

ENVIRONMENTAL AND SOCIAL SAFEGUARD OPERATIONAL PROCEDURES



**MARCH 2019** 

# ACRONYMS

AGB	Aid Governance Board
AIP	Aid Investment Plan
APG	Aid Programming Guide
APPR	Aid Program Performance Report
AQC	Aid Quality Check
ANCP	Australian NGO Cooperation Program
ARMS	Assurance and Risk Management System
DAP	Direct Aid Program
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
FAQC	Final Aid Quality Check
HAAQC	Humanitarian Response Aid Quality Checks
ODA	Official Development Assistance
M&E	Monitoring and Evaluation
PPA	Partner Performance Assessments
VFM	Value for Money
WHS Act	Work Health and Safety Act 2011

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# **1. INTRODUCTION**

The Environmental and Social Safeguard Operational Procedures (operational procedures) provides guidance on how to implement DFAT's Environmental and Social Safeguard Policy (safeguard policy) at each step of the aid management cycle described in the Aid Programming Guide (APG). The operational procedures provide advice on how to manage safeguards when working with partner organisations and where to get more safeguard guidance and tools.

### BOX 1: SUMMARY OF THE SAFEGUARD POLICY

DFAT's safeguard policy guides the Department's approach to managing environmental and social risks in program investments and outlines mandatory requirements for:

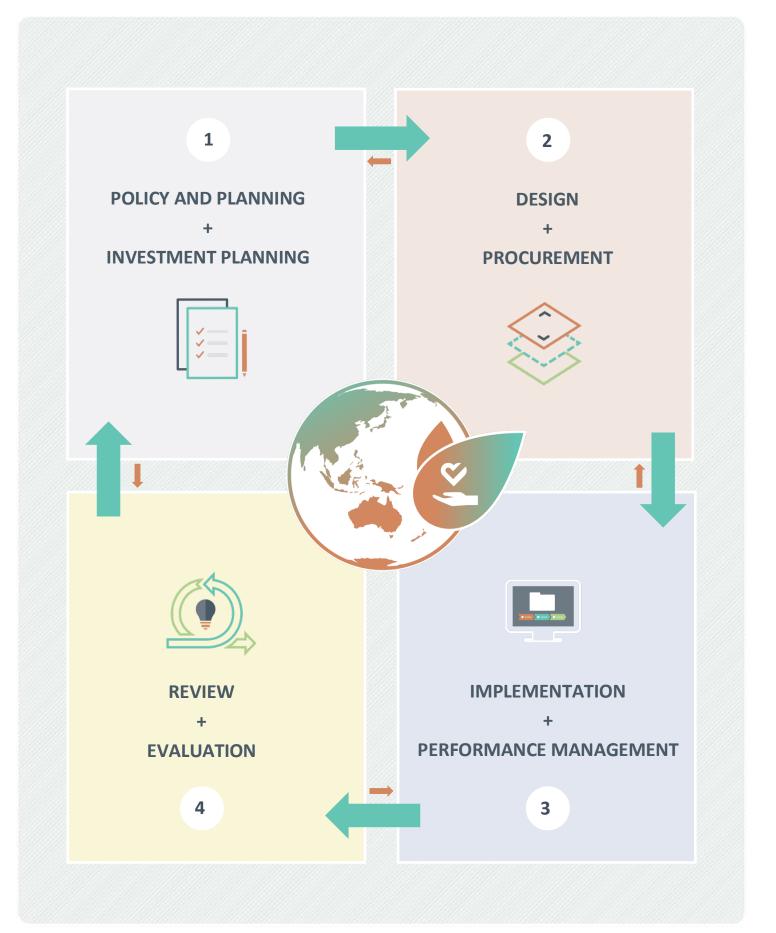


All aid investments, regardless of value or delivery mechanism must be screened for safeguard risks. Non-aid Departmental investments should consider program risks in relation to the safeguard policy. Where screening indicates an environmental or social impact may occur, the safeguard risk must be assessed and rated. Where indicated by the risk assessment, a proportional environmental and social impact assessment and management plan must be completed and implemented.

DFAT's key multilateral delivery partners have their own safeguard systems, which are broadly consistent with DFAT's safeguard policy. However, as DFAT has legal and policy obligations that delivery partners may not share, we must ensure risks and impacts are managed in a way that is consistent with the safeguard policy (refer to **Chapter 4**).

The safeguard policy also includes safeguard principles which guide the design and implementation of investments.

# **SNAPSHOT** THE AID MANAGEMENT CYCLE



**Table 1** summarises safeguard requirements at key steps in the aid management cycle. These requirementsare explained in more detail later in this document.

# **TABLE 1: SAFEGUARD STEPS IN DFAT'S AID MANAGEMENT CYCLE**

	AID MANAGEMENT CYCLE STAGE	INVESTMENT MANAGEMENT STEP	KEY SAFEGUARD STEP
	Policy	Aid program policy and strategies	Consider strategic and implementation risks,
Policy and Planning	Planning	Aid investment plans	including those related to safeguards.
Investment Planning	Investment planning	Written approval to commence <sup>a</sup>	✓ Complete the Safeguard Screening Checklist and Investment Risk Register in the Risk and Safeguard Tool.
	Investment design	Investment concept <sup>a</sup>	<ul> <li>Incorporate risk and safeguard management measures into the investment concept.</li> <li>Update the Risk and Safeguard Tool.</li> </ul>
		Mobilise design team	Consider need for safeguard expertise in design team.
		Investment design document/	Proportional environmental and social impact assessment, management plan, and/or framework.
		<u>summar</u> y	☑ Update the Risk and Safeguard Tool and include with the design document.
Design and Procurement		Design approval by delegate	Ensure delegate is aware of any key safeguard risks and how they will be managed.
	Procurement	Contracts and grant agreements	Detail safeguard arrangements, including mechanisms that assure compliance with safeguards provisions throughout the life of the investment.
		Due diligence	Due diligence of partner safeguard arrangements and capabilities.
		Financial approvals	Ensure delegate is aware of any key safeguard risks and how they will be managed.

	AID MANAGEMENT CYCLE STAGE	INVESTMENT MANAGEMENT STEP	KEY SAFEGUARD STEP
	Monitoring and Reporting (M&E)	Regular monitoring of investment risks	Consider safeguard monitoring and evaluation in the design M&E framework. Include monitoring of compliance with safeguard assurance mechanisms.
		Monitoring investment implementation	
Implementation and Performance Management		Aid Program Performance Reports	<ul> <li>Consider investment safeguard risk management and performance.</li> </ul>
		Aid Quality Checks (AQCs)	<ul> <li>Put in place mechanisms to ensure the investment continues to address safeguards and respond to changing risks, as well as meeting its broader development objectives.</li> </ul>
		Partner Performance Assessments	
	Review and Evaluation	Mid-term /Program prioritised evaluations	
		Final Aid Quality Checks	Consider safeguard implementation in reporting and evaluating efficiency, effectiveness and
		Aid program health checks	sustainability of investments and programs.
		Strategic evaluations	

<sup>a</sup> A written approval to commence is required for all investments. An investment concept is required for investments that are greater than \$10 million and/or are rated high risk in the Written approval to commence.

# 2. AID POLICY AND STRATEGIC PLANNING

It is important to consider environmental and social safeguards when planning for development, as they can affect the direction and success of programs and investments.

# 2.1 Aid Program Policies and Strategies

The policy-setting and planning phase of the aid management cycle establishes the context of DFAT's aid program and identifies key development objectives and mutual obligations between Australia and partner governments.

Considering safeguard issues during the formulation of aid policies and strategies can improve development outcomes by identifying environmental and social risks to program effectiveness.

The safeguard policy provides a framework to consider environmental and social safeguard risks, such as:

- Are there unintended impacts, positive or negative, that could affect the well-being of people or their environment as a result of a policy?
- How could policies and strategies affect women, children, vulnerable and/or disadvantaged groups? And how could these impacts be managed?
- What are the direct and indirect economic, social and environmental costs of policy decisions?
- Are the policies contributing to the achievement of optimal environmental and social outcomes and the sustainable development goals?
- Are there unidentified direct or indirect long-term impacts on future generations?

