



# Social, Environmental and Climate Assessment Procedures

VOLUME 1

2021 EDITION



# **Social, Environmental and Climate Assessment Procedures (SECAP)**

**VOLUME 1**

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# ABBREVIATIONS AND ACRONYMS

AADT	annual average daily traffic
CBD	Convention on Biological Diversity
CESCMP	Contractor's Environmental, Social and Climate Management Plan
CICES	Common International Classification of Ecosystem Services
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COSOP	country strategic opportunities programme
CSN	country strategy note
DRM	design review meeting
EBRD	European Bank for Reconstruction and Development
ECG	Environment, Climate, Gender and Social Inclusion Division
ESCMF	Environmental, Social and Climate Management Framework
ESCMP	Environmental, Social and Climate Management Plan
ESDD	environmental and social due diligence
ESG	environmental, social and governance
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standards
EX-ACT	Ex-Ante Carbon-balance Tool
FAO	Food and Agriculture Organization of the United Nations
FI	financial intermediaries
FIDIC	International Federation of Consulting Engineers
FPIC	free, prior and informed consent
GHG	greenhouse gas
HSMP	Health and Safety Management Plan
ICB	international competitive bidding
IFC	International Finance Corporation
ILO	International Labour Organization
IPP	Indigenous Peoples Plan
IPRM	integrated project risk matrix
IUCN	International Union for the Conservation of Nature
NSO	non-sovereign operation
OPR	Operation Policy and Results Division
ORMS	Operational Results Management System
OSC	Operational Strategy and Policy Guidance Committee
PAR	project appraisal report
PCN	project concept note
PDR	project design report
PDT	project delivery team
QAG	Quality Assurance Group
RAF	Resettlement Action Framework
RAP	Resettlement Action Plan
SECAP	Social, Environmental, and Climate Assessment Procedures
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
WHO	World Health Organization





## CHAPTER 1

# Overview and procedures

## 1.1 Introduction

1. Social, environmental and climate sustainability is critical for achieving IFAD's mandate. Projects and programmes that foster social, environmental and climate sustainability rank among the Fund's highest operational priorities. In order to meet these objectives, IFAD has updated its 2017 Social, Environmental and Climate Assessment Procedures (SECAP). This updated edition of SECAP lays out an improved framework and process for managing risks and impacts, and integrating mainstreaming priorities into new IFAD-supported investments.
2. SECAP applies to all investments in IFAD's programme of loans and grants, and all non-sovereign operations (NSOs) for which IFAD financing is sought. These procedures also apply to IFAD's technical assistance. The procedures strengthen the Fund's relationships with: the countries, rural communities and private companies it aims to support; stakeholders in development initiatives; and the broader development cooperation and donor community. Social, environmental and climate screening and assessment processes for programmes and projects have become standard practice in development finance institutions. Such approaches have proven to be suitable vehicles for stakeholder consultation and disclosure of information.
3. As a specialized United Nations agency, IFAD actively embraces the principles of sustainable development by: (i) adopting good international practices, including on climate change and environment; (ii) working towards greater harmonization of safeguard practices among United Nations agencies, multilateral financial institutions and other development partners; and (iii) improving its own internal processes and capacity.
4. SECAP draws on the United Nations Model Approach to Environmental and Social Standards for United Nations Programming, which in turn is based on the United Nations Environmental Management Framework for Advancing Environmental and Social Sustainability in the United Nations System.<sup>1</sup>
5. SECAP will: (i) help IFAD to identify social, environmental and climate risks and impacts, and their significance, and determine the level of risk management required to address the risks and impacts associated with IFAD-supported investments and global and regional grant-funded programmes; (ii) help to identify opportunities to mainstream climate resilience, environmental sustainability, nutrition, gender equality and the empowerment of women, youth and other vulnerable groups into IFAD strategies

<sup>1</sup> United Nations Environment Management Group (2012). *A Framework for Advancing Environmental and Social Sustainability in the United Nations System*; United Nations Environment Management Group (2019). *Moving Towards a Common Approach to Environmental and Social Standards for United Nations Programming*.

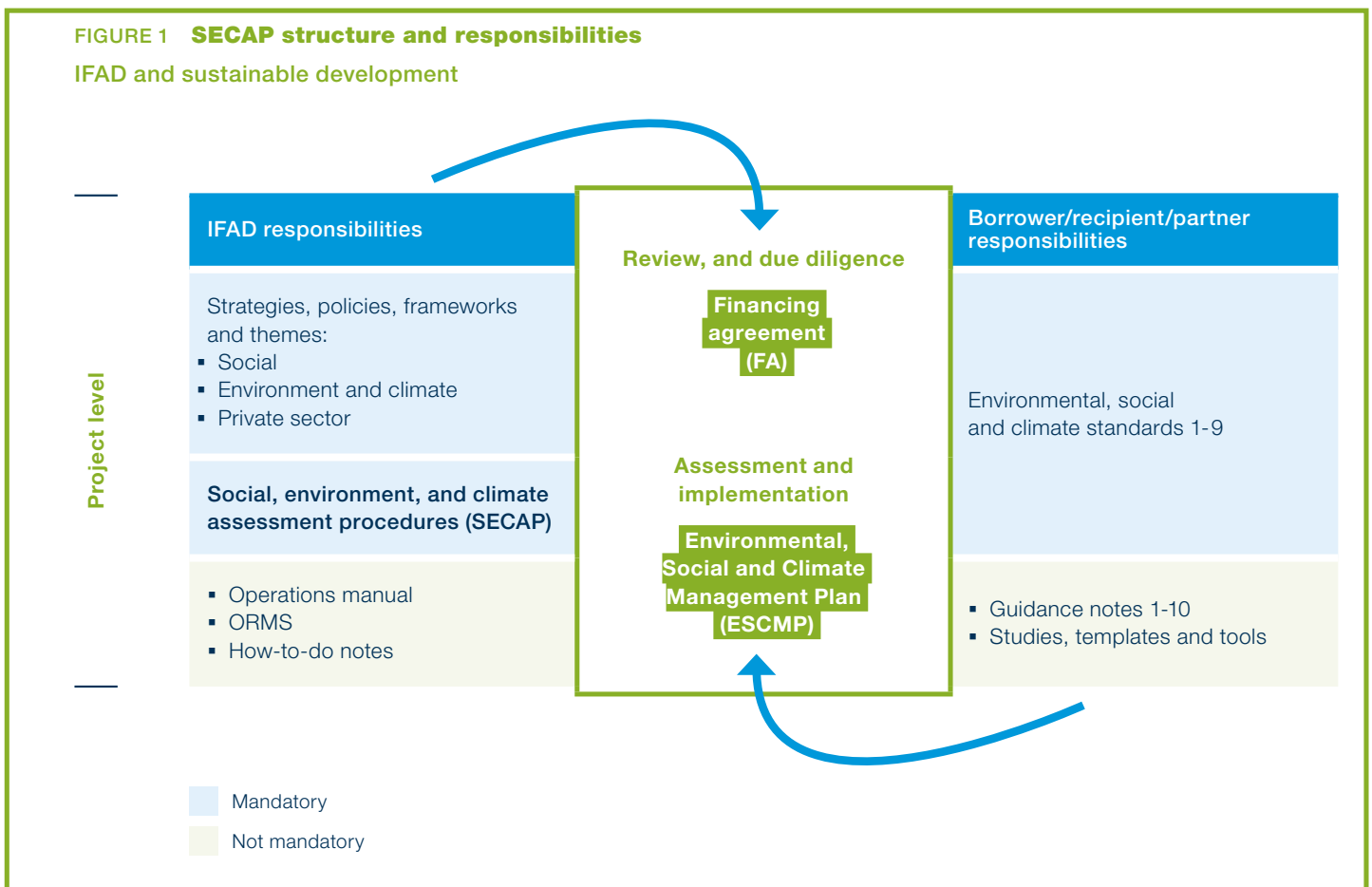
and programming; (iii) support borrowers/recipients/partners and IFAD in improving decision-making and promoting the sustainability of project and programme outcomes through ongoing stakeholder engagement; (iv) assist borrowers/recipients/partners in fulfilling their own international and national social, environmental and climate commitments; (v) ensure that IFAD's practices are aligned with its own policies and the procedures of other multilateral financial institutions; and (vi) enable IFAD to continue accessing environmental and climate financing.

6. SECAP goes beyond avoiding risks and impacts to identify opportunities for maximizing development gains by mainstreaming environmental, social and climate issues throughout the project cycle. Clear procedures on mainstreaming IFAD's cross-cutting themes (youth, gender, environment and climate change, and nutrition) are an important element of SECAP. To this end, SECAP enables the Fund to: (i) analyse and provide information to strengthen the social, environmental and climate dimensions of projects and programmes; (ii) maximize positive social and environmental impacts, climate change adaptation and mitigation benefits; and (iii) strengthen social inclusion in decision-making and ownership of the environmental and social sustainability of projects.
7. Throughout this document, the term "project" is used to encompass both individual projects and broader programmes. The latter may consist of several individual projects, which may or may not be clearly indicated at the time of programme approval.
8. The updated SECAP comprises three volumes. Volume 1 sets out IFAD's aspirations regarding environmental, social and climate adaptation, mitigation and sustainability, and describes its approach to addressing environmental, social and climate risks and impacts throughout the project cycle. It highlights IFAD's mainstreaming requirements (including for mainstreaming the themes: youth, gender, environment and climate change, and nutrition) and includes nine environmental, social and climate standards, which set out the mandatory requirements that borrowers/recipients/partners must apply to IFAD-supported projects (through loans and NSOs). Lastly, its two annexes describe the specific requirements for NSOs and contractors engaged in IFAD-supported projects. Volume 2 includes ten non-mandatory guidance notes to assist the borrowers/recipients/partners in implementing the updated SECAP and Volume 3 provides supporting materials, including templates and checklists.
9. The four components of Volume 1 are as follows:
  - (i) **SECAP Overview and procedures** sets out IFAD's mandatory requirements in relation to supported projects.
  - (ii) **Mainstreaming themes** focuses on IFAD's corporate mainstreaming commitments, which must be reflected in all country strategies, project documents, project activities and skillsets, including policy engagement. This component highlights opportunities for mainstreaming, including through the use of recommended assessment approaches, technical tools, guidance materials and other resources.
  - (iii) **SECAP in the project cycle** describes the due diligence process that borrowers/recipients/partners and IFAD project delivery teams (PDTs) should follow to meet SECAP requirements at each stage of the project cycle.
  - (iv) **The Standards** focus on nine environmental, social and climate standards that should be met through the project life cycle. These standards are aimed predominantly at borrowing governments and private sector partners, which are responsible for undertaking environmental, social and climate risk assessments, and for implementing projects. They are accompanied by a set of tools, non-mandatory guidance notes and how-to-do notes to assist: IFAD's clients in implementing the Standards; PDTs in conducting due diligence and supporting implementation; and stakeholders in sharing good practices.

10. In addition, SECAP includes: (i) provisions for project-level grievance redress mechanisms to complement [IFAD's Complaints Procedure](#); (ii) an environmental and social due diligence process for NSOs; and (iii) requirements for contractors to operate in a manner consistent with IFAD's environment and social standards.
11. Applying SECAP using appropriate tools and methods will assist PDTs in identifying project-specific social, environmental and climate risks and impacts, and ensuring that preventive actions and mitigation measures are incorporated into project design and implementation. The measures are designed to incorporate the results of SECAP country strategic opportunities programme (COSOP)/country strategy note (CSN) background studies.

## 1.2 Commitments, guiding principles and specific requirements

12. SECAP sets out IFAD's commitments to – and responsibilities for – social, environmental and climate sustainability. All projects supported or cofinanced by IFAD are required to comply with SECAP. This includes NSOs and projects implemented by non-state actors such as NGOs. Figure 1 below provides an overview of the SECAP structure and responsibilities.



13. This update to SECAP, along with the associated annexes, sets out the mandatory requirements that must be adhered to throughout the project cycle. The updated SECAP supersedes and replaces SECAP 2017 and will apply to all new Concept Notes (or equivalent) submitted to the Operational Strategy and Policy Guidance Committee (OSC) on or after 1 September 2021. The new mandatory requirements and standards contained in this version of SECAP will not be applied retroactively.
14. SECAP risk analyses will need to be included in annex 5 of each project design report (PDR) and summarized in the integrated project risk matrix (IPRM) within the environment and climate context, and environment, social and climate impact risk categories.<sup>2</sup> The IPRM will need to reflect the project's inherent (baseline) and residual (taking into account the expected effects of risk-management actions to be financed through the project) risk ratings assigned through the SECAP screening tool, and summarize related risk-mitigation measures accordingly (referencing annex 5 and other relevant sections of the PDR, as appropriate). Including SECAP risk analyses in the IPRM during project design and regularly updating them throughout implementation will foster robust and proactive oversight and risk management at both the project and portfolio levels.
15. IFAD is committed to ensuring that the projects it finances or administers comply with SECAP by identifying and assessing environmental, climate change and social risks and impacts as early as possible in the project cycle, and providing monitoring, implementation support and supervision of environmental, social and climate risk-management measures during project implementation. If the Fund determines that the risks and impacts of any of its proposed projects are high or substantial, and not likely to be adequately addressed and mitigated, it may choose not to proceed with the project.
16. Box 1 below lists IFAD's guiding principles and requirements to avoid, minimize, reduce or mitigate the adverse impacts of its supported projects, based on its existing policies and procedures.<sup>3</sup>

<sup>2</sup> These risk categories are defined as: environment and climate context (risk that existing or potential future environmental or climate conditions may significantly undermine project implementation and the achievement of project development objectives); and environment, social and climate impact (risk of a project causing unintended negative consequences such as negative environmental, social or climatic impacts).

<sup>3</sup> [Targeting Policy: Reaching the Rural Poor \(2008\)](#); [Policy on Improving Access to Land and Tenure Security \(2008\)](#); [Policy on Engagement with Indigenous Peoples \(2009\)](#); [Rural Finance Policy \(2009\)](#); [Policy on the Disclosure of Documents \(2010\)](#); [Gender Equality and Women's Empowerment \(2012\)](#); [Environment and Natural Resource Management Policy \(2012\)](#); [Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse \(2018\)](#); [IFAD Policy on Project Restructuring \(2018\)](#); [Framework for Operational Feedback from Stakeholders \(2019\)](#); [IFAD Action Plan – Rural Youth 2019-2021](#); [Mainstreaming Gender-transformative Approaches at IFAD – Action Plan 2019-2025](#); [IFAD Private Sector Engagement Strategy 2019-2024](#); [Strategy and Action Plan on Environment and Climate Change 2019-2025](#); [Nutrition in IFAD – Action Plan 2019-2025](#); [Revised Operational Guidelines on Targeting \(2020\)](#); [Implementation, Supervision and Project Completion Guidelines \(2020\)](#); and [Framework for IFAD non-Sovereign Private Sector Operations \(2020\)](#).

## BOX 1 Guiding principles and specific requirements

Based on its existing frameworks, strategies, policies and procedures, IFAD commits to the following:

- (i) **Not knowingly financing projects that would contravene national laws** or country obligations under relevant international treaties, conventions or agreements, or that would involve products subject to international phase-out bans, as identified during project design and implementation.
- (ii) **Not knowingly financing, directly or indirectly, activities mentioned in the IFAD Exclusion List** (see annex 5).
- (iii) **Identifying vulnerable people or groups that may be disproportionately affected by its projects** and implementing relevant mitigation measures. In order to achieve this, projects will: (i) examine the cause-effect relationship between rural poverty, environmental degradation, social impact and climate change; (ii) ensure the sustainable use and management of biodiversity and ecosystems, subject to their regenerative capacity; (iii) promote approaches to rebuild social cohesion and good governance of natural resources; and (iv) respect and make use of endogenous knowledge and gender-sensitive technologies, drawing on the unique knowledge of women and indigenous peoples.
- (iv) **Promoting the conservation, rehabilitation and sustainable use of natural resources<sup>a</sup> and ecosystems in an integrated manner** to ensure that IFAD operations do not lead to natural or cultural resource degradation. This includes the clearing of tropical forests, the threats to or loss of terrestrial or marine biodiversity and ecosystem services, or threats to resources of historical, religious or cultural significance. This applies especially to agricultural intensification activities and value chain development.
- (v) **Recognizing the importance of addressing both the causes and the consequences of climate change in countries of operation.** IFAD will assess vulnerability to climate risks and will support its borrowers/recipients/partners in developing climate adaptation and mitigation measures aligned with countries' own national climate-related plans and commitments, including their Nationally Determined Contributions when applicable. IFAD will also identify opportunities to avoid, minimize or reduce greenhouse gas (GHG) emissions in projects that it supports.
- (vi) **Minimizing adverse social and environmental impacts.** IFAD will avoid or mitigate potential adverse impacts on the environment (including biodiversity and ecosystems), health and safety, labour and working conditions (including the avoidance of all forms of harmful or exploitative forced labour, and child labour), and wellbeing and livelihoods of project workers and local communities. IFAD will avoid any potential unintended consequences imposed by an IFAD-supported operation in areas beyond the project boundaries.
- (vii) **Addressing gender-based violence and discrimination, and promoting gender equality** within its mandate. IFAD-supported projects will identify any potential gender-specific and disproportionately adverse impacts, and develop mitigation measures to reduce them. IFAD will require its borrowers/recipients/partners to adopt measures to prevent and address any form of gender-based violence, including sexual harassment, exploitation and abuse, discrimination, bullying and intimidation.
- (viii) **Ensuring stakeholder feedback, with emphasis on the participation of and benefits to women, youth, persons with disabilities and site-specific target groups.** IFAD will engage in early and continuing meaningful consultation with the full range of stakeholders in formulating, implementing and monitoring projects, and ensure an inclusive ongoing engagement process. The Fund will also strengthen local institutions, including user groups, promote appropriate pro-poor incentive systems at all levels, and maximize opportunities for local grassroots organizations and clients to engage in decision-making processes. Special emphasis will be placed on the equal participation of women, youth and persons with disabilities throughout the project cycle.
- (ix) **Enhancing the livelihoods of indigenous peoples and other marginalized groups.** Projects will be designed to: (i) secure ownership of and access to ancestral lands and territories by indigenous peoples; (ii) strengthen their institutions; (iii) ensure free, prior and informed consent (FPIC); (iv) value indigenous knowledge systems; and (v) document and report the outcomes of consultations with indigenous peoples and other marginalized groups. FPIC will also apply to non-indigenous peoples' communities when project activities impact their access and land-use rights.
- (x) **Avoiding involuntary resettlement wherever possible.** IFAD will adhere to the "do no harm" and FPIC principles at all times in order to minimize potential adverse physical and economic impacts. Viable project design alternatives will be explored to address risks, restore livelihoods and improve the living standards of affected persons. The approach and measures to mitigate adverse impacts on displaced persons (and host communities) will be proportional to the nature and scale of risk.
- (xi) **Promote sound agricultural and manufacturing processes.** These include traditional, indigenous and climate-resilient technologies, integrated pest management and the use of biological controls. When the use of agrochemicals is necessary, projects will ensure (e.g. through enhanced environmental awareness, farmer training and improved field extension services) that their selection, application, storage and disposal are in line with international standards. IFAD will require clients to apply international standards, including those on safe and healthy working conditions, and establish and maintain sound environment and social management systems.
- (xii) **Undertaking compliance monitoring.** IFAD will monitor the implementation of environmental and social management plans, the effectiveness of stakeholder engagement by borrowers/recipients/partners and the effectiveness of environmental and social considerations in project procurement through implementation, from

## (CONTINUED)

the identification of requirements through management of contracts. There will be a focus on projects rated High Risk and Substantial Risk, and located in areas that are environmentally or socially fragile, to ensure continued diligence in pursuing the project's development objectives.

(xiii) **Ensuring transparency and accountability**

**throughout the project life cycle.** IFAD will ensure transparency and accountability by: (i) disclosing draft and final Environmental and Social Impact Assessments, environmental and social management plans, and other relevant documents to stakeholders in easily accessible formats; and (ii) responding to all concerns and complaints in a timely manner. IFAD will require all borrowers/recipients/partners to implement project-level grievance redress mechanisms that are accessible and inclusive in order to receive and facilitate the resolution of concerns and grievances related to the environmental and social performance of projects. These project-level grievance redress mechanisms will complement IFAD's complaints procedure.

(xiv) **Mainstreaming social, environmental and climate sustainability into IFAD's project cycle** through consistent application of a screening and assessment procedure. A precautionary approach should be applied so that potential adverse impacts can be avoided, minimized or reduced to acceptable levels.

(xv) **Supporting the efforts of borrowers/recipients/partners to respect human rights**, avoiding infringement on any human rights and addressing adverse human rights risks and impacts caused by clients' business activities. IFAD will continuously promote the realization of United Nations principles<sup>b</sup> expressed in the Universal Declaration of Human Rights and promote the application of the International Labour Organization (ILO) toolkit for mainstreaming employment and decent work.<sup>c</sup>

(xvi) **Focusing on procurement processes** and ensuring that borrowers/recipients/partners require contractors to apply acceptable best practices for environmental, social and climate resilience.

<sup>a</sup> See Committee on World Food Security, [Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests](#). See also Committee on World Food Security, [Principles for Responsible Investment in Agriculture and Food Systems](#).

<sup>b</sup> For the purposes of SECAP, IFAD will be guided by the International Bill of Human Rights and the eight core conventions of the International Labour Organization (ILO).

<sup>c</sup> ILO, [Toolkit for Mainstreaming Employment and Decent Work: Country Level Application](#). (2008), see: [https://www.ilo.org/jakarta/whatwedo/publications/WCMS\\_150384/lang--en/index.htm](https://www.ilo.org/jakarta/whatwedo/publications/WCMS_150384/lang--en/index.htm)

## 1.3 Roles and responsibilities

17. **Responsibility for preparing environmental and social assessments, conducting climate risk analysis and managing project-related risks and impacts.** All assessments and studies required at the project design stage are primarily the responsibility of the borrower/recipient/partner, including any additional assessments or studies deemed necessary during project implementation. These studies and assessments must meet the requirements of SECAP and other guidance (e.g. SECAP Guidance Notes, World Bank Environmental, Health, and Safety Guidelines), and be proportionate to the risks and potential impacts of the IFAD-supported investment, as reflected in IFAD's project risk categorization. For example, when IFAD invests directly in projects classified as High Risk or Substantial Risk according to the project risk categorization, all studies or assessments must include an Environmental and Social Impact Assessment (ESIA) or abbreviated ESIA, and Resettlement Action Framework or Plan (RAF or RAP), or abbreviated RAF or RAP.
18. Assessments and studies must be carried out by independent experts selected by the borrower/recipient/partner as per national legislation. The borrower/recipient/partner must ensure adherence with the environmental and social clauses of the financing agreement, and is responsible for implementing and monitoring management plans project during implementation (see paragraph 23). IFAD will support this process to ensure that both SECAP requirements and those of borrowers/recipients/partners are met in ways that enhance the borrowers'/recipients'/partners' capacity development in areas of assessed need.

19. **Financing of SECAP assessments and studies.** The costs of preparing background studies (e.g. feasibility studies, ESIA, RA, RAPs and Environmental and Social Management Systems [ESMSs]) will be financed by the borrower/recipient/partner. Upon written request of the borrower/recipient/partner, studies and assessments may be financed through IFAD's Faster Implementation of Project Start-up instrument. For project-level assessments such as Environmental, Social and Climate Management Frameworks (ESCMFs), Environmental, Social and Climate Management Plans (ESCMs), ESIA, RA, RAPs, free, prior and informed consent (FPIC) plans, Indigenous Peoples Plans (IPPs), environment and social audits, and ex-post ESIA, any associated costs will be included in the project costs, including the cost of ensuring meaningful community participation.
20. **Responsibility for assessing SECAP studies and assessments of IFAD-supported investments.** The PDT will review and assess the studies and assessments provided by the borrower/recipient/partner, and is responsible for implementing the seven steps of the SECAP project cycle. These are:
  - Operational Strategy and Policy Guidance Committee (OSC);
  - Design review meeting (DRM);
  - Quality Assurance Group (QAG);
  - Desk review;
  - Loan negotiation;
  - Executive Board approval;
  - Implementation; and
  - Completion.
21. IFAD's Operational Policy and Results Division (OPR) will review and clear all studies for High Risk and Substantial Risk projects. Any costs associated with the implementation of these studies (e.g. conducting environment and social due diligence), will be covered by IFAD. The PDT will be supported by a specialist from the Environment, Climate, Gender and Social Inclusion Division (ECG). IFAD's responsibilities will include: (i) reviewing the assessments and studies, and requesting additional information to perform due diligence; (ii) providing guidance to strengthen the mitigation of risks and impacts; and (iii) conducting supplemental missions for selected projects during implementation.

## 1.4 Cofinancing

22. When projects are jointly financed with other bilateral or multilateral funding partners, IFAD may agree to apply these parties' environmental, social and climate standards, requirements, processes, rules and policies, provided that they are equivalent to IFAD's and will enable the project to achieve objectives consistent with IFAD's standards (see Chapter 4).
23. In cases where IFAD is not the initiating institution, IFAD will seek to cooperate with the initiating institution and will agree in writing on a common approach<sup>4</sup> to project assessment, management and monitoring of environmental, social and climate impacts, grievance redress and accountability. The Fund will also seek the initiating institution's agreement to support the SECAP process and ensure that the project achieves objectives consistent with borrower/recipient/partner requirements. A common approach should also be sought when IFAD is the initiating institution. All agreed measures and actions of the common approach should be included in the safeguard instruments, including the

<sup>4</sup> A common approach will enable the project to achieve objectives consistent with SECAP.

Environmental, Social and Climate Management Plan (ESCMP), financing agreement and project implementation manual.

24. All terms of reference for assessments and draft reports will be shared with IFAD and be subject to IFAD's project design review process. IFAD will perform any additional due diligence<sup>5</sup> necessary to complete the social and environmental assessment, and climate risk analysis in line with SECAP requirements. Where IFAD support is sought for projects that have already conducted Environmental and Social Impact Assessments, resettlement frameworks or related assessments, or received national permits, IFAD will conduct a SECAP-aligned gap analysis to identify whether additional studies, audits, environmental and social documentation, or mitigation measures are required to meet SECAP requirements.
25. When SECAP requirements differ from the environmental and social requirements of the borrower/recipient/partner or other cofinanciers, IFAD will collaborate with the borrower/recipient/partner and other cofinanciers, and agree in writing on measures to ensure full compliance with SECAP requirements. These measures may include screening, ESIA processes, consultations, disclosure, monitoring, reporting, grievance redress and implementation support. The applicability of initiating institutions' and other cofinanciers' guidelines to IFAD-cofinanced projects is reflected in their social, environmental and climate assessments, ESCMPs, ESCMFs, financing agreements and project implementation manuals, and monitored by IFAD.
26. For projects including associated facilities, the environment and social assessment will identify and assess, to the appropriate extent, the potential environmental and social risks and impacts of these facilities.<sup>6</sup> When the requirements of a borrower/recipient/partner differ from those aligned with SECAP, the borrower/recipient/partner will be required to implement whichever is more stringent. For projects involving multiple subprojects that are identified, designed and implemented during the project cycle, the borrower/recipient/partner will carry out appropriate environmental and social assessments of these subprojects, and include measures to strengthen capacity for conducting environmental and social due diligence.

## 1.5 Projects involving financial intermediaries

27. As detailed in IFAD's Framework for NSOs and Private Sector Engagement Strategy, IFAD may support financial intermediaries (FIs) such as private equity funds, commercial banks and microfinance institutions as financial service providers to finance subprojects. IFAD requires all FIs to: (i) establish and maintain an Environmental and Social Management System (ESMS) corresponding with the risks and impacts of the FI's project or subprojects; (ii) ensure compliance with the requirements of Environmental and Social Standards (ESS) throughout the project cycle; and (iii) bear the related costs. IFAD will review the adequacy of ESMSs in line with SECAP requirements (see Chapter 4).
28. Similar to the projects that receive IFAD financing or cofinancing, FIs that IFAD finances must undergo environmental and social due diligence (ESDD) based on the applicable

<sup>5</sup> Included when there are partnerships with the private sector.

<sup>6</sup> In the context of environmental assessment, associated facilities refer to new or additional works or infrastructure, irrespective of the source of financing, that are essential for a financed project to function. They include: new or additional access roads, railways, power lines or pipelines required for the project; new or additional construction camps, or permanent housing for project workers; new or additional power plants required for the project; new or additional effluent treatment facilities; and new or additional warehouses and marine terminals to handle project goods. The selection of partners (including private-sector partners) is subject to IFAD's due diligence process. See [IFAD's Private Sector Development and Partnership Strategy](#).



SECAP project assessment steps. This process focuses on the FI's capacity to screen, assess, manage and monitor the social and environmental risks and impacts of clients' subprojects on an ongoing basis. These subprojects must be designed and implemented in line with SECAP requirements and national laws and regulations. IFAD will determine any specific requirements for FIs, taking into account the nature and scale of each FI's loan portfolio, and the risks and potential impacts of its operations. The Fund recognizes that the nature and activities of FIs partnering in IFAD-supported projects may vary considerably, and in some cases may pose substantial environmental or social risks. See Standard 8 on FIs and direct investments, and the related guidance note (in Volume 2) for an overview of SECAP requirements and responsibilities in the NSO project cycle.

## 1.6 Consultation and participation

29. As outlined in the Framework for Operational Feedback from Stakeholders, approved by the Executive Board in 2019, IFAD is committed to engaging stakeholders and mobilizing their feedback in its supported projects.<sup>7</sup> Consultations with target groups, communities and other stakeholders likely to engage with IFAD's operations are sought throughout the project life cycle, commencing as early as possible in project development in order to ensure that their feedback is considered. The objective is to ensure: (i) that communities contribute to the development of management plans<sup>8</sup> and provide feedback on draft ESIA reports and other important documents; (ii) broad community support of projects (especially High Risk projects or those sensitive to climate, social and environmental risks and impacts); and (iii) that affected people endorse the proposed risk reduction, mitigation and management measures.
30. Consultation is mandatory and inclusive, ensuring non-discrimination<sup>9</sup> and aims to provide opportunities for disadvantaged and vulnerable groups or individuals to participate in and benefit from projects on an equal basis with others. Consultation through a combination of appropriate tools and approaches, leading to consent, should be initiated as early as possible during design. The results should be documented and reflected in the SECAP review note. FPIC must be sought when project activities affect the land access and use rights of communities. Further guidance on appropriate consultation mechanisms is included IFAD's policies and guidelines on targeting, gender equality and women's empowerment, improving access to land and tenure security, and engagement with indigenous peoples, complemented by how-to-do notes. IFAD's borrowers/recipients/partners must ensure stakeholder consultation proportionate to the nature and scale of the project, potential risks and impacts, and concerns raised by communities and stakeholders.

## 1.7 Disclosure

31. IFAD's Policy on the Disclosure of Documents, approved in 2010, adopted the principle of "presumption of full disclosure".<sup>10</sup> The sharing of draft and final ESIA's and other relevant

<sup>7</sup> See also the following IFAD how-to-do notes: (i) "How to set up, implement, monitor and assess project target group engagement and feedback processes"; (ii) "How to develop project target group engagement and feedback plans"; and (iii) "How to conduct contextual and capacity assessment and develop capacity-building plans for enhanced project target group engagement and feedback".

