

Environmental and Social Impacts

Guideline

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Overview

This Guideline outlines how consideration of environmental and social impact is to be integrated into planning, implementation and completion of Activities and Programmes, and acts as a reference document for implementing the following environment related operational policies:

- [Climate Change Operational Policy \(CC-OP\)](#)
- [Environmental and Social Impacts Operational Policy \(ESI-OP\)](#)

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Overview

Context

People and societies are dependent upon the natural world and are also shaped by it. Unchecked environmental degradation and pollution, overexploitation of resources, and low levels of resilience to environmental hazards leads to weak societies and instability, and can, in the long term, undermine growth. To be sustainable, economic growth is dependent upon a healthy environment, conserved and sustainably managed natural resources, and communities resilient to environmental impacts from climate change, climate variability and other natural hazards and to social impacts.

Purpose

Use of this Guideline and implementation of the environmental and social impact and climate change Operational Policies will help to ensure that Activities supported by the New Zealand Aid Programme conserve and strengthen the environment and communities, and that environmental and social risks are understood, managed and mitigated. Whilst primarily addressing environment, the Guideline also covers social concerns where these intersect with environmental risks and hazards, as social concerns are often inseparable from environmental impacts.

Guidelines

Introduction

Designing Activities is the main point of entry for integrating environmental and social impact, through a process of identifying risks and opportunities, and incorporating environmental and social outcomes in the design. Assessing environmental and social impacts and risks also provides an opportunity to identify outputs and outcomes designed to maximise environmental and social benefits.

Before commencing the design of a new Activity it is important to be familiar with the Classification Framework for Activities outlined in the ESI-OP, a copy of which is included in Appendix A. The Framework requires that all Activities be classified according to the level of environmental and/or social risk they potentially pose.

Activity identification

Emphasis at this stage of the Activity management cycle is on identifying significant risks and opportunities.

Step	Actions
1	<p>Consider environmental and social risks and opportunities</p> <p>The Screening Checklist (Appendix B) can be used to help identify environmental and/or social risks and opportunities, and assign the Activity to one of the categories in the ESI-OP Classification Framework (see example Activities in Appendix C). Relevant to this assessment is the type, location, and scale of the proposed Activity, the sensitivity of the receiving environment, and the nature and magnitude of the potential impacts.</p>
2	<p>Record relevant information in Activity concept notes</p> <p>For Activities <u>likely to generate adverse impacts</u> (i.e. A or B as per the ESI-OP Classification Framework) record:</p> <ul style="list-style-type: none"> • the <i>provisional</i> category being assigned • a list of the key potential impacts or risks to justify the category assigned • the type of impact assessment required <p>If significant opportunities to further enhance the environment and improve resilience are known, these can also be recorded.</p>
3	<p>Appraise the Activity concept note</p> <p>If an Activity is considered category A or B [or P(A) or P(B)], this classification should be recorded in the Appraisal of an Activity Concept/Design template.</p> <p>Participation by one or more relevant IDG cross-cutting specialists in the appraisal of Activity concepts is mandatory for the following Activities:</p> <ul style="list-style-type: none"> • Activities assigned to category A or P(A), or • Activities involving one or more of the following: <ul style="list-style-type: none"> ○ new large-scale infrastructure leading to landscape modification or in an area of known natural hazard ○ increased exploitation of natural resources ○ impacts on critical habitats or ecosystems ○ increase in pollutant discharge ○ increased exposure to other health risks ○ community relocation ○ significant migration of new populations into the locality affected by the Activity ○ significant levels of local employment.
4	<p>Record relevant information in appraisal meeting minutes</p> <p>For Activities assigned to categories A or B [or P(A) or P(B)] and subject to a concept appraisal meeting, Chairs are to ensure that the following information is recorded in the minutes:</p> <ul style="list-style-type: none"> • the extent to which risks have been identified and managed • recommendations for further specialist appraisals, if necessary

Activity design

Emphasis at this stage of the Activity management cycle is on further considering social, environmental and climate change risks and opportunities, and undertaking assessments of adverse impacts for Activities assigned to category A or B.