This safeguard policy supports DFAT's work towards the 2030 Agenda for Sustainable Development. Without a strong and consistent approach to safeguards, DFAT will find it challenging to properly address key Sustainable Development Goals (SDGs), including targets under SDGs 10 (Reduce inequalities), 14 (Life below water) and 15 (Life on land). The core idea behind the SDGs is the inter-linkage between the goals. Good environmental safeguards, for example, will have a flow-on impact beyond just SDGs 14 or 15. A better approach to using safeguards will also have an impact on the 2030 Agenda's underlying concept of 'Leaving No One Behind'. Proper attention to safeguards will help prevent vulnerable and disadvantaged groups being further disadvantaged by our actions.



# 2.2 Aid Investment Plans

Aid Investment Plans (AIP) should consider implementation risks to inform investment decisions and enable mitigation and management strategies to be developed. Safeguard risks should be considered because they can affect what the aid program can achieve and the required resources. Identified risks should be included in the AIP risk management section, and detailed in the AIP Risk Register (<u>AIP Template</u>). Refer to <u>APG</u>, <u>Chapter 2: Australia's aid Policy and Performance framework</u>.

**Table 2** provides examples of safeguard issues that could affect DFAT's ability to achieve aidprogram objectives.

# **TABLE 2:** ENVIRONMENTAL AND SOCIAL FACTORS TO CONSIDER IN AIDINVESTMENT POLICIES AND STRATEGIES

SAFEGUARD	EXAMPLE IMPACTS ON AID PROGRAM
Environmental protection	The state of the partner country's environment and natural resources
	The vulnerability of people and communities to climate change and disaster risks
	Partner government capacity to apply environmental and social regulation and to plan and implement strategic/sectoral development plans.
Children, vulnerable and disadvantaged groups	The position, rights and concerns of people including children, women, vulnerable and disadvantaged groups in the partner country including the risk of sexual exploitation, abuse, and harassment. Consider the intersection of gender, class, age, disability, and other markers that disadvantage groups in the partner country.
Displacement and resettlement	The state of land rights, land-acquisition processes in the partner country; capacity of partner governments to implement processes and address needs of vulnerable or disadvantaged groups.
Indigenous peoples	The position, rights and concerns of indigenous peoples or ethnic minority groups in the partner country; and partner governments' ability to address those needs and concerns.
Health and safety	Community health, safety and security conditions Work health, safety and labour conditions The state of emergency response services.
	Environmental protection Children, vulnerable and disadvantaged groups Displacement and resettlement Indigenous peoples Health and

# 3. SAFEGUARDS, AID INVESTMENTS AND ACTIVITIES

Safeguards need to be considered throughout the investment planning, design and implementation phases.

# 3.1 The Investment Planning Phase

There are three key steps in the investment planning phase:



() MANDATORY REQUIREMENT

The Risk and Safeguard Tool must be completed for all aid investments and activities at the Written Approval to Commence.

# 3.1.1 Safeguard Screening and Risk Rating

The safeguard screening process, summarised in **Table 3**, helps identify potential environmental and social safeguard risks for further assessment and management during the concept, design and implementation phases.

# TABLE 3: SAFEGUARD SCREENING AND RISK RATING PROCESS

STEP	WHAT TO DO
1	Familiarise yourself with the <u>Environmental and Social Safeguard Policy</u> and related policies. Consider whether the investment has negative environmental and/or social impacts <sup>1</sup> .
2	${\ensuremath{\boxtimes}}$ Discuss any safeguard risks that could affect the delivery of the investment.
3	<ul> <li>Complete the Safeguard Screening Checklist in the Risk and Safeguard Tool along with the Child Protection Risk Context Tool to determine the inherent safeguard risk rating: low, medium, high or very high.</li> <li>Summarise key safeguard risks in the Written Approval to Commence.</li> <li>Include safeguard risks in the investment risk register.</li> </ul>
4	✓ If the overall inherent safeguard risk is 'high' or 'very high', consider contacting the <u>Aid Safeguards Team</u> to confirm whether additional measures to manage safeguard risks may be required.
5	✓ Upload the Written Approval to Commence, including the completed Risk and Safeguard Tool to AidWorks, and any other approval documentation prescribed by the APG (such as the Establishing Child Protection Risk Context Guidance Note).

Note: The <u>Risk and Safeguard Tool</u>, including Safeguard Screening Checklist must be reviewed and updated at the investment concept and design phase.

High safeguard risk investments, like large infrastructure projects can have complex safeguard risks. In these instances, comprehensive standards such as those of the World Bank Environmental and Social Framework or the International Finance Corporation Environmental and Social Performance Standards should be applied where appropriate. Where there are inconsistencies between these standards and DFAT's requirements (such as child protection and asbestos) then DFAT's safeguard policy prevails.

<sup>1</sup> This includes: direct and indirect impacts; cumulative impacts; impacts of associated activities; impacts that are reasonably foreseeable, given the nature of the proposed investment, and any activities or subprojects.

# 3.1.2 Special Considerations

#### Establishing child protection risk context

All investments must establish a **child protection risk context**<sup>2</sup> in order to complete the <u>Risk and Safeguard</u> <u>Tool</u>. Investments with an inherent 'high' overall child risk context rating must conduct a full child protection risk assessment during design and put in place appropriate measures under the Child Protection Policy. For further information on establishing a child protection risk context rating, refer to the <u>Establishing Child</u> <u>Protection Risk Context Guidance Note</u>.

#### Referral Under Australia's Environmental Protection and Biodiversity Conservation Act 1999

DFAT must refer investments that are likely to have a 'significant impact on the environment' to the Federal Environment Minister under the Australia's *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act). This may be required even when DFAT is proposing to support partner-led investments.

Investments with a potentially significant impact on the environment (typically those with an inherent 'high' to 'very high' **environmental protection safeguard risk rating**<sup>3</sup>) must be discussed with the <u>Aid Safeguards</u> <u>Team</u> to determine if a referral under the EPBC Act is needed.<sup>4</sup> The referral process can be lengthy and complex and must be completed before any agreement is signed. Early engagement with the <u>Aid Safeguards</u> <u>Team</u> helps avoid delays.

The Significant Impact Guidelines 1.2 – Actions on, or impacting upon, Commonwealth land and Actions by Commonwealth Agencies can assist in determining whether a referral is necessary.

#### **Gender Equality**

Safeguard impacts often have important gender equality dimensions. Groups of women or girls, for example, can be affected differently because of gender discrimination (e.g. female-headed households in a resettlement process). An investment can also lead to risks that are mainly experienced by women and girls, because of their gender (such as sexual exploitation and abuse). In the screening process, consider whether women and men are affected differently by potential environmental and social safeguard risks, and where investments have gender-related risks, contact the <u>Gender Equality Branch</u> for advice.

#### Work Health and Safety

DFAT has an obligation under the *Work Health and Safety Act 2011* (WHS Act) to ensure, so far as is reasonably practicable, the health and safety of workers and others is to not put at risk from work carried out by or on the behalf of the Department. This may apply to aid investments depending on the nature of the investment.

Those aid investments that involve DFAT workers must comply with the requirements of the WHS Act. This duty may be shared with others depending on the nature of the investment. DFAT must satisfy itself that the relevant aid delivery partners' health and safety management processes are adequate. Further information is at Safeguard Guidance: Managing Health and Safety Risks in the Aid Program (forthcoming).

<sup>2</sup> The Child Protection Policy and Establishing the child protection risk context applies to all DFAT activities; not just the aid program. 3 Refer to **Table 1** questions 1.1 and 1.2 of the Risk and Safeguard Tool.

<sup>4</sup> The EPBC Act requires DFAT to obtain and consider the advice of Australia's Federal Environment Minister before authorising any foreign aid investment that has, will have, or is likely to have, a significant impact on the environment anywhere in the world. An environmental assessment process may need to be completed under the EPBC Act in order to obtain this advice.

# 3.2 Investment Design

#### () MANDATORY REQUIREMENTS

- Update the **Safeguard Screening Checklist** and **Investment Risk Register** in the Risk and Safeguard Tool at investment concept (if required) and design phases.
- The design of all investments with an inherent **'high'** or **'very high'** safeguard risk rating must include, or provide for the development of, a proportional environmental and social impact assessment and management plan before commencement of works (see **Annex A**).
- A proportional environmental and social impact assessment and management plan should be completed for investments with an inherent '**medium**' safeguard risk rating where impacts cannot be mitigated to an acceptable level through other risk treatments in the investment risk register (see Annex A).

This section outlines addressing safeguards in the investment design phase, which includes: concept, design, quality assurance and approval (Refer to the <u>APG Chapter 5: Investment design</u>).

