mitigate, and offset or compensate for adverse impacts on the environment and on affected communities;
- Ensure the effective management of environmental and social opportunities and risks at all stages of the project life cycle from conception to closure; and
- Provide for the engagement of diverse stakeholders and key parties, so that interested and affected parties have timely access to information and are empowered to meaningfully engage in issues that may affect them through all stages of the project life cycle.

Safeguards Screening Tool

The environment and social Safeguards Screening Tool (SST) is the first step of WWF's safeguards process to screen all relevant projects for potential impacts and categorize projects accordingly. When to implement the SST will be determined on the funding mechanism. For example:

For GEF and GCF projects where WWF is the Implementing Agency, the Environment and Social Safeguards Coordinator will conduct the screening and review the relevant documents from the Project Teams once a Project Identification Form (PIF) has been approved and a full Project Document (Prodoc) or a full project proposal development has commenced.¹ Field visits to the project sites will be part of this due diligence. When necessary, the Environment and Social Safeguards Coordinator may also convene the Safeguards Review Team, which comprises in-house and external subject matter experts to review the SST.

For all other projects, the Environment and Social Safeguards Coordinator will review the screening during the project proposal submission stage, during the project concept stage, or at the relevant stage determined by the Environment and Social Safeguards Coordinator when activities financed under the project are well defined.

Categorization

The screening outputs may result in a project being designated as Category A (full or comprehensive Environment and Social Impact Assessment [ESIA] is required), Category B (partial assessment is required), or Category C (no further assessment is required).

Assessments and Mitigation Plans

For Category A and B projects, relevant assessments will identify impacts and mitigation measures that are incorporated in project design and would result in an Environmental and Social Management Plan (ESMP) (See Annex 1).

If a full or partial assessment is required, the Environment and Social Safeguards Coordinator will use the assessment results to determine what safeguards management plans are necessary for the Project Team to develop during project preparation. Safeguards management plans may include Environment and Social Management Plans, Resettlement Action Plans (RAPs), Pest Management Plans (PMPs), and Indigenous Peoples Plans (IPPs) (Please see relevant annexes for indicative outlines for these management plans).

In some cases, safeguards management plans may be developed even when no ESIA is necessary (no adverse impacts are expected), as a means for coordination and to promote positive impacts. All safeguards management plans will be reviewed and approved by the Environment and Social Safeguards Coordinator and WWF's Safeguards Compliance Officer.

Disclosure

All final safeguards documents, including WWF-specific safeguards documents such as the Safeguards Categorization Memo and the Safeguards Compliance Memo, will be publicly disclosed (See chapter on **Public Consultation and Disclosure** for more information).

Annex 1 provides more details about this policy and its procedures.

ANNEX 1

Procedures for the Policy on Environment and Social Risk Management

1.1 Introduction

This annex provides a methodology for conducting Environmental and Social Assessments of proposed projects to help ensure their environmental and social soundness and sustainability.

It lays out the process for an integrated social and environmental assessment of projects and identifies and assesses the potential impacts of a proposed project on physical, biological, socioeconomic, and physical cultural resources; evaluates alternatives; and proposes appropriate avoidance, minimization, or mitigation alternatives, as well as management and monitoring measures.

1.2 Methodology

Environmental and social assessment work carried out under this policy determines whether the operations trigger any specific risks covered by any of the other safeguard policies included in this SIPP and, therefore, whether those requirements need to be met. This policy requires a screening process for each proposed project, as early as possible, to determine the extent and type of environmental and social assessment required of the project so that appropriate studies are undertaken proportional to potential risks and to direct, indirect, cumulative, and associated impacts. This includes the application of strategic, sectorial, or regional environmental and social assessment, as and when appropriate.

Depending on the project, a range of methods and tools can be used to satisfy the WWF's policy requirement and to document the results of such an assessment, including the mitigation measures to be implemented, which will reflect the nature and scale of the project.¹⁷

DIFFERENT ENVIRONMENT AND SOCIAL ASSESSMENTS AND TOOLS

An **Environmental and Social Impact Assessment (ESIA)** is an instrument to identify and assess the potential environmental and social impacts of a proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

An **Environmental and Social Audit** is an instrument to determine the nature and extent of all environmental and social areas of concern for an existing project or activities. The audit identifies and justifies appropriate measures and actions to mitigate the areas of concern, estimates the cost of the measures and actions, and recommends a schedule for implementing them. For certain projects, the environmental and social assessment may consist of an environmental or social audit alone; in other cases, the audit forms part of the environmental and social assessment.