<sup>8</sup> ESMPs, RAPs, mitigation plans and other plans.

<sup>9</sup> This includes discrimination against status as an indigenous people, migrant, ethnic minority or person with disabilities, or based on age, gender, socio-economic status, race, religion, sexual orientation or gender identity.

<sup>10</sup> <https://webapps.ifad.org/members/gc/33/docs/GC-33-INF-4.pdf>.

documents<sup>11</sup> with project stakeholders and interested parties is subject to this principle. It is mandatory to disclose these documents, when available, in a timely manner at the DRM,<sup>12</sup> on IFAD's website and in an accessible place in the project-affected area, in a form and language understandable to project-affected parties and other stakeholders. Sharing these documents not only keeps all parties informed, but ensures their meaningful input into project design and risk mitigation. This disclosure should take into account any specific information needs of the community (e.g. related to culture, disability, literacy, mobility or gender). For documents to be prepared and disclosed after Executive Board approval, the details and timing of delivery, and disclosure of the documentation will be set out in the financing agreement. Comments on SECAP-related disclosed documents can also be submitted through the SECAP Help Desk: [secaphelpdesk@ifad.org](mailto:secaphelpdesk@ifad.org).

## 1.8 Grievance redress mechanisms

32. Although IFAD normally addresses risks and impacts through its quality enhancement and assurance process, and through project implementation support, it remains committed to: (i) working with the affected parties to resolve complaints; (ii) ensuring that the complaints procedure and project-level grievance mechanism are easily accessible to affected persons, culturally appropriate, responsive and efficient; and (iii) maintaining records of all complaints and their outcomes.
33. IFAD requires that all borrowers/recipients/partners adopt an easily accessible grievance mechanism<sup>13</sup> at project-level in order to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies (see Chapter 4). Furthermore, IFAD requires borrowers/recipients/partners to inform project-affected people about the existence and functioning of this mechanism in any easily understandable form and language, and to integrate it into the overall community engagement strategy. The grievance redress mechanism should incorporate existing formal and informal grievance mechanisms, strengthened or supplemented as needed for each specific project, and in proportion to the expected risks and impacts of the project. Project-affected people may use the grievance mechanism without retribution or reprisal, and the grievance mechanism should not impede access to other judicial or administrative remedies available under national law or through existing arbitration procedures or other accountability mechanisms.
34. IFAD has established a complaints procedure to receive and facilitate the resolution of concerns and complaints regarding alleged non-compliance of its environmental and social policies, and the mandatory aspects of SECAP in the context of IFAD-supported projects. For all projects, IFAD requires borrowers/recipients/partners to inform all affected people about the IFAD complaints procedure in a form and language understandable to them. The procedure enables complainants' concerns to be resolved in a fair and timely manner through an independent process, via e-mail at [SECAPcomplaints@ifad.org](mailto:SECAPcomplaints@ifad.org), IFAD's [Website](#) or by post.<sup>14</sup> Project-affected people may use the complaints procedure without retribution or reprisal, and the grievance and conflict-resolution system does

<sup>11</sup> These include draft ESIA's, draft RAPs, draft mitigation plans and frameworks, and documentation of the indigenous peoples' consultation process. For High Risk projects, disclosure must be made at least 120 days before the next Executive Board session. For Green Climate Fund projects, the ESMP must be disclosed 30 days prior to the Green Climate Fund board meeting. For NSOs, studies for High Risk projects must be disclosed at least 60 days prior to the next Executive Board session.

<sup>12</sup> When the ESMF was disclosed at QAG desk-review stage.

<sup>13</sup> See how-to-do note, "How to set up and operate grievance redress mechanisms".

<sup>14</sup> IFAD SECAP Complaints (PMD), Via Paolo di Dono 44, 00142 Rome, Italy.

not impede access to other judicial or administrative remedies available under national law or existing arbitration procedures. Any complaints of sexual harassment, sexual exploitation or abuse received through the complaints procedure will be forwarded immediately to IFAD's Ethics Office for further action. For projects cofinanced with other development partners, IFAD will agree on a common approach to receiving, resolving and reporting complaints, which will be reflected in the financing agreement and project implementation manual.



# Opportunities, assessments and procedures for mainstreaming

## 2.1 Linking risk management and mainstreaming opportunities: Assessments and procedures along the project cycle

35. While SECAP procedures and assessments are focused on risk identification, assessment, mitigation and management, they are also important mainstreaming opportunities. This component is complemented by:
  - (i) Guidance Note 10 (Volume 2), which presents mainstreaming priority areas and entry points in COSOPs and throughout the project cycle;
  - (ii) A set of reference resources (annex to Guidance Note 10), including mainstreaming assessment tools, sources of related data, definitions, mainstreaming-related core output and outcome indicators, and a flow chart for validating mainstreaming themes selected by project teams.
36. IFAD has committed to specific thematic outcomes through mainstreaming risk management into its business model and investments. Good development practice comprises the identification of opportunities and the risks and impacts of a project unintentionally causing harm. While SECAP procedures, assessments and documentation stemmed from the need for a corporate statement of safeguards, they are evolving into an integrated set of risk-mainstreaming frameworks, approaches and tools.
37. The SECAP annexes specific to COSOPs and PDRs are a good example of this. These mandatory annexes document the results of assessments across a range of linked risk-mainstreaming questions from situation analysis through to recommended actions. The scope of these annexes has expanded as a result of the revisions to the COSOP framework and project documentation, incorporating: poverty/vulnerability analysis and targeting, core elements of strategic engagement and project design. The annotated SECAP annexes are found in Volume 3. In order to complete these annexes, a range of assessments must be undertaken, linking risk assessment and mitigation with mainstreaming. An annotated inventory of recommended tools to support mainstreaming, together with recommended data sources, can be found in annex 2.

38. The SECAP annexes inform the assessment of risk, the identification of risk-mitigation actions and mainstreaming opportunities, which in turn inform the IFAD mainstreaming commitments an investment will contribute to. The mainstreaming commitments are validated by OPR and quality-controlled by QAG.
39. The same assessments required to complete the SECAP annex are also necessary to complete the IPRM. An assessment of the inherent risk (pre-project, context-specific) and residual risk (with risk-mitigation actions in place) is required. The same process – especially the proposed risk-mitigation actions – can also act as a mainstreaming pathway. For example, a risk screening that indicates a high inherent climate risk requires a detailed vulnerability assessment and risk-mitigation plan. The development of this plan may not only comprise the identification of the specific vulnerabilities, but also opportunities to build resilience among target groups such as women and youth, which is linked to IFAD’s mainstreaming commitments.
40. Finally, the risk levels and mitigating actions specified in the IPRM and SECAP are monitored over the entire project life cycle, rated in the supervision template and tracked in IFAD’s Operational Results Management System (ORMS). In short, the assessments and procedures associated with SECAP are inherently linked to risk identification and mitigation, and provide critical mainstreaming opportunities throughout the project cycle.
41. Since the 2017 edition of SECAP, there have been a number of important changes in IFAD, which have implications for mainstreaming within SECAP-related assessments and procedures. Of particular note are the changes highlighted in box 2 below.

#### **BOX 2 Selected changes since the previous SECAP (with implications for mainstreaming)**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>(i) <b>New commitments:</b> mainstreaming youth engagement; 25 per cent of IFAD projects are gender-transformative; 25 per cent of IFAD’s programme of loans and grants support climate adaptation/mitigation; supporting countries to deliver on their Nationally Determined Contributions under the Paris Agreement;</li> <li>(ii) <b>The creation of a new division:</b> OPR focuses on process re-engineering, ensures that project designs conform to specific mainstreaming criteria and validates the level of social, environmental and climate risk determined by PDTs;</li> <li>(iii) <b>Tracking mainstreaming markers in ORMS:</b> and greater emphasis on monitoring mainstreaming activities</li> </ul> | <ul style="list-style-type: none"> <li>throughout the project life cycle, including through changes in the supervision template;</li> <li>(iv) <b>New project and COSOP formats:</b> including new templates for COSOPs and PDRs in the SECAP annexes, which now reflect IFAD’s social inclusion mainstreaming themes and incorporate poverty assessment, target group characteristics and targeting strategy;</li> <li>(v) <b>Chapter on mainstreaming:</b> to reflect its importance to IFAD and emphasize the relationship between risk management and mainstreaming opportunities; and</li> <li>(vi) <b>Revision of IFAD’s risk monitoring and management system:</b> with greater integration of project-level, SECAP-specific risk-assessment and risk-rating procedures.</li> </ul> |
|--|--|

## 2.2 Mainstreaming opportunities by each SECAP standard

42. The SECAP Guidance Notes (Volume 2) not only include information on how to manage environmental, social and climate risks and impacts, but explain how to enhance development opportunities. Table 1 below highlights some of the mainstreaming-related guidance found in these Guidance Notes.

**TABLE 1 SECAP Guidance Notes: Mainstreaming-related content**

<b>Guidance Note</b>	<b>Examples of mainstreaming-related opportunities</b>
<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>– Environmental, climate and gender mainstreaming considerations can be reflected in biodiversity management plans: See annex 2 of this Guidance Note</li> <li>– Access and benefit-sharing of genetic resources: nutritional, gender and youth mainstreaming opportunities</li> <li>– Ecosystem services: see annex 1 of this Guidance Note</li> <li>– Agro-ecological approaches to production landscapes, with benefits to biodiversity</li> <li>– Biodiversity-related cofinancing</li> </ul>
<b>Resource efficiency and pollution</b>	<ul style="list-style-type: none"> <li>– Health, welfare and nutrition-related issues and resource misuse (pesticides, herbicides, deforestation, inefficient water use pollution) may have impacts on women and youth; conversely, good use can represent a positive mainstreaming pathway</li> <li>– Related plans with mainstreaming opportunities include pest management plans (see annex 1), ESCMFs, ESCMPs, ESIAs</li> <li>– Rangelands: see annex 3, especially the section Measures Required in Project Preparation</li> <li>– Water use (see annex 4 of this Guidance Note and the section of this annex on policy engagement)</li> <li>– Environmental sustainability and climate change</li> </ul>
<b>Cultural heritage</b>	<ul style="list-style-type: none"> <li>– Indigenous peoples, stakeholder consultations, environmental management</li> <li>– See box with screening questions</li> </ul>
<b>Indigenous peoples</b>	<ul style="list-style-type: none"> <li>– Sustainable environmental management is closely interlinked with the livelihoods of indigenous peoples and others who depend on equitable access to the benefits of natural resources</li> <li>– Related resource tenure and land rights</li> <li>– Indigenous peoples as custodians of key ecosystem resources</li> <li>– Climate vulnerability and resilience building of indigenous peoples, and other communities that share natural ecosystems</li> <li>– Promoting the nutritional benefits of traditional food and practices via project activities</li> <li>– Gender equality and the empowerment of women and girls (standard strategies may not be effective)</li> <li>– FPIC of indigenous peoples and other affected communities (see table 2)</li> <li>– See box 3 on voluntary guidelines</li> <li>– Table 1 is useful for project approaches/activities that benefit indigenous peoples</li> </ul>

Guidance Note	Examples of mainstreaming-related opportunities
<b>Labour and working conditions</b>	<ul style="list-style-type: none"> <li>– Relevant to young women and men, especially given the high rate of child labour in agriculture (including in family farming); see boxes 4 and 5</li> <li>– Gender-dependent risks and impacts; potential pathway for empowerment if provided preferential employment and suitable working conditions (see box in paragraph 7 on employment promotion)</li> </ul>
<b>Community health and safety</b>	<ul style="list-style-type: none"> <li>– Environmental management through infrastructure development must take into account public health concerns, including differentiated exposure and higher sensitivity of vulnerable groups (see guidance on dams, especially annex 1 of this Guidance Note)</li> <li>– See guidance related to paragraph 6 of this Standard on nutrition and the section on nutritional recommendations</li> <li>– See boxes on Sources of Additional Guidance, which cover a range of mainstreaming themes</li> <li>– Issues related to this Standard – and mainstreaming opportunities via mitigating actions – are particularly relevant to the IPRM tables of projects</li> </ul>
<b>Physical and economic resettlement</b>	<ul style="list-style-type: none"> <li>– Potential opportunity to improve resource quality and access for displaced communities (see guidance on Resettlement Action Plans and annex 1 of this Guidance Note)</li> <li>– Opportunity to identify, better characterize and reach vulnerable groups (see box in paragraph 12 of the Standard)</li> <li>– See box 5 on vulnerability factors that project design teams might overlook, but that could be opportunities to reduce related risks and impacts associated with the factors</li> </ul>
<b>Financial intermediaries and direct investments</b>	<ul style="list-style-type: none"> <li>– See box 1 on the Environmental and Social Management System of the FI; this review is also an opportunity to strengthen their mainstreaming pathways, with benefits beyond this specific project</li> <li>– Conversely, IFAD may be able to learn from the FI</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>– See box 2 on additional resources for climate risk screening; many of these resources also cover mainstreaming themes</li> <li>– See figure 2 on the impact chain and the explanation (step 3) in the box on adaptive capacity; this is an entry point for mainstreaming through project activities that simultaneously contributes to mitigating risk</li> <li>– See box 3 on additional resources for mitigating GHG emissions; these include ideas for mainstreaming pathways</li> </ul>



## 2.3 SECAP for both risk management and mainstreaming – the role of assessments

43. SECAP originated from the need to identify risks and impacts in order to implement mitigation measures and safeguards in IFAD-funded activities.
44. However, the same assessments required for risk identification and classification also provide opportunities to identify mainstreaming pathways. If informed by data and planned correctly, mainstreaming activities can also help to mitigate risks and negative impacts (see box 3).

### BOX 3 Project risks and mainstreaming opportunities: a gender/youth lens

A situation analysis early in the project cycle may highlight a gender- or age-related lack of access to productive resources. Thematic assessment tools such as the Gender Action Learning System can then be deployed to understand the underlying reasons and identify interventions to address these gaps.

On the other hand, projects focused on maximizing productivity but not based on an analysis of gender- and youth-specific issues may further reduce opportunities for women and youth to improve their livelihoods.

45. Appropriately selected and effectively deployed assessments support decision-making in allocation of scarce resources, including time, human capacity and funds by highlighting specific opportunities for target groups using proven methodologies. However, no single assessment tool is useful in all situations or at all points in the project cycle. Mainstreaming-related assessment tools widely used in IFAD are listed in the annex to Guidance Note 10 (Volume 2). They are categorized by thematic focus and stage in the project cycle for which they are intended.
46. The results of these assessments should be reflected in both the SECAP annex and the main report of the COSOP or project. They inform the theory of change, activities, indicators, capacities and proposed partners, and often lead to detailed strategies and action plans for following up on their findings.
47. For example, the mandatory environmental, social and climate screening at the project concept note (PCN) stage (and later validated at DRM stage) assesses the level of risk related to: (i) the proposed environmental and social activities; and (ii) climate change. This screening may trigger additional studies to understand how these risks and impacts will be managed. The terms of reference and templates for this screening tool are included in Volume 3 of SECAP. Its implementation can provide a critical opportunity to identify mainstreaming activities.
48. Table 2 below provides an overview of the main types of assessment related to risk identification and mainstreaming that may be administered at each stage in the project cycle, and their objectives. Not all of these assessments involve the deployment of a specific methodology or tool; in most cases, delivery teams combine thematic and country-specific expertise with the right mix of skills and experience in assessment.

TABLE 2 Principle types of assessment by stage in the IFAD project cycle

	Situational analysis	Mainstreaming assessment and measures	Risk assessment and management	
<b>A Country strategy</b>	Poverty targeting and target group identification	Identifying challenges and opportunities	Country risk characterization	>
<b>B Project concept</b>	Defining target groups	Situational analysis	Risk screening	>
<b>C Project design</b>	Targeting strategy and refining targeting measures	Mainstreaming pathways and measures	Risk assessment	>
<b>D Project implementation</b>	Supervision and monitoring	Supervision and monitoring	Risk supervision, monitoring and management	>
<b>E Project completion</b>	Evaluation	Evaluation	Evaluation	>

## 2.4 IFAD’s targeting and mainstreaming commitments

49. **Targeting commitments.** IFAD is committed to rural transformation through equitable, sustainable and inclusive development. To improve its contribution to the 2030 Agenda of eradicating poverty in all its forms and leaving no one behind, the Fund aims to improve its targeting in order to improve the livelihoods of the poorest and most vulnerable people in rural areas through its country strategies and investment projects.
50. **Mainstreaming commitments in COSOPs.** The Eleventh Replenishment of IFAD’s Resources (IFAD11) (2019-2021) committed IFAD to mainstreaming in all its COSOPs and CSNs: (i) nutrition; (ii) gender transformation; (iii) rural youth and rural youth employment; and (iv) environment and climate. During IFAD12, these commitments will be maintained, with additional emphasis on the growing number of IFAD country strategies and on the cross-cutting themes of indigenous peoples, people with disabilities and biodiversity.
51. All new COSOPs and CSNs will analyse recipient countries’ own agriculture-related climate change commitments and priorities, as expressed in domestic strategies, including their Nationally Determined Contributions under the Paris Agreement to the United Nations Framework Convention on Climate Change (UNFCCC) where applicable.

## 2.5 An integrated approach to assessing mainstreaming opportunities and targeting priority beneficiaries

52. IFAD’s target beneficiaries represent a mix of groups, including women, youth, other vulnerable groups, and indigenous peoples. The Fund’s mainstreaming themes (environment and climate, gender equality, nutrition and youth) all impact its target groups or represent development objectives in their own right. Mainstreaming an issue such as gender implies recognizing the different ways in which issues related to rural

transformation affect women and men. This perspective generates a deep understanding of the underlying causes of inequalities in access, ownership, opportunities and skills. One example is undertaking a technology needs assessment, taking into account the team's gender balance and including gender-related expertise alongside technology expertise. Gender-focused background analyses, gap analyses and focus group discussions provide important data. Given the multiple mainstreaming themes and their interconnectedness, it is clear why an integrated approach – although demanding – is important (see box 4).

#### **BOX 4 Interconnectedness among mainstreaming themes**

Food systems are critical determinants of natural resource sustainability in production landscapes as well as rural poor people's nutrition. Higher temperatures or shorter rainy seasons resulting from climate change can affect the suitability of crops to specific habitats and their nutritional quality. Project designs should reflect the impacts of food-system transformation on nutrition, gender and the environment. For example, maintaining

a diversity of crops can strengthen household resilience to weather shocks while empowering women and girls, and maintaining food security. However, climate change can pose particular challenges to young men and women, who rarely have access to assets such as land or financing that can help farmers to cope.

53. The potential trade-offs among the mainstreaming themes should be discussed during both COSOP and project design. These discussions can benefit from a review of SECAP-related assessments and may inform consultations with national stakeholders, beneficiary representatives, cofinanciers and implementing partners. While there is no single assessment procedure that can prioritize trade-offs among competing objectives, the frameworks, approaches and technical tools highlighted in this chapter are useful resources for COSOP delivery teams and PDTs.
54. As a matter both of principle and investment impact, whatever approach is selected, communities should be engaged throughout the project cycle and not just during the design phase (see IFAD's Framework for Operational Feedback from Stakeholders). A genuinely participatory design process facilitates a shared vision and mapping of pathways towards household and community transformation. Delivery teams should allocate time and resources to ensure that preliminary studies are conducted and that they feed into project design. Studies using household methodologies are particularly valuable in establishing a baseline and especially effective if they are repeated several times during implementation. These studies are not just a diagnostic tool, but can be transformative if implemented properly. Finally, it is important not to overlook the cross-cutting dimensions of mainstreaming through targeting, capacity development, adoption of good practices during implementation and knowledge management.



## CHAPTER 3

# SECAP in the project cycle

55. This section sets out the steps that projects entering the pipeline must follow throughout the project cycle. The integration of SECAP into IFAD's project cycle is shown in figure 2 below. An overview of steps to be taken by NSO projects entering the pipeline is provided in annex 3.

FIGURE 2 The seven steps of SECAP in the project cycle

Project Stage	SECAP Procedures	Required Documentation by PDT	Compliance Review by OPR
1 Concept (OSC)	Screening and categorization	<ul style="list-style-type: none"> <li>▪ Preliminary SECAP Review Note with screening checklist, proposed risk categorization and required management plans (e.g. ESCMF)</li> <li>▪ Draft stakeholder engagement plan</li> <li>▪ Draft TORs for management plans (e.g. ESCMF)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review documentation</li> <li>▪ Validate preliminary social &amp; environ. and climate risk categories</li> <li>▪ Validate required assessments</li> </ul>
2 Design (DRM)	Assessment	<ul style="list-style-type: none"> <li>▪ Project design report (PDR) and Project Implementation Manual (PIM) containing targeting strategy, social, environ. and climate measures as well as risk mitigation measures</li> <li>▪ SECAP Review Note with final risk categories</li> <li>▪ Grievance redress mechanism</li> <li>▪ Management plans (ESIA, ESCMF, ESCMP, stakeholder and other relevant plans)</li> <li>▪ Disclose SECAP studies as necessary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review documentation</li> <li>▪ Validate final risk categories</li> <li>▪ Review management plans and draft conditions for Financing Agreement</li> <li>▪ Clear studies for disclosure</li> <li>▪ Validate mainstreaming criteria</li> <li>▪ Calculate climate finance</li> </ul>
3 QAG desk review		<ul style="list-style-type: none"> <li>▪ Revised PDR, PIM and management plans as needed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review revised PDR, PIM and Financing Agreement conditions</li> </ul>
4 Loan negotiation		<ul style="list-style-type: none"> <li>▪ Revised documentation</li> </ul>	
5 Board approval		<ul style="list-style-type: none"> <li>▪ Final documentation</li> </ul>	
6 Implemen- tation		Monitoring	<ul style="list-style-type: none"> <li>▪ Supervision reports</li> <li>▪ Supervision of implementation of management plans and modification as required</li> <li>▪ Review of other planning documents (e.g. Gender Action Plan, capacity-building plans, ES audit reports, consent agreements)</li> <li>▪ Anticipate/address complaints</li> </ul>
7 Completion	Evaluation		<ul style="list-style-type: none"> <li>▪ Project completion report (PCR) and possibly ex-post studies</li> </ul>

Participation and consultation and knowledge management

### 3.1 Step 1 – Screening and categorization (OSC stage)

56. The first step in SECAP is a mandatory screening and categorization exercise using the nine Standards presented in section 4. This screening process must begin prior to OSC review. The screening results in a proposed preliminary environmental and social category, and climate risk classification for the project, together with the necessary actions to address the associated environmental, social and climate risks, and their expected impacts. The screening tool and checklist should be used in conjunction with the exclusion list (see annex 5).
57. The screening is aimed at identifying the major social, environmental and climate impacts and risks associated with a project, defining the necessary steps for further analysis and identifying measures to enhance development opportunities and minimize risks and negative impacts. The findings are included in the PCN for consideration at the OSC review meeting. The preliminary SECAP review note and completed screening provide a justification for the preliminary category and classification assigned (see IFAD Operations Manual and Volume 3 for the template).
58. Any risks or potentially adverse impacts on disadvantaged groups, women, men, girls and boys should be identified as early as possible through the screening process, and reflected in the SECAP review note. This includes differentiated impacts according to gender and age, and any adverse impacts on women, youth and persons with disabilities. The screening exercise also allows IFAD to highlight investments with high potential for climate adaptation or GHG emissions, and the probability of loss or damage from climate-related events, which can also help IFAD to make a case for allocating additional climate financing.
59. Where feasible, this exercise should be informed by the issues raised in the SECAP background study prepared for the COSOP, and other climate-related studies conducted by the borrower/recipient/partner. The exercise culminates in the preliminary SECAP review note and completed screening, which should be attached to the PCN when it is submitted to OSC. At the OSC stage, OPR validates the project's preliminary environmental and social category, and climate risk classification.
60. Guiding questions for environmental and social screening can be found in the screening tool (within ORMS). The template for the preliminary SECAP review note is provided in the IFAD's Operations Manual and Volume 3 of the SECAP. The preliminary review note should contain the following:
  - (i) An overview of the main social, environmental and climate issues in the project area, and identification of any significant impacts (positive and negative) likely to be associated with the project (clearly indicating any community concerns). The overview should provide information about environmental, social and climate issues to determine if an in-depth impact assessment is warranted. The screening is considered a minimum requirement for all projects, including those that do not warrant further analysis. This analysis also represents a good opportunity to identify mainstreaming prospects and pathways (see Chapter 2).
  - (ii) A preliminary justification for the category and classification. This should reference the country's social, environmental and climate change policies, legislation and institutions, as well as any cofinanciers' social, environmental and climate screening requirements. For proposals initiated by a cofinancier, this should include a description of the cofinancing agency's social, environmental and climate adaptation or mitigation requirements, and the extent to which they satisfy IFAD's

requirements. All potential cumulative impacts should be taken into account in assigning the risk category and classification.

- (iii) An identification of the additional requirements the project, including:
    - (i) preliminary indications of the scope of required Environmental and Social Impact Assessments, studies, management plans and climate risk analysis;
    - (ii) any consultation requirements of the proposed project, including interested parties;
    - and (iii) estimated budgetary requirements.
61. In order to ensure an integrated approach to environmental and social management, PDTs should consult the SECAP annexes and guidance notes, IFAD how-to-do notes (i.e. on FPIC, grievance redress mechanisms and stakeholder engagement), and case studies. The preliminary and final risk categories, classification and the basis for their selection should be reflected on IFAD’s corporate dashboard (through the Grants and Investments Projects System) and in the PCN, PDR, President’s Memo and SECAP review note, which is an annex to the PDR. The project risk category and classification are monitored regularly throughout the project life cycle and updated as necessary.
62. Step 1 is the responsibility of the PDT, working closely with regional directors. For all projects categorized as High or Substantial Risk for environmental and social risk, or climate risk (see risk categorization below), the PDT should involve a representative from ECG during all steps. OPR will review and validate the results of the screening and categorization, along with supporting documentation (including mainstreaming issues discussed in chapter 2) in preparation for step 2.

### 3.1.1 Environmental and social risk category for projects

63. Environmental and social risk can be categorized as High, Substantial, Moderate or Low.
64. Risk categories are determined by: the nature and sensitivity of the project area; the significance and magnitude of potential impacts; and the cumulative and induced impacts. Guiding questions for environmental and social risk classification can be found in the ORMS screening tool. The environmental and social categories are presented in table 3 below. For projects with several components or subprojects, the highest risk category of all components or subprojects will be considered the project’s overall risk category. The choice of risk category must be clearly justified in the PDR, with any potentially significant impacts in the project that are classified as High Risk clearly identified, described and discussed in the ESIA and the PDR prepared for Executive Board approval.

**TABLE 3 Environmental and social risk categories**

Category	Environmental and social risk level
High	<p><b>High Risk:</b> This classification takes into account whether the potential risks and impacts associated with a project have most or all of the following characteristics:<sup>15</sup></p> <ul style="list-style-type: none"> <li>– Result in sensitive, irreversible or unprecedented significant risks and impacts (for example, resulting in loss of major natural habitat or conversion of wetlands);</li> <li>– Result in risks and impacts that are significant in magnitude and/or spatial extent (large geographical area or size of the population likely to be affected);</li> <li>– Have significant risks and impacts that affect an area much broader than the sites or facilities subject to physical interventions;</li> <li>– Result in significant adverse cumulative or transboundary impacts;</li> <li>– High probability of serious adverse effects to human health and/or the environment (e.g. due to accidents, toxic waste disposal);</li> </ul>

<sup>15</sup> Because High Risk projects require more attention, they are assigned to Track 1 within the IFAD project review process (High Risk [former category A] projects are presented to the Executive Board for approval).