Refer to **Chapter 4** of this document for more information when working with partners. Guidance notes listed at **Section 5.2** provide more detailed information.

## 3.2.1 Investment Concept and Design

Investment managers must ensure designs satisfy DFAT's safeguard policy. Identifying and managing risks in the design phase is usually more cost-effective than reacting to an emerging problem during implementation. Designs should follow the safeguard management hierarchy: first, avoid adverse environmental and social impacts, and when not possible, minimise and mitigate impacts. As a last resort, offset or compensate for such impacts.

Addressing complex safeguard issues, such as displacement and resettlement or major environmental or social impacts arising from a major infrastructure project may require complex assessment, approval processes and specialist external advice. <u>Safeguard Guidance Notes</u> provide additional information on managing safeguards, including where there may be economic or physical displacement of people or resettlement.

Where an <u>Investment Concept</u> is required<sup>5</sup>, you must update the **Safeguard Screening Checklist** of the <u>Risk and Safeguard Tool</u>, and provide enough information on safeguard risks in the investment risk register to support the delegate to make an informed decision about whether to proceed.

Update the <u>Risk and Safeguard Tool</u> again in the investment <u>Design / Design Summary</u> document (including the investment risk register) and incorporate as an annex to the design document.

All investments concepts / designs that have an inherent 'high' to 'very high' safeguard risk ratings, should be reviewed by the <u>Aid Safeguards Team</u> before final approval.

<sup>&</sup>lt;sup>5</sup> An Investment Concept must be prepared for investments of over \$10 million and/or those assessed as 'high-risk'. For low-risk, less complex investments of between \$10 million and \$100 million, officers may, if they see a benefit, combine the Written Approval to Commence and the Investment Concept when seeking delegate approval. Once approved, the Investment Concept is the basis of the Investment Design.

Where substantive changes are made to a concept / design or a new approval is required, the safeguard screening process should be reviewed.

# 3.2.2 Environmental and Social Impact Assessments and Management Plans

Understanding how an investment may affect the environment or people is essential to manage safeguard risks. Internationally, the standard tools for assessing and managing impacts are **Environmental and Social Impact Assessments (ESIA)** and **Environmental and Social Management Plans (ESMP)**.

An ESIA identifies and assesses the potential impacts of an activity and evaluates ways to avoid or acceptably manage these impacts. An ESIA can also be a tool to improve designs by helping to understand the environmental and social context of investment activities.

An ESMP is an output of the ESIA process and documents how impacts will be managed, including the identification of resources, roles and responsibilities. All investments for which inherent safeguard risks are rated 'high' to 'very high' require an ESIA and ESMP. Investments with an inherent 'medium' safeguard risk should include an ESIA and ESMP where safeguard risks cannot be mitigated to an acceptable level through other risk controls and treatments.

An ESIA or equivalent process is often required under the laws of partner countries and the approval processes of DFAT's multilateral development partners.

## 3.2.3 Impact Assessment and Management Plans at Design

The scope and depth of an ESIA and ESMP should be proportional to the potential risk and the complexity of the investment, with a complex ESIA and ESMP likely to require significant resources. Building a school, for example, could require a desktop review to ensure safeguard risks like waste management or impacts on community safety during construction are identified, documented and managed. Complex infrastructure like bridges or dams may require technical, such as hydrological, assessments and resources to address social impacts such as displacement and resettlement.

A range of different impact assessments and management plans may be used. Separate environmental and social impact assessments and management plans may be completed, such as a resettlement action plan, indigenous peoples plan, or a work health and safety management plan. In these instances, a consolidated ESIA and ESMP should be prepared to summarise the individual assessments and management plans, including who is responsible for overseeing their implementation and monitoring (refer to **Figure 1**).

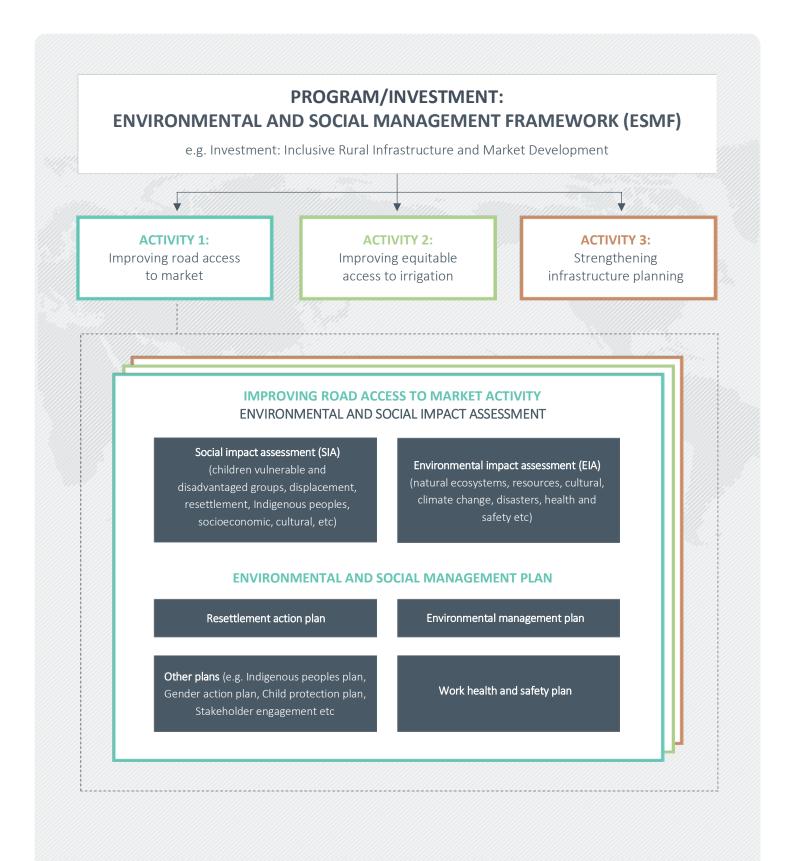
Ideally an ESIA and ESMP should be completed in the design phase. When not possible, the design should provide for the development of an ESIA and ESMP and its approval by DFAT prior to the commencement of works.

When an investment will fund activities that are identified and implemented under a facility or other partnership arrangement, there may not be enough information to complete an impact assessment and management plan at design. In such instances, an **Environmental and Social Management Framework (ESMF)** <sup>6</sup> can be developed which describes the process that will be used to assess and manage impacts, who will be responsible for doing so, and how it will be funded. The ESMF should provide for DFAT's safeguard policy requirements to be met.

<sup>&</sup>lt;sup>6</sup> ESMFs are called Environment and Social Management Frameworks (ESMF) by the World Bank and Environmental and Social Assessment and Review Frameworks (EARF) by the Asian Development Bank.

# **FIGURE 1** EXAMPLE STRUCTURE OF AN ESIA OR ESMF FOR AN INVESTMENT WITH MULTIPLE ACTIVITIES

Annex A provides further information on the content and structure of ESIA, ESMP and an ESMF.



# 3.2.4 Assessments When Working with Partners

If DFAT is leading an investment design, it may need to develop its own ESIA and ESMP. If a partner is leading the design, DFAT should make sure the design includes an adequate ESIA and ESMP, or clearly provides for their development before the commencement of works.

DFAT's development partners are likely to have their own ESIA and ESMP standards and procedures. When working with partners, DFAT seeks to minimise duplication of effort. We generally accept assessments and management plans developed by multilateral financial institutions such as the World Bank Group and Asian Development Bank, but there can be safeguard policy differences that need to be considered.

Partner ESIAs and ESMPs should not be accepted without critical review by DFAT. For further advice please contact the <u>Aid Safeguards Team</u>.

Chapter 4 provides more information on how to approach assessments when working with partners.

# 3.2.5 Safeguard Monitoring and Evaluation in Design

Investment designs should have mechanisms in place in the monitoring and evaluation framework to assure the investment continues to address safeguards as well as meet its broader development objectives. Designs should provide for safeguard impacts, ESMPs and other safeguard commitments to be monitored and evaluated and allow adaptation to changing safeguard risks. When developing monitoring and evaluation frameworks, design teams must consider what information, evidence and resources are needed to measure and report on the implementation of safeguard activities (e.g. completion of impact assessments and management plans, need for specialist environmental and social expertise).