Step	Actions
<p>1</p>	<p>Build environmental and/or social measures into the ADD <u>For Activities assigned to category A or B:</u></p> <ul style="list-style-type: none"> • Activity Managers or Partners should generate a schedule for the preparation, appraisal, and finalisation of the impact assessment and impact management plan. Environmental and social impact assessments should include consultation with affected people and stakeholders, the scope and detail of which would be commensurate with the scope of level of impact expected from the Activity. Examples of the scope and structure of environmental and social impact assessment reports are given in Appendix D. Technical specifications for generating a terms of reference for an environmental and social impact assessment are given in Appendix E. • Evaluate any Partner Government environmental and social impact assessment procedures to assess whether these can be followed while also ensuring conformity with the requirements of the ESI-OP (see Note 3 of the Classification Framework). The Partner Government should be involved in this process. Consider also the extent to which measures could be incorporated to build the capacity of Partner Governments to manage and assess environment and social impacts. • A complaints and conflict resolution procedure should be identified or established as necessary to receive and facilitate resolution of any concerns and grievances by affected people regarding social and environmental performance. <p><u>For all Activities:</u></p> <ul style="list-style-type: none"> • Consider whether outputs could incorporate measures to further improve the environment and address climate change. The key principles in the ESI-OP and CC-OP should be used as a guide.
<p>2</p>	<p>Record relevant information in the ADD <u>For Activities assigned to category A or B:</u></p> <ul style="list-style-type: none"> • The <i>agreed</i> category assigned to the Activity, the scope of any impact assessment and impact management plan, and whether a reassignment from the <i>provisional</i> category assigned at the identification stage is being recommended • A summary of any adverse impacts or risks associated with the Activity as identified in the impact assessment, and measures designed to avoid or mitigate these to an acceptable level as described in the impact management plan • The degree of compliance with relevant Partner Government

	<p>environmental and social laws and regulations, and measures in place to strengthen in-country capacity for their implementation where applicable</p> <ul style="list-style-type: none"> • Confirmation of the complaints and conflict resolution procedure to be used if needed • All significant adverse impacts or risks identified by the impact assessment are to be recorded in the Activity Risk Register as 'external' risks. <p><u>For all Activities:</u></p> <ul style="list-style-type: none"> • Whether any of the outputs include measures to further enhance the environment and / or address climate change • Measures addressing environmental and/or social risks or opportunities and considered to be a significant component of the Activity should be expressed in the form of one or more outputs and outcomes in the Results Framework. Ensure that progress to achieve the outcomes can be determined through the use of relevant indicators and data
<p>3</p>	<p>Appraise the ADD</p> <p><u>For Activities assigned to category A or B:</u></p> <p>The Appraisal of an Activity Concept/Design form should reference the classification assigned to the Activity.</p> <p>Participation by one or more relevant IDG cross-cutting specialists in the appraisal of Activity designs is <u>mandatory</u>.</p> <p>At the point of approval the ADD should demonstrate that:</p> <ul style="list-style-type: none"> • all adverse impacts identified in the impact assessment have been adequately addressed to the satisfaction of MFAT and the Partner Government in a way that demonstrates consistency with this policy and compliance with the relevant environmental and social laws and regulations of the Partner Government • adequate arrangements including sufficient financing are in place to fully implement the impact management plan
<p>4</p>	<p>Ensure the Activity is assigned to the appropriate statistical markers</p> <p>Activities are assigned to statistical markers when entered into MFAT's Activity Management System (AMS). Presently there are statistical markers for gender equality, human rights and environment. There are 5 environment-related markers, comprising 1 primary marker for Environment, and 4 environmental sub-markers:</p> <p style="padding-left: 40px;">Environment</p> <ul style="list-style-type: none"> └ Biodiversity └ Climate Change Mitigation └ Climate Change Adaptation └ Desertification <p>Classification levels are: Not Measured, Not Targeted, Significant, and Principal. Appendix F summarises use of the classification</p>

	levels when applying one or more of the markers to an Activity. The AMS User Guide on Te Aka contains further information on the use and application of statistical markers more generally.
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Activity implementation