An **Environmental and Social Management Plan (ESMP)** is an instrument that details (a) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental and social impacts,

or to reduce them to acceptable levels; and (b) the actions needed to implement these measures.

An **Environmental and Social Management Framework (ESMF)** is an instrument that examines the risks and impacts when a project consists of a program and/or series of subprojects, and the risks and impacts cannot be determined until the program or subproject details have been identified. The ESMF sets out the principles, rules, guidelines, and procedures to assess the environmental and social risks and impacts. It contains measures and plans to reduce, mitigate, and/or offset adverse risks and impacts; provisions for estimating and budgeting the costs of such measures; and information on the agency or agencies responsible for addressing project risks and impacts.

Specific features of a project may require the Project Team to utilize specialized methods and tools for assessment, such as a Resettlement Plan, Livelihood Restoration Plan, Indigenous Peoples Plan, Biodiversity Action Plan, Cultural Heritage Management Plan, and other plans as agreed with WWF (Please see **Annexes 2, 5, 6** for indicative templates of these tools).

1.3 Screening

The Project Team, in collaboration with relevant stakeholders, will complete the SST and the WWF Environment and Social Safeguards Coordinator will screen the project for environmental and social impacts to determine the specific type and level of environmental and social assessment required. This screening will entail reviewing proposed project activities for the potential of adverse impacts, which may require additional assessment. The main output of the screening is the categorization of the project. For GCF projects, the SST includes additional screening questions on labour, climate change, and community health and safety.¹⁸

1.4 Categorization

Categorization follows the principle of using the appropriate type and level of environmental and social assessment for the type of context, nature, and scope of activities involved. Working with the WWF Environment and Social Safeguards Coordinator, the Project Team may suggest a category and provide sufficient supporting documentation and baseline data to the WWF Environment and Social Safeguards Coordinator to review and validate the proposed category. The responsibility of the appropriate categorization is therefore shared by WWF and the Project Team and should be based on reasonably accurate due diligence material. Categorization of the project based on the screening will be publicly and appropriately disclosed.

- **Category A** projects are those that are likely to have significant adverse social or environmental impacts that are sensitive, diverse, or unprecedented. Category A projects require additional approval by WWF's Ventures Committee¹⁹ before safeguards procedures can continue beyond this step.
- **Category B** projects are those likely to have potential adverse social and/or environmental impacts, but whose impacts are less significant than in Category A and can be properly addressed and/or mitigated in the project.
- **Category C** projects are those that are likely to have minimal to no social and environmental impacts.

GUIDANCE ON CATEGORIZATION CRITERIA

Project Type and Scale

Category A projects include those that have one or more of the following attributes that make the potential impacts “significant”: direct pollutant discharges that are large enough to cause degradation of air, water, or soil; large-scale physical disturbance of the site and/or surroundings; extraction, consumption, or conversion of substantial amounts of forest and other natural resources; measurable modification of hydrologic cycle; hazardous materials in more-than-incidental quantities; and involuntary displacement of people and other significant social disturbances.

Projects entailing rehabilitation, maintenance, or upgrading rather than new construction will usually be in Category B. A project with any of these characteristics may have impacts, but they are less likely to be “significant.” However, each case must be judged on its own merits. Many rehabilitation, maintenance, and upgrading projects may require attention to existing environmental problems at the site rather than potential new impacts.

Project Location

The selection of a screening category often depends substantially on the project setting, while the “significance” of potential impacts is partly a function of the natural and sociocultural surroundings. There are a number of locations in which projects should be seriously considered by the Environment and Social Safeguards Coordinator for “A” classification:

- In or near sensitive and valuable ecosystems—wetlands, wild lands, coral reefs, and habitat of endangered species;
- In or near areas with archaeological and/or historical sites or existing cultural and social institutions;
- In densely populated areas, where resettlement may be required or potential pollution impacts and other disturbances may significantly affect communities;
- In regions subject to heavy development activities or where there are conflicts in natural resource allocation;
- Along watercourses, in aquifer recharge areas, or in reservoir catchments used for potable water supply; and
- On lands or waters containing valuable resources (such as fisheries, minerals, medicinal plants, and prime agricultural soils).

The precise identification of the project’s geographical setting at the screening stage greatly enhances the quality of the screening decision and helps focus the assessment on the important environmental issues.

A map of the project area that includes key environmental features (including cultural heritage sites) is invaluable for this purpose. Local institutions and non-governmental organizations (NGOs) are also valuable sources. In the absence of any such information, the Environment and Social Safeguards Coordinator should consider sending a reconnaissance mission to provide the basis for proper screening.