### BOX 2: CHECKLIST: ADDRESSING SAFEGUARDS RISK AND IMPACTS IN DESIGNS

- The Terms of Reference for the concept/design team set out DFAT's requirements for managing safeguards.
- The investment concept/design identifies and addresses safeguard impacts and risks, including those identified during screening.
  - Adequate resources and time are allocated to assess safeguard risks and impacts and develop management measures during concept/design.
  - Where necessary, specialist expertise is engaged to inform the investment concept/design.
  - If an ESIA and ESMP is not completed at design, the design provides for their development prior to commencement of works.
  - The investment concept/design draws upon the results of the safeguard screening, impact assessment and management plan or framework.
  - Stakeholders are engaged in safeguard identification, assessment and development of management measures.
  - Management of safeguard risks are included in the M&E framework.
  - The roles and responsibilities of delivery partner and DFAT for implementing ESMPS and safeguard monitoring and reporting clearly set out in the design.
  - The budget includes an adequate allocation for safeguard activities (e.g. impact assessment, management measures, monitoring and reporting, resources, capacity building).
  - Position descriptions include responsibility for addressing safeguard issues.
  - Safeguard risks are included in the investment risk register.

# 3.2.6 Emergency and Humanitarian Aid Activities

The objectives of humanitarian action are to save lives and alleviate suffering during the aftermath of manmade crises and natural disasters. Integrating environmental and social considerations into DFAT's emergency and humanitarian aid work is important, but we must be practical. When DFAT is responding to a crisis, the focus is on delivering relief services in an expedient manner. At the early response stage, the priority is for stabilisation, protection and support. Accordingly, there is no requirement for completing an impact assessment and management plan. However, in taking the 'do no harm' approach DFAT strives to ensure that emergency assistance provided does not have negative social or environmental impacts that would harm the long-term recovery. DFAT emergency and humanitarian response is informed by international best practice, such as the <u>Sphere Handbook: Humanitarian Charter and Minimum Standard in</u> <u>Humanitarian Response</u> and the <u>Minimum Standards for Child Protection in Humanitarian Action</u>.

As a situation stabilises and moves into recovery, rehabilitation and reconstruction development, safeguard requirements under DFAT's safeguard policy applies. At this stage the mandatory safeguard process must be adhered to and investments must be assessed for environmental and social risks. If there is a potential negative impact, a proportional environmental and social impact assessment and management plan should be developed.

# 3.3 Investment Agreements

#### MANDATORY REQUIREMENTS

Measures required to address environmental and social safeguards such as completion and implementation of an ESIA and ESMP must be included in relevant procurement, grant and approval processes and documents such as: scope of works, requests for tender/proposal; tender and proposal evaluations; contract / agreements; risk and value for money assessments; financial approvals; and ongoing agreement management.

 $\square$  Agreements must provide for compliance with partner country laws.

Note: DFAT remains responsible for ensuring compliance with the EPBC Act and the WHS Act. These statutory responsibilities can't be transferred to another party through a contract.

This section sets out key steps to ensure aid program agreements and contracts adequately address DFAT's safeguard requirements. For further information on DFAT's aid program procurement and grant processes, refer APG Chapter 6: Procurement, grants and approvals and the Procurement intranet.

## 3.3.1 Tenders and Proposal Evaluations

Ensure specific safeguard requirements, such as the requirement of an ESIA and ESMP, are detailed in the Statement of Requirements or Scope of Services (see **Annex A**). For assistance contact <u>aidsafeguards@dfat.gov.au</u>.

Investment managers should ensure evaluation and award processes consider delivery partner's capacity to implement and comply with DFAT policies. Complex investments with an inherent 'high' or 'very high' safeguard risk should consider the need to include safeguard expertise on the evaluation committee and due diligence assessment teams to ensure partner capabilities are adequately assessed.



# 3.3.2 Due Diligence and Partner Selection

A due diligence assessment must be done for all delivery partners before reaching an agreement, and it should reflect the level of identified safeguard risks. For investments with an inherent 'medium' to 'very high' safeguard risk, they should include a review of delivery partner environmental and social management systems, capacity and commitment to meeting DFAT's safeguard policy and relevant requirements.<sup>7</sup>

For more information refer to the <u>Due diligence intranet page</u> or contact <u>due.diligence@dfat.gov.au</u>.

# 3.3.3 Safeguard Requirements in Contracts and Grant Agreements

DFAT's contract and grant agreement templates contain minimum safeguard provisions. Contract<sup>8</sup> and grant agreement documentation for an inherent 'medium' to 'very high' safeguard risk investments should also:

- Ensure activities comply with DFAT's safeguard policy
- Require compliance with partner government regulatory processes, including obtaining any official records/certificates of compliance
- Clearly reference or, preferably, attach any safeguard documentation, including impact assessment, management plan/s or ESMF
- Enable DFAT to undertake monitoring and evaluation activities it deems necessary to ensure safeguard requirements are implemented
- Detail budget and funding source for implementation of any safeguard activities
- Detail how any shared obligations for compliance will be done by DFAT and partners, including jointmonitoring and/or supervision and reporting
- ☑ Include provisions for monitoring of safeguard arrangements and commitments, as well as regular reporting to DFAT
- Detail arrangements for reporting, including workplace accidents and incidents
- Provide for investment suspension if management plan commitments are not being implemented as agreed.

## 3.3.4 Approval Documentation

Financial approval documentation for investments with an inherent 'medium' to 'very high' safeguard risk should identify key risks and how they will be managed: include relevant safeguard risk documentation (e.g. <u>Safeguard Screening Checklist</u> and <u>investment risk register</u>, <u>Establishing Child Protection Risk Context</u> <u>Guidance Note</u>).

Effective management of safeguard risks is relevant to the Value for Money objective around Performance and Risk Management (Principle 5) and Accountability and Transparency (Principle 8).

<sup>&</sup>lt;sup>7</sup> Note: The baseline due diligence process is flexible and additional criteria may be added as required. See <u>Due diligence</u> <u>intranet page</u>.

<sup>&</sup>lt;sup>8</sup> This includes Statement of Requirements (SOR), Terms of Reference (TORs); Statement/Scope of Work (SOW).

# 3.4 Investment Implementation, Performance Management, Review and Evaluation

#### ) MANDATORY REQUIREMENTS

- $\square$  Monitor compliance with safeguard commitments in agreements, ESMPs or ESMFs.
- Monitor for any new or emerging safeguard risks, and if required ensure additional safeguard management strategies are developed and implemented.

This section shows how to ensure aid investments are implemented in a way that meets DFAT's safeguard policy requirements and that aid programming reporting and evaluation adequately considers safeguard issues. <u>APG Chapter 3: Aid program management and performance reporting</u> and <u>APG Chapter 4:</u> Investment management, evaluation and quality reporting.

### 3.4.1 Agreement Management and Monitoring

The type and frequency of monitoring to ensure that safeguards are being adequately managed will vary between investments. High safeguard risks and impacts or uncertainty about a delivery partner may require more frequent monitoring. For inherent 'low' risk investments ensure routine monitoring of any emerging safeguard risks. Safeguard risk ratings can change with new information or social or political circumstances.

For investments with an inherent 'medium' to 'very high' safeguard risk, compliance with safeguard commitments (including management plan and ESMF commitments) should be monitored during implementation. Where partner capacity to manage safeguard risks is low, it may be appropriate for DFAT or suitably qualified experts to supervise.

#### How do I monitor?

Monitoring should reflect the safeguard risks posed by an investment. The monitoring process typically contains all/some of these:

- Review of all safeguard documentation (including the ESIA, ESMP and/or ESMF) ensuring they remain relevant and reflect changes in the design or agreements<sup>9</sup>. Note: where substantive changes are made during implementation, activities should be re-assessed for environmental and social safeguard risks.
- Ensuring partners provide adequate monitoring reports, and that monitoring, and supervision missions are completed as agreed.
- Monitoring of emerging and existing safeguard risks and updating the investment risk register at least every quarter.

<sup>&</sup>lt;sup>9</sup> This is particularly important where details of investment activities are developed during the implementation phase (as commonly happens in facilities).

- Raising non-compliance issues with the partner and delegate. Non-compliance of safeguard requirements may result in penalties depending on the partner and the agreement, for further advice please contact the <u>Aid Safeguards Team</u>.
- Maintaining records of monitoring results, decisions and conversations with delivery partners, including those regarding updates to safeguard documentations and arrangements, and implementation of corrective actions.