The following guidance only applies where gender, human rights, environment and/or climate change are explicitly referenced in the ADD, i.e. the Activity has been classified as either Principal or Significant against one or more of the statistical markers

Step	Actions
1	<p>Complete an Activity Monitoring Assessment (AMA)</p> <p><u>For Activities assigned to category A or B:</u></p> <ul style="list-style-type: none"> • Reports should provide an assessment of progress in implementing the requirements and objectives of the impact management plan. <p><u>For all Activities:</u></p> <ul style="list-style-type: none"> • Major changes in the scope of the Activity once implementation is underway should be recorded in the AMA. All significant changes in scope will be subject to the same procedures as for Activity designs, i.e. classification and assessment of impacts supported by a specific management plan to mitigate the impacts. Examples of significant changes in scope following approval of the original design are: further extending a road, clearing additional land for agriculture or other land use, using a different commercial fishing technology

Activity completion

The following guidance only applies where gender, human rights, environment and/or climate change are explicitly referenced in the ADD, i.e. the Activity has been classified as either Principal or Significant against one or more of the statistical markers.

Step	Actions
1	<p>Complete an Activity Completion Assessment</p> <p><u>For Activities assigned to category A or B:</u></p> <ul style="list-style-type: none"> • Reports should, as necessary, clearly state whether the requirements and objectives set out in the impact management plan have been achieved. <p><u>For all Activities:</u></p> <ul style="list-style-type: none"> • Reports should clearly state the extent to which the outputs and outcomes containing the environmental and/or social measures have been achieved.

Appendix A: Activity Classification Framework for Environmental and Social Impacts

During the development of Activity concepts and designs all Activities will be assigned to one of the following categories reflecting the level of impact or risk and the type of impact assessment required.

Category ¹	Description	Assessment ^{2,3}
A	The Activity has the potential to cause <u>significant</u> adverse impacts considered irreversible or unprecedented, and which extend beyond the physical footprint of the Activity	Comprehensive impact assessment covering the full range of environment and/or social impacts, and impact management plan
P(A)	Same as for 'A' but where Activity is being implemented by a Partner agency	Impact assessment and management procedures by the Partner will be evaluated and, if required, supplementary work requested to ensure conformity with the requirements of this policy
B	The Activity has the potential to cause adverse site-specific impacts which are potentially reversible or more easily mitigated than for category 'A'. As part of the design phase an impact assessment is to be conducted covering adverse impacts only, along with an impact management plan demonstrating how these will be addressed	Impact assessment and impact management plan covering adverse impacts only
P(B)	Same as for 'B' but where Activity is being implemented by a Partner agency	Impact assessment and management procedures by the Partner will be evaluated and, if required, supplementary work requested to ensure conformity with the requirements of this policy
C	Minimal or no adverse impacts	None – no further action needed

- Note 1** - The category assigned to the Activity reflects the most environmentally or socially sensitive component. For example, if the Activity is expected to generate a number of adverse impacts and one of these is considered to be significant in accordance with the description of category A Activities, category A applies.
- Note 2** – Impact assessments will typically cover both social and environmental impacts for category A and B Activities. Assessments can be restricted to social issues if it can be demonstrated there are likely to be no adverse environmental impacts. Similarly, assessments can be restricted to environmental issues if it can be demonstrated there are likely to be no adverse social impacts, although this scenario is unlikely.
- Note 3** - Where the Partner Government has laws and regulations in place for environmental and social impact assessment, these shall take precedence while also ensuring conformity with the requirements of this policy.