Category	Environmental and social risk level
High (cont.)	<ul style="list-style-type: none"> <li>– Risks and potential impacts are not readily remedied by preventive actions or mitigation measures;</li> <li>– The area affected is of high value and sensitivity, for example, sensitive and valuable ecosystems and habitats (legally protected and internationally recognized areas of high biodiversity value), lands or rights of indigenous peoples and other vulnerable minorities, intensive or complex involuntary resettlement or land acquisition, or impacts on cultural heritage;</li> <li>– There are significant concerns that the project’s adverse social impacts and associated mitigation measures may give rise to significant social conflict, harm, significant risks or impacts on human security;</li> <li>– There is a history of unrest in the project area or significant concerns regarding the activities of security forces;</li> <li>– The project is being developed in a legal or regulatory environment where there is significant uncertainty or conflict regarding the jurisdiction of competing agencies, legislation or regulations do not adequately address the risks and impacts of complex projects, changes to applicable legislation are being made, or enforcement is weak;</li> <li>– There are significant concerns related to the capacity, commitment and track record of project stakeholders in relation to engagement, or there are several external factors that could have a significant impact on the project’s environmental or social performance, or outcomes.</li> </ul> <p>Additionally, a project is classified as High Risk when it finances one or more of the following activities:</p> <ul style="list-style-type: none"> <li>– New construction, rehabilitation or upgrade of large/major dams or reservoirs (more than 15-metre-high wall, more than 500-metre long crest, and/or with a reservoir exceeding 3 million m<sup>3</sup>) or incoming flood of more than 2,000 m<sup>3</sup>/s;</li> <li>– New construction or upgrade of large-scale irrigation schemes (above 999 hectares per scheme);</li> <li>– New construction, or upgrade of rural roads (annual average daily traffic [AADT] above 1,000);</li> <li>– Surface water abstraction: significant extraction/diversion or containment of surface water, leaving the river flow less than 5 per cent above the environmental flow when downstream user requirements are taken into account;</li> <li>– Ground water abstraction: withdrawal of groundwater in areas already experiencing soil subsidence due to over-abstraction and/or increasing groundwater depth (e.g. observed in existing wells) and/or withdrawal of groundwater close to the recharge rate (considering all abstraction needs from the groundwater unit);</li> <li>– Large-scale aquaculture or mariculture of at least 50 hectares on one site;</li> <li>– Economic or physical displacement (e.g. land, potable water and water for other uses), or physical resettlement of more than 100 households or businesses, and/or significant loss of assets or access to resources (i.e. over 15 per cent reduction in a farmer’s or community’s assets);</li> <li>– Conversion and loss of physical cultural resources.</li> </ul>
Substantial	<p><b>Substantial Risk:</b> A project should be classified as Substantial Risk when it is not as complex as a High Risk project and its environmental and social scale is not in such a sensitive area, but may pose significant risks and impacts if not adequately managed. These potential risks and impacts have most or all of the following characteristics:</p> <ul style="list-style-type: none"> <li>– They are mostly temporary, predictable or reversible, and the nature of the project makes it possible to entirely avoid or reverse them;</li> <li>– There are concerns that the project’s adverse social impacts and associated mitigation measures may give rise to a limited degree of social conflict, harm or impacts on human security;</li> <li>– The geographical area and size of the population likely to be affected are medium to large;</li> <li>– There is some potential for cumulative or transboundary impacts, but they would be less severe and more readily avoided or mitigated than in a High Risk project;</li> <li>– There is medium to low probability of serious adverse effects to human health or the environment (e.g. due to accidents, toxic waste disposal), and there are known and reliable mechanisms to prevent or minimize such incidents;</li> <li>– The project’s effects on areas of high value or sensitivity are expected to be lower than for High Risk projects;</li> <li>– Mitigation or compensation measures may be designed more easily and be more reliable than those of High Risk projects;</li> </ul>



Category	Environmental and social risk level
<b>Substantial (cont.)</b>	<ul style="list-style-type: none"> <li>– The project is being developed in a legal or regulatory environment where there is uncertainty or conflict regarding the jurisdictions of competing agencies, legislation or regulations do not adequately address the risks and impacts of complex projects, changes to applicable legislation are being made, or enforcement is weak;</li> <li>– The past experience of the borrower/recipient/partner and implementing agencies in developing complex projects is limited, and their track records regarding environmental and social issues suggest that some concerns can be addressed through implementation support;</li> <li>– There are concerns about capacity and experience in managing stakeholder engagement, but these can be readily addressed through implementation support.</li> </ul> <p>Additionally, a project may be classified as Substantial Risk when it finances one or more of the following activities:</p> <ul style="list-style-type: none"> <li>– New construction, rehabilitation or upgrade of medium dams/reservoirs (between 10-14-metre-high wall, and/or with a reservoir of between 100,000-3 million m<sup>3</sup>);</li> <li>– New construction or upgrade of medium-scale irrigation schemes (between 300-999 hectares per scheme);</li> <li>– New construction or upgrade of rural roads (AADT between 400-1000);</li> <li>– Development of a large-scale agroprocessing facility;</li> <li>– Aquaculture or mariculture of 25 to 49 hectares on one site;</li> <li>– Construction or operation causing an increase in traffic on rural roads;</li> <li>– Economic or physical displacement (e.g. land, potable water, water for other uses), or physical resettlement of 20-100 households or businesses, or a 10 to 15 per cent reduction in a farmer' or community's assets.</li> </ul> <p>If the environmental and social screening exercise shows that the risks and impacts are significant, the project category will be upgraded to High Risk.</p>
<b>Moderate</b>	<p><b>Moderate Risk:</b> A project should be classified as Moderate Risk when potential adverse risks and impacts on human populations or the environment are not likely to be significant. This may be because the project is not complex or large, does not involve activities with high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas. The potential risks and impacts are:</p> <ul style="list-style-type: none"> <li>– Predictable and expected to be temporary or reversible;</li> <li>– Low in magnitude;</li> <li>– Site-specific, without the likelihood of impacts beyond the project life cycle;</li> <li>– Low probability of serious adverse effects to human health or the environment (e.g. they do not involve the use or disposal of toxic materials, or routine safety precautions are expected to be sufficient to prevent accidents);</li> <li>– The project's risks and impacts can be easily mitigated in a predictable manner.</li> </ul> <p>Additionally, a project is classified as Moderate Risk when it finances one or more of the following activities:</p> <ul style="list-style-type: none"> <li>– Small dam or reservoir construction (between 5-9-metre high wall, and/or with a reservoir below 100,000 m<sup>3</sup>);</li> <li>– Construction of small-scale irrigation schemes rehabilitation/development (below 300 hectares per scheme);</li> <li>– New construction, rehabilitation or upgrade of rural roads (AADT below 400); and/or</li> <li>– Aquaculture or mariculture of less than 25 hectares on one site.</li> </ul>
<b>Low</b>	<p><b>Low Risk:</b> A project should be classified as Low Risk if it will have negligible or no environmental or social implications. Examples include:</p> <ul style="list-style-type: none"> <li>– Technical assistance grants for agricultural research and training;</li> <li>– Research;</li> <li>– Extensions;</li> <li>– Health;</li> <li>– Nutrition;</li> <li>– Education; and</li> <li>– Capacity- and institution building.</li> </ul>

### 3.1.2 Nature and sensitivity of project location

65. The selection of an environmental and social category depends on the project context since the extent of potential impacts is a function of the surrounding natural and sociocultural environment. This is particularly true for IFAD-supported projects, which tend to be implemented in marginal and ecologically fragile areas. Sensitive areas include: protected areas such as national parks, wildlife, nature reserves and biosphere reserves; areas of global significance for biodiversity conservation; natural and critical habitats dependent on endangered species; natural forests; wetlands; coastal ecosystems, including coral reefs and mangrove swamps; small island ecosystems; areas vulnerable to climate change and variability; lands highly susceptible to landslides, erosion and other forms of land degradation; rural communities vulnerable to social changes and exposure to health risks; and areas with cultural resources of historical, religious, archaeological or other significance. When the proposed location of a project is in an area where tangible cultural heritage is likely to be found, chance find procedures are included in the ESCMP.
66. Projects located in sensitive areas may be considered High Risk or Substantial Risk, and should involve extensive community consultation because of their potentially serious negative impacts on ecosystems and community members' health and livelihoods. The projects should also have clear grievance redress mechanisms in order to respond promptly to concerns and complaints related to their environmental and social performance.

### 3.1.3 Significance of impacts

67. Significance is a composite measure of the nature (type, intensity), magnitude (size/ extent), timing and duration of an impact, as well as the attribution of importance or value to these findings (e.g. societal values). The magnitude of impacts can be measured in many ways, such as the concrete amount of a resource or ecosystem affected, the amount affected relative to the existing stock of the resource or ecosystem viability, and the intensity of the impact. In addition, the probability of a specific impact occurring and the cumulative impact of the proposed action and other planned or ongoing actions should be considered. For example, conversion of hectares of wetlands differs markedly in significance depending on its size relative to the total area of wetlands in the country or region.
68. In addition, significance can be measured in social terms, as the number of rural communities or villages (and livelihoods) positively or negatively affected by a proposed project. For example, in areas that support multiple livelihoods, an intervention aiming to benefit a large number of crop producers might lead a smaller number of livestock herders, fishers and hunters to lose their livelihoods. Impacts should be disaggregated by sex, age and socio-economic status when relevant.

### 3.1.4 Cumulative and induced impacts

69. All environmental and social assessments of IFAD-supported projects must take into account: (i) other current and proposed development activities within the project area; (ii) spontaneous activities spurred by a project (e.g. migration of people into the area or increased charcoal production in an area opened by a road project); and (iii) external events beyond the project boundary. Such cumulative or induced impacts may be the primary determinants of the level of environmental analysis required.

70. With projects driven by community demand, it may be difficult to determine the potential adverse impacts until a project is under way. Although the magnitude of these impacts depends on their scale of activity, a cautious approach to identifying potential cumulative impacts is essential. In such cases, environmental and social analysis – including adequate budget – should be incorporated into project design. Such projects may be considered Substantial Risk projects.

### 3.1.5 Climate risk classification

71. In tandem with the environmental and social categorization process, PDTs should undertake a parallel exercise to determine the climate risk classification. In the context of the climate assessment, the term “risk” often refers to the potential for adverse consequences of a climate-related hazard (or adaptation or mitigation responses) on lives, livelihoods, health and well-being, ecosystems and species, economic, social and cultural assets, services (including ecosystem services) and infrastructure. Risk results from the interaction of vulnerability (of the affected system), its exposure over time (to the hazard), as well as the (climate-related) hazard and the likelihood of its occurrence.
72. The climate risk assessment comprises four main elements:
- (i) Hazard identification: Identify the historical (in the last 30 years or more), current observed and projected future (2050-2100) weather-related hazards that are likely to affect agricultural systems (including crops, livestock, fisheries, livestock forests, value chains and agricultural livelihoods) in the project’s location.
  - (ii) Exposure assessment: Identify the project area’s exposure to these hazards based on information related to presence of: people; agricultural livelihoods, species or ecosystems; environmental functions, services, and resources; infrastructure; or economic, social, or cultural assets in settings that could be adversely affected.
  - (iii) Sensitivity assessment: Identify the degree to which a system is susceptible to – and unable to cope with – adverse effects of climate change, including climate variability and extremes. Individuals and communities are differentially vulnerable to climate change depending on factors such as wealth, education, gender, age, nutrition, disability and health.
  - (iv) Adaptive capacity and climate resilience: Assess the degree to which an ecosystem or community is able to adapt to the adverse effects of climate change, including climate variability and extremes.
73. The outcomes of the four elements are used to calculate the climate risk classification according to the following formula:

$$\text{Climate Risk} = \text{Hazards} + \text{Exposure} + \text{Sensitivity} - \text{Adaptive Capacity}.$$

74. The classifications for climate risk are defined in table 4 below.

TABLE 4 Climate risk classifications

Category	Climate risk
High	<b>High Risk:</b> The outcome of the project will be jeopardized by climate change, with the potential for severe impacts of significant irreversibility. Climate-related risks and impacts are likely to result in financial, environmental or social underperformance or failure. Adaptation measures are likely to be ineffective, extremely costly, socially unacceptable or may increase risk and reduce resilience. Adaptation limits may be reached or loss and damage may occur.

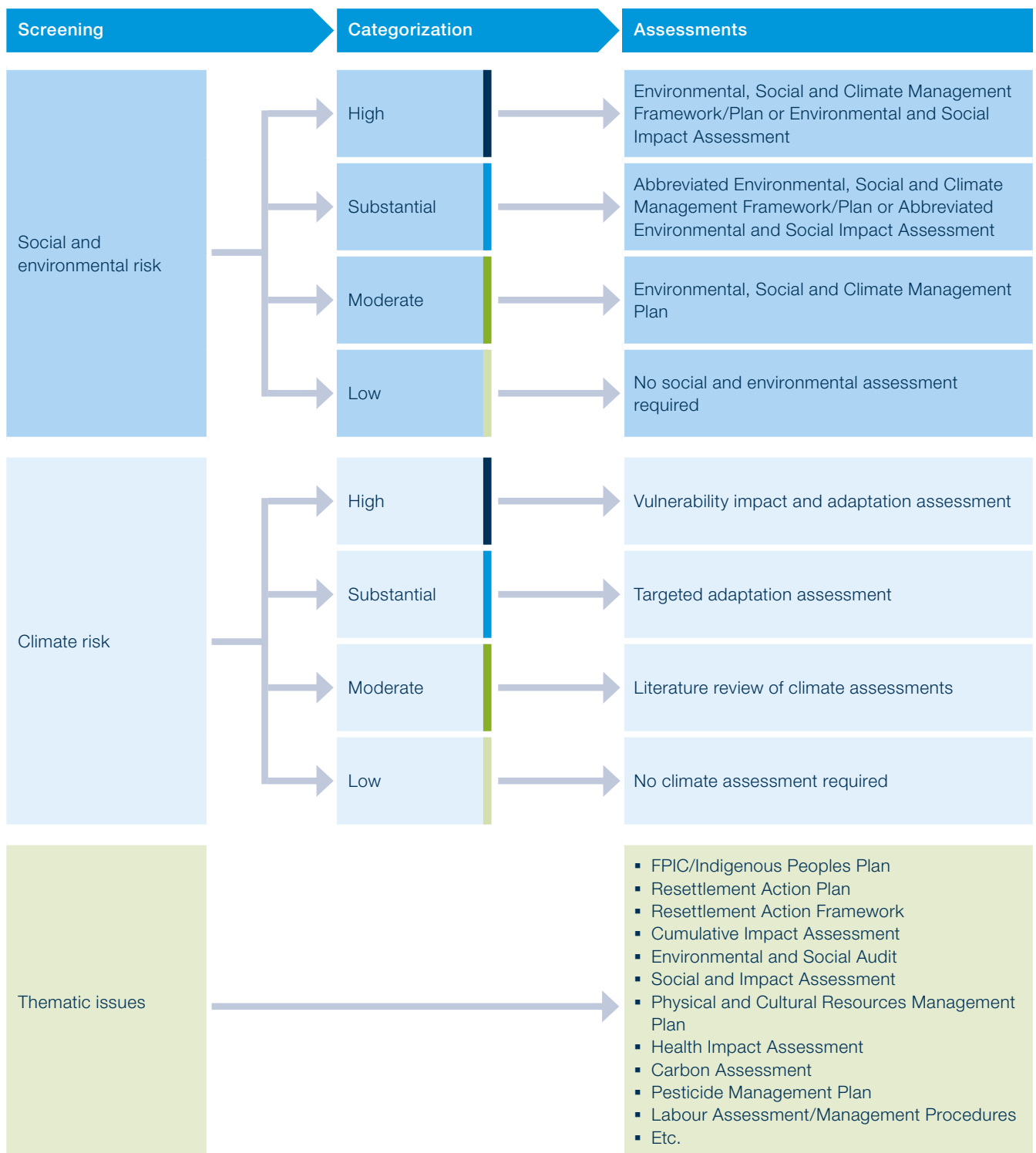
Category	Climate risk
Substantial	<b>Substantial Risk:</b> There is the potential for widespread impacts from climate change. Outcomes may be undermined by climate change and adaptation measures may not be readily available. Financial, environmental and social underperformance or failure cannot be excluded. However, risk-management activities are likely to increase the resilience and adaptive capacity of households, infrastructure, communities and ecosystems.
Moderate	<b>Moderate Risk:</b> Impact from climate change may occur, but will be limited, transient or manageable. Financial, environmental and social underperformance or failure is unlikely. The system has the capacity to manage volatility, shocks, stressors or changing climate trends.
Low	<b>Low Risk:</b> No negative impact from climate change is expected based on the best available data. Financial, environmental and social underperformance or failure appear very unlikely.

75. The climate-related issues to be addressed will vary for each project; many of these issues are explained in Guidance Note 9 (SECAP Volume 2). High Risk investments require a detailed vulnerability impact and adaptation assessment in order to identify measures for reducing risks and impacts (see model terms of reference in IFAD's Operations Manual and SECAP Volume 3). Substantial Risk projects require a targeted adaptation assessment in order to identify measures for reducing risks and impacts (see model terms of reference in IFAD's Operations Manual and SECAP Volume 3). These analyses aim to ensure that measures to reduce or manage climate risks and impacts are identified and implemented.
76. Based on this analysis, risk management and adaptation measures can be established and integrated into the project design in order to manage weather- and climate-related risks identified through the screening exercise. These may include technical innovations, capacity-building, outreach, data gathering, monitoring and information management. They can also include on- and off-farm diversification strategies, and risk-transfer solutions such as insurance.
77. GHG emissions from projects with significant mitigation potential will be measured using existing tools and methodologies, as appropriate. If a project is classified as Substantial or High Risk for climate, additional financing may be mobilized from dedicated funds such as the Adaptation Fund, Global Environment Facility, Least Developed Countries Fund, Special Climate Change Fund and Green Climate Fund to finance complementary actions.

## 3.2 Step 2 – Design stage (DRM)

78. The second step involves the mandatory preparation of the final SECAP review note and (depending on the risk category) the development of mandatory studies such as the ESIA, abbreviated ESIA, Environmental, Social and Climate Management Framework (ESCMF) or abbreviated ESCMF, and special plans such as a RAP, RAF, IPPs, FPIC, FPIC implementation plan, Pesticide Management Plan, Cultural Resources Management Plan and chance find plan. The objective of these studies and plans is to ensure that the borrower/recipient/partner will design, develop and implement the project in line with SECAP requirements, local regulations and industry best practices.
79. This step comprises an assessment of the project design documentation at the DRM. The extent of this review and due diligence are commensurate with the level of risk, that is, the result of the screening and risk categorization (step 1). For High Risk projects, an ESIA is required, unless the project sites have not yet been selected; in this case, an ESCMF should be developed. When there is a risk of resettlement, a RAP is required, unless project sites and affected persons have not yet been selected; in this case, a RAF should be developed. In

**FIGURE 3 Implications of categorization**



addition, one or more thematic studies (see figure 3 above) may be required to accompany the ESIA or ESCMF. The ESIA or ESCMF should incorporate an ESCMP.

80. Flexibility in the form of a two-phased approach may be applied. The first phase of the project would involve necessary SECAP studies and other relevant assessments while less risky activities are undertaken. In the second phase, the project design with the required studies (e.g. ESIA, RAP, FPIC plan, feasibility studies) would be submitted to the Executive Board for approval. More details on the required content of these documents can be found in Volume 3.

81. ESIA reports are approved by the government and then cleared by the IFAD regional director after technical inputs have been provided by ECG and the Sustainable Production, Markets and Institutions Division. SECAP documents associated with High Risk projects are disclosed in an accessible place in the country and on IFAD's website.
82. In cases where ESIA studies or RAPs have already been conducted prior to IFAD's involvement in the project, IFAD will review the existing studies and documentation of consultations, and propose additional studies to address significant environmental and social issues, or issues that were not adequately addressed in order to meet SECAP requirements. The draft ESIA (and relevant studies) are submitted together with the PDR at the DRM. The PDT will disclose the final project category and classification on IFAD's corporate dashboard (through the Grants and Investment Projects System) and in project documents.
83. **For Substantial Risk projects**, one or more of the following may be required: (i) a formal SECAP review note or abbreviated ESCMF; (ii) an abbreviated RAF or RAP; (iii) IPPs; or (iv) an FPIC implementation plan. The SECAP review note or abbreviated ESCMF should incorporate an ESCMP.
84. **For projects with High and Substantial environmental and social risks and impacts**, the due diligence process entails a critical review of the documentation provided by the borrower/recipient/partner. This should involve site visits and interviews with project representatives and other stakeholders by independent environmental and social specialists. These specialists should gain first-hand knowledge of the project and meet with representatives of affected groups to discuss environmental and social concerns, and information needs. This provides IFAD with a more holistic view of the project's major environmental and social risks and impacts, and the project's mitigation resources.
85. **Moderate Risk projects** require: (i) the final SECAP review note and ESCMP, indicating how potential risks and impacts can be avoided or mitigated; and (ii) an environmental and social monitoring programme. Projects classified Moderate Risk for climate require a basic climate analysis.
86. The environmental and social analysis, and due diligence process for all projects should be undertaken during the project life cycle so that the study findings and results can inform project design and implementation (and vice versa). It is the PDT's responsibility to ensure that the ESIA and other relevant studies are undertaken by the borrower/recipient/partner in a manner that: complies with both IFAD's and national environmental policies, laws and guidelines; fulfils the terms of reference; and meets the expectations of IFAD and the borrower/recipient/partner.
87. **For Low Risk projects**, no studies are required.

### 3.3 Step 3 – Quality Assurance Group desk review

88. The third step in the SECAP assessment process is to finalize studies and plans drafted in step 2 (e.g. draft ESIA, ESCMF, ESDD, climate risk analysis) and incorporate their recommendations into the project design document.
89. Prior to the QAG desk review, all ESIA and ESCMF reports, and other relevant documents (for High Risk projects) should: be made available on the IFAD website and in a public place in the project-affected area at least 120 days prior to the respective Executive Board session; be made accessible to interested and affected groups, and local NGOs for review and feedback be provided; in a timely manner and in line with national regulations.

90. If a final design mission is undertaken, the team should review all comments and recommendations in the draft ESIA, the climate risk analysis report and other relevant documents, including any outstanding issues identified at the DRM (Volume 3 provides an annex with questions for the ESIA technical review). These issues should be discussed with the government and all interested and affected parties, especially affected rural communities.
91. The PDT needs to ensure that the SECAP review note and (abbreviated) ESIA, ESCMF or ESDD are finalized, taking into account the feedback received from the DRM and ensuring that all recommendations have been incorporated into the final project design, PDR and ESCMP. These recommendations may include alterations to the project design and incorporation of additional preventive actions or mitigation measures to be undertaken by the borrower/recipient/partner. Such measures include amending timelines, deliverables and associated costs, financing agreements, supervision requirements, institutional capacity-building plans for environmental and social management, and monitoring and evaluation requirements. The QAG desk review is undertaken after the DRM meeting for loans and grants, and prior to Associate Vice-President or Programme Management Department approval. The (abbreviated) ESIA, ESCMF, ESDD, RAP, RAF and other documents are stored in IFAD's Operation Document Centre.

### **3.4 Step 4 – Loan negotiation**

92. The fourth step involves negotiating the project financing agreement between IFAD and the borrower/recipient/partner. To enhance environmental and social sustainability, the financing agreement, grant agreement, general conditions for agricultural development financing and any instruments to support public- and private-sector engagement should include all environmental and social actions that the borrower/recipient/partner commits to implementing within a specified time frame. These actions may include compliance with international standards, implementation of the project ESCMP, labour-management practices, environmental and social reporting to IFAD, and safeguard instruments such as RAPs, environmental and social approvals, and local permits. The financing agreement, grant agreement or other instrument to support public- and private-sector engagement may include legal obligations, and forms the legal basis for monitoring the project's environmental and social performance during implementation.

### **3.5 Step 5 – Executive Board approval**

93. The fifth step in the SECAP process involves review and approval of SECAP documentation by IFAD's Executive Board. For all new projects, the Executive Board reviews the President's Report and related documentation. For all High and some Substantial Risk projects, the final ESIA or ESCMP report (and relevant documents) are made available at least 120 days prior to the Executive Board session for review as per IFAD's Policy on the Disclosure of Documents. In cases where the Executive Board raises specific social, environmental or climate-related concerns, both the President's Report and the PDR must be revised to take these issues into account before public disclosure.

## 3.6 Step 6 – Risk monitoring during project implementation

94. The sixth step in the process involves project monitoring by the borrower/recipient/partner, complemented by IFAD's supervision and implementation support. Monitoring normally includes tracking: (i) implementation and performance of social, environmental and climate adaptation or mitigation measures (including adaptive management processes) included in the ESCMP; (ii) plans such as the RAP or IPPs; (iii) bidding documents; and (iv) relevant clauses of the financing agreement. For projects in which cofinanciers or third parties are responsible for managing specific risks and impacts, or implementing mitigation measures, IFAD and the borrower/recipient/partner should collaborate with cofinanciers and other partners to monitor their performance. The SECAP indicator ratings based on project supervision will be reflected in ORMS.
95. Careful attention should be paid to High Risk projects, contentious projects and Substantial Risk projects that require special focus on SECAP requirements. Projects classified as at High Risk or Substantial Risk for environmental and social impacts will be required to undergo periodic environmental and social monitoring. This should include site visits and interviews with project management personnel and community members to review the: ongoing environmental and social impacts; existing mitigation measures; and effectiveness of grievance redress mechanisms. Borrowers/recipients/partners are responsible for monitoring contractors' compliance with environmental and social considerations based on their contractual commitments.
96. Circumstances within the country (e.g. fragile situations) or IFAD staffing shortages may make consistent and extensive supervision challenging. In such cases, IFAD will consider contracting independent experts to monitor projects, provide oversight and make recommendations for mitigating risks. Model terms of reference for environmental and social monitoring are presented in Volume 3.
97. In the event of non-compliance with SECAP requirements or the emergence of serious environmental and social risks or impacts during project implementation, the PDT, in collaboration with national authorities, must ensure that appropriate mitigation actions are undertaken. Follow-up on these actions is also required through a revised ESCMP (and other plans). In such cases, IFAD, in consultation with the borrower/recipient/partner, may choose to undertake supplemental supervision actions; these are especially important for High Risk projects. If there are significant changes to projects or if changing environmental or social conditions lead to additional risks and impacts, the borrower/recipient/partner must notify IFAD promptly, provide information on the new risks and impacts, and consult with project-affected parties on how to mitigate the risks and impacts.
98. The borrower/recipient/partner will carry out, as appropriate, additional assessments<sup>16</sup> and stakeholder engagements in accordance with SECAP requirements, and propose changes, including corrective measures to the ESCMP, in accordance with the findings of such assessments and consultations, for approval by IFAD. These additional consultations could provide opportunities to promote IFAD mainstreaming objectives. In extreme cases where the project is in non-compliance with a financing agreement or legal instrument, legal remedies may be applied. A focus on strengthening the capacity of national regulatory agencies and structures to monitor environmental and social considerations and enhance decision-making will continue to have priority. Impacts which result in changes to the project's risk category will be documented and justified in the supervision

<sup>16</sup> In line with the relevant ESS.



report and ORMS. All projects that are upgraded to High Risk during implementation, as per IFAD's Policy on Project Restructuring (level 1).

99. The risk classification of projects – and implementation of risk-management plans – must be monitored on a regular basis throughout the project life cycle, and updated as necessary.

### **3.7 Step 7 – Project completion**

100. The seventh and final step in the SECAP process is project completion reporting and evaluation of the project's environmental and social impacts. Completion reports of all projects should describe the impacts of social, environmental and climate issues encountered during implementation (including risk management and disaster preparedness), providing insights into any problems arising during the project life cycle, and their solutions. The analysis should take note of views expressed by rural beneficiaries. For direct investment in High Risk projects, an ex-post ESIA may be undertaken during project completion, involving extensive community consultation. This exercise is meant to assess the effectiveness of the environmental, social and climate measures, and the sustainability of the results.

### **3.8 Additional financing and operations requiring rapid approval**

101. For projects/operations that require new additional financing (including to fill a financing gap anticipated during project design) and rapid approval (including emergency operations governed by IFAD's Strategy for Engagement in Countries with Fragile Situations), it is important to assess whether the activities may have results that were not anticipated earlier in project implementation. The findings should either be incorporated into the existing SECAP review note or in a new review note.
102. The review note should take into account the new activities, geographical areas, cofinancing partners, performance of environmental and social risk-management activities, vulnerability to climate-related risks and impacts, and whether scaling up (along with any potential adverse cumulative impacts) is envisaged. The updated SECAP review note, ESCMP and related SECAP frameworks (e.g. Environmental and Social Audits), President's Memo and decision memo should confirm these modifications, including any changes to the project's environmental and social category, or climate risk classification. Adequate funds should be budgeted to address the newly identified environmental, social and climate measures effectively. Additional financing also provides an opportunity to mobilize environment and climate funds. OPR will review the updated SECAP review note, ESCMP, draft project implementation manual, draft decision memo and President's Report, and provide clearance on their compliance with SECAP.



## CHAPTER 4

# Borrower/ recipient/partner requirements: Social, Environmental and Climate Standards

## Introduction

103. IFAD's Environmental and Social Standards comprise key requirements for the environmental and social sustainability of projects. The Standards are aimed at: IFAD PDTs (and cofinanciers, if applicable) during project design and implementation; and borrowers/ recipients/partners, which are ultimately responsible for project implementation.
104. The Standards are based on good practices of the United Nations, international financial institutions and multilateral development banks. They should be read in their entirety and cross-referenced as necessary. The complete list of Standards is as follows:

**Standard 1: Biodiversity conservation**

**Standard 2: Resource efficiency and pollution prevention**

**Standard 3: Cultural heritage**

**Standard 4: Indigenous peoples**

**Standard 5: Labour and working conditions**

**Standard 6: Community health and safety**

**Standard 7: Physical and economic resettlement**

**Standard 8: Financial intermediaries and direct investments**

**Standard 9: Climate change**

105. All projects undergo an environmental, social and climate appraisal to help IFAD determine whether a project or component should be supported. If the project should be supported, the appraisal determines how the risks and impacts (both those that affect the project and those caused by the project) should be addressed. The degree of risk is determined in the appraisal on a case-by-case basis, with mitigation measures appropriate to the nature and scale of the project, and its level of environmental, social and climate risk. The appraisal also assesses the capacity and commitment of the borrower/recipient/partner to implement the project in line with the ESS. Should unforeseen environmental and social risks or impacts arise during project implementation, the project team, in collaboration with national authorities, must adjust the project plan or introduce appropriate mitigation measures.
106. For all IFAD-supported projects, the relevant Standards – and how they will be applied throughout the project life cycle – are identified during the SECAP assessment process outlined in section 3 above.



# Standard 1: Biodiversity conservation

## Introduction

1. In line with the Convention on Biological Diversity (CBD), this Standard recognizes that biodiversity is about more than plants, animals and micro-organisms. It is about people and our need for food security, medicines, fresh air and water, shelter and a clean and healthy environment.<sup>17</sup> Biodiversity is essential for the maintenance of ecosystem services, the provision of water and food, as well as other resources important to both ecosystems and human life. Diversity in agroecological systems builds the resilience of rural families and their farming systems. Conserving biodiversity maintains biological resources and related services to meet the needs of humanity today while ensuring their availability for future generations, this being a foundation of sustainable development. Protecting biodiversity starts with sustainable natural resource management planning in line with the CBD. For the sake of IFAD's ESS, requirements concerning natural resources will be outlined in Standard 2: Resource efficiency and pollution prevention, while Standard 1 focuses on the risks and impacts of project activities on biodiversity. Losing biodiversity at the genetic, species or ecosystem level means losing opportunities for coping with future climate, energy and food security challenges.
2. Conserving biodiversity in agricultural and fishery ecosystems, and community co-managed protected areas should be a cornerstone of IFAD projects, particularly those focused on agricultural development. Value chain development projects also offer opportunities for preserving biodiversity by promoting the sustainable production and marketing of products derived from local crop varieties and underutilized species, locally used plants (e.g. medicinal plants) and non-timber forest products. Value chains supplied by smallholder farmers, who tend to utilize more species and varieties than larger producers, are more suitable for the conservation of agrobiodiversity than those supplied by a few large monoculture farms. In addition, agricultural practices such as mixed cropping, shifting cultivation and agroforestry have proven beneficial for climate change adaptation and sustainable agricultural productivity. Securing farmers' access to a diversity of plant and animal genetic resources is crucial for supporting their capacities to adapt, and building resilience against rapidly increasing pressures from climate change and variability.

## Objectives

- Maintain and conserve biodiversity;
- Ensure the fair and equitable sharing of benefits from the utilization of genetic resources;
- Respect, preserve, maintain and encourage knowledge, innovations and practices of indigenous peoples and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources; and
- Adopt a precautionary approach to natural resource conservation and management to ensure opportunities for environmentally sustainable development.

<sup>17</sup> [Convention on Biological Diversity \(CBD\)](#).

## Scope of application

3. This Standard and its associated requirements apply to all IFAD-supported projects that are:
  - Located in modified, natural or critical habitats;
  - Located in areas providing ecosystem services upon which project stakeholders depend for survival, sustenance, livelihoods or primary income, or that are used for sustaining the project;
  - Extracting renewable natural resources, i.e. projects that include the generation of living natural resources (e.g. plantation forestry, commercial harvesting, agriculture, livestock, fisheries, aquaculture); or
  - Using and commercializing an indigenous knowledge system.
4. This Standard also applies to situations where the livelihoods of affected communities – including those of indigenous peoples – whose access to or use of biodiversity, ecosystem services or living natural resources may be affected by project activities.