# 3.4.2 When Problems Arise

Environmental and social safeguard issues can be difficult to manage and there is no guarantee, even with the best planning, that all problems can be avoided. DFAT should work with partners to ensure that emerging issues are addressed in a timely manner. Consider contacting the <u>Aid Safeguards Team</u> if problems arise.

Problems are likely to fall into one (or more) of the following categories:

- Failure to implement one or more aspects of the agreed safeguard commitments/activities (e.g. ESIA, ESMP and/or ESMF). DFAT should bring the issue to the attention of the delivery partner and request action. If major non-compliance issues are not addressed, subject to agreement provisions, DFAT could halt implementation or withhold financial support until the matter is resolved.
- Inadequacy of the environmental and social management plan /framework. Circumstances can change, and management plans/mitigation strategies devised well in advance of an investment can become inadequate during implementation. In such instances, DFAT should discuss resolution with delivery partners, recording any changes in writing.
- Inadequate outcomes. When implementation of the management plans fails to adequately mitigate/manage safeguard impacts, DFAT should discuss the provision of supplemental or remedial measures/corrective actions with development partners.

To ensure that safeguard issues are appropriately addressed, investment managers should:

- Promote open communication between all parties, to identify problems early
- Anticipate safeguard issues in investment designs, arranging to manage them appropriately during implementation
- Ensure investment safeguard risks and impacts are monitored, supervising the resolution of any issues.

### 3.4.3 Investment and Program Reporting and Evaluation

Environmental and social impacts and safeguard processes can affect the efficiency, effectiveness and sustainability of investments and programs and their risk profiles. Safeguard issues may lead to failure to achieve outputs and outcomes and may require management responses. Accordingly, safeguard risks should be considered in reporting and evaluating investments and programs through processes including Aid Quality Checks (AQC), Final Aid Quality Checks (FAQCs), mid-term and final evaluations, and Aid Program Performance Reports.

Such reviews should consider emerging risks and the effectiveness of safeguard management.

Investment safeguard performance should also be reviewed as part of aid program health checks.

# 4. WORKING WITH PARTNERS

DFAT's bilateral and multilateral partners are likely to have their own processes to manage safeguards. Use these processes where possible, but ensure that DFAT's own safeguard requirements are adequately addressed.

#### () MANDATORY REQUIREMENTS

- $\square$  Investments must comply with DFAT's safeguard policy, even when it is working with partner systems.
- Investments must comply with partner country safeguard laws and policies.

Our key multilateral partners (such as the World Bank Group and the Asian Development Bank) have environmental and social safeguard systems that are generally consistent with DFAT's safeguard policy.

Partner governments are likely to have their own environmental and social protection regulations and policies. Partner government requirements must be met. DFAT must also implement any additional safeguard measures needed to ensure investment compliance with its safeguard policy.

DFAT tries to reduce duplication of effort. Safeguard processes of partners can be used but should be approached critically, ensuring safeguard management is resourced, addresses DFAT's five safeguards, and is properly implemented and monitored.

Partner-led designs must still be screened against DFAT's five safeguards, to ensure relevant safeguard risks and impacts will be assessed and managed. Where there are deficiencies, additional ESIA work and mitigation measures to manage safeguard risks should be included as soon as possible and monitored during implementation.

Common deficiencies in partner led designs, ESIAs and ESMPs, even those of multilateral development banks, include:

- Absent or inadequate consideration of vulnerable and disadvantaged groups, particularly children
- Inadequate coverage of the gender equality dimensions of safeguards issues, including the risk of sexual exploitation and abuse
- Lack of provision for the ongoing implementation, monitoring and evaluation of safeguard measures
- Failure to consider impacts on the livelihoods of communities

- Lack of provisions to address health and safety, for example, incident reporting and permitting use of asbestos containing materials
- Failure to consider obligations under international agreements to which Australia is a signatory.

Measures to address safeguard gaps should be agreed with partners, and their implementation monitored.

It is good practice to build partner government capacity to develop and implement environmental and social governance systems.

In the Pacific, DFAT partners including the World Bank and Asia Development Bank are working toward using a 'common approach' to safeguard implementation to avoid duplication of effort and use consistent tools and language – particularly for co-financed investments.

Remember too, that it is DFAT's responsibility, not our partners, to refer investments that are likely to have a 'significant impact on the environment' to the Federal Environment Minister under Australia's EPBC Act. The referral process can be lengthy and complex and must be completed before any agreement is signed. If this obligation might apply, please contact the <u>Aid Safeguards Team</u>.

Annex B provides examples of different approaches to assess and manage safeguard risks and impacts in a range of typical investments.

Annex C outlines considerations for working with different delivery partners to manage safeguard risks.



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Investment and/or partner relationship managers are encouraged to contact the due diligence (<u>due.diligence@dfat.gov.au</u>) and Aid Safeguards Team (<u>aidsafeguards@dfat.gov.au</u>) for support on assessing partner safeguard capacity and/or performance.

#### Partner Performance Assessments

Each year, investment managers must complete an assessment of delivery partners' performance in relation to specific agreements (commercial agreements and grant agreements)<sup>10</sup>. The <u>Partner Performance</u> <u>Assessments</u> (PPA) provide feedback to partners on the effectiveness of their safeguard systems and arrangements for investments.

Under Criteria 4a: 'Policy Alignment, Risk Management and Innovation', investment managers must assess and rate partner performance applying DFAT policies including safeguards.

<sup>10</sup> PPAs are mandatory for commercial suppliers, NGOs and multilateral organisations with agreements valued at \$3 million or more, but are not required for partner governments that are also implementing partners or for core contributions to multilateral organisations.

# 5. IMPLEMENTATION SUPPORT

Contacts and support material are available to help you implement the operational procedures.

# 5.1 Safeguard Contacts

Advice on the operational procedures and guidance notes is available from the <u>safeguards intranet page</u> or contact <u>aidsafeguards@dfat.gov.au</u>. The safeguard contacts listed in **Table 4** can provide general advice on managing specific environmental and social safeguard issues and link program areas with safeguard expertise.

SAFEGUARD	RESPONSIBLE AREA	CONTACT DETAILS
Environmental protection	Environment safeguards and aid risk management	aidsafeguards@dfat.gov.au
	Climate change	resilience@dfat.gov.au
	Disaster risk reduction	drr@dfat.gov.au
Children, vulnerable and disadvantage	Child protection and vulnerable people	childprotection@dfat.gov.au
groups	Preventing sexual exploitation, abuse and harassment	vulnerablepeople@dfat.gov.au
Ĩ	Gender equality	gender.equality@dfat.gov.au
	Disability-inclusive development	disability.inclusive.development@dfat.gov.au
Displacement and resettlement	Displacement and resettlement	resettlement@dfat.gov.au

# **TABLE 4: DFAT SAFEGUARD CONTACTS**

SAFEGUARD	RESPONSIBLE AREA	CONTACT DETAILS
Indigenous peoples	Indigenous peoples	<u>humanrights@dfat.gov.au</u>
Health and safety	Work health and safety	whs@dfat.gov.au
	Community health and safety	aidsafeguards@daft.gov.au

# 5.2 Guidance Documents

The following documents support the implementation of the operational procedures. These can be used by aid program staff or shared with consultants and implementing partners.

# **TABLE 5: DFAT GUIDANCE**

SAFEGUARD	GUIDANCE	
All	Environmental and social safeguard guidance notes	
Climate change	Integrating Climate Action in Australia's Aid Program: Guiding Principles and guidance notes	
Disaster risk reductior	Humanitarian Strategy and Disaster risk reduction guidance	
Child protection	Child Protection Policy and associated guidance notes	
Vulnerable people	Preventing Sexual Exploitation, Abuse and Harassment Policy (forthcoming)	
Gender equality	Gender Equality and Women's Empowerment Strategy and associated guidance notes	
Disability-inclusive development	Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program and associated guidance notes	
Displacement and resettlement	Displacement and resettlement guidance notes	
Indigenous peoples	Indigenous Peoples Strategy 2015-2019 and guidance note	
Health and safety	Work Health Safety policy and guidance	
	Managing asbestos in the aid program policy and guidance	



#### SAFEGUARD

GUIDANCE

Safeguard Guidance: Managing Health and Safety Risks (forthcoming)

# GLOSSARY

TERM	MEANING
Associated activities/ projects	Activities or projects not funded as part of DFAT's investment, however the activity/project would not be developed/undertaken if DFAT's investment did not exist and would not be viable.
Cumulative impacts	Cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the investment activity or project, from those existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.
Environmental and social management framework (ESMF)	An environmental and social management framework (ESMF) is an instrument that examines the risks and impacts of an investment that consists of a program or series of activities, the details of which are not yet defined. It describes the scope of potential environmental and social risks of activities and outlines the approach that will be taken to identify, assess and manage environmental and social risks and impacts.
Environmental and social impact assessment (ESIA)	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.
Environmental and social management plan (ESMP)	An Environmental and social management plan (ESMP) is an instrument that details: 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 the actions needed to implement these measures.

