

# **Annex 1: Environmental and Social Management Plan (ESMP): Recommended template**

## **1. Project Description**

Following the official request received from the Ethiopian Coffee Authority and the assessment conducted, the present project has been developed with the aim of: i) accelerating growth and development of the Ethiopian private sector in the coffee value chain and related services; (ii) reducing poverty, especially in the rural areas, through improved income and job opportunities; (iii) helping achieve the GoE's development goals by improving export. Specifically, the initiative has been formulated in cooperation with international public and private stakeholders for operationalizing a risk sharing business model aimed at increasing volume, quality and value of the Ethiopian coffee through private sector investments and technical capacities improvement (coffee represents the 33% of export, main foreign currency generator, 20mln people are linked to the coffee sector). The general strategy will be based on facilitating access to finance through the establishment of a credit line dedicated to funding proposals with a high impact on the coffee sector and on their social and environmental context. The project will minimize investment risk by providing technical assistance targeted on the selected funding proposals (growth-oriented and innovative private businesses, farmer organizations, cooperatives and both local and Federal Institutions that are operating within the Ethiopian coffee sector). In addition, this initiative forecasts the facilitation of the establishment of a private impact fund -to be developed during the project initial phase - will improve international private sector participation in the project by contributing to finance project performances. The project proposal can't provide a specific location for the project activities because according to the Project Governance Structure it will be the Project Identification Platform (PIP) that will i) Select, rank and verify the funding proposals, will ii) Assist applicants in developing appropriate business plans; and iii) Define the Technical Assistance package required for each funding proposal.

## **2. Policy, legal, and administrative framework**

The Federal Democratic Republic of Ethiopia (FDRE) Constitution and the other three environmental laws (Environmental Impact Assessment Proclamation No. 299/2002, Environmental Pollution Control Proclamation No. 300/2002 and Solid Waste Management Proclamation No. 513/2007) are determining the extent to which the laws conform to sustainable development initiatives.

The 1995 Constitution included the principle of environmental rights, which is one of the human rights recognized in the Constitution. Environmental rights enshrined in the Constitution are the rights to a clean and healthy environment. The protection of the environment is made the duty of all according to this supreme law. The Constitution imposes a duty to protect the environment on government and citizens of the country.

The Constitution is inclusive of environmental protection. As a pillar of sustainable development in relation to environmental protection, the FDRE Constitution seems to be harmonious with the SDGs. There are bundles of provisions that deal with pillars of sustainable development in the Constitution, and even the word sustainable development is clearly used in the Constitution. In general, sustainable development is unequivocally recognized under the FDRE Constitution.

The FDRE Constitution appears to favor the social and environmental pillars of sustainable development. The Constitution gives greater value to the environmental and social pillars, since a higher percentage of Ethiopians lives in rural areas where their livelihood depends on agriculture. To impact an agrarian society, the focus has to be on environmental protection. Moreover, even as

of today the Ethiopian economy depends on agriculture. To increase agricultural production, especially where it is dependent on natural rainfall unless protection of the environment is given prior attention, the disaster of climate change will be imminent.

The Environmental Impact Assessment EIA process arose in response to pollution and the unnecessary degradation of natural resources caused by rapid and unsustainable industrialization, agricultural development, and technological progress. In Ethiopia, by constitutional principle and environmental policy, an independent law was promulgated in 2002 to integrate environmental issues into the decision-making process. It stipulates that EIA must be conducted for the protection of the environment prior to implementation or making a decision on development programme, thereby integrating environmental issues in development endeavour to promote sustainable development.

### 3. Environmental and social risks and mitigation measures

The project initiative is channeling investment funds toward bankable and reliable funding proposals aimed at revitalizing and improving the performance of the Ethiopian coffee sector. During the project initial phase the project operational Manual for investment project selection and monitoring criteria will be defined<sup>1</sup> and it will take in due consideration the UNIDO Environmental and Social Safeguard Policies and Procedures (ESSPP). Moreover, PIP submission criteria should take into consideration the table format here below and learn from other good practices such as the World Bank Environmental and Social Framework (ESF). As of October 1, 2018, the ESF applies to all new World Bank investment project financing<sup>2</sup>.