## Requirements

5. **Risk identification and assessment.** IFAD-supported project teams should review the extent of the biodiversity and habitats in the proposed project area, including their vulnerability, irreplaceability, protected status and significance to local communities. Potential direct and indirect impacts on biodiversity, ecosystems and ecosystem services from supported activities should be identified as early as possible.<sup>18</sup> A range of risks and impacts will be considered, including those related to habitat and species loss, land degradation and fragmentation, overexploitation, invasive alien species, hydrological changes, nutrient loading, pollution, incidental take of species, potential climate change impacts, and the differing values attached to biodiversity and ecosystem services by project stakeholders and communities.<sup>19</sup>
6. **Avoidance of adverse impacts.** IFAD-supported projects must apply a mitigation hierarchy<sup>20</sup> to anticipate – and whenever possible avoid – adverse impacts on biodiversity and ecosystems. When avoidance of adverse impacts is not feasible and no viable alternatives exist, these adverse impacts should be minimized, mitigated, managed – or as a last resort according to the mitigation hierarchy – offset or compensated. Avoidance of significant adverse impacts may require a redesign or cessation of some activities. A precautionary approach should be used when addressing potential adverse impacts on biodiversity, ecosystems and communities. When serious threats exist, a lack of scientific certainty should not be a reason to postpone the adoption of preventive measures.
7. **Location preferences and habitats.** IFAD-supported projects will prioritize locating activities with potential adverse impacts far from critical habitats, protected areas (as outlined in paragraph 13 of this Standard) or areas of ecological significance, giving preference to locating activities on lands where natural habitats have already been converted (i.e. modified habitats). Differentiated mitigation approaches should be applied

<sup>18</sup> Effective biodiversity assessments often require significant lead time given seasonal changes and migratory patterns.

<sup>19</sup> Biodiversity and ecosystems are viewed differently by different local, national and international stakeholders, and vary from region to region. This includes ecological, economic and cultural attributes of biodiversity and ecosystem services. See: [United Nations Environment Programme \(UNEP\) Environmental and Social Sustainability Framework, Nairobi \(2020\)](#).

<sup>20</sup> The mitigation hierarchy is applied by: (i) anticipating and avoiding risks and impacts; (ii) where avoidance is not possible, minimizing or reducing risks and impacts; (iii) once risks and impacts have been minimized or reduced, mitigating them; and (iv) where residual adverse impacts remain, compensating for or offsetting them, whenever technically and financially feasible.

depending on the habitat type, taking into account the importance of the biodiversity and ecosystems in project-affected areas:

- **Where modified habitats**<sup>21</sup> are affected, projects should proceed only after appropriate mitigation measures are put in place.
  - **Where natural habitats**<sup>22</sup> are affected, projects should proceed only after appropriate mitigation measures are put in place to achieve no net loss and preferably a net gain in biodiversity over the long term, along with a robust long-term biodiversity action plan or equivalent that describes conservation outcomes, implementation, monitoring and evaluation.
  - **Where critical habitats**<sup>23</sup> may be affected, project teams should seek to ensure that there are no adverse impacts. A critical habitat should not be further fragmented, converted or degraded to the extent that its ecological integrity or biodiversity is compromised. In critical habitats, the borrower/recipient/partner may not implement any project activities unless:
    - No other viable alternatives within the region exist for implementing the project in habitats of lesser biodiversity value;
    - There is no reduction in the national or regional population of any recognized vulnerable, endangered, or critically endangered species;<sup>24</sup>
    - The project is permitted under national environmental laws, recognizing priority biodiversity;
    - A robust, appropriately designed and long-term biodiversity-related action plan is in place to achieve net gains in the biodiversity values for which the critical habitat was designated; and
    - Existing protected area management plans are reviewed to ensure alignment with this requirement.
8. **Compensation for any unavoidable damage.** In cases of unavoidable damage to biodiversity, the project should compensate for these negative effects by supporting mitigation or restoration of similar biodiversity-rich habitats located elsewhere. IFAD will not use this as a stand-alone solution, but may consider it on a very limited scale when simpler mitigation options have been exhausted (e.g. when routing a road or selecting a site for a reservoir).
9. **Access and benefit-sharing.** For IFAD-supported projects that involve the utilization of genetic resources, IFAD will ensure that these resources are collected sustainably and that benefits derived from their utilization are shared in a fair and equitable manner. IFAD will also ensure that its projects are consistent with the CBD and its Nagoya Protocol.<sup>25</sup>

<sup>21</sup> For the purpose of this Standard, modified habitats are defined as “Areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species composition”. (Definition from: [International Finance Corporation \(IFC\), Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, Washington DC \(2012\)](#)).

<sup>22</sup> For the purpose of this Standard, natural habitats are defined as “Areas composed of viable assemblages of plant and/or animal species of largely native origin and/or where human activity has not essentially modified an area’s primary ecological functions and species composition”. (Definition from: [IFC, Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, Washington DC \(2012\)](#)).

<sup>23</sup> Critical habitats are defined as areas with high biodiversity importance or value, including: (i) habitats of significant importance to critically endangered or endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or equivalent national inventories; (ii) habitats of significant importance to endemic or restricted-range species; (iii) habitats supporting globally or nationally significant concentrations of migratory or congregatory species; (iv) highly threatened or unique systems; and (v) ecological functions or characteristics that are needed to maintain the viability of biodiversity (World Bank Environmental and Social Framework, 2017).

<sup>24</sup> As listed on the IUCN Red List of threatened species or equivalent national or regional inventories.

<sup>25</sup> The CBD can be found at <http://www.cbd.int/>. The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity can be found at <http://www.cbd.int/abs/>.

When genetic resources are collected from traditional or customary lands of indigenous peoples, the provisions of Standard 4: Indigenous peoples will apply, including FPIC<sup>26</sup> of affected communities.

10. **Invasive alien species.** IFAD-supported projects must implement measures to avoid the introduction or utilization of invasive alien species, whether accidental or intentional, and should support activities that mitigate and control their spread. For this Standard, invasive alien species are defined as non-native organisms whose population is increasing and spreading, and which cause, or may cause in the future, negative environmental, social or economic impacts.<sup>27</sup> Projects should avoid the intentional introduction of new alien species unless it is carried out according to existing regulatory frameworks. Any introduction of such species is subject to a risk assessment.
11. **Use of biodiversity offsets.** Biodiversity offsets<sup>28</sup> may be considered as a last resort only after appropriate avoidance, minimization and restoration measures have been applied. A biodiversity offset must be designed and implemented to achieve measurable conservation outcomes (demonstrated in situ and on an appropriate geographic scale) that can reasonably be expected to result in no net loss and preferably a net gain<sup>29</sup> in biodiversity. In the case of critical habitats (see paragraph 7 of this Standard), biodiversity offsets are considered only in exceptional circumstances, and in these circumstances, a net gain in biodiversity is required. The design of all biodiversity offsets must: adhere to the “like-for-like or better” principle;<sup>30</sup> be carried out with the best available information; and adhere to current best practices. External experts with knowledge in offset design and implementation should be involved.<sup>31</sup>
12. **Use of experts.** Where appropriate, the project delivery team should obtain the advice of experts to assess the values of biodiversity and ecosystem services, including cultural, aesthetic, spiritual, educational and recreational values.
13. **Protected areas.** When project activities are located within a legally protected<sup>32</sup> or internationally recognized area,<sup>33</sup> IFAD will ensure that, in addition to the requirements specified in paragraph 7 of this Standard, the project implementation team will:
  - Act in a manner consistent with all existing protected area management plans;

<sup>26</sup> For more information about applying FPIC in IFAD projects, see the [How-to-do-note on FPIC in IFAD's investments](#).

<sup>27</sup> This definition builds on that of the CBD: “Invasive alien species are plants, animals, pathogens and other organisms that are non-native to an ecosystem, and which may cause economic or environmental harm or adversely affect human health. In particular, they impact adversely upon biodiversity, including decline or elimination of native species – through competition, predation or transmission of pathogens – and the disruption of local ecosystems and ecosystem functions” (available at <https://www.cbd.int/db/2009/about/what/>).

<sup>28</sup> Biodiversity offsets are measurable conservation outcomes resulting from actions to compensate for adverse biodiversity impacts arising from projects and persisting after appropriate avoidance, minimization and restoration measures have been taken.

<sup>29</sup> Net gains are additional conservation outcomes in the biodiversity values for which the critical habitat was designated.

<sup>30</sup> According to the principle of “like-for-like or better”, biodiversity offsets must be designed to conserve the same biodiversity values that are being impacted by the project.

<sup>31</sup> For additional guidance on biodiversity offsets, see the [Business and Biodiversity Offset Programme Standard on Biodiversity Offsets \(2012\)](#).

<sup>32</sup> This Standard recognizes legally protected areas that meet the IUCN definition: “A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values”. Areas proposed by governments for this designation are included.

<sup>33</sup> Including United Nations Educational, Scientific and Cultural Organization (UNESCO) Natural World Heritage Sites and UNESCO Man and Biosphere Reserves, wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention), indigenous protected areas and indigenous and community conserved areas.



- Consult protected area sponsors and managers, local communities and other stakeholders on the proposed activities (at the earliest possible stage in the project life cycle);
  - Implement additional activities to promote and enhance the conservation and management of the area. Where access restrictions to protected areas may have potential adverse impacts on local community members' livelihoods, the requirements of Standard 7: Physical and economic resettlement will apply.
14. **Primary suppliers.** When purchasing natural resource commodities, procurement will be limited to suppliers that can demonstrate that they do not contribute to a significant conversion or degradation of natural or critical habitats. When feasible, ecolabels and environmental product declarations<sup>34</sup> will be used.

<sup>34</sup> An environmental product declaration is an independently verified and registered document that communicates transparent and comparable information about the environmental impact of products over their life cycle. The international standard for environmental product declarations is ISO 14025, which refers to them as "type III environmental declarations" (Definition from [UNEP Environmental and Social Sustainability Framework, Nairobi \[2020\]](#)).



## Standard 2: Resource efficiency and pollution prevention

### Introduction

1. This Standard recognizes that economic activity and development can often pollute the air, water and land. They may also result in the consumption of finite resources, which may in turn threaten people, ecosystem services and the environment.
2. IFAD requires a precautionary approach to addressing significant environmental and social challenges, including the mitigation hierarchy, the “polluter pays” principle (whereby the cost of mitigation is borne by the polluter, where relevant); and adaptive management techniques (whereby lessons are learned from past management actions and proactively applied to improve management going forward).
3. This Standard outlines IFAD’s project-level approach to mitigating, minimizing and managing risks and potential adverse impacts related to resource use and pollution.<sup>35</sup>

### Objectives

- Avoid, minimize and manage the risks and impacts associated with hazardous substances and materials, including pesticides;
- Avoid or minimize project-related emissions of short- and long-lived climate pollutants;<sup>36</sup>
- Promote more sustainable use of resources, including energy, land and water; and
- Identify opportunities for improving resource efficiency.

### Scope of application

4. This Standard applies to any IFAD-supported projects that:
  - Significantly consume or cause consumption of water, energy or other resources;
  - Aim to improve existing waste-management practices;
  - Generate or cause generation of solid, liquid or gaseous waste or emissions; or
  - Use, cause the use of, or manage the use, storage or disposal of hazardous materials and chemicals, including pesticides and fertilizers.

### Requirements

5. **Resource efficiency.** The borrower/recipient/partner is required to implement technically and financially feasible measures for improving the efficient consumption of energy, water, raw materials and other resources. IFAD-supported projects must consider alternatives and implement technically and financially feasible options to reduce project-related GHG emissions, including finding alternative locations, using renewable or low-carbon energy sources, and promoting sustainable agriculture, forestry and livestock

<sup>35</sup> This Standard is based on the guidelines and practices outlined in IFAD’s Environment and Natural Resource Management Policy.

<sup>36</sup> This includes black carbon, which has recently emerged as a major contributor to global climate change, after carbon dioxide. Black carbon particles absorb sunlight and give soot its black colour. It is produced naturally and by human activity as a result of the incomplete combustion of fossil fuels, biofuels and biomass. Primary sources include emissions from diesel engines, cook stoves, wood burning and forest fires. Source: Centre for Climate and Energy Solutions, Factsheet on Black Carbon (2010).

management practices. Whenever possible, projects will support farmers, livestock keepers and processing facility managers in adopting practices that recycle resources (e.g. biomass, water, nutrients, energy) in farming systems and among the crop, livestock, aquaculture and processing sectors.<sup>37</sup>

6. **Pollution prevention.** The assessment process identifies technically and financially feasible pollution prevention and control techniques to avoid or minimize adverse impacts on human health and the environment. These techniques, applied through IFAD projects, should favour the prevention or avoidance of risks and impacts over minimization and reduction, in line with the mitigation hierarchy.
7. **Air pollution.** In addition to the requirements outlined in paragraphs 5 and 6 of this Standard, the borrower/recipient/partner should consider alternatives and implement actions to avoid or minimize project-related air emissions during project design and implementation.
8. **Historical pollution.** If project activities will generate significant emissions in previously polluted or degraded areas, the borrower/recipient/partner will adopt measures that avoid and minimize potential negative effects, potentially finding alternative locations.
9. **Hazardous materials.** IFAD-supported projects must seek to avoid or minimize the potential for community exposure to hazardous materials and substances that may be released through a project. Where there is potential for the public to be exposed to hazards, projects need to make special efforts to avoid or minimize their exposure by modifying, substituting or eliminating the conditions or materials causing the potential hazards.
10. IFAD-supported projects will not support the manufacture, trade or use of chemicals or hazardous substances subject to international bans, restrictions or phase-outs unless for purposes as defined as acceptable by the relevant convention or protocol (e.g. [Montreal Protocol](#), [Minamata Convention](#), [Basel Convention](#), [Rotterdam Convention](#), [Stockholm Convention](#)).
11. **Sustainable management of living natural resources.** All IFAD-supported projects must ensure the sustainable management of living natural resources (e.g. forests, agriculture, fisheries, livestock) in line with article 10 of the CBD.<sup>38</sup> In doing so, they must apply appropriate industry best management practices and, whenever possible, credible certification and verification systems. IFAD also requires its borrowers/recipients/partners to adopt appropriate measures to promote animal welfare,<sup>39</sup> control the potential invasion or escape of animal species, and minimize antimicrobial resistance. IFAD supports small-scale landholders in harvesting and producing living natural resources in a sustainable manner.<sup>40</sup>
12. **Water usage.** IFAD is committed to assessing, avoiding, minimizing and mitigating any potential negative environmental and social impacts that may arise from the

<sup>37</sup> Examples include: using manure from livestock in crop farming; integrating nitrogen-fixing trees and crops to improve soil fertility in crop farming, which may also be used for animal fodder; and composting organic waste and nutrient-rich treated wastewater from processing facilities, which may be used for crop farming.

<sup>38</sup> CBD article 10: "(a) Integrate consideration of the conservation and sustainable use of biological resources into national decision-making; (b) Adopt measures relating to the use of biological resources to avoid or minimize adverse impacts on biological diversity; (c) Protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements; (d) Support local populations to develop and implement remedial action in degraded areas where biological diversity has been reduced; and (e) Encourage cooperation between its governmental authorities and its private sector in developing methods for sustainable use of biological resources".

<sup>39</sup> See: IFC Good Practice Note on Improving Animal Welfare in Livestock Operations.

<sup>40</sup> See: [Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity, CBD Decision VII/12, annex II.](#)

implementation of water projects. IFAD-supported projects often assist communities in improving their access to water resources for irrigation, livestock and domestic use. Depending on the water source, extraction of water for these purposes may affect water flows and hydrological dynamics in the landscape. The overuse of agrochemicals, aquaculture activities and wastewater from agroprocessing facilities may also cause water pollution that affects downstream users and ecosystems. For projects affecting water resources, IFAD promotes an integrated water resource management approach that seeks the coordinated development and management of water, land and related resources in order to maximize economic and social welfare in an equitable manner without compromising the sustainability of ecosystems. In developing water resources, IFAD commits to:

- Applying principles of integrated water resource management;
  - Conserving catchment areas for irrigation systems, ponds and rainwater-harvesting structures;
  - Investing in groundwater pumping only if risks and impacts of over-pumping can be adequately addressed, and supporting farmers in adopting systems for monitoring groundwater quality and quantity, and water budgeting to avoid over-pumping;
  - Promoting water-saving approaches and improving water use efficiency in all sectors;
  - Promoting the preservation of water quality in the communities where it operates, along with integrated pest management and integrated soil fertility management to minimize the use of agrochemicals and ensure that wastewater is properly treated before it is discarded;
  - Improving energy and resource use efficiency in water management;
  - Recognizing the importance of ecosystem services and respecting the natural water cycle, including adequate ecological flows; and
  - Strengthening water governance through investments in policy, institutional and human development.
13. Project teams should assess the cumulative impacts of water use and implement appropriate mitigation measures such as water demand management, efficiency measures, benchmarking use, alternative supplies, avoiding resource contamination, mitigation of impacts on downstream users and water use offsets. Projects should apply best international practices<sup>41</sup> for water conservation and management, including for irrigation activities and wastewater use.
14. **Fisheries resources.** Many inland and coastal communities where small-scale fishers operate face the challenges of overfishing and risk of collapsing fish stocks. Coastal ecosystems important for the reproduction of fisheries biomass, such as spawning grounds and habitats for juveniles, are also being degraded or destroyed. IFAD projects supporting small-scale capture fishing identify the risks and impacts of overfishing and the destruction of coastal habitats, supporting communities and fishery authorities in the sustainable management of fisheries resources and coastal ecosystems. This includes building the capacities of small-scale fishers and fisheries-management institutions for participation in fisheries co-management and governance of rights to fishing grounds.
15. Small-scale fisheries should be supported in adopting environmentally sustainable practices such as respecting closure periods and zones to avoid the capture of juveniles and reduce overfishing. An ecosystem approach should be used in the management of fisheries resources, which includes healthy aquatic life, bodies of water and surrounding terrestrial habitats. The unintended capture of threatened species such as sea turtles should be avoided using excluder devices. Coastal ecosystems with special importance

<sup>41</sup> Such as the [Convention on the Protection and Use of Transboundary Watercourses and International Lakes](#) (1996).

for reproduction of fisheries resources should be protected. Efforts should be made to reduce post-harvest losses through the use of green energy, such as solar fish preservation methods and equipment.

16. Aquaculture (including mariculture) projects should require an ESIA if they are likely to have significant impacts on the aquatic or terrestrial environment through physical, biochemical or other alterations. Where national regulations specify the conditions that trigger an ESIA for aquaculture projects, these will be adopted. However, where there are no regulations, the decision to conduct an ESIA after the initial screening process will depend on the: (i) size and scale of project (large-scale or industrial aquaculture projects of at least 50 hectares on one site); (ii) sensitivity of project area (close to a coral reef, mangrove swamp or wetlands); and (iii) production technology and water use (e.g. extensive and significant use of ground water, river diversion, irrigation and multiple-use water bodies, such as those used for fish cage culture).
17. **Soil management.** IFAD-supported projects should avoid – and when avoidance is not possible, minimize – adverse impacts on soils, including their biodiversity, organic content, productivity, structure and water-retention capacity. Projects should support farmers in adopting integrated soil and water management practices, and practices that recycle biomass and nutrients to conserve and (when needed) recover soils as well as their biodiversity, organic content, productivity, structure and water-retention capacity. Practices that cause land degradation, soil erosion, degradation of soil organic matter and soil-nutrient mining should be avoided. When relevant, farmers should also be supported in managing soil salinity.
18. **Forest resources.** IFAD-supported projects in areas with threatened forest ecosystems should support communities and farmers in adopting practices for sustainable forest management and agroforestry on hillsides through the use of efficient cook stoves and alternative energy sources to wood. Such practices also have a positive impact on respiratory health. The use of these stoves is particularly important for women, who are disproportionately affected by smoke while cooking, and are often responsible for collecting firewood. In terms of the sustainable management of forests and the conservation and enhancement of forest carbon stocks, all IFAD-supported projects must ensure compliance with national and international laws, conventions and treaties, including the UNFCCC and the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation. IFAD-supported projects should also avoid the construction of roads and other infrastructure in natural forests and other sensitive habitats. IFAD commits to strengthening forest governance through investments in policy, institutional and human development.
19. **Pesticide use and management.** IFAD promotes safe pesticide and fertilizer use by ensuring that the correct investments and capacity-building activities for the selection, distribution, storage, application and disposal of pesticides and fertilizers are included in all projects. Integrated pest management and integrated vector management approaches must be utilized and include: coordinated use of pest and environmental information; pest and vector control methods; appropriate cultural practices; and biological, genetic (and as a last resort) chemical means to prevent unacceptable levels of pest damage. Where recourse to pesticide use is necessary, IFAD will ensure safe, effective and environmentally sound pest management in line with the World Health Organization (WHO) and Food and Agriculture Organization of the United Nations (FAO) International Code of Conduct on Pesticide Management.<sup>42</sup>

<sup>42</sup> For the safe labelling, packaging, handling, storage, application and disposal of pesticides. See FAO/WHO, [International Code of Conduct on Pesticide Management](#) (2014).

20. Hazards of pesticide use will be carefully considered, and the least toxic pesticides will be selected that are: (i) known to be effective; (ii) have minimal effects on non-target species and the environment; and (iii) minimize risks and impacts associated with the development of resistance in pests and vectors. A pest management plan will be developed when use of a significant volume of pesticides is foreseen. IFAD-supported projects will not supply or use pesticides with active ingredients that are banned or restricted under international treaties and agreements, or meet the criteria of carcinogenicity, mutagenicity or reproductive toxicity as set forth by international organizations.<sup>43</sup> Users of pesticides will be trained to handle them in a responsible manner and utilize appropriate application equipment and adequate personal protective equipment.

<sup>43</sup> This includes those that meet the WHO and FAO criteria for highly hazardous pesticides: (i) pesticide formulations that meet the criteria of classes 1a or 1b of the [WHO Recommended Classification of Pesticides by Hazard](#); (ii) pesticide active ingredients and their formulations that meet the criteria of carcinogenicity, mutagenicity, and reproductive toxicity categories 1a and 1b of the Globally Harmonized System of Classification and Labelling of Chemicals; (iii) pesticide active ingredients listed by the [Stockholm Convention](#) in its annexes A and B, and those meeting all the criteria in paragraph 1 of annex D of the Convention; (iv) pesticide active ingredients and formulations listed by the [Rotterdam Convention](#) in its annex III; (v) pesticides listed under the [Montreal Protocol](#); and (vi) pesticide active ingredients and formulations that have shown a high incidence of severe or irreversible adverse effects on human health or the environment.



## Standard 3: Cultural heritage

### Introduction

1. This Standard recognizes that cultural heritage is central to individual and collective identity and memory, providing continuity between the past, present and future. Cultural heritage reflects and expresses people's constantly evolving values, beliefs, knowledge, traditions and practices. It also plays a crucial role in sustainable development by: enhancing social cohesion, diversity, well-being and quality of life; supporting cultural rights by protecting the heritage of minority and indigenous peoples; fostering socio-economic regeneration; enhancing the appeal and creativity of cities and regions; boosting long-term tourism benefits; and enhancing sustainable practices. Cultural heritage resources are often unique and irreplaceable, and may be particularly fragile due to neglect, exploitation or even destruction.<sup>44</sup>
2. This Standard is designed to preserve, protect and promote cultural heritage in IFAD-supported projects in a manner consistent with UNESCO cultural heritage conventions,<sup>45</sup> and other applicable national and international legal instruments.
3. For the purposes of this Standard, cultural heritage is defined as encompassing both tangible (sometimes referred to as physical cultural resources) and intangible heritage.

### Objectives

- Preserve and safeguard cultural heritage;
- Ensure that active efforts are made to prevent IFAD-supported projects from altering, damaging or removing any tangible or intangible cultural heritage;
- Promote the equitable sharing of benefits from the use of cultural heritage; and
- Promote meaningful consultation on matters related to cultural heritage.

### Scope of application

4. Tangible cultural heritage may be defined as movable or immovable objects, sites, structures, groups of structures, natural features and landscapes that have archaeological, historical, religious, spiritual or other cultural significance. Tangible cultural heritage can be found almost anywhere: in urban or rural settings, above or below ground, and even under water. Tangible cultural heritage derives its significance from various sources, whether as part of a community's cultural identity and heritage, as assets for economic or social development, or as a source of valuable scientific or historical information. As a result, its cultural significance may be local, provincial, national, or even international.

<sup>44</sup> Definition from [UNEP Environmental and Social Sustainability Framework, Nairobi \(2020\)](#).

<sup>45</sup> The seven UNESCO cultural conventions are: Protection and Promotion of the Diversity of Cultural Expressions (2005); Safeguarding of the Intangible Cultural Heritage (2003); Protection of the Underwater Cultural Heritage (2001); Protection of the World Cultural and Natural Heritage (1972); Protection of Copyright and Neighbouring Rights (1971); Fighting Against the Illicit Trafficking of Cultural Property (1970); and Protection of Cultural Property in the Event of Armed Conflict (1954). All can be found at: <http://www.unesco.org/new/en/culture/themes/culture-and-development/the-future-we-want-the-role-of-culture/the-unesco-cultural-conventions>.

5. Intangible cultural heritage can be defined as practices, representations, expressions, knowledge, skills, and associated instruments, objects, artefacts and cultural spaces, that communities and groups recognize as part of their cultural heritage. Intangible heritage is transmitted from generation to generation, and constantly recreated in response to changes in their environment, their interaction with nature and their history.<sup>46</sup>
6. The Standard applies to projects that may create risks and/or result in adverse impacts on cultural heritage, including those that may be located in – or in the vicinity of – a cultural heritage site,<sup>47</sup> or that propose to utilize tangible or intangible forms of cultural heritage for commercial or other purposes.
7. IFAD is committed to identifying and protecting cultural heritage that borrowers/recipients/partners could impact upon. Even smallholder agriculture and rural development projects on marginal lands may, depending on their location, involve resources of archaeological (e.g. ancient ruins, monuments, prehistoric caves), historical (e.g. original structures, architectural works, historic sites), religious (e.g. churches, mosques, temples, sacred grounds) or cultural (e.g. cemeteries, traditional meeting places) significance. Of particular concern are IFAD projects: (i) involving significant excavations, demolition, movement of earth, flooding or other environmental changes; and (ii) located in – or in the vicinity of – cultural heritage sites. IFAD will use the SECAP to ensure that any cultural heritage site involved in or potentially affected by an IFAD-supported project is identified and adequately protected.

## Requirements

8. **Screening and assessment.** It is the responsibility of borrowers/recipients/partners to address cultural heritage in IFAD-supported projects utilizing the SECAP environmental and social assessment process. SECAP prescribes a stepwise approach for projects in cases involving cultural heritage. These include screening, collecting data, assessing impacts and formulating mitigating measures.
  - **As a first step**, the borrower/recipient/partner conducts a screening using qualified personnel and ensuring full and active participation of local people in order to identify and collect data on any cultural heritage likely to be affected by the project. Next, the potential impacts on these resources must be assessed in line with the SECAP. If the project is likely to have adverse impacts on cultural heritage, the borrower/recipient/partner must identify appropriate measures for avoiding, minimizing or mitigating these impacts.
  - **The second step**, when there is potential for the project to affect cultural heritage, is for the borrower/recipient/partner to develop a concise cultural heritage-related management plan (which may be a component of the project's overall environmental and social management plan). Such plans ensure compliance with the country's policy framework, national legislation and international standards for protecting cultural heritage, and outline the institutional responsibilities for its protection. Plans should include:
    - (i) Measures for avoiding, minimizing or mitigating any adverse impacts on cultural heritage;
    - (ii) Provisions for managing "chance finds" of cultural heritage during project implementation (see paragraph 12 of this Standard);
    - (iii) Necessary measures for strengthening institutional capacity with respect to the protection of cultural heritage; and

<sup>46</sup> Definition from the UNESCO [Convention for the Safeguarding of Intangible Cultural Heritage](#) (2003).

<sup>47</sup> Examples include legally protected areas and UNESCO World Heritage Sites.



- (iv) A monitoring system to track the progress of these activities.
9. **Commercial use of cultural heritage.** When a project proposes to utilize cultural heritage, including knowledge, innovations or practices of local communities to benefit the project or for commercial purposes, communities should be informed of: (i) their rights under national law; (ii) the scope and nature of the proposed use; and (iii) the potential consequences. FPIC of the local communities should be sought, and arrangements should be made for fair and equitable sharing of benefits.
  10. **Meaningful consultation leading to consent.** In line with the public consultation provisions in the SECAP, the consultation process for cultural heritage should include groups affected by the project, main users, custodians, local communities, relevant government authorities and interested NGOs. These groups will assist the borrower/recipient/partner and IFAD's PDT in documenting the presence and significance of cultural heritage, assessing potential impacts and exploring avoidance and mitigation options through a consultation process leading to consent.
  11. **Confidentiality and restricted access by communities.** Together with stakeholders, the borrower/recipient/partner should determine whether disclosure of information regarding cultural heritage would compromise community safety or integrity, or endanger sources of information. In such cases, sensitive information may be withheld from public disclosure.
  12. **Chance finds.** Chance finds may not be disturbed until an assessment by qualified experts is made. Where national procedures do not exist, appropriate procedures will be developed in line with an assessment by qualified experts.
  13. **Continued access.** When a project restricts stakeholders' access to cultural heritage, continued access will be arranged in consultation with stakeholders whenever feasible, taking into account safety and security considerations.
  14. **Legally protected cultural heritage areas.** If the proposed project is to be located within a legally protected area or a legally established buffer zone, the borrower/recipient/partner must:
    - Comply with local, national, regional and international cultural heritage regulations, and protected area management plans;
    - Consult protected area sponsors and managers, individuals and communities affected by the project, and other interested parties on the proposed activities (these consultations should be undertaken at the earliest stage possible);
    - Implement additional activities to promote and enhance the conservation aims of the protected area;
    - Support stakeholder inclusion and cooperation through dialogue with authorities (including national or local regulatory authorities entrusted with protecting the cultural heritage) to establish the most effective means of addressing stakeholders' concerns, and involving them in the protection and management of cultural heritage; and
    - Consider the significance of cultural heritage according to the value systems and interests of project-affected individuals and communities, and other stakeholders.



## Standard 4: Indigenous peoples

### Introduction

1. IFAD's comparative advantages in working with indigenous peoples lie in its core mission to empower poor rural people, its targeting and its people-centred approach, which takes into account the diverse contexts in which poor rural people live.
2. In its engagement with indigenous peoples, IFAD is guided by the nine fundamental principles presented in its Policy on Engagement with Indigenous Peoples:<sup>48</sup>
  - (i) Acknowledging cultural heritage and identity as assets;
  - (ii) Applying free, prior and informed consent (FPIC);
  - (iii) Enhancing community-driven development;
  - (iv) Promoting equitable access to land, territories and resources;
  - (v) Valuing indigenous peoples' knowledge;
  - (vi) Enhancing the resilience of indigenous peoples' ecosystems (environmental issues and climate change);
  - (vii) Promoting access to markets;
  - (viii) Supporting empowerment; and
  - (ix) Promoting gender equality.
3. In working with Member States on projects aimed at benefitting indigenous peoples, IFAD will support their participation in determining priorities and strategies. When appraising such projects – especially those that may affect the land, territories or resources of indigenous peoples – project approval is contingent on obtaining FPIC during project design. If FPIC is not possible at the design stage, an FPIC implementation plan should be prepared to guide the FPIC process during implementation. In appraising such projects, the Fund will verify whether they include measures to: (i) avoid potentially adverse effects on the indigenous peoples' communities; or (ii) when avoidance is not feasible, minimize, mitigate or compensate for adverse effects.