Environmental and Social Management System	An Environmental and Social Management System (ESMS) sets out an organisation's approach to managing environmental and social risks and impacts in a structured way on an ongoing basis. ESMS include the following key elements: (i) environmental and social policy; (ii) clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of subprojects; (iii) organizational capacity and competency; (iv) monitoring and review of environmental and social risks of subprojects and the portfolio; and (v) external communications mechanism.
Environmental and social risks and impacts	Environmental and social risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence. Environmental and social impacts refer to any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the investment activity/project to be supported.
Significant impact (on the environment)	A 'significant impact' is an impact which is important, notable, or of consequence, having regard to its context or intensity. Whether or not an action is likely to have a significant impact depends upon the sensitivity, value, and quality of the environment, which is impacted, and upon the intensity, duration, magnitude and geographic extent of the impacts.

# ANNEX A: TYPICAL IMPACT ASSESSMENT AND MANAGEMENT PLAN CONTENTS

Environmental and social impact assessments and management plans come in different forms depending on context and risk and typically should cover the following contents and topics.

#### Environmental and social impact assessments (ESIA)

The scope and depth of ESIA should reflect the risks and the scale and complexity of the investment. A brief high-level desktop study is appropriate where impacts are moderate and can be managed. A comprehensive ESIA is undertaken where activity impacts are on a larger scale and more complex.

Typical contents of an ESIA are:

- Executive summary detailing findings and recommendations
- Partner country legal framework and safeguard requirements (including EPBC Act, if required)
- Background social and environmental context
- Alternatives to site selection and proposed activities
- Description of the project, its components and any associated activities including stages
- Description of existing environmental and social values in the study area (e.g. survey of existing flora and fauna, climate vulnerability, disaster risks, gender, indigenous peoples)
- Analysis of the environmental and social impacts of the proposed action, noting the significance and magnitude of the impacts, and if impacts can be avoided, mitigated or managed to an acceptable level
- ☑ Recommendations and conclusion
- Environmental and social management plan(s).

The <u>International Association for Impact Assessment</u> (IAIA) provides useful guidance on impact assessments (such as biodiversity assessments, climate change, resettlement and livelihoods, social impact assessment, indigenous peoples).

World Bank and Asian Development Bank ESIA and ESMP requirements are set out in Environmental and Social Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts, and the Asian Development Bank Safeguard Policy Statement 2009.

### Engagement with stakeholders

Engagement with stakeholders in the development of an ESIA should reflect the level of environmental and social risks associated with the investment. If an ESIA is to be effective, people and communities must have a clear understanding of the project actions, potential risks and impacts. Stakeholder engagement informs affected people and communities of the proposal and allows design teams to gain knowledge of local conditions and community views, which can contribute to stronger designs and management of environmental and social impacts. Affected communities must have relevant information disclosed in a transparent and accessible manner, following partner country laws regarding consultation and

#### Environmental and social management plan (ESMP)

ESMPs are tools to manage the environmental and social risks and impacts identified in the ESIA. An ESMP sets out the mitigation, monitoring and institutional arrangements to avoid, mitigate and/or offset negative environmental and social impacts identified to an acceptable level. The ESMP must unambiguously provide information about management actions that are required, when they are required, and who will implement it.

At its simplest, an ESMP typically comprises:

- Summary of environmental and social impacts identified from the ESIA
- Mitigation measures taken to avoid, minimise and manage each negative environmental and social impact
- Monitoring and reporting requirements
- ☑ Timeline for implementation of management measures, monitoring and reporting initiatives
- Roles and responsibilities
- ☑ Budget for implementation
- Corrective actions to adjust mitigation measures in response to new safeguard risks and impacts during implementation.

A more comprehensive ESMP can include the following elements:

Summary of investment approvals – such as environmental compliance permits required under partner country laws, as well as advice from the Federal Environmental Minister (or delegate) under the EPBC Act, if required.

Summary of potential environmental and social impacts – This should also include reference to baseline data (qualitative and quantitative) such as existing water and air quality.

Action plan – a detailed action plan to mitigate impacts to within accepted national and international standards.

- An action plan specifies any international or national standards to be met (such as water and air quality), how this standard will be achieved and the skills/resources to be applied, considering the capacities of local agencies and contractors to implement the actions.
- The action for each mitigation measure should be described in terms of the impact it will mitigate, when it is required, its general design, equipment required, and operating procedures as appropriate.

• The action plan should link to the overall investment design, indicating the timing, phasing and resource implications of actions.

Offsets and/or compensation can be considered for risks that cannot be avoided or effectively mitigated, such as displacement of people.

**Framework for monitoring** – including indicators and performance measures, and monitoring and reporting schedules for each mitigation measure to be incorporated in the activity monitoring and evaluation framework.

Adaptive management / corrective actions – providing management mechanisms for adjusting mitigation measures and responding to new environmental risks that emerge during implementation.

Implementation arrangements – allocating resources for implementation including who is responsible.

**Contract conditions** – specified for delivery partners.

Arrangements for building local capacity – including engaging and mentoring local safeguard specialists to ensure that skills and resources adequately meet the relevant standards outlined in the action plan, and to foster ongoing management and maintenance.

Measures should be proven and able to be successfully implemented, given local capacities, technology and resources.

**Investigate and consult** – consider the need for investigations and consultations by technical specialists (such as climate or gender specialist) in country to identify impact avoidance and mitigation measures.

Stakeholder consultations – should include government agencies and civil society groups active in the sector and the activity area, people and communities likely to be impacted by the activity, including women, people with disabilities, and other vulnerable groups. Specific measures may be needed to facilitate their informed participation.

Examples of potential environmental and social impacts and mitigation measures are outlined at Table 6.

#### Grievance redress mechanisms:

Mechanisms to air and address community and stakeholder concerns can help minimise adverse impacts on people and the environment, improve the outcomes of aid activities and help manage investment risks during implementation.



Grievances are very likely to arise when aid activities have an adverse environmental and social impacts, such as infrastructure activities that impact on the displacement of people and communities. Primary responsibility for the design and functioning of a grievance redress mechanism rests with the partner government and/or international financial institutions, such as the World Bank and the Asian Development Bank. However, DFAT shares responsibility when working with partners to ensure appropriate arrangements for addressing grievances are included in management plans (such as the Resettlement action plan) and for monitoring their effectiveness.

More information on grievance redress mechanisms is in the Safeguard Guidance Note: <u>Developing</u> grievance redress procedures.

#### Environmental and social management frameworks (ESMF)

An ESMF is useful for investments that comprise of a series of activities and sub-projects where details are largely unknown at the time of design or may involve facilities that identify and implement separate investments with multiple delivery partners and activities. An ESMF sets out how investment activities will meet DFAT's safeguard policy as well as the requirements of development partners and partner government agencies.

The ESMF outlines the roles and responsibilities of delivery partners involved in the implementation of activities. It is DFAT's responsibility to assess the delivery partner's or facility's capacity for, and commitment to, effective assessment and management of environmental and social safeguard impacts and to ensure implementation of an ESMF, if required.

An ESMF should be proportional to the environmental and social risks and scale of the investment. These elements should be considered in an ESMF:

**Introduction** – Briefly describe the scope of the investment and the activities, or type of activities that will be delivered. Explain why environmental and social impact assessments and management plans for the investment and/or activities under the investment cannot be prepared before design approval.

Assessment of Legal Framework and Institutional Capacity – Identify and assess the adequacy of the applicable national and local laws, regulations, and standards in environmental and social assessment and management. Assess ability of the implementing partners' institutional policies and capacity to assess and manage environmental and social impacts.

Anticipated Environmental and Social Impacts – Provide information on the scale and nature of activities to be supported under the investment. Describe reasonably foreseeable direct and indirect impacts on the environment, people and communities.