Appendix B: Environmental and Social Impacts – Screening Checklist

The screening checklist poses a series of questions under each of the risks to be avoided as outlined in the key principles of the ESI-OP. The questions are designed to help identify potential impacts of risks, but should be used as a guide only. *If in doubt, please consult with the relevant IDG cross-cutting issue specialist(s).*

How to use

- Using available information, answer as many questions as possible by placing a checkmark in one of the three columns: A, B, or C. If you are unsure of your answer, due to a gap in knowledge or available information, place a checkmark in as many columns as seems reasonable to deal with the range of likely possibilities.
- Once all the questions have been answered, assign the Activity to the category (A, B, or C) that reflects the most environmentally or socially sensitive component. For example, if the Activity is expected to generate a number of adverse impacts and one or more of these are considered to be significant (in accordance with the description of category A Activities), the Activity should be assigned to category A.

Questions	Yes (sig)	Yes	No	Comments
	A	B	C	
Will the Activity lead to adverse environmental, ecological, or public health impacts?				
<p>Is the Activity taking place adjacent to or within an environmentally or culturally sensitive area? The following is a non-exhaustive list of examples:</p> <ul style="list-style-type: none"> Cultural heritage site Designated protected or conservation area Wetland, mangrove, coral reef, coastline 				
<p>Will the Activity lead to any of the following?</p> <ul style="list-style-type: none"> Alteration, conversion, or degradation in the quality or quantity of critical habitats Introduction of non-indigenous species Decrease in land value (economic or amenity) due to noise, traffic congestion, degradation of environmental aesthetics etc. Noise or vibration disturbances Soil or coastal erosion Water quality deterioration Loss of agricultural productivity Increase in levels of pollution, whether point-source (e.g. sea outfall) or diffuse (e.g. fertilizers contaminating ground or surface water) Occupational health and safety risks due to physical, chemical, or biological hazards Increased exposure to communicable disease Increased access to tobacco, alcohol, and recreational drugs Decreased access to nutrition 				

Questions	Yes (sig)	Yes	No	Comments
	A	B	C	
Will the Activity lead to unsustainable extraction, use, or management of living resources?				
Will the Activity involve an increase in the capacity or intensity of fishing, agriculture, or forestry?				
Will the Activity lead to a direct or indirect change in management practice from traditional to non-traditional with unknown consequences for sustainability of living resources?				
Is the Activity likely to trigger or exacerbate unresolved tenure conflicts concerning access rights or alternative uses of natural resources?				
Will the Activity reduce resilience to climate change, climate variability, or natural hazards?				
Is the Activity taking place in an area subject to extreme events such as earthquakes, floods, landslides, tropical cyclones, storm surges, tsunami?				
Could short or longer term changes in the climate (e.g. rainfall, air temperature, salinity) adversely impact the sustainability of the Activity?				
Are there demographic or socio-economic aspects of the area which are already vulnerable? e.g. high incidence of marginalized populations, informal settlements, urban poor				
Will the Activity contravene applicable environmental, labour or human rights laws, conventions or regulations?				
Having identified potential adverse impacts associated with the Activity, will one or more of these contravene any of the following? <ul style="list-style-type: none"> international laws or conventions the Partner Government or New Zealand is signatory to relevant national laws or regulations local customary practice 				
Will the Activity lead to social harm, including societal divisions, corruption, loss of livelihoods, violent conflict, forced relocation, or political instability?				
Will the Activity lead to any of the following? <ul style="list-style-type: none"> Dislocation or involuntary resettlement of people Disproportionate impacts on the poor, women, children, people with disabilities, and other vulnerable groups Social conflicts if workers from other regions or countries are hired Creation of slum communities Accidental disruption of utilities Increased burden on social infrastructure and services Exacerbation of discrimination against ethnic/cultural minorities and other groups vulnerable to discrimination Exploitative labour practices, e.g. dangerous health and safety, poverty wages, child labour Loss of access to resources for livelihood opportunities 				

Questions	Yes (sig)	Yes	No	Comments
	A	B	C	
If the Activity is being implemented by a Partner, do they have a child protection policy?				
<p>Will this activity involve a worker directly employed by MFAT, under the aid programme, having regular or overnight contact with any child (other than a co-worker), without the presence of their parent or guardian?</p> <p>If yes refer to guidance on Vulnerable Children Act for legally enforced vetting requirements.</p>				

Appendix C: Examples of Activities and their Classification

The following is a non-exhaustive list of examples of Activities and their likely classification under the ESI-OP Classification Framework. Judgement should be exercised at all times when classifying Activities through careful assessments of the potential impacts and risks.