Sensitivity of Issues

Environment and Social issues that are sensitive always require special attention during the safeguards review process. These issues may include (but are not limited to) disturbance of tropical forests, conversion of wetlands, potential adverse effects on protected areas or sites, encroachment on lands or rights of indigenous peoples or other vulnerable minorities, involuntary resettlement, impacts on international waterways and other transboundary issues, and toxic waste disposal.

The best way to ensure proper treatment of such issues is to classify the project as Category A, so that the level of effort will be adequate in terms of analytical expertise, decision-making, interagency coordination, and public involvement.

Nature of Impacts

It is difficult to describe the nature of impacts without having some overlap with the concepts of sensitivity and project type. The Environment and Social Safeguards Coordinator should take into consideration the following examples of impacts that warrant Category A attention:

- Irreversible destruction or degradation of natural habitat and loss of biodiversity or environmental services provided by a natural system;
- Risk to human health or safety (for example, from generation, storage, or disposal of hazardous wastes, or violation of ambient air quality standards); and
- Absence of effective mitigatory or compensatory measures.

Magnitudes of Impacts

There are a number of ways in which magnitude can be measured, such as the absolute amount of a resource or ecosystem affected, the amount affected relative to the existing stock of the resource or ecosystem, and the intensity of the impact and its timing and duration. In addition, the probability of occurrence for a specific impact and the cumulative impact of the proposed action and other planned or ongoing actions may need to be considered. Where it is possible to assign probabilities to potential impacts, which often cannot be done without detailed analysis, the risk of occurrence becomes an aspect of magnitude.

One of the requirements of a full ESIA is that other current and proposed development activities within the project area and more spontaneous activities spurred by a project (such as migration of people into an area opened up by a road project) be taken into account.

Such cumulative or induced impacts may sometimes be the primary determinant of the appropriate level of categorization.

1.5 Procedures and Guidelines for Category A Projects

1.5.1 Introduction

Category A projects require a full environmental and social scoping, and full ESIA with a detailed ESMP, regardless of the legislative and regulatory requirements for environmental assessments.

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

In general, WWF does not carry out projects that would be Category A. However, the following projects or components included in this list are potentially within the scope of WWF's portfolio and could have adverse impacts that normally warrant classification in Category A.

- Aquaculture and mariculture (large-scale);
- Large-scale land agro-industry projects;
- Large-scale afforestation/reforestation, including logging operations, use of mangroves and wetlands;
- Forest industry operations, such as sawmills and pulp and paper mills;
- Land resettlement schemes (planned and unplanned);
- Irrigation, drainage, and flood control (large-scale); and
- Resettlement of local populations and projects that may have potentially significant adverse impacts on physical cultural resources.

1.5.2 Scoping Phase

For Category A projects, prior to initiating the full ESIA, a scoping study should be carried out. The primary functions of scoping are to identify significant environmental and social issues that the ESIA should focus on, indicate what type of impact studies and which expertise is required, and establish the ToR for the ESIA. The scoping report must be submitted to WWF and approved by WWF's Ventures Committee before the ESIA may proceed.

A scoping exercise will include identification of mandatory national and local environmental and social scoping requirements if these exist and identification of necessary steps to bring the process in line with WWF SIPP. This could include:

- Providing an initial project description and basic site environmental and social information (primarily sourced from project feasibility reports, site inspections, and secondary data);
- Identifying and reviewing national/local project-planning requirements, including preliminary discussions with relevant authorities necessary for approval on assessment requirements, processes, and important issues;
- Initially identifying the major environmental and social impacts;
- Disclosing project information to interested parties;
- Conducting informal discussions with stakeholders, including local communities and NGOs on important issues;
- Convening a scoping meeting(s) with interested parties to introduce the project, identify the range of issues, and establish the focal issues; and
- Drafting the Terms of Reference for the ESIA report.

Initial identification of issues involves consideration of the initial design and operational approach of the project, and the typical environmental and social impacts likely to be caused by this type of project to provide a reasonable picture of the likely impacts. Assessing the relative significance of the issues is often based on public concern and the opinion of specialists with previous experience with the project type, the project area, and similar sites. However, issues are always project-specific and hence need to be identified for each project.

Consultations during scoping often establish a long list of environmental and social issues based on the range of stakeholder interests. It will be necessary to determine which of these issues are significant. Identifying the key issues is ideally done as the final task of a scoping meeting or during overall issue identification among key stakeholders. This ensures that the Environment and Social Safeguards Coordinator understands where stakeholders' concerns fit relative to others, with consensus ideally being reached on the assessment's focus. Issues may change in importance as additional information is obtained during assessment preparation.