**Environmental and Social Impact Assessment for Activities** – Provide a plan to carrying out an environmental and social assessment and planning for activities, including requirements for:

- Safeguard screening and risk rating (see <u>Risk and Safeguard Tool</u>)
- Preparation of environmental and social impact assessment/s and environmental and social management plan/s (if required)
- Review and approval of activities.

This section may outline specific environmental and social criteria to be used for activity selection.

**Consultation and Information Disclosure** – Outline a framework for ensuring meaningful consultation with affected people and stakeholders during activity preparation and implementation. Outline information disclosure arrangements, including disclosure of subproject environmental and social assessments to be prepared. Identify grievance redress arrangements, if required.

**Institutional Arrangement and Responsibilities** – Specify the roles and responsibilities of DFAT, implementing partners and government agencies for the preparation, submission, review and clearance of environmental and social impact assessments and management plans. Estimate staffing requirements, and arrangements for capacity development program. Estimate costs for implementing an environmental and social management plan and indicate how it will be funded. Detail how information from the management plan will inform other governance mechanisms and frameworks.

Monitoring and Reporting – Specify monitoring and reporting arrangements, including adaptive management arrangements to ensure the emerging safeguard risks are managed and monitored. Detail roles and responsibilities of delivery partners, including for joint-monitoring and/ or supervision and reporting. Detail when and how reports will be made to DFAT and/or delivery partners and arrangements for non-routine reporting of safety accidents/incidents.

**References and consultations** – Describe the consultations used to inform the impact assessment and management plans and provide a list of the references.

Annex – Summary of regulatory review, relevant projects policies and standards. Include templates e.g. <u>Risk and Safeguard Tool</u> and <u>Child Protection Risk Context Tool</u>.

Sample terms of reference for key environmental and social activities e.g. Site selection studies; Environmental and social impact assessment/s; Environmental and social management plan/s; Stakeholder engagement plan/s.

# **TABLE 6:** EXAMPLES OF ENVIRONMENTAL AND SOCIAL IMPACTS ANDMITIGATION MEASURES

SAFEGUARD	EXAMPLE IMPACTS	EXAMPLE MITIGATION MEASURES
Environmental protection	Building site construction work generates pollutants and emissions such as wastewater, sewage, dust, vibration, chemicals, smoke, fumes, which reduces local ambient air, water and soil quality	<ul> <li>A construction environmental management plan detailing measures to avoid and minimise pollutants and emissions — for example:</li> <li>Hazardous materials used, stored, transported and disposed of in accordance with local and international standards</li> <li>Hay bales placed at drainage runoff points to prevent sediment discharge</li> <li>Water trucks spray down dust exposed roads</li> <li>Concrete wastewater discharged to settling pond etc.</li> </ul>
	Land clearing to promote agriculture and irrigation program reduces or fragments populations or habitats of listed critically endangered, vulnerable and/or threatened flora or fauna species -IUNC RED list http://www.iucnredlist.org/	Site assessments and surveys undertaken as part of the ESIA to determine extent and location of listed critically endangered, vulnerable and threatened flora or fauna potentially affected. Avoid clearing/felling listed flora and retain critical habitat of endangered and vulnerable fauna species. Establish buffer zones and reduce land- clearing footprint.
	Agriculture program leads to a contamination of land and waterway downstream from overuse of fertilizers and herbicides. Irrigation infrastructure leads to decline of water resources and loss of soil productivity from intensification of land use over time.	Training program for use and maintenance of irrigation system and the use of fertilizers and herbicides to manage cropping regimes, pests and nutrients. Governance arrangements for water resource planning of catchment / basin area and impact as a result of climate change. See <u>Managing Climate and Disaster Risks in</u> <u>Agriculture and Food Security Investments</u> and <u>Water, Climate Change and Disaster Risk Reduction</u> <u>Guidance.</u>

SAFEGUARD	EXAMPLE IMPACTS	EXAMPLE MITIGATION MEASURES
Environmental protection continued	Coastal roads and bridges inundated by storm surges and higher flood levels.	Design road base height considering flood history and climate projections. If no projections are available, include a safety buffer.
		Consider regional sea level rise projections in the design of coastal infrastructure. More information can be found in the <u>Climate Resilient Infrastructure</u> <u>Guidance Note</u> .
Children vulnerable and disadvantaged groups	Child is abused, injured or killed due to the infrastructure design (such as school) or unsafe construction sites (building the school or other buildings sites). See more information at the <u>Child protection guidance notes</u>	Ensure child-safe building designs, such as open and transparent spaces where activities can be viewed by others, inclusive child-only water and sanitation facilities located close to adult supervision and separated by gender, adequate lighting and no hidden spaces. Construction site must be completely fenced to prevent community access. More information can be found at <u>Child protection</u> guidance notes.
	Children or vulnerable and disadvantaged adults may be sexually exploited, abused or harassed by personnel implementing a DFAT funded activity	Application of DFAT's requirement that funded organisations have clear codes of behavior, which all personnel are aware of and sign up to and must have clear complaint reporting processes. Personnel working with vulnerable groups must be adequately screened.
	Livelihood / economic development initiative results in older children taken out of school to look after younger siblings or to work. See more information at the <u>Child protection guidance notes</u>	Incentive program to ensure school retention. Monitoring and evaluation to measure child labour. At design consider engaging a gender specialist. (See also <u>Child protection guidance notes).</u>
	Access ramps not incorporated into schools or buildings for people with a disability.	Infrastructure investments should consider mitigation measures outlined in the <u>Accessibility</u> <u>Design Guide: Universal design principles for</u> <u>Australia's aid program.</u>
	Potential health impacts on vulnerable people from changes in water supply, storage or use	Ensure water storage for irrigation does not encourage domestic use, mosquito breeding or pose threat of drowning of children.

SAFEGUARD	EXAMPLE IMPACTS	EXAMPLE MITIGATION MEASURES
Resettlement and displacement	Acquisition of land for construction of a road or other infrastructure displaces people from their homes	Households compensated for lost land and/or assets in accordance with the agreed Resettlement Action Plan implemented by the partner government agency. See <u>Safeguard Guidance Notes</u> .
	Building a new transport link affects the livelihoods of those reliant on existing infrastructure (for example, building a bridge across a waterway negatively affecting people who depend on the existing ferry service – ferry operators, vendors selling to ferry traffic).	A social impact assessment to identify the nature and size of the impact and recommend options for assisting affected people to reestablish livelihoods (for example, by establishing a permanent marketplace nearby for vendors). See <u>Safeguard</u> <u>Guidance Notes</u> .
Indigenous peoples	Land earmarked for building site in a culturally significant area for local indigenous peoples	An Indigenous Peoples Plan to outline practical measures to seek the 'free, prior and informed consent' of indigenous peoples in order to identify and avoid areas of cultural significance, and to minimise impact.
	Indigenous peoples excluded from health promotion program as it is not delivered in a language understood by the indigenous or ethnic minority population of the province	Ensure the health program is delivered in a language the local indigenous population can understand. Health workers are trained in the needs and cultural sensitives of indigenous peoples (or ethnic minorities) of the province.
	Livelihoods development program excludes or unintendedly limits participation of local indigenous peoples	Ensure program design has transparency in access for indigenous peoples to activities. Program recruitment M&E data is disaggregated by gender and ethnic / cultural groups.
Health and safety	Workers are subject to unsafe working conditions- inadequate personal safety equipment, and exposure to harmful substance release, leakage, spillage or explosion of hazardous materials, including un-exploded ordnance	A work health and safety management plan compliant with local and international standards must detail measures to ensure safe work practices are taught and implemented – for example, measures to ensure hazardous materials are used, stored, transported and disposed of in accordance with local and international standards. See Safeguard Guidance Note: <u>Health and safety in</u> <u>the aid program</u> (forthcoming).

Health and safety Continued	Asbestos containing material (ACM) is in existing buildings for refurbishment or earmarked for demolition. Extraction and disposal of ACM	A management plan details the safe removal and disposal of ACM. Ensure agreements have provision to ban the procurement and use ACM – See <u>Managing asbestos</u> <u>risk in the aid program and guidance.</u>
	results in community and worker harm. Inappropriate or inadequate building design in a disaster- prone environment results in	Ensure building infrastructure is built to withstand existing and future disasters (e.g. flooding, earthquakes, tsunamis or tropical cyclones) by
	building collapse following an earthquake.	observing appropriate building codes and design. More information can be found in the <u>Climate</u> <u>Resilient Infrastructure Guidance Note</u> .