Example Activities: Category A
<ul style="list-style-type: none"> • Large-scale infrastructure involving land use change • Large-scale wind and solar farms • Medium and large-scale bioenergy development • New airstrips, ports, and related transport infrastructure • Activities taken place within or immediately adjacent to nationally or internationally designated area of conservation or heritage • Large-scale industrial or agricultural Activity • Large-scale land reclamation or coastal development • Large-scale commercial fishing and logging • Large-scale afforestation/reforestation, including logging operations • Large-scale aquaculture/mariculture • Use of mangroves or wetlands • Dams or other large-scale water impoundments • Water drainage, abstraction, or irrigation schemes of medium- or large-scale
Example Activities: Category B
<ul style="list-style-type: none"> • Maintenance or rehabilitation of roads, airstrips and other infrastructure • Construction of new minor roads and medium-scale infrastructure such as public utilities • Agro-industry projects of small and medium-scale • Small-scale coastal developments • Small-scale dams and water impoundment, irrigation and drainage schemes • Small and medium-scale aquaculture and mariculture • Small and medium-scale wind and solar farms • Small-scale bioenergy development • Small and medium-scale commercial fishing and logging
Example Activities: Category C
<ul style="list-style-type: none"> • Scholarships • Technical assistance • Workshops and meetings • Research and extension in natural resources • Replacement small-scale infrastructure (e.g. new electricity pylons) and maintenance of existing installations • Capacity and institutional strengthening • Health and education programmes that do not include infrastructure • Business mentoring

Appendix D: Impact Assessment Reports

The report structures provided below are to be used as a guide only. Assessment reports should be tailored to the particular circumstances and context of the Activity.

Category A Activities
<p>1. Executive summary</p> <ul style="list-style-type: none">• Overview of the proposal and its setting• Terms of reference of the study• Summary results of the public consultation(s)• The project alternatives considered• Outline of the major impacts and their significance• Outline of the mitigation measures <p>2. Policy, legal and administrative framework</p> <ul style="list-style-type: none">• Overview of the legal, policy and institutional framework• Overview of relevant international agreements <p>3. Description of the project</p> <ul style="list-style-type: none">• Details of the main elements of the project and its phases (construction and operation) supported by drawings and maps• Overview of any other relevant proposals and the potential interrelationships with these• Details of the required materials, resources (e.g. water, energy) and equipment and where these will be sourced• Details of operational processes and products• Details of the technical, economic, social and environmental features of the project <p>4. Description of the environment</p> <ul style="list-style-type: none">• Spatial and temporal boundaries• Baseline conditions – biophysical, land use, socio-economic• Key trends and anticipated conditions <p>5. Results of public consultations</p> <ul style="list-style-type: none">• Identification of affected and interested stakeholders• Methods used to inform and involve them• Analysis of views and concerns expressed• Issues remaining to be resolved <p>6. Impacts and mitigation measures</p> <ul style="list-style-type: none">• Prediction of each major impact and vulnerability• Measures proposed to mitigate impacts and build climate and disaster resilience• Significance of the residual impacts and vulnerabilities• Limitations, uncertainty and gaps in knowledge <p>7. Analysis of alternatives</p> <ul style="list-style-type: none">• Details of any feasible alternatives to the project – including the no-project alternative – their main elements and phases (construction and operation) supported by drawings and maps where useful• Comparison of alternatives against the project in terms of risks and benefits• States basis for selecting a particular project <p>8. Impact management plan</p> <ul style="list-style-type: none">• Measures to mitigate impacts and build climate and disaster resilience• Monitoring program• Reporting, audit and review procedure• Institutional capacity building requirements• Schedule and budget for implementation

The report structure for category B activities follows the same format for category A but focusses on the specific adverse impacts expected from the project and measures to mitigate these. It is a less comprehensive and more targeted assessment compared to category A, and only considers alternatives to project elements causing adverse impacts.