### Objectives

- Support indigenous peoples to determine priorities and strategies for exercising their right to development;
- Ensure that each project is designed in partnership with indigenous peoples and with their full, effective and meaningful consultation, leading to FPIC;
- Ensure that indigenous peoples obtain fair and equitable benefits and opportunities from project-supported activities in a culturally appropriate and inclusive manner; and
- Recognize and respect the rights of indigenous peoples to the lands, territories, waters and other resources that they have traditionally owned, used or relied upon.

<sup>48</sup> IFAD, [Policy on Engagement with Indigenous Peoples](#) (2009).

## Scope of application

4. Consistent with international best practices<sup>49</sup> and with respect for the right of self-determination, IFAD's Policy on Engagement with Indigenous Peoples defines indigenous peoples based on the following criteria:<sup>50</sup>
  - Priority in time, with respect to occupation and use of a specific territory;
  - The voluntary perpetuation of cultural distinctiveness, which may include aspects of language, social organization, religion and spiritual values, modes of production, laws and institutions;
  - Self-identification, as well as recognition by other groups, or by state authorities, as a distinct collectivity; and
  - An experience of subjugation, marginalization, dispossession, exclusion or discrimination.
5. Social and cultural groups identified according to these criteria might not be referred to as indigenous peoples in all countries. Terms such as "historically underserved local communities", "people of African descent", "indigenous ethnic minorities", "tribal groups", "hill tribes", "aboriginals", "vulnerable and marginalized groups", "scheduled tribes", "first nations" or "minority nationalities" may also be used.<sup>51</sup> This Standard uses the term "indigenous peoples", recognizing that different terminologies might be used in diverse national contexts.
6. This Standard applies to all projects that may affect the human rights, lands, natural resources, territories, cultural heritage or traditional livelihoods of indigenous peoples, regardless of whether: (i) the project is located within or outside of the lands and territories inhabited by the indigenous peoples; (ii) a title to the lands and territories in question is possessed by the indigenous peoples; or (iii) the indigenous peoples are recognized as indigenous in the country.

## Requirements

7. **Meaningful consultations and FPIC.** IFAD will ensure that FPIC is applied in all projects affecting indigenous peoples that:
  - May have an impact on the land access and use rights of rural communities; and
  - Target indigenous peoples or rural areas that are home to indigenous peoples.
8. Engagement with indigenous peoples will be undertaken in good faith, in a culturally appropriate manner and with full regard to these peoples' institutions, governance systems, customs and methods of decision-making.
9. Each borrower/recipient/partner is responsible for seeking FPIC<sup>52</sup> as part of the consultation process with indigenous peoples. This process should continue throughout all phases of the project cycle.<sup>53</sup>

<sup>49</sup> United Nations Development Group Guidelines on Indigenous Peoples' Issues (2008); United Nations Declaration on the Rights of Indigenous Peoples (2007); International Labour Organization Convention 169 on Indigenous and Tribal Peoples (1989); United Nations Permanent Forum on Indigenous Issues (within the Economic and Social Affairs Department); Inter-Agency Support Group on Indigenous Issues; and United Nations Second International Decade of the World's Indigenous Peoples plan of action (see annex I).

<sup>50</sup> Working paper on the concept of indigenous peoples, Working Group on Indigenous Populations (Commission on Human Rights) (E/CN.4/Sub.2/AC.4/1996/2).

<sup>51</sup> World Bank, *Environmental and Social Framework, Washington (2017)*.

<sup>52</sup> IFAD How-to-do note, *Seeking Free, Prior and Informed Consent in IFAD Investment Projects (2015)*.

<sup>53</sup> United Nations Development Group Guidelines (excerpt from the Report of the International Workshop on Methodologies Regarding Free, Prior and Informed Consent [E/C.19/2005/3], endorsed by United Nations Permanent Forum on Indigenous Issues at its fourth session in 2005).

10. FPIC needs to be solicited either before project approval (in the design phase) or during implementation, depending on the nature of the project and the stage in the project cycle in which target communities are identified.<sup>54</sup>
11. When it is not possible to seek FPIC during project design, an FPIC implementation plan should be prepared specifying how FPIC will be sought during early implementation and before any investments are made. The FPIC implementation plan must be made accessible in a timely manner and as early as possible during implementation.
12. **Indigenous Peoples Plan (IPP).** Projects that affect indigenous peoples require an IPP prepared by the borrower/recipient/partner. The IPP should include: (i) a sociocultural and land tenure assessment; (ii) the specific characteristics of each indigenous people or historically underserved local community; (iii) strategy for working with indigenous peoples; and (iv) documentation of the FPIC process.
13. The IPP should be integrated into project design and implementation, identifying potential risks and impacts, and outlining risk avoidance and mitigation measures. It should also specify measures for: (i) providing culturally appropriate benefits; (ii) continued consultation and participation; (iii) grievance procedures; (iv) monitoring and evaluation; and (v) a budget and financial plan for risk-mitigation measures. An indicative outline of the IPP is presented in SECAP Volume 2, Guidance Note 4.
14. When screening indicates that indigenous peoples are likely to be present in project areas but specific project activities or locations have not been fully defined, the borrower/recipient/partner will need to prepare an indigenous peoples planning framework.
15. **Culturally appropriate benefits.** All IFAD-funded projects must ensure that affected indigenous peoples are able to derive benefits from project activities in a culturally appropriate and inclusive manner.<sup>55</sup> Indigenous peoples should also have an equitable share of benefits derived from any commercial development of their lands, territories or resources, or from the valuation of their cultural heritage.
16. **Land tenure.** IFAD will ensure that provisions are made in project design and implementation to support the legal recognition of customary and traditional land tenure and management systems, and the collective rights of project-affected indigenous peoples.
17. **Involuntary resettlement.** No IFAD-supported project should result in the involuntary resettlement of indigenous peoples from their lands or territories.
18. **Voluntary isolation.** No IFAD-supported project should result in adverse impacts on (including undesired contact with) indigenous peoples living in voluntary isolation, or initial contact.<sup>56</sup> For projects that may affect voluntary isolation, measures will be taken to ensure that the project does not result in any adverse impacts on the indigenous people's environment, health, cultural heritage, lands or territories.
19. **Cultural heritage.** If a project is likely to significantly affect cultural heritage that is essential to indigenous people's cultural, ceremonial or spiritual identity, the borrower/recipient/partner must seek affected indigenous peoples' FPIC and must meet the requirements of Standard 3.

<sup>54</sup> As outlined in the [IFAD how-to-do note on seeking FPIC](#)

<sup>55</sup> IFAD recognizes that benefits can take many forms and may not be exclusively financial.

<sup>56</sup> For a full definition, see: <http://www.oas.org/en/iachr/indigenous/docs/pdf/Report-Indigenous-Peoples-Voluntary-Isolation.pdf>.

20. **Information disclosure.** Documentation of the consultation process undertaken during project preparation along with FPIC implementation plans, IPP and indigenous peoples planning frameworks should be accessible and disclosed in a timely manner, in a place accessible to indigenous stakeholders and in a form and language understandable to them.
21. **Grievance redress mechanism.** As outlined in Chapter 1, the borrower/recipient/partner must establish a culturally appropriate grievance mechanism for each IFAD-supported project,<sup>57</sup> and ensure that it is easily accessible to affected indigenous peoples in local languages.

<sup>57</sup> This should take into account the availability of customary dispute-settlement mechanisms among indigenous peoples.



## Standard 5: Labour and working conditions

### Introduction

1. IFAD seeks to foster inclusive, diversified and productive rural economies that create opportunities for decent work and higher incomes. Investing in rural people to enhance their productive capacities and increase their benefits from market participation, IFAD supports the development of value chains, inclusive financial services and rural enterprises.
2. The Fund's commitment to inclusive and sustainable economic growth, full and productive employment, and decent work for all includes protecting the rights of project workers,<sup>58</sup> ensuring their fair treatment and providing them with safe and healthy working conditions. The following requirements reflect this commitment, guided by international agreements, conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations.<sup>59</sup>

### Objectives

- Promote direct action to foster decent rural employment;
- Promote, respect and realize fundamental principles and rights<sup>60</sup> by:
  - Preventing discrimination and promoting equal opportunities for workers;
  - Supporting freedom of association and the right to collective bargaining; and
  - Preventing the use of child labour and forced labour;
- Protect and promote the safety and health of workers;
- Ensure that projects comply with national employment and labour laws, and international commitments;
- Leave no one behind by protecting and supporting workers in disadvantaged and vulnerable situations, including women (e.g. maternity protection), young workers, migrant workers, workers in the informal economy and workers with disabilities.

<sup>58</sup> The term "project workers" refers to: (i) people employed or engaged directly by borrowers/recipients/partners (including the project proponent and the project implementing agencies) to work specifically in relation to the project; (ii) people employed or engaged through third parties, such as contractors, subcontractors, brokers, agents or intermediaries, to perform production and/or service processes essential for a specific project activity without which the project cannot continue, regardless of location; (iii) people employed or engaged by the Borrower/recipient/partner's primary suppliers; and (iv) people employed or engaged in providing community labour as a contribution to the project and on a voluntary basis as an outcome of individual or community agreement. Project workers include full-time, part-time, temporary, seasonal and migrant workers.

<sup>59</sup> These conventions include: ILO Convention 87 on Freedom of Association and Protection of the Right to Organize; ILO Convention 98 on the Right to Organize and Collective Bargaining; ILO Convention 29 on Forced Labour and Protocol of 2014; ILO Convention 105 on the Abolition of Forced Labour; ILO Convention 138 on Minimum Age (of Employment); ILO Convention 182 on the Worst Forms of Child Labour; ILO Convention 100 on Equal Remuneration; ILO Convention 111 on Discrimination (Employment and Occupation); ILO Convention 155 on Occupational Safety and Health; ILO Convention 161 on Occupational Health Services; the United Nations Convention on the Rights of the Child, Article 32; and the United Nations Convention on the Protection of the Rights of all Migrant Workers and Members of their Families.

<sup>60</sup> ILO, Declaration on Fundamental Principles and Rights at Work (1998).

## Scope of application

3. The following requirements should be applied in line with the unique nature of each project, its specific activities, the associated social and environmental risks and impacts, and the contractual relationships with workers engaged in the project.
4. These requirements apply to all project workers directly engaged by borrowers/recipients/partners to work on a project or perform work essential to the project, and to people employed or engaged through third parties (e.g. contractors, subcontractors, brokers, agents and intermediaries) to perform work essential to a project.<sup>61</sup> When a project engages community workers, relevant provisions of the requirements will be applied in a proportionate manner, recognizing the potential risks and impacts. Paragraphs 23 and 24 apply to primary supplier workers. The full requirements apply to full-time, part-time, temporary, seasonal and migrant workers.
5. Government civil servants working in connection with IFAD-supported projects remain subject to the terms and conditions of their existing public-sector employment arrangements.

## Requirements

6. **Employment promotion.** IFAD-supported projects should seek to promote the:
  - Creation of sustainable employment and improved livelihood opportunities, especially for disadvantaged and vulnerable people;
  - Optimization of agricultural and nutrition-sensitive value chains, including through natural resource management to create more and better employment opportunities for poor rural people;
  - Use of technologies, practices and models that generate more and better employment opportunities (both directly and indirectly) for men and women equally, including youth;
  - Subcontracting, whenever possible, local entrepreneurs – particularly rural women and youth – in order to maximize employment creation;
  - Employment of rural youth and women as a result of project activities, and efforts to engage and empower vulnerable groups, with specific targets for youth and women in all projects;
  - Strengthening of employment-related capacities in projects involving capacity development, and an enabling environment (e.g. through policy and regulatory frameworks) for agricultural and rural development;
  - Transition of workers and enterprises from the informal to the formal economy, and the prevention of informal-sector employment; and
  - Systematic assessments of the potential impacts of projects on sectoral restructuring (e.g. shifts to intensive production that carry with them significant risk of destroying jobs or threatening livelihoods), and corresponding mitigation strategies.
7. **Terms and conditions of employment.** IFAD-supported projects must include written Labour Management Procedures setting out the conditions in which workers can be employed or engaged, and managed in line with these Standards and national laws.<sup>62</sup>

<sup>61</sup> The requirements apply to those workers who perform work related to the core functions of the project regardless of location. “Core functions” of a project constitute those production and/or service processes essential for a specific activity without which the project cannot continue.

<sup>62</sup> Whether stipulated in this Standard or in national law, the requirements that are the most protective of workers will apply, unless the application of this Standard would violate national law. For project workers who are employed or engaged by the United Nations and its specialized agencies, conditions of employment are governed by the respective entity’s internal rules, in line with the [Convention on the Privileges and Immunities of the United Nations \(1946\)](#).

Project workers must be provided with clear and understandable documentation of employment terms and conditions, including their rights under national law related to hours of work, wages, overtime, compensation and benefits, and the rights arising from this Standard.<sup>63</sup>

8. Workers engaged by projects must be provided with: regular and timely payment of wages; adequate periods of rest; holiday, sick, maternity, paternity, and family leave; and written notice of termination and severance payments, as required under national laws and project Labour Management Procedures . Deductions from wages will only be made as allowed by national law or the project's Labour Management Procedures, and project workers will be informed of the conditions in which any deductions will be made.
9. **Non-discrimination and equal opportunity.** Decisions related to any aspect of the employment relationships of workers involved in projects including recruitment, hiring, treatment of workers and retrenchment, will be made based on the principles of non-discrimination, equal opportunity and fair treatment, and not on the basis of personal characteristics unrelated to inherent job requirements.
10. Appropriate measures should be put in place to prevent harassment,<sup>64</sup> intimidation and exploitation, and to protect disadvantaged and vulnerable workers, including women, children of working age, migrants and persons with disabilities.
11. **Workers' organizations.** IFAD-supported projects should promote freedom of association and the right to collective bargaining, and report any violation of these rights. Promotion refers to actively supporting opportunities for rural workers to join groups, producers' associations or rural workers' organizations. Producers' organizations, contract farming groups, out-growers' associations and other informal groups represent important vehicles for rural workers to gain representation. These projects should consider all opportunities for empowering rural youth, women and other disadvantaged workers to join workers' organizations or organize themselves.
12. Workers who participate – or seek to participate – in workers' organizations and collective bargaining may do so without interference, are not to be discriminated or retaliated against, and are to be provided with the information needed for meaningful negotiation in a timely manner.
13. Where national law restricts workers' organizations, the borrower/recipient/partner will not restrict project workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment.
14. **Forced labour.** Forced labour, which consists of any work or service not voluntarily<sup>65</sup> performed and that is exacted from an individual under threat of force or penalty, will not be used in connection with any IFAD-supported project.<sup>66</sup> This prohibition covers all kinds of involuntary and compulsory labour, including indentured labour, bonded labour, or similar labour-contracting arrangements. No trafficked persons will be

<sup>63</sup> The policies and processes will be appropriate to the size, location and workforce of project activities.

<sup>64</sup> See the IFAD Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse.

<sup>65</sup> Work is on a voluntary basis when it is done with the free and informed consent of a worker. Such consent must exist throughout the employment relationship and the worker must have the possibility of revoking freely given consent. There can be no "voluntary offer" under threat or other circumstances of restriction or deceit. To confirm the authenticity of free and informed consent, it is necessary to ensure that no external constraint or indirect coercion has been carried out, either through actions by authorities or by an employer's practice (Definition from [UNEP Environmental and Social Sustainability Framework, Nairobi \[2020\]](#)).

<sup>66</sup> See Forced Labour Convention No. 29 (1930); the 2014 Protocol to the Forced Labour Convention; and Abolition of Forced Labour Convention No. 105 (1957).



employed in connection with any IFAD project activities.<sup>67</sup> Should any cases of forced labour be identified, immediate steps will be taken to correct and remedy them.

15. **Child labour.** IFAD is a founding partner of the International Partnership for Cooperation on Child Labour in Agriculture.<sup>68</sup> Child labour will not be used in connection with any IFAD-supported project. Child labour includes: (i) labour below the minimum age of employment; and (ii) any other work that may be hazardous, interfere with a child's education, or may be harmful to a child's health or physical, mental, spiritual, moral, or social development.
16. A minimum age for employment will be specified for all project activities, as determined by national law and consistent with ILO Convention 138.<sup>69</sup> Regardless of the national minimum age for employment, no child under 18 years of age may perform work in connection with or arising from IFAD-supported project activities that are likely to harm his or her health, safety or well-being. Such work is determined by national laws or regulations, or by competent national authorities, and commonly specified in national lists of hazardous work prohibited to be undertaken by children.<sup>70</sup>
17. When cases of child labour are identified, immediate steps will be taken to correct and remedy them, including the rehabilitation and social integration of the child. When operating in a sector or area with a high risk of child labour, projects should include measures to address the root causes of child labour.
18. **Occupational safety and health.** Occupational safety and health measures are applied to establish and maintain a safe and healthy working environment, including the prevention and protection of workers from chemical, physical, biological and psychosocial hazards (including violence and harassment).<sup>71</sup> Parties who employ or engage workers in association with the project are to put in place measures that are designed to:
  - Identify potential hazards to workers, particularly those that may be life-threatening. Protective measures include hazard labelling in languages understandable to the project workers, training and equipment to prevent occupational exposure to hazardous substances and materials;
  - Identify, prevent and respond appropriately to gender-based violence and harassment in the workplace;

<sup>67</sup> Trafficking in persons is defined as the recruitment, transportation, transfer, harbouring or receipt of persons by means of threat, use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purposes of exploitation. Women and children are particularly vulnerable to trafficking (from [UNEP Environmental and Social Sustainability Framework, Nairobi \(2020\)](#). See also the United Nations Convention Against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (2000) (the "Palermo Protocol"). Child trafficking, by definition, does not require any "means" such as threats, force, coercion, etc.

<sup>68</sup> See [the International Partnership for Cooperation on Child Labour in Agriculture](#).

<sup>69</sup> To be consistent with the ILO Minimum Age Convention, 1973 (No. 138), the applicable minimum age will not be less than the age of completion of compulsory schooling and, in principle, not less than 15 years of age.

<sup>70</sup> In the absence of such regulations, guidance on hazardous work to be prohibited in connection with projects should derive from the relevant ILO instruments. See ILO Worst Forms of Child Labour Convention, 1999 (No. 182) and ILO Worst Forms of Child Labour Recommendation, 1999 (No. 190). Examples of hazardous work activities prohibited for children include work: (a) with exposure to physical, psychological or sexual abuse; (b) underground, underwater, working at heights or in confined spaces; (c) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (d) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (e) under particularly difficult conditions such as work for long hours, during the night or in unreasonable confinement on the premises of the employer.

<sup>71</sup> Major occupational safety and health risks in agriculture include dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals. Psychosocial hazards may include violence and harassment.

- Implement preventive and protective measures in the following order of priority: (i) elimination or substitution; (ii) engineering and organizational controls; (iii) administrative controls; and (iv) when residual hazards, risks or impacts cannot be eliminated through these measures, provide personal protective equipment at no cost to workers, along with adequate first-aid facilities;
  - Provide safety and health training, including on the proper use and maintenance of machinery and personal protective equipment, at no cost to workers, and maintain training records;
  - Document and report occupational accidents, diseases and incidents;
  - Prevent and prepare for emergencies, and respond to emergency situations; and
  - Provide remedies for adverse impacts such as occupational injuries, deaths, disability and disease.
19. **Workplace processes and grievance mechanisms.** Borrowers/recipients/partners must establish processes and grievance mechanisms for project workers to report unsafe or unhealthy work conditions, and to remove themselves from any situation that they believe presents an imminent and serious danger to their life or health. Project workers who remove themselves from such situations will not be required to return to work until necessary remedial action has been taken. Project workers will not be retaliated against or subject to reprisal or negative action for reporting unsafe or unhealthy conditions.
20. Workers must be informed of grievance and conflict-resolution mechanisms that borrowers/recipients/partners are required to provide in the workplace. Such mechanisms should address workers' concerns promptly through an understandable and transparent process that provides timely feedback in a language workers understand. All such mechanisms must operate in an independent and objective manner.
21. Workers may use these mechanisms without retribution, and grievance and conflict-resolution systems should not impede access to other judicial or administrative remedies available under national law or through existing arbitration procedures. These mechanisms may not substitute grievance systems provided through collective agreements.
22. **Contractor/third-party workers.** Implementation teams must seek to ensure that third parties engaging workers in association with IFAD-supported projects are legitimate and reliable entities, and have appropriate policies, processes and systems in place to operate in line with this Standard. Procedures must be established for managing and monitoring the performance of third parties, and the requirements of this Standard must be incorporated into contractual agreements with all third parties together with appropriate non-compliance remedies. Third parties are required to include equivalent requirements and remedies in their contractual agreements with subcontractors. Contracted and subcontracted workers must have access to a grievance mechanism. In cases where a third party that employs or engages project workers is not able to provide a grievance mechanism, the borrower/recipient/partner must provide this mechanism, as described in paragraph 19.
23. **Primary supplier workers.** Project teams must identify risks of violations of primary supplier<sup>72</sup> workers' fundamental rights, as well as safety and health issues, and establish roles and responsibilities for monitoring primary suppliers. If child labour, forced labour, unsafe working conditions or breaches of other fundamental rights are identified, the borrower/recipient/partner must require the primary supplier to take appropriate action to remedy them.

<sup>72</sup> "Primary suppliers" are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project (Definition from [World Bank Environmental and Social Framework](#), Washington, DC, 2017).

24. Borrowers'/recipients'/partners' ability to address risks to project workers depends upon their level of influence over primary suppliers. When prevention and remedy are not possible, the project's primary suppliers must be changed to those that can assist and mitigate these risks. Where there is imminent danger of serious injury, ill health or death to workers, the borrower/recipient/partner must exercise its control or influence to stop the operation until the primary supplier can demonstrate its control of the hazard in a manner consistent with this Standard.



## Standard 6: Community health and safety

### Introduction

1. Given IFAD's mandate and the sectors in which its interventions take place, community health<sup>73</sup> and safety are crucial. In many countries, an improved understanding of the health and safety risks and impacts associated with agriculture – and the use of improved technology and personal protective equipment – have changed the agriculture sector immensely over the past three decades. However, in many parts of the world, (particularly low- and middle-income countries), there is a lack of knowledge about how farmers are affected by exposure to the myriad of health risks and impacts that confront them every day. Even in more developed countries, improvements in workplace health and safety, and the implementation of the ILO policies, have not found their way into the agriculture sector.
2. This Standard stresses avoiding – and where avoidance is not possible, minimizing and mitigating – health- and safety-related risks and impacts that may arise from IFAD-supported projects, with special attention to marginalized and disadvantaged groups.

### Objectives

- Ensure quality and safety in the design and construction of programming-related infrastructure, preventing and minimizing potential safety risks and accidents.
- Avoid or minimize community exposure to disaster risks, diseases and hazardous materials associated with project activities.
- Ensure that the safeguarding of personnel and property minimizes risks to communities and is carried out in accordance with international human rights standards and principles.
- Have in place effective measures to address emergency events, whether human-made or natural hazards.

### Scope of application

3. This Standard applies to projects that may pose significant risks to and adverse impacts on human health, nutrition and safety. The applicability of this Standard will be determined during the environmental, social and climate risk screening and assessment phase, as outlined in Chapter 3. Measures to ensure occupational health and safety are covered in Standard 5: Labour and working conditions. Further requirements to avoid or minimize impacts on human health and the environment from pollution are included in Standard 2: Resource efficiency and pollution prevention.

### Requirements

4. **Health and safety risk management.** IFAD requires that all borrowers/recipients/partners evaluate the risks and impacts of projects on the health and safety of affected communities

<sup>73</sup> See the glossary in annex 1 for a definition.

throughout the project life cycle, including vulnerable people. Each borrower/recipient/partner should propose mitigation measures in line with the mitigation hierarchy.

5. **Community exposure.** IFAD will ensure that projects avoid or minimize the potential for community exposure to health risks and impacts (including pollution and contamination), and diseases that could result from – or be exacerbated by – project activities. Such diseases include water-related<sup>74</sup> and vector-borne diseases, zoonotic diseases, communicable and non-communicable diseases, injuries, nutritional disorders and mental illnesses that could result from project activities. Project teams should consider the differentiated exposure to and higher sensitivity of vulnerable and marginalized groups, including communities living in voluntary isolation.
6. **Nutrition.** In order to ensure that IFAD-supported projects abide by the “do no harm” principle regarding nutrition,<sup>75</sup> IFAD requires its borrowers/recipients/partners to identify potential unintended negative impacts on nutrition in the project design phase based on the unique project context, and develop a mitigation plan.
7. **Infrastructure design and safety:** Borrowers/recipients/partners must design, construct, operate and decommission the structural elements of IFAD-supported projects in accordance with national legal requirements and World Bank Environmental Health and Safety guidelines,<sup>76</sup> taking into consideration safety risks to third parties and affected communities (with special attention to risks and potential impacts on disadvantaged and vulnerable groups). The structural elements of projects must be designed and constructed by competent professionals, and certified or approved by competent authorities. Each borrower/recipient/partner is required to collect the global positioning system (GPS) coordinates of infrastructure sites following a standardized methodology, and submit the geospatial data to IFAD.
8. Structural design must also take into account climate change considerations. When a project includes new buildings or structures to be accessed by the public, the borrower/recipient/partner must consider the incremental risks and impacts of the public’s potential exposure to accidents and natural hazards, including extreme weather events.
9. When structural elements or project components are situated in high-risk areas (including those at risk of extreme weather or slow-onset events), and their failure or malfunction may threaten community safety, the borrower/recipient/partner is required to engage one or more independent experts with recognized experience in similar projects (separate from those responsible for design and construction) to review structural design and safety as early as possible in project development and throughout the project life cycle. When a project involves a new or existing dam, the borrower/recipient/partner must provide sufficient resources to meet the safety requirements for dams as established in paragraph 10 of this Standard.
10. **Dams.** Since there can be major consequences if a dam malfunctions or fails – including loss of life or property, injury, environmental damage and illnesses such as malaria and waterborne diseases – IFAD considers the safety of new dams that it finances to be of utmost importance. The Fund also places special emphasis on maintaining the safety of existing dams upon which IFAD-supported projects depend. IFAD requires all financing

<sup>74</sup> See for example the United Nations Economic Commission for Europe/WHO [Protocol on Water and Health](#).

<sup>75</sup> See <https://www.coordinationsud.org/wp-content/uploads/20.-Note-C2A-n-20-ANG.pdf>.

<sup>76</sup> The World Bank Group Environmental Health and Safety Guidelines contain performance levels and measures across a wide range of sectors applicable to IFAD-supported activities. Where national regulations differ from these guidelines, the more stringent standard should apply unless circumstances warrant application of the less stringent measure. In this case, full justification is required and the measures must be consistent with SECAP and its corresponding ESS.

agreements negotiated with borrowers/recipients/partners to contain a covenant ensuring that dams and reservoirs are designed, constructed, operated, maintained, managed and eventually decommissioned to the highest possible standard of safety appropriate to their size and risk level. The aim is to protect people, property and the environment from the harmful effects of possible malfunction or failure.

11. IFAD distinguishes between small, medium and large dams:
  - **Small:** any dam 5 metres or less in height;
  - **Medium:** any dam between 5 and 15 metres in height;<sup>77</sup> and
  - **Large:** any dam over 15 metres in height.
12. For small dams, generic dam safety measures include ensuring adequate spillway capacity, freeboard and protection of the downstream outfall, an adequate foundation key or cut-off, protection of outlet works from differential settlement and leakage, upstream and downstream slopes appropriate to the properties of the construction material, adequate drainage, avoidance of unsuitable materials and adequate compaction under competent supervision.<sup>78</sup> However, borrowers/recipients/partners may be requested to provide IFAD with details of the qualifications and experience of the civil engineer responsible for dam supervision.
13. The requirements for medium-sized dams are more stringent: IFAD requires that a suitably qualified and experienced independent consulting engineer, acceptable to IFAD, be engaged by the borrower/recipient/partner through a competitive process to provide recommendations directly to the implementing agency on all aspects of the dam. The borrower/recipient/partner is required to submit geographical coordinates of planned and completed dam locations to IFAD.
14. In the event that IFAD finances (or cofinances) a large dam, or finances a project that relies on the construction of a large dam, IFAD requires:
  - Review by an independent panel of experts of the investigation, design and construction of the dam, and the start of operations;
  - Preparation and implementation of detailed plans for supervision of construction and quality assurance, along with instrumentation, operation and maintenance, and emergency preparedness;
  - Geographical coordinates of planned and completed dam locations to be submitted to IFAD; and
  - Periodic safety inspections after completion.
15. IFAD requires that an emergency preparedness plan<sup>79</sup> be developed for all dams with a significant or high hazard potential. The plan should specify the roles of parties responsible for the safety of a dam if failure is considered imminent, or when the expected flow release threatens downstream life, property or economic operations. The plan must include:
  - Clear statements on the responsibility for decision-making on dam operations and related emergency communications;
  - Maps outlining inundation levels for various emergency conditions;
  - Flood warning system characteristics; and
  - Procedures for evacuating threatened areas and mobilizing emergency responders and equipment.

<sup>77</sup> In addition, any medium-sized dam will be treated as a large dam if: (i) its crest length is 500 metres or greater; (ii) its reservoir capacity is 3 million m<sup>3</sup> or greater; (iii) its maximum incoming flood is 2000 m<sup>3</sup>/s or greater; or (iv) it is located in a highly seismic zone.

<sup>78</sup> FAO, *Manual on Small Earth Dams: A Guide to Siting, Design and Construction*. FAO Irrigation and Drainage Paper No. 64. Rome (2010).

<sup>79</sup> See also para. 18 of this Standard: Emergency preparedness.

16. The broad framework of the plan and a cost estimate for preparing it should be provided to IFAD prior to finalizing project design. The plan itself should be prepared during implementation and provided to the panel of experts (in the case of a large dam) and IFAD for review not later than one year before the projected date of initial filling of the reservoir.
17. **Hazardous materials.** IFAD will ensure that measures are taken to avoid or minimize community exposure to any hazardous materials used during project activities. Special care will be taken to avoid exposure to health- and life-threatening hazards by modifying or eliminating the potentially hazard-inducing conditions or materials. Due diligence must be undertaken to ensure the safety of delivery, transport and disposal of hazardous materials and waste.
18. **Emergency preparedness.** When some risk or negative impacts remain despite adequate attempts to avoid or minimize them, the borrower/recipient/partner must inform affected communities of the risk or negative impact in a socially and culturally appropriate manner. The borrower/recipient/partner must also establish socially and culturally appropriate emergency preparedness and response plans for accidental and emergency situations that may threaten local communities, and provide affected communities with appropriate information about emergency preparedness and response activities, resources and responsibilities.
19. **Impacts on ecosystem services.** Adverse impacts on community health and safety<sup>80</sup> may occur as a result of impacts on ecosystem services. Measures must be taken to avoid or minimize adverse impacts on ecosystem services from project activities. Special attention should be paid to avoid causing or exacerbating adverse impacts on marginalized and disadvantaged groups. Any risks or potential adverse impacts on ecosystem services that may be exacerbated by climate change should be identified in the screening and assessment phase, as stated in Chapter 3.
20. **Gender-based violence including sexual exploitation and abuse:** All borrowers/recipients/partners in IFAD-supported projects must assess the risk of gender-based violence, sexual harassment, sexual exploitation and abuse, and human trafficking to project-affected people and communities. Required measures by borrowers/recipients/partners to prevent and address these risks include confidential channels for reporting incidents and providing support.
21. With established reporting and response protocols in place, any incidents of gender-based violence, sexual exploitation or abuse can be immediately addressed through confidential reporting and documentation. Response procedures should indicate when and where to report incidents, and what follow-up actions to undertake. In addition, there must be modalities for providing support and redress to survivors and affected persons.
22. **Traffic and road safety.** All IFAD-supported projects should include documentation stating the responsibilities for identifying, monitoring and evaluating traffic and road safety risks to affected local communities and other road users throughout the project life cycle. Borrowers/recipients/partners are required to incorporate technically and financially feasible road safety measures into the project design documentation to prevent and mitigate potential road safety risks. They are also required to submit geographic information system (GIS) data to IFAD showing planned and completed transects of new and rehabilitated roads. When appropriate, borrowers/recipients/partners must undertake a road safety assessment for each phase of the project and monitor incidents

<sup>80</sup> Examples include loss of natural buffers, which could increase the risk of flooding.

and accidents, submitting regular monitoring reports. Based on these reports, the borrower/recipient/partner must put in place measures to address these risks.