According to the Project Government Structure it will be task of the Project Identification Platform (PIP) to select and propose to the PSC bankable and sustainable investment projects in the sector. The selected projects will receive access to finance and ad hoc technical assistance, facilitating impact investors that can deliver sustainable environmental and social impact in Ethiopia while delivering commercial returns.

Screening measures will be placed to ensure that investment proposals that do not comply with national labor laws or technology solutions with potential adverse impacts on the human health and the environment are not selected. Where applicable, life cycle assessment of the solution will be conducted, to ensure no negative environmental impact over the lifecycle of the selected solution. Environmental and social expert will be engaged to assess the potential environmental and social risks of the selected solutions, and Environmental and Social Management Plans for each demonstration will be developed if required.

Technology selection criteria will include replication potential, environmental and social impact potential, including job creation. Screening measures will be placed to ensure that companies that do not comply with national labor laws or technology solutions with potential adverse impacts on the human health and the environment are not selected as partners. Where applicable, life cycle assessment of the solution will be conducted, to ensure no negative environmental impact over the lifecycle of the selected solution. Environmental and social expert will be engaged to assess the potential environmental and social risks of the solution, and an Environmental and Social Management Plan will be developed if required.

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<sup>1</sup> The criteria for selection to be developed as part of the setting up of the financial vehicle will be included in a revised ESMP once available.

<sup>2</sup> <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>

	E&S risks	Mitigating Measure	Technical details of the mitigation technology, process, equipment, design and operating procedures	Location	Timeline, including frequency, start and end date	Responsibility	Cost of Mitigation (If Substantial; to be covered by the GEF grant or non-UNIDO co-financing)
<b>Risks identified during the PIF preparation and verified during the project preparation(PPG)</b>	<p>During the project preparation period it has been concluded that the project initial phase will define the operational manual for the investment project identification and selection. In this context, the PiP will assess environmental and social risk of the investment project proposals selected based on the criteria defined in the Operational Manual (an Environmental and social expert will be recruited for contributing to the manual definition).</p> <p>If during the implementation phase, any action that may include environmental or social risks is to be undertaken, a particular ESS study will be carried out by an environmental and social consultant to track and mitigate the risks.</p>						
<b>Additional risks identified during the project implementation</b>	<p>Screening measures will be placed to ensure that investment proposals that do not comply with national labor laws or technology solutions with potential adverse impacts on the human health and the environment are not selected. Where applicable, life cycle assessment of the solution will be conducted, to ensure no negative environmental impact over the lifecycle of the selected solution. Environmental and social expert will be engaged to assess the potential environmental and social risks of the selected solutions, and Environmental and Social Management Plans for each demonstration will be developed if required.</p> <p>Technology selection criteria will include replication potential, environmental and social impact potential, including job creation. Screening measures will be placed to ensure that companies that do not comply with national labor laws or technology solutions with potential adverse impacts on the human health and the environment are not selected as partners. Where applicable, life cycle assessment of the solution will be conducted, to ensure no negative environmental impact over the lifecycle of the selected solution. Environmental and social expert will be engaged to assess the potential environmental and social risks of the solution, and an Environmental and Social Management Plan will be developed if required.</p>						

#### 4. Environmental and social sustainability monitoring

Likewise, the monitoring program will be defined during the project initial phase and included in the Operational Manual.

Project Implementation/Monitoring/Evaluation: The following sub-sections summarize the ESS safeguard actions that need to be undertaken during the project implementation/monitoring/evaluation part of the UNIDO project cycle. ESS Project Implementation/Monitoring/Evaluation Guidance Environmental and social issues do not disappear once a project has been approved and enters its implementation phase. It is important that issues identified during ESIA or ESMP be managed and monitored. Post-approval management, monitoring, and evaluation commitments are made in the project documentation that are developed during the project formulation phase, and, where necessary, reflected in bidding and contract documents.

These commitments will be followed-up during regular monitoring reporting through annual project implementation reports, mid-term reviews, and assessed within the context of terminal evaluations.

During the investment project selection environmental risk will be taken in due consideration and selection criteria (identified in the operational manual) will limit the risk of supporting unsustainable businesses and solutions.