The output of scoping is usually a ToR for the ESIA report, tailored to the project. The ToR is an indispensable plan for Category A projects because it establishes the scope of the ESIA and a clear plan of action to prepare it.

1.5.3 The ESIA Phase and Preparation

A full ESIA is always conducted by a safeguards expert (e.g., a consultant or a consultant team) for the Executing Agency. The WWF Environment and Social Safeguards Coordinator can be consulted during the ESIA—however, they will not influence the study results, as independence of the expert opinion is required.

The safeguards expert or team should make use of any documentation or reports produced during the initial steps of project conceptualization (e.g., situation analysis, stakeholder analysis, Theory of Change analysis [i.e., results chains]) and should be mindful of people's time investment during the preceding steps and ensure that preceding work is not duplicated.

An ESIA report for a Category A project focuses on the significant environmental issues of a project. The report's scope and level of detail should be commensurate with the project's potential impacts.

The outline of an indicative ESIA report should include the following items (not necessarily in the order shown):

- **Analysis of policy, legal, and administrative framework.** Discusses the policy, legal, and administrative framework within which the ESIA is carried out. Identifies relevant international environmental agreements to which the country is a party. Explains the environmental requirements of any co-financing partners, if applicable.
- **Project description.** Concisely describes the proposed project and its geographic, ecological, social, and temporal context, including any implications of the project outside the project site. Indicates the need for any RAP or IPP. Normally includes a map showing the project site and the project's area of influence. Attention should be paid to associated infrastructure (e.g., fencing for protecting natural areas).

- **Stakeholder identification and analysis.** The stakeholder analysis carried out during the preceding steps of project conceptualization will be expanded by taking into account potential impacts identified in the screening phase. This might include adding new stakeholders (e.g., those that might potentially be affected by the identified impacts) as well as deepening the analysis. Compared with the existing analysis, more detail might be required on stakeholders' interests, roles, and responsibilities; their rights (covering both legal and non-legal rights); and requirements for effective consultation and participation.
- **Environmental and social baseline data.** Assesses the dimensions of the study area and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigation measures. The section indicates the accuracy, reliability, and sources of the data. Socioeconomic analyses may be required, for which generic ToR are available (See **Annex 2: Guidelines for Designing Terms of Reference for Socioeconomic Assessments**).
- **Environmental and social impact assessment of project proposal.** Predicts and assesses the likely positive and negative impacts of the project proposal, in qualitative and, to the extent possible, quantitative terms. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for environmental and social enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions and specifies topics that do not require further attention. The assessment takes into account all WWF's environment and social safeguards policies and procedures, but also covers all other impacts as identified during screening and scoping.
- **Analysis of alternatives.** Systematically compares feasible, less-adverse alternatives to the proposed project site, technology, design, and operation—including the “without project” situation—in terms of their potential environmental impacts; the feasibility of mitigating these impacts; estimates on cost implications (capital and recurrent costs); their suitability under local conditions; and their institutional, training, and monitoring requirements (See **Annex 3: Guidance on Analysis of Alternatives**).
- **Results of consultations.** A summary of consultations carried out during the ESIA process and their recommendations should be included in the report, with an explanation of how these results have been taken into account.
- **Environmental and Social Management Plan (ESMP).** Covers mitigation measures, monitoring, capacity building, and institutional strengthening.
- Appendixes should include:
 - List of ESIA report preparers, including both individuals and organizations;
 - References, including written materials both published and unpublished, used in study preparation;
 - Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected people and local NGOs; the record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups and local NGOs;

- Tables presenting the relevant data referred to or summarized in the main text; and
- List of associated reports (e.g., Resettlement Plan or Indigenous Peoples Plan).

1.5.4 The ESIA Review

The Environment and Social Safeguards Coordinator will review and approve the final ESIA report and the ESMP. This is done before the Project Team finalizes the full project proposal or the ProDoc, in the case of GEF projects or the full project proposal for GCF. The aim is to evaluate the quality of the ESIA and to determine whether the information provided in the ESIA report is sufficient for understanding potential impacts of the project and its possible alternatives and for finalizing the project design in a way so as to avoid, minimize, and/or mitigate adverse impacts and to enhance benefits. This stage would also include reviewing the ESMP proposed.

The Environment and Social Safeguards Coordinator will work in close partnership with the Project Team and WWF's Operations Team when necessary to spell out the legal covenants confirming the need for implementing the ESMP in order to make the project acceptable to WWF.