23. For projects operating construction or other equipment on public roads, or where the use of project equipment could impact on public roads or other public infrastructure, borrowers/recipients/partners must take appropriate measures to prevent incidents and accidents from occurring.
24. **Influx of project workers.** IFAD will ensure that appropriate mitigation and management measures are taken to address risks and potential impacts on community health and safety arising from an influx of project-related workers into a given area. Such risks and impacts may be associated with changes in population composition, exposure to communicable diseases and other health implications, threats of sexual violence and harassment, crime and increased pressure on already scarce natural resources.<sup>81</sup> Measures will be taken to protect community members from these risks and impacts.
25. **Security-related issues and personnel.** Where an IFAD-supported project requires the engagement of security personnel, the borrower/recipient/partner must ensure that the security arrangements do not violate international human rights, standards or principles.<sup>82</sup> The risks posed by security arrangements to affected communities will be assessed to ensure that those providing security are appropriately vetted, trained and supervised. Allegations of unlawful or abusive acts will be reviewed, with actions taken to prevent recurrence. When it is necessary to engage security personnel, borrowers/recipients/partners are strongly encouraged to consider employing private security contractors certified by – and in good standing as defined by the International Code of Conduct for Private Security Service Providers (ICoCA) whenever possible.

<sup>81</sup> From: [UNEP Environmental and Social Sustainability Framework, Nairobi \(2020\)](#).

<sup>82</sup> International human rights standards and principles include: the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials; the United Nations Code of Conduct for Law Enforcement Officials; the Voluntary Principles on Security and Human Rights; and the International Code of Conduct on Private Security Providers.





## Standard 7: Physical and economic resettlement

### Introduction

1. Drawing on IFAD policies, international guidelines<sup>83</sup> and best practices for involuntary resettlement safeguards,<sup>84</sup> this Standard not only considers resettlement as the physical relocation of people but as economic, social and cultural displacement restricting people's access to livelihoods and culturally important sites.
2. Physical resettlement refers to relocation due to loss of residential land or shelter. Economic displacement implies the loss or disturbance of land or assets, and includes restrictions on access to assets, income sources, livelihoods<sup>85</sup> and assistance to vulnerable groups.<sup>86</sup>
3. Physical resettlement and economic displacement can either be agreed or involuntary; these two scenarios have very different implications for IFAD. For this Standard, resettlement is considered to be involuntary when: (i) land is acquired through the application of state powers such as eminent domain; (ii) access is restricted in legally designated parks or protected areas; and (iii) public health or safety issues make resettlement unavoidable. Involuntary resettlement may cause long-term hardship, impoverishment, dilution of community institutions and social networks, and environmental damage unless appropriate compensation measures are agreed upon and carried out.
4. FPIC should be obtained from all people potentially affected by resettlement<sup>87</sup> to ensure that mitigation and benefit-sharing measures improve their livelihoods, and are appropriate and sustainable.
5. Voluntary resettlement refers to any resettlement not attributable to eminent domain or other forms of land acquisition backed by public powers of the state. The most important principles in voluntary acquisition are the "do no harm" principle and informed consent. Affected people must have the option to agree or disagree on their relocation, and the

**83** This Standard draws upon the United Nations Environment Programme (UNEP) Safeguard Standard 6: Displacement and Involuntary Resettlement. In: [UNEP Environmental and Social Sustainability Framework, Nairobi \(2020\)](#).

**84** These include the: International Finance Corporation's Policy on Environmental and Social Sustainability and its Performance Standard 5: Land Acquisition and Involuntary Resettlement; the Asian Development Bank's Safeguard Policy Statement; the European Bank for Reconstruction and Development's Draft Environmental and Social Policy; the African Development Bank's Integrated Safeguards System – Policy Statement and Operational Safeguards; the World Bank's Operational Policy on Involuntary Resettlement; and the 2017 World Bank Environmental and Social Framework's Environmental and Social Standard 5 – Land Acquisition, Restrictions on Land Use and Involuntary Resettlement.

**85** Asian Development Bank, Safeguard Policy Statement (2009).

**86** Examples of physical resettlement include residential land being converted into a reservoir, irrigated agriculture, real estate development, roads or protected areas. Economic displacement includes the conversion of grazing land into cropland or restricted-use protected areas. Resettlement is not restricted to physical relocation. Its economic and social impacts on affected people extend beyond loss of ownership, occupancy, or use, and include economic, social and cultural impacts. Other social and environmental impacts of investments are not addressed through this Standard and should be identified through environmental and social assessments.

**87** In projects that affect access to and use of land and other natural resources, IFAD applies the principle of FPIC to local communities broadly. As a starting point for FPIC, project design teams need to identify the local communities that could potentially be affected. In areas that are home to indigenous peoples and ethnic minorities, FPIC is always required. For more information, see the how-to-do note on FPIC.

compensation for their losses. Informed consent implies that people have the choice to agree or disagree with land acquisition or land-use changes without adverse consequences imposed formally or informally by the state. Voluntary resettlement is only possible when the location of an investment is not fixed.<sup>88</sup> IFAD undertakes due diligence to confirm that any acquisitions and displacements are voluntary and not forced.

## Objectives

- Avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring alternative project designs and sites;
- Avoid forced eviction;<sup>89</sup>
- Ensure that resettlement activities are planned and implemented collaboratively with the meaningful participation of affected people;
- Enhance and restore the livelihoods<sup>90</sup> of all displaced people; and
- Provide explicit guidance to borrowers/recipients/partners on the conditions that need to be met regarding involuntary resettlement.

## Scope of application

6. This Standard applies to all IFAD-supported projects that involve any displacement or need for resettlement. The displacement may be full or partial, permanent or temporary, and could result from a variety of project activities. This Standard also applies to any physical or economic displacement caused by a borrower/recipient/partner for purposes relevant to the project before IFAD's involvement.
7. Application of this Standard must be consistent with universal respect for fundamental human rights and freedoms,<sup>91</sup> the principles of non-discrimination, equal opportunity and fair treatment, and the right to private property, adequate housing and improvement of living conditions.

## Requirements

8. **Forced eviction.** Forced evictions are prohibited in all IFAD-supported activities. Forced eviction is not the same as involuntary resettlement or the government's use of eminent domain.
9. Any evictions associated with project activities must not be forced evictions, must be fully justified and carried out lawfully, and must only be carried out in exceptional circumstances for the purpose of promoting general public welfare. In such cases, evictions must: be reasonable and proportional; follow due process; be regulated to ensure full and fair compensation and rehabilitation; and be aligned with provisions of international human rights instruments and humanitarian law. The protection provided

<sup>88</sup> For example, while the route of a rural road could be changed if a landowner objected, the area of a reservoir behind a dam is immutable. The former would allow for voluntary resettlement; the latter would not. Source: World Bank, *Involuntary Resettlement: Planning and Implementation in Development Projects* (2003).

<sup>89</sup> Forced eviction refers to the acts or omissions involving the coerced, permanent or temporary involuntary displacement of individuals, groups and communities from homes, lands and/or common property resources which they occupy or depend on, thus eliminating or limiting the ability of an individual, group or community to reside or work in a particular dwelling, residence or location, or access appropriate forms of legal or other protections provided under this Standard.

<sup>90</sup> For the purpose of this Standard, livelihood restoration entails restoring to at least pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

<sup>91</sup> The Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights.

by this Standard applies to all affected persons and groups, irrespective of whether they hold title to home and property under domestic law.

10. **Prior displacement.** Where displacement has already occurred in anticipation of the project, an audit will be conducted to identify:
  - Any deviations from this Standard created by past activities; and
  - Corrective actions required to ensure compliance with this Standard. Time-bound corrective action plans should describe all activities required to attain compliance with this Standard, including budget, implementation arrangements, allocation of roles and responsibilities, and implementation schedule.
11. **Avoidance and minimization of displacement.** IFAD seeks to avoid involuntary resettlement or – when unavoidable – minimize involuntary resettlement by exploring feasible alternative project designs and sites. As part of the social and environmental assessment, IFAD requires:
  - Consideration of all feasible alternative measures to avoid displacement, including the “no action” option;
  - That when displacement cannot be avoided, the borrower/recipient/partner rely on experienced professionals to establish baseline information and design mitigation actions;
  - Public disclosure and timely dissemination<sup>92</sup> of information, and a justification of the activities that will result in displacement;
  - That the borrower/recipient/partner inform affected individuals and communities of their rights under national laws and the countries’ international obligations, and provide them with access to legal counsel (public or private);
  - That borrowers/recipients/partners provide effective remedy for affected individuals and communities; and
  - Public disclosure of a RAP at least 120 days prior to displacement.
12. **Consideration of vulnerable groups.** The adverse impacts of physical and economic displacement can have disproportionate impacts on disadvantaged and vulnerable groups. Borrowers/recipients/partners must identify, assess and address adverse impacts on disadvantaged and vulnerable groups in the screening and assessment phase of the project cycle (as stated in Chapter 3). This involves:
  - Analysis through socio-economic surveys to determine critical vulnerability factors in the project area, in cooperation with stakeholders, including affected communities;
  - Identifying vulnerable and disadvantaged individuals and groups based on the results of the vulnerability analysis;
  - Direct consultation with vulnerable groups; and
  - Planning assistance activities tailored to the different needs of vulnerable groups, describing these measures in the RAP and providing for their implementation and funding in the land acquisition and resettlement budget.
13. **Developing plans to enhance and restore livelihoods of affected persons.** When land acquisition or land-use restrictions (whether permanent or temporary) cannot be avoided, the borrower/recipient/partner is required to develop an action plan designed to enhance and restore the living standards and livelihoods of all affected persons to the pre-displacement level. Taking into account the full social and economic costs to displaced persons (including the requirements of paragraph 14 when there is physical displacement and paragraph 15 when there is economic displacement), such plans must:

<sup>92</sup> Affected persons and communities must be given at least 120 days of notice prior to the date of displacement.

- Establish eligibility criteria, cut-off dates, compensation and entitlements for all categories of affected persons;
  - Provide: (i) fair and just compensation at full replacement cost prior to displacement (based on the cost of replacement at resettled sites and locations) for any losses of personal, real or other property or goods, noting that compensation and support may be collective in nature; (ii) transitional support (both financial and in-kind) based on reasonable estimates of the time required to restore and improve income-earning capacity, production levels and living standards; and (iii) assistance with land development, credit facilities, direct benefits, training or employment opportunities, and expertise as needed (the combination of compensation, transitional support and assistance is aimed at enhancing and restoring displaced persons' pre-displacement productive capacity and earning potential); and
  - Provide displaced individuals and communities with secure access to necessary services, shelter, food, water, energy, sanitation and community facilities.
14. **Physical displacement.** When programming activities involve physical displacement, the action plan must:
- Specify the resettlement options chosen by displaced persons, respecting their preferences to relocate in pre-existing communities wherever possible, and documenting all transactions;
  - Provide a choice of replacement property with secure tenure<sup>93</sup> of higher value and better characteristics wherever possible<sup>94</sup> for those with formal land rights or recognizable claims<sup>95</sup> (land-based resettlement strategies will be utilized when affected livelihoods are land-based or when land is collectively owned);<sup>96</sup>
  - Ensure that resettlement sites provide adequate housing with improved living conditions, necessary civic infrastructure and services (to be considered adequate, housing must meet the criteria of secure tenure); availability of services, materials, facilities and infrastructure; affordability; habitability; accessibility; location; and cultural adequacy;<sup>97</sup> and
  - For affected people without formal land rights or recognizable claims, compensate for loss of assets other than land (e.g. dwellings, other improvements) at full replacement cost, provide resettlement assistance in lieu of compensation for land sufficient to restore and improve living standards at an adequate alternative site, and provide arrangements for them to obtain adequate housing with security of tenure so they can resettle without risking forced eviction.
15. **Economic displacement.** When activities involve economic displacement with significant social and economic impacts, the RAP will:
- Ensure that compensation covers all commercial losses (including the costs of transfer and re-establishing commercial activity, lost net income during transition,

<sup>93</sup> Secure tenure implies that individuals or communities are resettled to a site they can legally occupy, where they are protected from the risk of eviction, and where the tenure rights provided to them are socially and culturally appropriate. Activities that involve physical displacement should adhere to the [Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests](#). See also the [Committee on World Food Security Principles for Responsible Investment in Agriculture and Food Systems](#).

<sup>94</sup> Replacement property must be at least of equal value compared to lost assets, with additional investment provided by supported activities to improve its value and characteristics.

<sup>95</sup> It may be appropriate to negotiate in situ land development arrangements whereby displaced persons or communities accept partial loss of land in exchange for improvements that increase property value.

<sup>96</sup> Cash compensation for replacement property and assets is discouraged. Payment of cash compensation for lost land and other assets may be appropriate when livelihoods are not land-based or when the land taken is a small fraction of the affected asset and the residual land is economically viable.

<sup>97</sup> Office of the United Nations High Commissioner for Human Rights/UN-Habitat, [The Right to Adequate Housing, Fact Sheet 21/Rev. 1](#).

- lost employee wages and assets such as crops, irrigation infrastructure or other improvements to affected areas);
- Provide replacement property of improved value when legitimate tenure rights (both formal and informal) are restricted;
  - Provide replacement agricultural sites of superior productive potential whenever possible, including through investments in increasing productivity (if replacement land and resources are unavailable, offer cash compensation at full replacement cost and support for alternative income with evidence of mutual agreement);
  - Compensate economically displaced people who are without legally recognizable claims to land for lost assets other than land (e.g. crops, irrigation infrastructure, other improvements made to the land) at full replacement cost;
  - Where displaced livelihoods are natural resource-based, offer replacement land and access to alternative resources with a combination of productive potential, locational advantage and other factors, contributing to improved income potential and accessibility, whenever feasible;
  - Provide alternative income-earning opportunities and support if it is not possible to provide replacement land and resources; and
  - If project activities restrict access to resources in legally designated parks, protected areas or other commonly held resources, establish a collaborative process with affected people to determine appropriate measures for improving affected livelihoods while maintaining the land's sustainability.
16. **Grievance and redress.** As outlined in section 1.8, all borrowers/recipients/partners must ensure that an effective, accessible and culturally appropriate grievance redress mechanism is established to facilitate the resolution of concerns and complaints (e.g. compensation, relocation or livelihood restoration) by affected individuals.



## Standard 8: Financial intermediaries and direct investments

### Introduction

1. This Standard recognizes that investments in FIs (indirect investments) and private-sector companies<sup>98</sup> (direct investments) are critical for promoting sustainable financial markets and providing financial products and services to farming businesses and rural micro, small and medium-sized enterprises. Guided by the [Rural Finance Policy](#) and Framework for IFAD non-Sovereign Private Sector Operations and Establishment of a Private Sector Trust Fund (NSO Framework), the Fund works with a range of FIs, including commercial and development banks, non-bank financial institutions, cooperatives, microfinance institutions and informal organizations such as self-help groups and village savings and loan associations. Direct investments include lending and equity stakes in private-sector companies (including corporate and project financing), and guarantee facilities. In line with IFAD's mandate, beneficiaries are expected to be poor, vulnerable small producers and rural households.
2. Challenges in the provision of financial services to poor rural households include: weak infrastructure and low population density in marginal areas; inherent risks in serving low-income clients in ecologically fragile environments and areas with degraded natural resources; lack of adequate client collateral; limited capacity of financial service providers; low levels of client education; and a lack of bankable clients with access to viable markets. Together, these challenges increase the risks and transaction costs of serving rural areas; continual attention and innovation are required to overcome them.
3. The nature of financial intermediation means that FIs assume delegated responsibility for environmental and social assessment, risk management and monitoring, and overall portfolio management. The effectiveness of FIs' environmental and social risk management should be evaluated and monitored on a continuous basis throughout the project life cycle, while maintaining a focus on their primary business of generating returns for investors and ensuring sustainability.

### Objectives

- Promote sound environmental, social and climate practices, and sound human resource management with FIs and direct investees;
- Ensure that FIs and direct investees assess and manage any environmental and social risks and impacts of subprojects; and
- Promote good environmental and social management practices by direct investees and in the subprojects financed by FIs.

### Scope of application

4. This Standard applies to FIs and direct investees that receive financial support from IFAD, guided by its Rural Finance Policy and NSO Framework.

<sup>98</sup> Direct investees comprise private-sector actors along agricultural value chains. These include farmers' organizations and small to medium-sized rural enterprises such as agricultural producers, input suppliers, storage companies and service companies, traders, aggregators, processors and logistics companies.

5. When an FI receiving support from IFAD provides financing or de-risking instruments to other financial intermediaries, the primary financial intermediary should apply this Standard, guided by IFAD's Rural Finance Policy and NSO Framework, and should ensure that each FI also applies this Standard.
6. In the event that a direct investee implements other projects, subprojects or sub-activities concurrently, the investee should ensure that this Standard is applied.

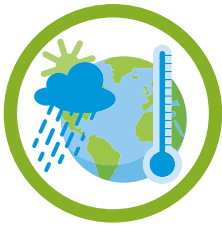
## Requirements

7. **Environmental and Social Management System.** The requirements of all SECAP Standards apply to all FIs and direct investees. FIs and direct investees are required to prepare an ESMS comprising: (i) environmental and social systems, procedures and capacities for assessing, managing and monitoring risks and impacts of direct investments and FI subprojects; and (ii) a portfolio risk-management framework that ensures a return on investment and sustainability. This should be proportionate to the risks and impacts of each project, and the risk profile of the FI's overall portfolio.
8. This requirement also pertains to direct investees: the ESMS must be proportionate to the risks and impacts of the project, and the entity's overall risk profile. In cases where the FI or direct investee already has an ESMS in place, the entity needs to provide supporting documentation on its ESMS, indicating any elements that require modification to meet this Standard. When improvements to an existing ESMS are required, the provisions must be included in the financing agreement. An ESMS commensurate with an entity's risk profile should include the following:
  - **Environmental and social policy:** This policy should state the environmental and social requirements that apply to the FI's lending or investment activities, or in the case of a direct investee, the operating procedures. It will be used to manage any environmental and social risks associated with the FI's portfolio, the activities of its partners or the business operations of a direct investee. It should include a commitment that all non-retail transactions will comply with the ESS in addition to local environmental and social regulations.
  - **Identification of risks and opportunities:** A process should be established to identify the environmental, social and climate risks and impacts associated with all business operations, and categorize potential investments (including subprojects).
  - **Management programmes:** Management programmes are centred on environmental and social action plans that should point to necessary improvements for the FI's clients to avoid, minimize or be compensated for identified risks and impacts.
  - **Internal organizational capacity and competency:** Personnel with environmental and social responsibilities should be responsible for ensuring that resources are available for implementing the ESMS effectively across the organization, whether it is a private company, bank or NGO.
  - **Emergency preparedness and response:** A system for responding to accidents and emergencies must be established.
  - **Monitoring and reporting:** FIs and direct investees need to monitor all environmental, social and climate risks, and the impacts of their investments, reporting on environmental and social performance data as needed.
9. **Stakeholder engagement.** FIs and direct investees are required to establish procedures for external communications on environmental and social matters proportionate to the risks and impacts of projects or subprojects, and their overall risk profile in line with their public disclosure policies and proprietary rights. They must also establish a

grievance redress mechanism in a timely manner for project-affected parties related to environmental and social performance of the investment.

10. The scope, scale and type of grievance mechanism should be proportionate to the nature and scale of the risks, and potential impacts of the investment. FIs and direct investees must respond to public enquiries and concerns in a timely manner, and are encouraged to publish their corporate environmental and social policies (or a summary of their ESMS) on their websites. FIs should also list on their websites links to any publicly available ESIA reports or other relevant documents for High Risk subprojects they finance.
11. **Monitoring and reporting.** FIs and direct investees must submit, in a form acceptable to IFAD, annual environmental and social reports on ESMS implementation. They should also promptly notify IFAD of any significant accidents or incidents associated with their subprojects. If the risk profile of an FI or direct investee increases significantly, the entity is required to notify IFAD.





## Standard 9: Climate change

### Introduction

1. The impacts of climate change pose a fundamental threat to sustainable development and the fight against poverty. They have the potential to reverse human development through their impacts on key development sectors, including agriculture and food production, ecosystems, water and other natural resources, disaster risk management and health. Climate change has become a major driver of hydro-meteorological disasters and has the potential to produce gradual environmental changes that may exacerbate extreme weather events, increasing the risk of slow and sudden-onset, high-impact disasters. Climate variability is also contributing to the increasing frequency and impact of small-scale localized disasters, with far-reaching long-term impacts.
2. The Paris Agreement sets the long-term goals of: maintaining the increase in global average temperature below 2°C above pre-industrial levels; and limiting the increase to 1.5°C, recognizing that this would substantially reduce the risks and impacts of climate change.
3. While communities and IFAD-funded projects are susceptible to the negative effects of climate change, they can also potentially add to the problem. According to the Intergovernmental Panel on Climate Change Special Report on Climate Change and Land,<sup>99</sup> agriculture, forestry and other land use comprised 23 per cent of anthropogenic GHG emissions between 2007 and 2016.
4. The Sustainable Development Goals, UNFCCC, Paris Agreement, and Sendai Framework for Disaster Risk Reduction<sup>100</sup> require United Nations agencies and other parties to integrate climate change and disaster risk considerations into projects, programmes, plans and policies in order to strengthen resilience and reduce the vulnerability of communities.
5. Investment decisions must take the changing nature of climate risks and impacts into account. In project design, this can be achieved through: climate risk analysis; planning to enhance the resilience of vulnerable livelihoods (adaptation); and minimizing GHG emissions and enhancing carbon sinks (mitigation). All borrowers/recipients/partners in IFAD-supported projects should take into account the impacts of climate change on projects, as well as impacts from projects.

### Objectives

- Ensure alignment of IFAD-supported projects with the Nationally Determined Contributions of countries and the goals of the Paris Agreement and other international frameworks;
- Ensure that proposed activities are screened and assessed for climate change and disaster risks and impacts, including both impacts of projects and on them;
- Apply the mitigation hierarchy in project design;
- Strengthen the resilience of communities to address the risk of climate change impacts and climate-related disasters; and

<sup>99</sup> [Intergovernmental Panel on Climate Change. Special Report on Climate and Land. Summary for Policymakers \(2019\).](#)

<sup>100</sup> See [Sendai Framework on Disaster Risk Reduction 2015-2030.](#)

- Increase the ability of communities to adapt to the adverse impacts of climate change, and foster climate resilience and low GHG-emitting projects that do not threaten food production.

### Scope of application

6. The requirements of this Standard apply to all IFAD-supported projects that:
  - Have development outcomes that may be threatened by climate change or related disaster risks;
  - May contribute to increased exposure or vulnerability to climate change and related disaster risks; or
  - May produce significant GHG emissions.

### Requirements

7. **Climate change risk (impact of climate change on projects):** IFAD acknowledges the threat that climate change risks and impacts pose to sustainable development. As a result, the Fund considers potential adverse risks and impacts throughout the SECAP process. Through the climate risk screening procedure, IFAD requires that all projects be screened to determine their exposure and sensitivity to climate-related risks (and given ratings of High, Substantial, Moderate or Low Risk). This screening procedure also estimates impacts based on information about historic climate hazard occurrences, current climate trends and future climate change scenarios.
8. In addition, the screening assesses the likelihood of the project increasing the target population's vulnerability to climate hazards (e.g. maladaptation). Borrowers/recipients/partners should analyse physical, social, economic and environmental factors and processes that increase the susceptibility and vulnerability of communities to potential climate change impacts and hazards, with a focus on marginalized and disadvantaged people. Specific gender, age and social vulnerabilities – and potential differentiated impacts – should also be considered.
9. The need for clear and robust risk identification and mitigation measures is critically important, especially given the pivotal role of SECAP in supporting targeting during project design (in line with the recently approved Targeting Strategy). As the list of potential project locations and investment options is narrowed down, a more detailed climate analysis should be undertaken. This can not only inform the nature and types of investments, but also their design (e.g. in response to the need for climate-proofing of infrastructure). Such design decisions have cost implications that should be reflected in the project budget.
10. The level of climate risk and its implications on proposed projects are established by environment and climate experts under the auspices of IFAD's ECG Division. These findings are then independently validated by the OPR Division. This can result in a reclassification of the climate risk rating, requiring an in-depth climate risk analysis, adjustment of activities and enhanced risk-mitigation measures.
11. **Climate change risk (impact of projects on GHG emissions).** In line with Standard 2 (Resource efficiency and pollution prevention), IFAD will seek to avoid direct and indirect GHG emissions through its projects.
12. Technically and financially feasible options to reduce GHG emissions may include: alternative locations; use of renewable and low-carbon energy sources; measures to increase energy efficiency; use of low-global-warming-potential coolants for air

conditioning and refrigeration; climate-smart agriculture and livestock management practices; and ecosystem-based adaptation and mitigation measures.

13. Where there is a risk of significant GHG emissions, potential sources should be established and amounts estimated to form a baseline for reducing emissions (if an estimation is technically and financially feasible). The borrower/recipient/partner should adopt GHG accounting methodologies for project activities according to international best practices, and should protect, conserve and (where appropriate) incorporate carbon sinks into project activities.<sup>101</sup>

<sup>101</sup> PDTs should consider using the Ex-Ante Carbon-balance Tool (EX-ACT), an appraisal system developed by FAO that estimates the impact of agriculture and forestry development projects on the carbon balance.



# Glossary

**Alternatives assessment:** The consideration of potential alternatives in an Environmental and Social Impact Assessment (ESIA), one of the most critical elements to consider when determining the scope of an ESIA. Alternatives assessment provides an opportunity for an objective, scientific evaluation of all environmental, social, technical and economic impacts of various project options. The categories of alternatives that can be considered include:

- Site (e.g. position of agroprocessing plant, fields);
- Route (e.g. powerlines, roads, pipelines);
- Crops (e.g. types, variety);
- Inputs (e.g. power source, agrochemicals);
- Scale (e.g. small-scale growers, large commercial farms); and
- Design (e.g. building height, screens, colour).

**Baseline data:** Data that describe issues and conditions at the inception of SECAP. Baseline data serve as the starting point for measuring results, impacts and overall performance, and constitute an important reference point for evaluation (Organisation for Economic Co-operation and Development, 2006).<sup>102</sup>

**Biodiversity:** The variability among living organisms from all sources, including, terrestrial, marine and other aquatic ecosystems, and the ecological complexes to which they belong. This includes diversity within species, between species and of ecosystems (Convention on Biological Diversity, 1992).<sup>103</sup>

**Chance find:** The discovery of previously unknown cultural heritage resources, particularly archaeological resources, which are encountered unexpectedly during project construction or implementation (European Bank for Reconstruction and Development [EBRD], 2019).

**Child labour:** Child labour includes: (i) labour below the host country's minimum age of employment, as established in national law consistent with ILO C.138; and (ii) any other work that may be hazardous, may interfere with children's education or may be harmful to their health or physical, mental, spiritual, moral or social development. Following a tripartite agreement with workers' and employers' organizations, a country may set 16 or 17 as the minimum age for hazardous work on the condition that the children's health, safety, and morals are fully protected, and that they receive adequate specific instruction or vocational training in the relevant branch of activity. Child labour excludes permissible light work that is not harmful to children's health and development, and does not affect attendance at school or involve participation in vocational training. The minimum age for light work should not be less than 13 years of age, but developing countries may set it at 12.<sup>104</sup>

**Critical habitat:** Areas with high biodiversity importance or value, including: (i) habitats of significant importance to critically endangered or endangered species, as listed on the International Union for the Conservation of Nature Red List of threatened species

<sup>102</sup> [www.oecd.org/gov/ethics/37390076.pdf](http://www.oecd.org/gov/ethics/37390076.pdf).

<sup>103</sup> <https://www.cbd.int/convention/articles/default.shtml?a=cbd-02>.

<sup>104</sup> This derogation cannot apply to work that is hazardous by nature (ILO, 2018).

or equivalent national inventories; (ii) habitats of significant importance to endemic or restricted-range species; (iii) habitats supporting globally or nationally significant concentrations of migratory or congregatory species; (iv) a highly threatened or unique system; and (v) ecological functions or characteristics that are needed to maintain the viability of the biodiversity described above (World Bank, 2017).

**Cultural heritage:** Resources with which people identify as an expression of their constantly evolving values, beliefs, knowledge and traditions.

**Cumulative impact:** The collective impact of a project’s incremental impacts added to the direct and indirect impacts of other past, present and foreseeable future developments. Cumulative impact also comprises any unplanned but predictable activities enabled by the project that may occur later or at a different location. Different types of cumulative impacts are listed in the table below:

Type	Characteristic	Example
Time crowding	Frequent and repetitive effects	Forest harvesting exceeds rate of regrowth
Time lags	Delayed effects	Accumulation of persistent organic pollutants from pesticides
Space crowding	High spatial density of effects	Numerous small dams on a river
Cross-boundary	Effects occur away from the source	Atmospheric pollution and acid rain
Fragmentation	Change in landscape pattern	Fragmentation of habitat by agriculture
Compounding effects	Effects arising from multiple sources or pathways	Synergistic effect of different types of pollutants on stressed ecosystems or human populations
Indirect effects	Secondary effects	Forest areas opened up as a result of a new highway
Triggers and thresholds	Fundamental changes in system functioning	Climate change

**Deforestation:** Describes the loss of forest cover or land, which is permanently converted from forest to agricultural land, golf courses, cattle pasture or other land use. FAO defines tropical deforestation as a change of forest with depletion of tree crown cover to less than 10 per cent (source: [Mongabay](#), 2020).