In this context, the monitoring of the aforementioned social mitigation actions will be as follows:

	E&S risks	Parameters to be measured	Monitoring methods and procedures used (e.g. sampling)	Timing/Frequency of measurement	Detection limit	Definition of thresholds	Sampling/monitoring location	Responsibility
<b>Risks identified during the PIF preparation and verified during the project preparation(PPG)</b>	The general public opposes the execution of the proposed project	Public acceptance and Institutional support	Opinions gathered through the stakeholder consultations	Annually	> 30%	Percentage of population opposing	Local community and national level (general public)	PIU
	Low participation rates of females in investment projects proposals	Survey	Survey	Annually	< 40%	% of female participating in trainings, capacity building events and females presenting investment project proposals	Investment selected and local communities	PIU
<b>Additional risks identified during the project implementation</b>								

## 5. Capacity development

In line with the overall project strategy on capacity development, each funding proposal ESMP should detail a plan to assess and develop implementation capacity.

The capacity development section of the ESMP will include the following subsections:

1. Recommended management arrangements for the project, including structure, roles, responsibilities, and authorities;
2. Designated specific personnel, including management representative(s), with well-defined and clearly communicated lines of responsibility and authority;
3. Required oversight and human and financial resources.

The PIP will support the Project Steering Committee (PSC) in having sufficient capacity for evaluating and monitoring the ESMP of the selected initiatives.

If needed, the capacity development section of the ESMP will outline a plan for strengthening capacities of UNIDO staff, Project Executing Organization staff, and contractors with direct responsibility for activities relevant to the environmental and social sustainability of the proposed project.

Steps Required by the PIU and PM:

- Step 1: Familiarize yourself with the post-approval ESS monitoring/management commitments captured in the PPM compliance sheet.
- Step 2: Prepare annual project implementation reports, ensuring that ESS monitoring/management commitments are reported on.
- Step 3: Conduct project mid-term review and terminal evaluation.

## 6. Communication

UNIDO Project Implementation Unit (PIU) will annually communicate implementation progress on issues that involve ongoing risk to or impacts on the project stakeholders, and on issues that the consultation process or grievance mechanism has identified as of concern to those stakeholders.

In addition, a stakeholder engagement plan, which outlines the various consultation types, purposes, participation, reporting, and timing, should be developed and included in the ESMP of each funding proposal. The table format provided below is recommended:

Consultation	Purpose	Participants	Lead/Chair	Reporting	Schedule
Initial	Project Start up: <ul style="list-style-type: none"> <li>➤ Project Overview</li> <li>➤ Project Organization</li> <li>➤ Project Schedule</li> <li>➤ Social and Env Impacts</li> <li>➤ ESMP</li> </ul>	The Proposal Identification Platform (PIP) will be composed of technical experts from the Coffee Authority, Commercial Bank of Ethiopia/Ministry of Finance and UNIDO (PIU members).	UNIDO	UNIDO/Experts	To be defined in the project Operational Manual
Public consultation & site visit	<ul style="list-style-type: none"> <li>➤ Adjusting of mitigation measures, if necessary;</li> <li>➤ Impact of replacing and updating activities;</li> <li>➤ Comments and suggestions</li> </ul>	Proposal Identification Platform (PIP) members on the selected investments	UNIDO	UNIDO/Experts	To be defined in the project Operational Manual
Public consultation & site visit	<ul style="list-style-type: none"> <li>➤ Effectiveness of mitigation measures;</li> <li>➤ Impacts of project implementation;</li> <li>➤ Comments and suggestions.</li> </ul>	Proposal Identification Platform (PIP) members on the selected investments	UNIDO	UNIDO/Experts	To be defined in the project Operational Manual
Expert workshop or press conference	<ul style="list-style-type: none"> <li>➤ Comments and suggestions on impacts;</li> <li>➤ public opinions</li> </ul>	Proposal Identification Platform (PIP) members on the selected investments	UNIDO	UNIDO/Experts	Yearly
Addressing Community Concerns	Consultation on Grievance Procedure	PSC	Coffee Authority/UNIDO	Coffee Authority/UNIDO	Yearly