### **Useful Resources**

International Association for Impact Assessment (IAIA): http://www.iaia.org/publications.php

The World Bank ESS1: Assessment and Management of Environmental and Social Risks and Impacts

International Finance Corporation: Performance Standards on Environmental and Social Sustainability

Asian Development Bank: Safeguard Policy Statement 2009

Asian Development Bank: Environment Safeguards: A Good Practice Sourcebook Draft 2012

Asian Development Bank: <u>Involuntary Resettlement Safeguards: A planning and Implementation Good</u> <u>Practice Sourcebook draft 2012</u>

Asian Development Bank: Indigenous Peoples Safeguards: A Planning and Implementation Good Practice Sourcebook draft 2013

Department of the Environment and Energy: <u>Significant Impact Guidelines 1.2 – Actions on, or impacting</u> upon, Commonwealth land and Actions by Commonwealth Agencies

# ANNEX B: SAFEGUARD ASSESSMENT AND MANAGEMENT APPROACHES FOR DIFFERENT AID INVESTMENTS

APPROACHES TO AID DELIVERY	CHARACTERISTICS OF INVESTMENT RISKS AND IMPACTS (AT CONCEPT/ DESIGN)	ENVIRONMENTAL AND SOCIAL ASSESSMENT AND MANAGEMENT APPROACH	
Individual Investment project	Investment project with well defined activity where impacts can be predicted with high degreee of certainty. e.g. road project, port.	<ul> <li>Safeguard screening and risk rating. Impact assessment and management plan (such as an ESIA and an ESMP) may be reqired depending on the safeguard risk and safeguard triggered.</li> <li>Recent due diligence of partner safeguard systems and capacity</li> </ul>	
		before contract/agreement award.	
Facility (single or multisector)	Multiple individual projects/ activities, where <b>typical</b> <b>impacts are reasonably</b> <b>predicted</b> based on the types of activities/ and or sector.	• Safeguard screening and risk rating, an overarching ESMF in investment design, plus subsequent activity-level/ sub-project impact assessments and management plans (such as an ESIA and an ESMP).	
	Multiple individual projects/ activities, where <b>typical</b> <b>impacts are unclear</b> .	<ul> <li>Recent due diligence of partner safeguard systems and capacity before before contract/agreement award.</li> </ul>	
Sector-wide program investment	A series of individual activities/ sub-projects, no discrete area of influence. Typical impacts are reasonably predicted based on knowledge of sector-activities.	<ul> <li>Safeguard screening and risk rating, ESMF, plus possible subsequent activity-level/ sub-project level impact assessment and management plans (such as an ESIA and an ESMP).</li> <li>Recent due diligence of partner safeguard systems and capacity before before contract/agreement award.</li> </ul>	

APPROACHES TO AID DELIVERY	CHARACTERISTICS OF INVESTMENT RISKS AND IMPACTS (AT CONCEPT/ DESIGN)	ENVIRONMENTAL AND SOCIAL ASSESSMENT AND MANAGEMENT APPROACH
Core-funding (un-earmarked contribution)	Funding supports operation of partner organisation's core business. Impacts may not be reasonably forseeable at time of investment design.	<ul> <li>Safeguard screening and risk rating.</li> <li>Recent due diligence of partner safeguard systems and capacity before award.</li> </ul>
Non-core/ earmarked - funding Thematic/ sectoral Trust funds	Multiple individual projects/activities, where typical impacts are reasonably predicted based on knowledge of the earmarked-activities.	<ul> <li>Safeguard screening and risk rating, an overarching agreement on how safeguard risks will be managed in investment design (this may include an ESMF).</li> <li>Recent due diligence of partner safeguard systems and capacity before before contract/agreement award.</li> </ul>

# ANNEX C: DFAT DELIVERY PARTNERS — SAFEGUARD CONSIDERATIONS

DELIVERY PARTNER	DESCRIPTION OF PARTNER SAFEGUARD SYSTEM	ADDITIONAL SAFEGUARD CONSIDERATIONS
Australian government agencies and corporate entities (e.g. Australian Water Partnership).	Australian government and corporate entities are also bound by Australian laws and regulations, including those relating to environmental protection, child protection, work health and safety.	<ul> <li>DFAT's safeguard policy applies to Official Development Assistance funded by DFAT and implemented through other Australian Government agencies and public sector agencies.</li> </ul>
Partner governments	Australia's development partner governments have their own laws and policies to protect the environment and people.	<ul> <li>Partner country environment and social laws may apply to investments. National, provincial and local government obligations (e.g. for public consultation, planning, permits and approvals) may need to be obtained. DFAT staff should take reasonable steps to ensure investment compliance, including through contract/agreement and monitoring, reporting provisions for aid activities.</li> <li>Partner government systems (such as an ESIA completed to obtain partner regulatory approval) can help to meet DFAT's safeguard requirements but might not address all DFAT's safeguard risks. The implementation of partner government systems can also be incomplete (for example, poorly implemented management plans). Supplementary safeguard assessment and implementation measures may need to be agreed in design.</li> </ul>

Multilateral Financial Institutions	Multilateral Financial Institutions, such as the Asian Development Bank (ADB) and the World Bank Group, have their own well-developed environmental and social safeguard policies and systems.	<ul> <li>DFAT has framework agreements with multilateral development bank (MDB) partners including the <u>ADB</u> and the <u>World Bank Group</u><sup>11</sup>, which utilises multilateral partners safeguard policies and frameworks for co-funded activities. Their safeguard policies are broadly consistent with those of DFAT, however some differences remain. For example, DFAT does not permit the use of asbestos containing materials. Where DFAT has additional safeguard requirements, work to agree a common approach to ensure environmental and social impacts are identified, assessed and managed.</li> </ul>
UN development agencies	Partners such as UNDP and UNICEF have generally well-developed safeguard policies.	<ul> <li>DFAT has strategic framework agreements with a number of UN development and humanitarian agencies, including <u>UNICEF</u> and <u>UNDP</u>, under which DFAT will use safeguard policies for co-funded activities.</li> <li>However, like multilateral development banks certain safeguard requirements may not be met (for example, Child Protection) and DFAT should work to agree a common approach to ensure environmental and social impacts are identified, assessed and managed.</li> </ul>
Humanitarian partners	Partners such as World Food Programme, the UN High Commissioner for Refugees, the Office for the Coordination of Humanitarian Affairs and the International Committee of the Red Cross have policies address a range of environmental and social safeguard issues.	<ul> <li>Given the nature of humanitarian settings and environmental, implementation of safeguard policies is challenging. DFAT investment managers should ensure that humanitarian partner safeguard systems are robust, and investments include adequate arrangements to ensure that specific safeguard risks are able to be appropriately managed considering the challenging operating environment.</li> </ul>

<sup>11</sup> Refer APG, Chapter 3

Australian NGO Cooperation Program	Safeguard policies address a range of environmental and social safeguard issues.	<ul> <li><u>Australian NGO Cooperation Program (ANCP)</u> partners are accredited against a range of criteria, including policies on environmental and social safeguard and cross-cutting issues. See <u>ANCP</u> <u>Accreditation Manual</u>. ANCP partners are exempt from DFAT's standard due diligence processes.</li> <li>All ANCP partners must comply with the ANCP Manual when implementing aid activities. The Manual includes requirements to comply with DFAT's safeguard policy.</li> </ul>
Civil society/ community- based organisations (e.g. Direct Aid Program)	Organisations often have limited capacity and resources to implement environmental and social safeguard screening, assessment and management processes.	<ul> <li>DFAT engages a range of Australian and host country civil society organisations (CSOs) and community-based organisations (CBOs) in the delivery of aid program activities, both directly through the Direct Aid Program (DAP) and as subcontractors.</li> <li>DFAT may need to provide CSOs/CBOs with additional support to meet DFAT's safeguard requirements and ensure adequate monitoring of activity implementation.</li> </ul>
Private sector entities	Individual companies may have policies and systems to address environmental and social risks that apply to their own organisations and operations, sometimes referred to as environmental and social management systems (ESMS).	<ul> <li>An assessment of these safeguard policies and systems should be undertaken to ensure they meet DFAT's safeguard policy requirements.</li> <li>Safeguard provisions must be stipulated in the procurement documentation and contract agreement. Environmental and social safeguards systems of private sector entities should also be considered at the due diligence process before entering into an agreement.</li> </ul>