**Decent rural employment:** Any activity, occupation, work, business or service performed for pay or profit by women and men, adults and youth in rural areas that: (i) respects the core labour standards laid out in ILO conventions; (ii) provides an adequate living income; (iii) entails an adequate degree of employment security and stability; (iv) adopts sector-specific minimum occupational safety and health measures; (v) avoids excessive working hours and allows sufficient time for rest; and (vi) promotes access to adapted technical and vocational training (FAO).<sup>105</sup>

**Disadvantaged or vulnerable groups or individuals:** Individuals or groups whose age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, sexual orientation, gender identity, economic disadvantages, indigenous status

<sup>105</sup> See also: <http://www.fao.org/rural-employment/background/en/>.

or dependence on unique natural resources are more likely to be adversely affected by the impacts of a project, or who are less able than others to take advantage of a project's benefits.

**Economic displacement:** Loss of land or assets, or restrictions on land use, assets or natural resources leading to loss of income or other means of livelihood (adapted from EBRD, 2019).

**Ecosystem:** A dynamic complex of plant, animal and micro-organism communities, and their non-living environment interacting as a functional unit (FAO, 2005).

**Ecosystem approach:** A strategy for the integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable manner (CBD, 2020).

**Ecosystem services:** The benefits that people derive from ecosystems. Ecosystem services include: (i) *provisioning services*, which provide people with the goods from ecosystems (i.e. food, freshwater, timber, fibre, medicinal plants); (ii) *regulating services*, which regulate ecosystem processes (e.g. surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards); (iii) *cultural services*, which are the non-material benefits people obtain from ecosystems (e.g. sacred sites, areas of importance for recreation and aesthetic enjoyment); and (iv) *supporting services*, which are the natural processes that maintain the other services (e.g. soil formation, nutrient cycling, primary production).<sup>106</sup>

**Environment:** In the context of SECAP, environment comprises the biophysical resources and conditions on which rural communities and their activities depend, and which they in turn influence (IFAD, 2008).

**Forced eviction:** The permanent or temporary removal of individuals, families or communities from the homes or land they occupy against their will and without access to legal or other protection (adapted from Office of the United Nations High Commissioner for Human Rights, 2014).

**Forced labour:** Work exacted under the threat of penalty and for which a person has not offered himself or herself voluntarily. Forced labour can involve threats of dismissal or physical violence, the withholding of identity documents or wages, threats to report workers to immigration authorities or entangling workers in fraudulent debt (adapted from ILO, 2016).

**Gender-based violence:** An umbrella term for any harmful act that is perpetrated against a person's will and that is based on socially ascribed (i.e. gender) differences between males and females. It includes acts that inflict physical, sexual or mental harm or suffering, threats of such acts, coercion and other deprivations of liberty. These acts can occur in public or in private (Inter-Agency Standing Committee, 2015). Women and girls are disproportionately affected by gender-based violence across the globe (World Bank, 2018).

**Gender equality:** The equal rights, responsibilities and opportunities of women and men, and of girls and boys (UN-Women, 2001).

**Health:** Health is a multidimensional concept that encompasses the complete state of physical, mental and social well-being, and not merely the absence of disease or infirmity

<sup>106</sup> The initiative on a Common International Classification of Ecosystem Services (CICES) has proposed three broad classifications of ecosystem services: provisioning services; regulating and maintenance; and cultural services. See CICES version 4.3 at <https://cices.eu>.

(adapted from the WHO, 1946).<sup>107</sup> In the context of IFAD projects, health issues are categorized according to the cause or driver, including problems derived from nutrition and food security, and exposure to pesticides and hazardous substances.

**Historical pollution:** Pollution from past activities affecting land and water resources for which no party has assumed or been assigned responsibility to implement required remediation activities (World Bank, 2018).

**Involuntary resettlement:** Resettlement refers to the impact of physical displacement (relocation or loss of shelter) or economic displacement (loss of assets or access to assets leading to a loss of livelihood) as a result of project-related land acquisition or restriction of access to natural resources. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use<sup>108</sup> that result in displacement, even if compulsory acquisition is used only as a last resort following a negotiated process (adapted from World Bank, 2016 and EBRD, 2019).

**Land acquisition:** All methods of obtaining land for projects, including: purchase; expropriation of land and assets; acquisition of temporary or permanent access rights such as easements and rights of way; and establishment of restricted access to protected and other areas. Land acquisition may also include: acquisition of unoccupied or unutilized land, whether or not the landholder relies upon the land for income or livelihood; repossession of public land that is used or occupied by individuals or households; and project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. "Land" includes anything growing on or permanently affixed to the earth, such as crops, buildings and other structures, and water bodies (EBRD, 2019).

**Land tenure:** The rules, authorities, institutions, rights and norms that govern access to and control over land and related resources. Land tenure establishes the rules and rights that govern the appropriation, cultivation and use of natural resources on a given space or piece of land. It governs who can use what resources, for how long and under what conditions. Strictly speaking, it is not land itself that is owned, but the rights and responsibilities associated with it.

**Mainstreaming:** The process of systematically integrating IFAD's environment, social and climate values, and principles into all domains of the Fund's operations in order to achieve its mission of reducing rural poverty. This involves the integration of climate, environmental and social risk management in the project cycle in order to harmonize economic, environmental, climate change and social concerns (IFAD).

**Mitigation hierarchy:** A tool commonly used in Environmental and Social Impact Assessment that helps to manage biodiversity risk. It includes measures taken to avoid impacts on biodiversity from the outset of development activities, and when this is not possible, to minimize them, or if minimizing these impacts is not possible, offsetting any residual adverse impacts (adapted from EBRD, 2019).

**Physical cultural resources:** Also known as cultural heritage, cultural patrimony and cultural property, physical cultural resources are movable or immovable objects, sites, structures or groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic or other

<sup>107</sup> [Constitution of the WHO.](#)

<sup>108</sup> This includes limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced through projects. It may also include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources and restrictions on land use within utility easements and safety zones (World Bank, 2016).



cultural significance. These may be located in urban or rural areas, and may be above or below ground, or underwater. Physical cultural resources are important as sources of scientific and historical information, assets for economic and social development, and integral aspects of cultural identity and practices (World Bank, 2006).

**Physical displacement:** Relocation, loss of residential land or loss of shelter (adapted from EBRD, 2019).

**Risk:** The uncertainty of the outcome of an action or event – whether positive, negative or both – which may have an impact on the achievement of objectives. Risk is measured in terms of likelihood (probability) and impact. When risk is managed effectively, it often remains unnoticed. When risk management fails however, the consequences can include a significant loss of operational, financial and human resources, and reputation (IFAD, 2008).

**Sensitivity:** The degree to which a system is vulnerable to change – either positive or negative – as a result of a project or from climate-related impacts. The effects of changing climate may be direct (e.g. a change in crop yield in response to a change in the mean, range or variability of temperature), or indirect (e.g. damage caused by an increase in the frequency of coastal flooding due to sea level rise) (adapted from UNEP, 2005).

**Sexual exploitation and abuse:** In the context of IFAD’s operations in the field, any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of others (sexual exploitation); the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions (sexual abuse) (IFAD, 2018).

**Sexual harassment:** Any unwelcome sexual advance, request for sexual favour or other verbal, non-verbal or physical conduct of a sexual nature that unreasonably interferes with work, alters or is made a condition of employment, or creates an intimidating, hostile or offensive work environment (IFAD, 2018).

**Social:** Encompasses demographic structure (age, gender, population growth), settlement and migration patterns, education, skills, local economy, employment (both formal and informal), livelihoods, use of ecosystem services, land use and land tenure (property rights), community health and well-being (including health and drivers of disease), gender roles and equality, empowerment of women and girls, culture (shared beliefs, customs, values, language and religion), cultural heritage (physical and spiritual), local governance and decision-making structures, community services (schools, tertiary institutions, health care, water and sanitation, power supply, communications), and indigenous knowledge.<sup>109</sup> Social issues include gender equality and the empowerment of women, girls, youth, indigenous peoples, people with disabilities, and the socio-economic determinants of poverty, vulnerabilities and capacities. These issues are covered by IFAD’s Policies on Targeting (2006), Engagement with Indigenous Peoples (2009), Gender Equality and Women’s Empowerment (2012), and Youth Policy Brief (2013).

**Stakeholders:** Parties interested in, potentially affected by or that influence project implementation. In the context of environmental, social and climate assessments, stakeholders may include: (i) donor agencies and government entities in the donor country; (ii) governments in the country of implementation; (iii) other bilateral multilateral donors; (iv) NGOs; and (v) civil society (adapted from United Nations Development Programme, 2017).

<sup>109</sup> Adapted from Vanclay (2003): <https://www.iaia.org/uploads/pdf/IAIA-SIA-International-Principles.pdf>.

**Target groups:** Specific groups identified for project implementation through a gender-sensitive poverty and livelihood analysis using available data, filling information gaps as needed and incorporating the views of poor women and men, expressed directly or through their organizations. As a guiding principle for targeting, all IFAD projects: (i) focus on rural and other vulnerable people who live in poverty or near poverty, experience food and nutrition insecurity, and are able to take advantage of the opportunities offered by the project; (ii) expand outreach to proactively include those with few assets and opportunities (especially marginalized groups such as indigenous peoples); (iii) focus on women, youth and persons with disabilities within all identified target groups, ensuring equity, effectiveness and impact; (iv) recognize that one's wealth or poverty status can change rapidly; (v) identify and work with like-minded partners at all levels; (vi) pilot and share lessons learned on targeting hard-to-reach groups; and (vii) engage with actors that can reach target groups IFAD cannot reach on its own (IFAD, 2006).

**Vulnerability:** The characteristics and circumstances of a system (e.g. gender, social exclusion, household, community, ecosystem, value chain) that make it susceptible to the damaging effects of a hazard (adapted from United Nations Office for Disaster Risk Reduction, 2007).<sup>110</sup>

110 [www.unisdr.org/files/8020\\_03Birkmann1.pdf](http://www.unisdr.org/files/8020_03Birkmann1.pdf).

## ANNEX 2

# Documents and tools associated with SECAP assessments<sup>111</sup>

Tools	Brief explanation <sup>112</sup>
<b>Project level</b>	
<b>Climate risk analysis</b>	<p>Used to identify and mitigate climate change-induced risks and impacts of IFAD investment projects in order to enhance opportunities to improve results.</p> <p>Conducted in the early stages of project development, it incorporates adaptation measures in the design of projects at risk of climate-induced shocks. It aims to assess climate change risk and vulnerability, design technical and economic evaluations of adaptation options, and develop monitoring, risk-reporting and climate-proofing measures.</p>
<b>Environmental, Social and Climate Management Framework (ESCMF)</b>	<p>The (abbreviated) ESCMF is used to examine project risks and impacts (both positive and negative) when there are multiple subprojects and the affected persons, risks and impacts cannot be determined until the programme or subproject details have been identified. The tool sets out the principles, rules, guidelines and procedures for assessing the environmental, social and climate risks and impacts of projects and subprojects, including information on the areas in which they are expected to be located, and potential environmental, social and climate vulnerabilities in that area. It includes mitigation measures to reduce or offset adverse risks and impacts, enhance environmental, social and climate benefits, and estimate the costs of such measures. Most importantly, it should include mechanisms such as capacity-building to allow the borrower/recipient/partner to manage and monitor environmental, social and climate concerns related to the project or subprojects. When relevant, it should also specify the responsibilities of contractors and primary suppliers of subprojects for environmental and social management (including health and safety). These requirements should be incorporated into the project implementation manual.</p>
<b>Environmental, Social and Climate Management Plan (ESCMP)</b>	<p>The ESCMP details the: (i) measures to be taken during project implementation to eliminate or offset adverse environmental, social and climate impacts, or reduce them to an acceptable level; (ii) measures to enhance environmental and social outcomes; and (iii) necessary actions (e.g. monitoring, supervision, reporting), implementation arrangements, institutional responsibilities, time schedule and costs of implementing the measures. The ESCMP is required for all High Risk and Substantial Risk projects. It is typically presented as a section of the ESIA or ESCMF, but for Substantial Risk projects, it is included in the SECAP review note in the form of a matrix.</p>

<sup>111</sup> For a comprehensive overview of targeting- and mainstreaming-related assessment and guidance tools, see SECAP Volume 2, Guidance Note 10, annex 1.

<sup>112</sup> Each assessment should combine the required tools as needed.

Tools	Brief explanation <sup>112</sup>
<b>Environmental and Social Impact Assessment (ESIA)</b>	An (abbreviated) ESIA is used to: identify and assess potential adverse and beneficial impacts of the proposed project on <a href="#">biophysical</a> , social and other issues (including direct, indirect, cumulative and transboundary impacts, and the impacts of associated facilities); evaluate alternatives and options; and design the most appropriate mitigation, monitoring and management measures to reduce risks and impacts, and enhance opportunities. The study should be conducted as early as possible to inform project design. The draft report and accompanying documents are disclosed for stakeholder feedback at the DRM or as soon as possible prior to finalization of the project design.
<b>Screening</b>	An initial assessment based on a set of questions to justify the project’s preliminary category and classification, which are reflected in the preliminary SECAP review note. The screening process determines if any additional assessments are required to inform project design.
<b>Targeted adaptation assessment</b>	Required for projects that screened as Substantial Risk in the climate screening procedure. If a project has not been screened as High Risk, it is assumed that both project and community vulnerability are insignificant or relatively simple to pinpoint, but that adaptation measures may need to be integrated into project design to ensure long-term sustainability.
<b>Vulnerability impact and adaptation assessment</b>	For projects assessed as High Risk in climate screening, a detailed vulnerability impact and adaptation assessment is required. This assessment aims to quantify the risks and identify adaptation options that can be integrated into the project design. The technical rigour of the assessment depends on the project’s complexity and the availability of climate data for the project area. It can range from a simple desk analysis to a complex assessment based on custom climate projections. This assessment is usually conducted by experts with a background in climate modelling, impact assessment and the economics of climate change. These technical experts work with the PDT, the borrower/ recipient/partner and other stakeholders to formulate adaptation solutions for the project.
<b>Tools for specific project features</b>	
<b>Biodiversity action plan/ Biodiversity management plan</b>	When projects are associated with biodiversity values of importance to conservation or their areas of influence, a biodiversity action plan or biodiversity management plan provide a useful means of focusing the project’s mitigation and management strategies. For project activities in critical habitats and protected areas, Standard 1 notes that a biodiversity action plan should be established as part of the conservation and mitigation plans. For projects solely designed to strengthen biodiversity and maintain or restore ecosystems in areas of critical habitat, the project document itself should constitute such a plan. Biodiversity plans are highly encouraged for any project implemented in a natural habitat (or modified habitat with biodiversity of importance to conservation).
<b>Biodiversity baseline study</b>	A biodiversity baseline study is conducted before a project commences to collect and analyse information on the biodiversity within the project site, its current condition and trends. The terms “biodiversity survey” and “biodiversity assessment” are also used to characterize the biodiversity within a site, whereas the term “biodiversity baseline” denotes the assessment of initial conditions at the start of long-term project impact monitoring.
<b>Chance find procedure</b>	A project-specific procedure to be followed if previously unknown cultural heritage is encountered during project implementation.
<b>Cumulative Impact Assessment</b>	An instrument that considers cumulative impacts of a project in combination with direct and indirect impacts from other past, present and reasonably foreseeable activities, as well as unplanned but predictable activities enabled by the project that may occur later or at a different location.

Tools	Brief explanation <sup>112</sup>
<b>Ex-Ante Carbon-balance Tool (EX-ACT)</b>	An appraisal system developed by FAO that provides estimates of the impact of agriculture and forestry projects and policies on the carbon balance. A land-based accounting system, EX-ACT estimates carbon stock changes (emissions or sinks of carbon dioxide per hectare and year). The tool helps project designers to estimate and prioritize activities that drive significant benefits in terms of economic and climate change mitigation. The amount of GHG mitigation can also be used in the economic analyses, and to facilitate access to additional funding. EX-ACT or a similar tool should be used in projects that have the potential to generate significant GHG emissions.
<b>Environmental and Social Audit</b>	A tool to determine the nature and extent of all a project's environmental and social areas of concern. It identifies and justifies the most appropriate actions to mitigate risk, estimates the cost of these measures and recommends a schedule for implementing them. For certain projects, it could be a stand-alone activity; in other cases, the audit could form part of the ESIA or be included in the terms of reference for a supervision or midterm review mission.
<b>Health Impact Assessment</b>	A means of assessing the health impacts of policies, plans and projects in diverse economic sectors using quantitative, qualitative and participatory techniques. This assessment helps decision makers to make informed choices about actions to prevent disease and injury, and to proactively promote health. IFAD utilizes health impact-assessment tools to improve health and well-being within its projects. <sup>a</sup>
<b>Indigenous Peoples Plan</b>	A tool to ensure that the design and implementation of projects foster full respect for indigenous peoples' identity, dignity, human rights, livelihood systems and cultural uniqueness, as defined by the indigenous peoples themselves. It: outlines the actions to minimize or compensate for any adverse impacts of projects; and identifies opportunities and actions to enhance the positive impacts of projects for indigenous peoples in a culturally appropriate manner. Depending on local circumstances, an indigenous people's plan may be prepared independently or as a component of a broader community development plan. Either way, it should include the results of consultations, the FPIC plan and future engagement plans.
<b>Labour Management Procedures</b>	Labour Management Procedures set out the way in which labour issues will be managed in accordance with the requirements of national law, collective agreements and SECAP Standard 5. They facilitate project planning and help to identify necessary resources to address any labour issues associated with the project. The Labour Management Procedures need to be appropriate to the size, locations and workforce of project activities.
<b>Pesticide Management Plan</b>	A tool to prevent, evaluate and mitigate the occurrence of pesticides or pesticide breakdown products. It: promotes the prevention and development of appropriate responses to the detection of pesticides or pesticide breakdown products; and provides solutions to reduce or eliminate continued pesticide movement to ground and surface water. It also encourages the combination of pest management techniques, such as integrated pest management to suppress pest populations in an effective, economical and environmentally sound manner that minimizes adverse effects on beneficial organisms, humans and the environment.
<b>Resettlement Action Framework (RAF)</b>	An (abbreviated) RAF is required for projects with subprojects or multiple components that cannot be identified before project approval, but have the potential to result in economic and physical resettlement. The abbreviated RAF sets out the principles, rules, guidelines and procedures to assess social and livelihood risks and impacts. It contains: measures and plans to reduce, mitigate and offset adverse risks and impacts; provisions for estimating and budgeting the costs of these measures; and roles, responsibilities and knowledge for managing, mitigating and monitoring social and livelihood risks related to the project. This tool may also be appropriate when there are valid reasons for delaying the implementation of resettlement on the condition that the sponsor or party demonstrates a strong commitment to its future implementation. The draft abbreviated RAF and accompanying documents should be disclosed for stakeholder feedback at the quality assurance stage prior to project finalization.

Tools	Brief explanation <sup>112</sup>
<b>Resettlement Action Plan (RAP)</b>	An (abbreviated) RAP is prepared by the sponsor, government agency or other party responsible for resettlement. It specifies the socio-economic and cultural characteristics of the affected people, and the procedures (e.g. cut-off date, time frame for compensation, relocation assistance, grievance mechanisms) and actions needed to properly resettle and fairly compensate affected people, and to improve their living standards. It applies to any project that may result in the loss of assets, the impairment of livelihoods or the physical relocation of an individual, household or community. Its development should entail a meaningful stakeholder consultation (comprising FPIC) with affected persons, and the disclosure of information in a culturally appropriate and inclusive manner. The draft abbreviated RAP and accompanying relevant documents should be disclosed for stakeholder feedback at the QAG desk review.
<b>Regional environmental and social assessment</b>	A tool to examine the risks and impacts associated with a particular strategy, policy, plan or programme for a particular region. It involves an assessment of legal and institutional issues, risks and impacts, and recommends measures to strengthen environmental and social management in the region. This assessment is focused on the potential cumulative risks and impacts of multiple activities in a region.
<b>Social impact assessment</b>	This assessment comprises the analysis, monitoring and management of intended and unintended positive and negative social consequences of planned interventions (including gender-based violence and sexual exploitation and abuse). It also assesses the social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment (according to the International Association for Impact Assessment). <sup>b</sup> The assessment is often carried out as part of – or in addition to – an <a href="#">environmental impact assessment</a> . Although social impact assessments are usually applied to planned interventions, the same techniques can be used to evaluate unplanned events such as natural <a href="#">disasters</a> , <a href="#">demographic change</a> and <a href="#">epidemics</a> .
<b>Strategic environmental and social assessment<sup>113</sup></b>	A systematic examination of the environmental and social risks, and likely impacts of a policy, plan or lending programme as distinct from the use of ESIA in projects. While considering the full range of environmental and social risks and impacts covered by the SECAP Standards, it is typically not location-specific and prepared in conjunction with project- and site-specific risks and impact assessments.
<b>Transboundary impact assessment</b>	This tool is aimed at understanding conflict resolution in transboundary environmental matters, along with other environmental considerations important for sustainable agricultural development. It seeks to facilitate cooperation in implementing environment impact assessments for projects with potential transboundary environmental impacts while respecting the differences among national legal frameworks for environmental impact assessment. At IFAD, transboundary impact assessments are only employed for multi-country interventions. In these circumstances, IFAD should ensure that all potentially affected countries or regions are able to participate.

<sup>a</sup> See: [www.who.int/hia/en](http://www.who.int/hia/en).

<sup>b</sup> See: [https://www.iaia.org/uploads/pdf/SIA\\_Guidance\\_Document\\_IAIA.pdf](https://www.iaia.org/uploads/pdf/SIA_Guidance_Document_IAIA.pdf).

<sup>113</sup> Adapted from: [https://www.iaia.org/uploads/pdf/SIA\\_Guidance\\_Document\\_IAIA.pdf](https://www.iaia.org/uploads/pdf/SIA_Guidance_Document_IAIA.pdf).

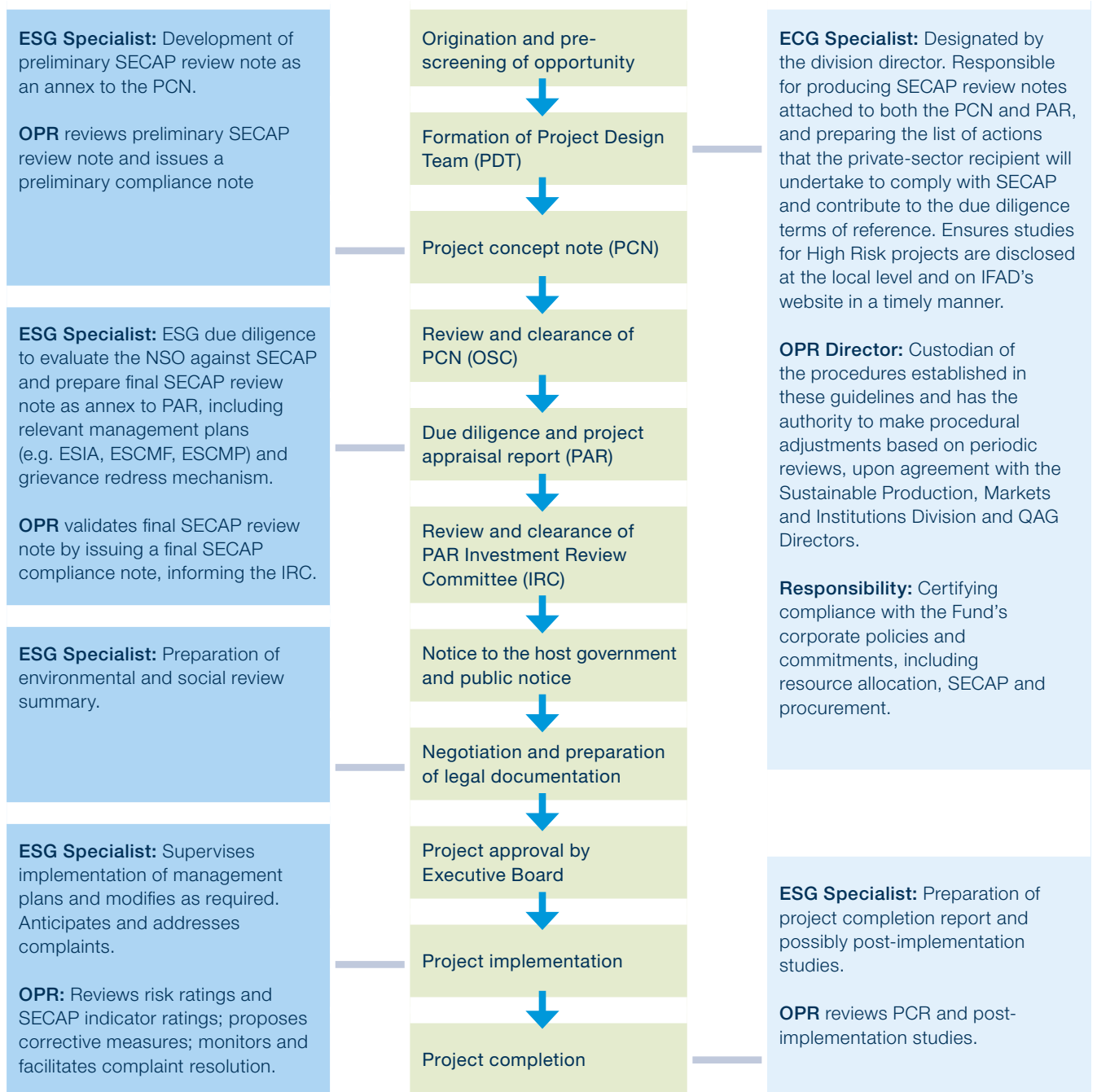
## ANNEX 3

# SECAP in the Non-Sovereign Operations (NSO) project cycle

1. SECAP covers all private-sector operations supported by IFAD and all NSOs should comply with the nine SECAP Standards, risk thresholds and IFAD exclusion list. The SECAP steps in the NSO cycle differ from those to be followed in the programme of loans and grants, taking into account the slight differences in IFAD's project cycle requirements for private-sector projects including FIs. As section III of the NSO Framework specifies, the assessment of Environmental and Social Standards and risks is a fundamental step in the NSO approval process. Private-sector recipients are responsible for adhering to SECAP Standards throughout the project cycle. SECAP provides guidance on the requirements for ensuring that NSO operations meet applicable environmental, social and governance (ESG) requirements, and address risks and impacts at each stage of the project cycle. The SECAP approach to NSOs is flexible and agile, while ensuring rigour to promote ESG compliance and protect partners' reputations and financial stability.
2. Figure 4 below illustrates the SECAP-required documentation for NSO projects and responsibilities at each step of the project cycle.
3. For private-sector projects (FIs and direct investments), classification should take place as early as possible at the PCN stage. For direct investments, the PDT (in collaboration with the Private Sector Advisory and Implementation Unit) conducts an initial environmental, climate change and social screening using a scorecard and environmental and social risk assessment tool to determine the preliminary environmental and social category, and climate risk classification. To determine the environmental and social risk category, and climate risk classification in FI projects, the rating in the environmental and social risk assessment tool takes into account the environmental and social risk profile of the FI's existing and proposed portfolio of similar investments. Any FI subproject with significant risks and impacts requires the same due diligence as a directly financed IFAD project with significant risks and impacts. The existing risks and impacts of an FI's portfolio<sup>114</sup> cannot be separated from the proposed IFAD-supported project activities. OPR validates these risk ratings to ensure that they reflect the relevant SECAP Standards and requirements, as documented in the project's ESCMP.
4. The project is assigned one of four environmental, social and climate risk ratings: High, Substantial, Moderate or Low. These ratings not only consider the proposed project's environmental, social and climate risks and impacts, but also the NSO's profile of existing and proposed projects. IFAD's risk thresholds and exclusion list are taken into account in the screening process. The studies/assessments to be conducted should be proportionate to the scale and nature of the environmental and social risks and impacts associated with project activities. All studies for High Risk projects will be disclosed at the local level

<sup>114</sup> For example, if IFAD wants to secure a credit line for an FI to support smallholders in a country that heavily finances coal power and mining projects, then the reputational risks for IFAD remain high.

**FIGURE 4 SECAP steps and requirements in the NSO project cycle**



and on IFAD's website for a period of 60 days prior to Board approval. OPR validates the risk ratings to ensure their alignment with SECAP Standards, as documented in the project's ESCMP.

5. The PDT performs ESG due diligence to complete the environmental, social and climate risk screening in line with SECAP. This includes reviewing the private sector recipient's ESMS and assessing its capacity to manage any environmental and social impacts that could be generated by the project, including any on-lending operations. The PDT



collaborates with the private-sector recipient to agree on specific actions<sup>115</sup> to ensure that the project will achieve objectives consistent with SECAP. The PDT should include these actions in the SECAP review note during the NSO review process, and propose terms of reference for additional studies, if necessary.

6. Tables 5 and 6 below provide complementary environmental and social considerations to assist in categorizing risk for FIs.