Category B Activities
<ul style="list-style-type: none">1. Summary2. Policy, legal and administrative framework3. Description of project elements with adverse environmental and/or social impacts, and any alternatives4. Description of impacts and mitigation measures5. Results of public consultations (where relevant)6. Impact management plan

Appendix E: Terms of Reference for an Environmental and Social Impact Assessment

The following technical information can be used to generate terms of reference for an environmental and social impact assessment.

1. Personnel and Experience

Environment Specialist and/or Social Specialist (International, [X] person-months)

The Specialist(s) will have at least 10 years' experience in environmental and/or social impact assessments preferably in the [X] sector. The specialist will spend approximately 75% of the time in-country.

2. Scope of Work

The work of the Specialist will consist of the following:

- (i) Prepare the environmental and/or social impact assessment for the Project in accordance with relevant regulatory requirements in [country] and MFAT's Environmental and Social Impacts Operational Policy.
- (ii) Specific assessment tasks include:
 - environmental baseline conditions including: ecology; geology; air and water quality; noise; rare, threatened, or endangered species; protected areas, and other ecologically-sensitive habitats that may be affected by the Project;
 - socio-cultural and economic information, including identification of possible cultural heritage and archaeological sites;
 - potential direct, indirect, induced and cumulative impacts from the Project's preconstruction, construction, and operations phases and presentation of detailed measures to mitigate impacts to acceptable levels;
 - potential impacts of climate variability, climate change, and natural hazards on the Project, and recommendations for any design measures to build resilience;
 - disclosure of draft documents and consultation with affected people and stakeholders;
 - assessment of the institutional capacity of the Project proponent and relevant regulatory agencies to implement the Project's impact management plan. If capacity deficiencies exist, prepare TOR for capacity building that helps strengthen country capacity to conduct their impact management responsibilities.
- (iii) Assist government of [X] to seek clearance of the impact assessment with the relevant national and local regulatory agencies.

3. Outputs

The assessment's written outputs will include:

- (i) Environmental and/or social impact assessment to include impact management plan
- (ii) Summaries of key findings as requested for inclusion in official MFAT documents

Appendix F: Activity-level Statistical Markers

MFAT’s Activity Management System contains a number of statistical markers. These are applied to Activities once relevant assessments have been conducted, and allow tracking and reporting of the contribution of the New Zealand Aid Programme to a number of international objectives, including on environment.

Presently there are statistical markers for gender equality, human rights and environment. There are 5 environment related statistical markers within MFAT’s Activity Management System: 1 main marker for Environment, and 4 environment sub-markers:

- Environment
 - └ Biodiversity
 - └ Climate Change Mitigation
 - └ Climate Change Adaptation
 - └ Desertification

Activities assigned to the Environment marker do not necessarily require classification against the one or more of the sub-markers. However, the Environment marker must be applied if the Activity has been classified against one or more of the sub-markers. In these instances the Environment marker must be assigned to a classification at least as high as that assigned to the environment sub-marker(s).

Classification levels are: Not Measured, Not Targeted, Principal, Significant. The following table summarises use of these classification levels when applying one or more of the markers to an Activity.

Classification	Where addressing environment and /or climate change is ...
Principal	<p>... one of the <u>main</u> outcomes of the Activity</p> <ul style="list-style-type: none"> • Addressing environment or climate change risks or opportunities is fundamental to the design of the Activity as expressed in the ADD • The Activity includes specific outputs and outcomes on environment or climate change within the Results Framework
Significant	<p>... one of the outcomes of the activity</p> <ul style="list-style-type: none"> • Addressing environment or climate change risks or opportunities is an important but not the principal reason for undertaking the Activity • Environment or climate change is explicitly addressed through one or more outputs in the ADD - these do more than simply avoid a potential negative impact
Not targeted	<p>... not an outcome of the activity</p> <ul style="list-style-type: none"> • Environment or climate change opportunities and risks have been assessed but will not be significantly addressed through any of the outputs in the Results Framework