**TABLE 5 Environmental and social risk categorization for FIs**

Category	Environmental and social risks
<b>High</b>	<p><b>High Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities with potential adverse environmental or social risks or impacts that are diverse, irreversible or unprecedented. The FI's existing or proposed future portfolios include clients or projects categorized as High Risk, as defined by IFAD's environmental and social categories for direct investments.</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p>
<b>Substantial</b>	<p><b>Substantial Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities with potential adverse environmental or social risks or impacts that are mostly temporary, predictable or reversible, or that can be avoided or reversed. The FI's existing or proposed portfolios include clients and projects categorized as Substantial Risk according to IFAD's environmental and social categories for direct investments (with only a limited number of High Risk clients and projects, as defined by IFAD's environmental and social categories for direct investments).</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p> <p>Limited exposure to clients and projects within an FI's portfolio occurs when less than 20 per cent of the total portfolio value rests with these clients and projects.</p>
<b>Moderate</b>	<p><b>Moderate Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities with potential adverse environmental or social risks or impacts that are mostly predictable, temporary and reversible. The FI's existing or proposed portfolios include clients and projects categorized as Moderate Risk, as defined by IFAD's environmental and social categories for direct investments (with only a limited number of Substantial Risk clients and projects, as defined by IFAD's environmental and social categories for direct investments).</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 of the total portfolio value rests with these clients and projects.</p>
<b>Low</b>	<p><b>Low Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities that are not likely to generate adverse environmental or social risks and impacts. The FI's existing or proposed portfolios include clients and projects categorized as Low Risk, as defined by IFAD's environmental and social categories for direct investments (with only a limited number of Moderate Risk clients and projects, as defined by IFAD's environmental and social categories for direct investments). Examples include microfinance institutions and digital finance providers.</p> <p>A significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p> <p>A limited exposure to clients and projects within an FI's portfolio occurs when less than 20 per cent of the total portfolio value rests with these clients and projects.</p>

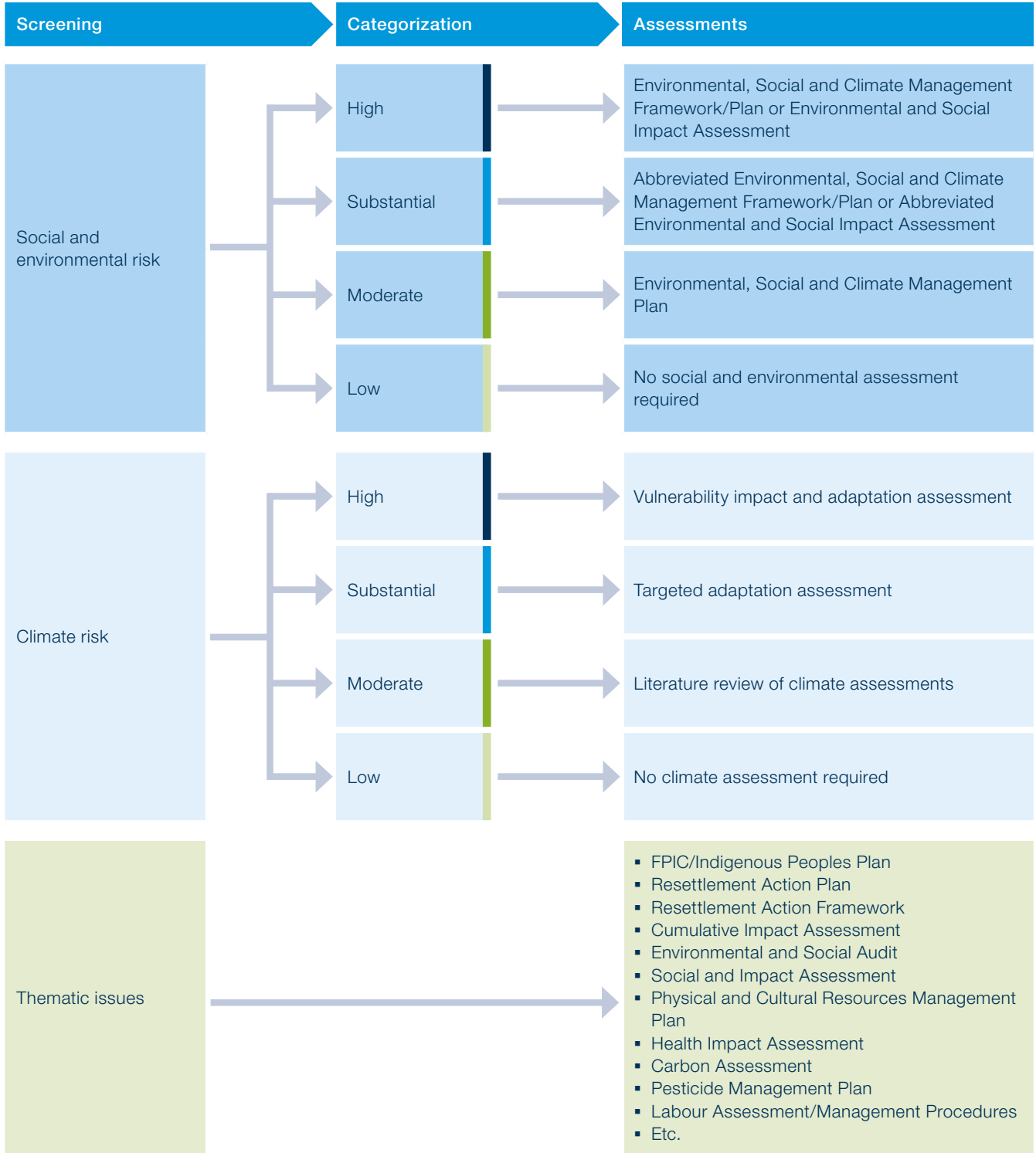
<sup>115</sup> Examples include assessment and management of environmental and social risks and impacts (safeguards applied to project activities, disclosure of information, grievance redress mechanism). These actions should be reflected in the ESCMP, project implementation manual and financing agreement.

**TABLE 6 Climate risk classification for FIs**

Category	Climate risks
<b>High</b>	<p><b>High Risk FIs:</b> An FI's existing or proposed portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant financial exposure to activities that are highly vulnerable to climate-related hazards. The FI's existing or proposed future portfolios include clients and projects categorized as High Risk, as defined by IFAD's climate change categories for direct investments.</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p>
<b>Substantial</b>	<p><b>Substantial Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities that are substantially vulnerable to climate-related hazards. The FI's existing or proposed future portfolios include clients and projects categorized as Substantial Risk, as defined by IFAD's climate change categories for direct investments (with only a limited number of High Risk clients and projects, as defined by IFAD's climate change categories for direct investments).</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p> <p>Limited exposure to clients and projects within an FI's portfolio occurs when less than 20 per cent of the total portfolio value rests with these clients and projects.</p>
<b>Moderate</b>	<p><b>Moderate Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities that are moderately vulnerable to climate-related hazards. The FI's existing or proposed future portfolios include clients and projects categorized as Moderate Risk, as defined by IFAD's climate change categories for direct investments (with only a limited number of Substantial Risk clients and projects, as defined by IFAD's climate change categories for direct investments).</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p> <p>Limited exposure to clients and projects within an FI's portfolio occurs when less than 20 per cent of the total portfolio value rests with these clients and projects.</p>
<b>Low</b>	<p><b>Low Risk FIs:</b> An FI's existing or proposed future portfolio (IFAD-supported and other projects) includes – or is expected to include in the future – significant exposure to activities that are not likely to be vulnerable to climate-related hazards. The FIs' existing or proposed future portfolios include clients and projects categorized as Low Risk, as defined by IFAD's climate change categories for direct investments (with only a limited number of Moderate Risk clients and projects, as defined in IFAD's climate change categories for direct investments). Examples include microfinance institutions and digital finance providers).</p> <p>Significant exposure to clients and projects within an FI's portfolio occurs when more than 80 per cent of the total portfolio value rests with these clients and projects.</p> <p>Limited exposure to clients and projects within an FI's portfolio occurs when less than 20 per cent of the total portfolio value rests with these clients and projects.</p>

7. The results of environmental, social and climate risk classification have implications for the next steps in the project cycle. These are summarized in figure 5 below. However, the precise nature of the assessment to be undertaken depends on the nature, scale and complexity of the issues to be addressed. The methods and tools used to carry out the environmental and social assessment, and document the results (including mitigation measures) should be proportional to the type and scale of the project.

**FIGURE 5 Implications of categorization**



8. When an FI or private-sector project is initiated by a partner, IFAD will perform additional due diligence as necessary to complete the environmental and social assessment in line with SECAP requirements. This includes assessing the NSO's capacity to manage any environmental and social impacts that could be generated by the project, including on-lending operations. IFAD may also review existing environmental, social and climate studies. If it finds that further efforts are required to meet SECAP Standards, the required actions should be documented in the SECAP review note. IFAD will also propose terms of reference for the additional studies. When IFAD is the initiating institution, it will ensure that the environmental and social due diligence of other partners meets SECAP requirements. In this case, the PDT will provide the partner with information to ensure that any identified gaps in meeting SECAP requirements are addressed. The agreed actions for alignment with SECAP should be included in the SECAP review note.
9. Supervision missions should closely monitor compliance with ESG. Special attention should be paid to projects classified as High Risk and Substantial Risk, which require a special focus on safeguards, compliance and consultation with affected parties throughout project implementation. Additional actions may be required during implementation for projects in which unforeseen changes occur in the project area, or those in which environmental and social management provisions in the original ESCMP are insufficient. In such cases, IFAD – in consultation with the NSO – may choose to undertake supplemental supervision as necessary.

# Integrating SECAP Standards into procurement for IFAD-funded or administered projects

This annex describes the role of IFAD's procurement staff in ensuring compliance with SECAP throughout the planning, design and supervision of IFAD-funded projects. Together with the PDT, procurement staff should participate (or be consulted) in: (i) the preliminary screening of all proposed projects at the project concept stage; (ii) the categorization of risk against the nine SECAP Standards; and (iii) identification of procurement actions needed to address the project's environmental, social and climate risks and adverse impacts. A minimum requirement for all projects (including those that do not warrant further analysis), this screening results in the preliminary SECAP review note, which is attached to the PCN submitted to OSC.

The next step in SECAP compliance from a procurement perspective is taken during the project design stage and feeds into the final SECAP review note. For all projects classified as High or Substantial Risk, studies must be undertaken by the borrower/recipient/partner for review by IFAD. These include the: ESIA/abbreviated ESIA; ESCMF/abbreviated ESCMF; specialist plans including a RAP/RAF; Indigenous Peoples Plan; FPIC/FPIC implementation plan; Pesticide Management Plan; and Cultural Resources Management /chance find plan. For Moderate Risk projects, only a final SECAP review note and ESCMP are required. For Low Risk projects, no specific environmental or social assessments are required. The objective of these studies is to ensure that borrowers/recipients/partners design, develop and implement projects in line with SECAP requirements, national laws and regulations, and industry standards.

The PDT must ensure that all IFAD-funded projects are environmentally sustainable and will contribute to one or more of IFAD's mainstreaming themes: mitigating climate change risks and impacts; and promoting sustainable development, gender equity, nutrition and youth employment. From the procurement perspective, the outcome of these studies should be reflected in the design of project procurement arrangements while optimizing the contribution of procurement to IFAD's mainstreaming themes.

SECAP Standards have implications for the design, tendering and supervision of the project's procurement arrangements. Examples include the: preparation of technical specifications; use of IFAD standard bidding documents or national bidding documents in line with SECAP requirements; choice of "value for money" bid-evaluation methodology; stipulation of special conditions of contract; and the frequency and rigour of implementation supervision. The borrower/partner/partner must require all

contractors, subcontractors and primary suppliers engaged in the project to operate in a manner consistent with SECAP Standards, as reflected in their contracts and Contractor’s Environmental, Social and Climate Management Plan (CESCMP). This plan must be prepared by the selected contractor based on the project’s ESIA or ESCMF, and the ESCMP prepared by the borrower.

IFAD’s procurement activities must follow the SECAP requirements indicated in the table below and seek to ensure that the borrower/recipient/partner manages all contractors and vendors in an effective manner. This includes subcontracting, whereby the main contractor is required to ensure its subcontractors’ compliance with SECAP Standards.

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### SECAP Standard 1: Biodiversity conservation

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#### Procurement issues impacted by the SECAP Standard

#### Technical specification:

- Feasibility of prescribing eco-labelled products and legally sourced timber for construction and furniture (certified to be from sustainable forests).
- Bidding documents to consider eco-label specification as “minimum specification” or alternatively grant technical weight in bid evaluation for eco-labelled products.

#### Bidder qualifications:

- Previous work experience in similar environments with endangered fauna and flora, especially for High and Substantial Risk contracts.

#### Supervision:

- Supplemental supervision as required.
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### SECAP project risk rating

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#### High Risk

#### Contract:

Use of IFAD/ International Federation of Consulting Engineers (FIDIC) version of contract for international competitive bidding (ICB) contracts above US\$5 million.

This IFAD document is to incorporate:

- CESCMP compliant with the borrower-prepared overall project ESCMP and the requirements/specifications of the works;
- Contractor’s staff code of conduct;
- Contractor’s Health and Safety Management Plan (HSMP)

OR

Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million;

OR

borrower’s national bidding documents (supplemented by SECAP Standards through an annex\*) as per monetary thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook.

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#### Substantial Risk

Use of same bidding documents as for High Risk projects.

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#### Moderate Risk

Bidding documents will prescribe compliance with national environmental laws supplemented by SECAP Standard 1, as relevant. This is informed by the project’s overall ESCMF as prepared by the borrower and accepted by IFAD.

Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million

OR

borrower’s national bidding documents (supplemented by SECAP Standards) as per prescribed thresholds in IFAD Procurement Manual and IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher minimum bidder qualifications.

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<b>Low Risk</b>	<p>Bidding documents will apply national environmental laws.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP Standards), as prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.</p>
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**SECAP Standard 2: Resource efficiency and pollution prevention**

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**Procurement issues impacted by the SECAP Standard**

**Technical specifications:**

- Use of eco-labelled products minimizes hazardous substances/emissions;
- Energy-efficient appliances and structures;
- WHO/FAO codes for safe labelling, packaging, handling, storage, use and disposal of pesticides;
- Wastewater and solid waste disposal in accordance with national codes.

**Bid evaluation:**

- Consider life-cycle costing for energy-intensive equipment purchases;
- Merit point system to reward bids offering specifications exceeding the minimum requirements.

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**SECAP project risk rating**

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<b>High Risk</b>	<p><b>Contract:</b> Use of IFAD/FIDIC version of contract for ICB contracts above US\$5 million.</p> <p>This IFAD document is to incorporate:</p> <ul style="list-style-type: none"> <li>– CESCMP compliant with the borrower-prepared overall project ESCMP and the requirements of the works;</li> <li>– Contractor's staff code of conduct;</li> <li>– Contractor's HSMP.</li> </ul> <p>Use of IFAD non-FIDIC bidding document for contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards as an annex*), as prescribed in IFAD Procurement Manual and Procurement Handbook.</p>
<b>Substantial Risk</b>	<p>Use of same bidding documents as for High Risk projects.</p>
<b>Moderate Risk</b>	<p>Bidding documents will prescribe compliance with national environmental laws supplemented by SECAP Standard 2 requirements as relevant. This is informed by the project's overall ESCMF as prepared by the borrower and accepted by IFAD.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD manual &amp; procedures of the IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant.</p>
<b>Low Risk</b>	<p>Bidding documents will prescribe national environmental laws.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD Procurement Manual &amp; procedures of IFAD Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant.</p>

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## SECAP Standard 3: Cultural heritage

### Procurement issues impacted by the SECAP Standard

#### Technical specifications:

- Encourage use of local knowledge (intangible heritage).

#### Bidder qualifications:

- Previous work experience in similar projects in the vicinity or likelihood of presence of tangible heritage sites.

#### Conditions of contract:

- Incorporate safeguards to protect “chance finds”.

#### Supervision:

- Supplemental supervision as relevant.

## SECAP project risk rating

### High Risk

#### Contract:

Use of IFAD–FIDIC version of contract for ICB contracts above US\$5 million. This IFAD document is to incorporate:

- CESCMP compliant with the borrower-prepared overall project’s ESCMP and the requirements of the works
- Contractor’s staff code of conduct
- Contractor HSMP

Use of IFAD non-FIDIC bidding document for contracts under US\$5 million;  
OR

borrower’s national bidding documents (supplemented by SECAP standards as an annex\*) as per thresholds prescribed in IFAD Manual & procedures of IFAD Procurement Handbook.

### Substantial Risk

Use of same bidding documents as for High Risk projects.

### Moderate Risk

Bidding documents will prescribe compliance with national laws pertaining to cultural heritage supplemented by SECAP Standard 3 requirements, as relevant. This is informed by the project’s overall ESCMF, as prepared by the borrower and accepted by IFAD.

Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million;  
OR

borrower’s national bidding documents (supplemented by SECAP standards) as per thresholds prescribed in IFAD Manual & procedures in IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant.

### Low Risk

Bidding documents will prescribe national laws pertaining to cultural heritage supplemented by SECAP Standard 3 requirements, as relevant.

Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million;  
OR

borrower’s national bidding documents (supplemented by SECAP standards) as per threshold prescribed in IFAD Manual & procedures of IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications.



## SECAP Standard 4: Indigenous peoples

### Procurement issues impacted by the SECAP Standard

#### Technical specifications:

- Procurement packaging allows direct contracting with communities or through local NGOs using indigenous technology and local materials, when feasible.

#### Bidder qualifications:

- Previous work experience in similar environments with indigenous populations, especially in High and Substantial Risk projects.

#### Contract conditions:

- Works commencement conditional to satisfactory implementation of RAP by borrower, as certified by the supervision engineer;
- Contract provides for some form of reimbursement to the community for use of the community's traditional knowledge;
- Easily accessible grievance mechanism in indigenous language.

#### Supervision:

- Supplemental supervision as relevant.

## SECAP project risk rating

<p><b>High Risk</b></p>	<p><b>Contract:</b> Use of IFAD/FIDIC version of contract for ICB contracts above US\$5 million. This IFAD document is to incorporate:</p> <ul style="list-style-type: none"> <li>– CESCMP compliant with the borrower-prepared overall project ESCMP and requirements of works;</li> <li>– Contractor's staff code of conduct;</li> <li>– Contractor HSMP.</li> </ul> <p>Use of IFAD non-FIDIC bidding document for contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards as an annex*) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook.</p>
<p><b>Substantial Risk</b></p>	<p>Use of same bidding documents as for High Risk projects.</p>
<p><b>Moderate Risk</b></p>	<p>Bidding documents will require compliance with national laws pertaining to indigenous peoples, supplemented by SECAP Standard 4. They will be informed by the overall project ESCMP/ESCMF, as prepared by the borrower and accepted by IFAD.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract and higher bidder qualifications.</p>
<p><b>Low Risk</b></p>	<p>Bidding documents will prescribe national laws pertaining to indigenous peoples, supplemented by relevant SECAP Standard 4 requirements.</p> <p>Use of IFAD non-FIDIC bidding documents for ICB contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in IFAD Procurement Manual and IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.</p>

**SECAP Standard 5: Labour and working conditions**

**Procurement issues impacted by the SECAP Standard**

**Bidder qualifications:**

- No previous convictions for infringement of labour laws for all project risk classifications.

**Bid evaluation:**

- Employment and on-the-job skills training for unemployed youth and women above a set percentage of the contractor workforce; to be rewarded through technical merit points in bid evaluation;
- Higher-quality contractor HSMPs will receive more technical merit points in bid evaluation;
- Both of these qualifications can be worth up to 5 of 100 merit points (95 points are awarded for bid price).

**Contract conditions:**

- Respect ILO core labour standards (no child or forced labour; equal opportunity, non-discrimination and freedom of association);
- Contractor to establish alternative mechanisms for its workers' grievances if national labour laws impose restrictions on freedom of association;
- Decent wages compatible with similar wages for the same occupation in the region;
- Requirement for contractor HSMP;
- Main contractor to impose identical labour working conditions on its subcontractors and other suppliers;
- Mechanism for borrowers to pay subcontractors directly in case of unjustifiable delayed payments to them by the main contractor;
- Accident reporting, including infringements of the contractor's code of conduct by its staff.

**SECAP project risk rating**

<b>High Risk</b>	<p><b>Contract:</b> Use of IFAD/FIDIC version of contract for ICB contracts above US\$5 million. This IFAD document is to incorporate:</p> <ul style="list-style-type: none"> <li>– CESCMP compliant with the borrower-prepared overall project ESCMP and requirements of works;</li> <li>– Contractor's staff code of conduct;</li> <li>– Contractor HSMP.</li> </ul> <p>Use of IFAD non-FIDIC bidding document for contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards as an annex*), as prescribed in the IFAD Procurement Manual and Procurement Handbook.</p>
<b>Substantial Risk</b>	Use of same bidding documents as for High Risk projects.
<b>Moderate Risk</b>	<p>Bidding documents will require compliance with national labour laws, supplemented by SECAP Standard 5. This is informed by the overall project ESCMF, as prepared by the borrower and accepted by IFAD.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards) as per the thresholds prescribed in IFAD's Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.</p>
<b>Low Risk</b>	<p>Bidding documents will prescribe compliance with national labour laws, supplemented by relevant SECAP Standard 5 requirements.</p> <p>Use of IFAD non-FIDIC bidding documents for ICB contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.</p>

## SECAP Standard 6: Community health and safety

### Procurement issues impacted by the SECAP Standard

#### Technical specifications:

- Contractor’s HSMP is to include safe disposal of construction waste and worker camp waste, mitigation of risks to and impacts on the community resulting from the contractor’s work, safety of deliveries and transportation, and disposal of hazardous materials and waste;
- Contractor’s HSMP is to incorporate emergency preparedness against natural or human hazards.

#### Contract Conditions:

- Maintenance and prevention of damage to site access roads;
- Gender-based violence, sexual harassment and sexual exploitation and abuse will lead to an employee’s termination of contract under the contractor’s code of conduct;
- Influx of workers from outside project area limited to the minimum necessary;
- Periodic reporting of accidents and infringements.

## SECAP project risk rating

<b>High Risk</b>	<p><b>Contract:</b> Use of IFAD/FIDIC version of contract for ICB contracts above US\$5 million. This IFAD document is to incorporate:</p> <ul style="list-style-type: none"> <li>– CESCMP compliant with the borrower-prepared overall project’s ESCMP and requirements of works;</li> <li>– Contractor’s staff code of conduct;</li> <li>– Contractor HSMP</li> </ul> <p>Use of IFAD non-FIDIC bidding document for contracts under US\$5 million; OR borrower’s national bidding documents (supplemented by SECAP Standards as an annex*), as prescribed in the IFAD Procurement Manual and Procurement Handbook.</p>
<b>Substantial Risk</b>	Use of same bidding documents as for High Risk projects.
<b>Moderate Risk</b>	<p>Bidding documents will require compliance with national health and safety rules, supplemented by SECAP Standard 6 and informed by the overall project ESCMF, as prepared by the borrower and accepted by IFAD.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million; OR borrower’s national bidding documents (supplemented by SECAP Standards) as per the thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.</p>
<b>Low Risk</b>	<p>Bidding documents will prescribe compliance with national health and safety rules, supplemented by relevant SECAP Standard 6 requirements.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million; OR borrower’s national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.</p>

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## SECAP Standard 7: Physical and economic resettlement

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### Procurement issues impacted by the SECAP Standard

For this project-design issue, the use of IFAD standard bidding documents will ensure compliance with SECAP Standards.

#### Contract conditions:

- Work commencement conditional to satisfactory implementation of RAP by borrower, as certified by the supervision engineer.

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### SECAP project risk rating

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#### High Risk

##### Work contract:

Use of IFAD/FIDIC version of contract for ICB contracts above US\$5 million. This IFAD document is to incorporate:

- CESCMP compliant with the borrower-prepared overall project ESCMP and requirements of works;
- Contractor staff code of conduct;
- Contractor HSMP.

Use of IFAD non-FIDIC bidding documents for contracts under US\$5 million;  
OR

national bidding documents (supplemented by SECAP Standards as an annex\*), as prescribed in IFAD Procurement Manual and Procurement Handbook.

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#### Substantial Risk

Use of same bidding documents as for High Risk projects.

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#### Moderate Risk

Bidding documents will require compliance with national rules on physical on economic resettlement, supplemented by SECAP Standard 7 and informed by the overall project ESCMP/ESCMF, as prepared by the borrower and accepted by IFAD.

Use of IFAD non-FIDIC bidding documents for ICB contracts under US\$5 million;  
OR

borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the conditions of contract or higher bidder qualifications.

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#### Low Risk

Bidding documents will prescribe compliance with national rules on physical and economic resettlement, supplemented by relevant SECAP Standard 7 requirements.

Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million;  
OR

borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract or higher bidder qualifications, as relevant.

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## SECAP Standard 8: Financial intermediaries and direct investments

### Procurement issues impacted by the SECAP Standard

- FIs' qualifications for shortlisting are applicable to all project risk-classification levels. Shortlisting of potential FIs is to ensure:
- Quality of their ESMS for screening financial intermediation services to demonstrate their capacity for assuming delegated responsibility for environmental and social assessment, risk management and monitoring, and overall portfolio management;
  - FIs' capacity to continuously monitor on-lending and respond to accidental and emergency situations in their operations;
  - Submission by FIs, in a form acceptable to IFAD, of annual environmental and social reports on the implementation of the ESMS and on-lending operations.

### SECAP project risk rating

<b>High Risk</b>	Use of IFAD standard consultancy contract with tailored special conditions of contract to suit the project context and the borrower's overall project ESCMP.
<b>Substantial Risk</b>	Use of national or IFAD standard consultancy contract with tailored special conditions of contract to suit the project context and the borrower's overall project ESCMP.
<b>Moderate Risk</b>	Use of national or IFAD standard consultancy contract, tailored to the special conditions of contract to suit the project context and the borrower's ESCMP/ESCMF.
<b>Low Risk</b>	Use of national standard consultancy contract with customization, as relevant in the special conditions of contract to suit the project's context and the borrower's ESCMF.

## SECAP Standard 9: Climate change

### Procurement issues impacted by the SECAP Standard

For this issue of project design and optimal project-site positioning, the use of IFAD standard bidding documents will ensure compliance with all SECAP Standards since this is a cross-cutting issue.

- Technical specifications and bid-evaluation criteria are to consider:
- Respect for biodiversity, resource efficiency and reduction of GHG emissions;
  - Climate vulnerability of the income source of beneficiaries;
  - Use of green technologies;
  - Safeguards against flooding and extreme weather.

### SECAP project risk rating

<b>High Risk</b>	<p><b>Works contract:</b> Use of IFAD/FIDIC version of contract for ICB contracts above US\$5 million. This IFAD document is to incorporate:</p> <ul style="list-style-type: none"> <li>– CESCMP compliant with the borrower-prepared overall project ESCMP and requirements of works;</li> <li>– Contractor's staff code of conduct;</li> <li>– Contractor HSMP.</li> </ul> <p>Use of IFAD non-FIDIC bidding document for contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards as an annex*), as prescribed in the IFAD Procurement Manual and Procurement Handbook.</p>
<b>Substantial Risk</b>	Use of same bidding documents as for High Risk projects.
<b>Moderate Risk</b>	<p>Bidding documents require compliance with national environmental, labour, economic and physical resettlement laws, supplemented by SECAP Standards and informed by the project's ESCMP/ESCMF, as prepared by the borrower and accepted by IFAD.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million; OR borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements should be in the form of an annex*.</p>

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**Low Risk**

Bidding Documents will prescribe compliance with national environmental and labour, and economic and physical resettlement laws, supplemented by the requirements of SECAP Standards, as relevant.

Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million;  
OR

borrower's national bidding documents (supplemented by SECAP Standards) as per thresholds prescribed in the IFAD Procurement Manual and Procurement Handbook. The supplementary SECAP requirements should be in the form of an annex\*.

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**Remark 1:** IFAD standard bidding documents incorporate compliance with the nine SECAP Standards but need to be tailored to the particular conditions of the contract. A separate clause on environmental and social performance may be required, including an explanation of any penalties that could be imposed on the contractor in the event of infringement on specified Environmental and Social Standards. Any penalties should be determined on a case-by-case basis in line with the supervising engineer's findings.

**Remark 2:** When IFAD accepts the jurisdiction of national procurement systems, the borrower is required, in the case of prior review, to submit to IFAD the national bidding documents it prepares for IFAD's verification of their compliance with SECAP Standards. IFAD will issue no-objection in the case of compliance, or withhold no-objection until remedial measures are taken by the borrower to bring the bidding documents into compliance with SECAP. The project procurement plan will indicate the type of review to be undertaken by IFAD (prior or post review). In the case of post review, IFAD will evaluate the borrower's procurement operations during supervision missions or through an independent post-procurement audit.

**Remark 3:** SECAP Standards are equally applicable to subcontractors and suppliers of the main contractor who signed the contract with the borrower. Main contractors must include all their environmental and social obligations in all the contracts they enter into with subcontractors, suppliers and consultants.

**\*Remark 4:** The annex to the conditions of contract will include applicable extracts of IFAD standard contract clauses. If higher bidder qualifications and past experience are called for to ensure the compliance of contractors with SECAP Standards during contract execution, these will be decided on a case-by-case basis. It should be understood that the technical specifications prepared by the borrower (or its engineering design consultants) must meet SECAP Standards.

## ANNEX 5

# IFAD environmental and social exclusion list

IFAD will not knowingly finance, directly or indirectly, projects involving the following:

- (i) Production or activities involving harmful or exploitative forms of forced labour,<sup>116</sup> or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
- (ii) Production or activities involving harmful or exploitative forms of child labour;<sup>117</sup>
- (iii) Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples;
- (iv) Activities prohibited by host-country legislation or international conventions relating to the protection of biodiversity resources, cultural heritage or other legally protected areas;<sup>118</sup>
- (v) The production, trade in or use of any product or activity deemed illegal under host country (i.e. national) laws or regulations, international conventions and agreements, or subject to international phase-out or bans, such as:
  - (a) Products containing polychlorinated biphenyls (PCBs);
  - (b) Pharmaceuticals, pesticides, herbicides and other hazardous substances subject to international phase-outs or bans;<sup>119</sup>
  - (c) Ozone-depleting substances subject to international phase-outs regulated by the Montreal Protocol;<sup>120</sup>

**116** Forced labour is work exacted under the threat of penalty and for which the worker has not offered himself or herself voluntarily. It can involve threats of dismissal or physical violence, the withholding of identity documents or wages, threats to report workers to immigration authorities and entangling workers in fraudulent debt.

**117** Child labour includes: (i) labour below the host country's minimum age of employment; and (ii) any other work that may be hazardous, may interfere with a child's education, or may be harmful to a child's health or physical, mental, spiritual, moral or social development. If national laws or regulations provide for employment of children of at least 16 years of age (in line with ILO's 1973 Minimum Age Convention), on the condition that their health, safety and morals are fully protected, and they have received adequate instruction or vocational training in the relevant branch of activity, then child labour means employing children for work that does not comply with these laws and regulations.

**118** Relevant international conventions include the: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; and Convention on Biological Diversity.

**119** Relevant international conventions include the: United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; and WHO Classification of Pesticides by Hazard. A list of pesticides, herbicides and other hazardous substances subject to phase-outs or bans is available at <http://www.pic.int>.

**120** A list of the chemical compounds regulated by the Montreal Protocol, together with details of signatory countries and phase-out target dates, is available from [UNEP](http://www.unep.org).

- (d) Wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);<sup>121</sup> and
- (e) Transboundary trade in waste or waste products, as defined by the Basel Convention;<sup>122</sup>
- (vi) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
- (vii) Production or trade in wood or other forestry products other than from sustainably managed forests;
- (viii) Production or trade in alcoholic beverages (excluding beer and wine), tobacco or drugs;
- (ix) Marine and coastal fishing practices such as blast fishing, large-scale pelagic drift net fishing using nets in excess of 2.5 km in length or fine mesh net fishing harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats;
- (x) Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit;
- (xi) Production of, trade in or use of unbounded asbestos fibres;
- (xii) All mining, mineral processing and extraction activities;
- (xiii) Production or trade in radioactive materials;<sup>123</sup>
- (xiv) Gambling, casinos and equivalent enterprises, trade related to pornography or prostitution;
- (xv) Money laundering, terrorism financing, tax avoidance, tax fraud and tax evasion;
- (xvi) Production and distribution, or investment in media that are racist, antidemocratic or that advocate discrimination against an individual, group or part of the population;
- (xvii) Activities prohibited by host country legislation or other legally binding agreements regarding genetically modified organisms (GMOs);
- (xviii) Production of or trade in palm oil, unless from growers and companies with internationally recognised certification<sup>124</sup>, or undergoing certification;<sup>125</sup>
- (xix) Production of soy in the Amazon region or trade in soy produced in the Amazon region, unless from growers with internationally recognised certification.<sup>126</sup>

**121** A list of CITES species is available from the [CITES secretariat](#).

**122** See <http://www.basel.int>.

**123** This does not apply to the purchase of medical or veterinary equipment, quality control (measurement) equipment and any similar equipment where the radioactive source is trivial and/or adequately shielded.

**124** For example, Round Table on Sustainable Palm Oil (RSPO).

**125** This includes growers and companies that have initiated such certification process.






**126** For example, Round Table on Responsible Soy Association (RTRS).







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