



**“Environmental Project Implementation Unit” SA**

# **ENVIRONMENTAL AND SOCIAL POLICY**

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## BACKGROUND

This document outlines an environmental and social policy for the “Environmental Project Implementation Unit” SA (hereinafter EPIU). The policy is intended to ensure that projects implemented by EPIU aimed at addressing the adverse impacts of and risks posed by climate change do not result in unnecessary environmental and social harms. The policy is intended to build on the EPIU’s existing policies, operating procedures, and project cycle.

The environmental and social policy will bring the EPIU’s practices generally into line with the practice of other leading financing institutions active in environment and development financing and climate funds. Over the last twenty years, international financial and development institutions have increasingly adopted environmental and social safeguard policies to enhance sustainable development benefits and avoid unnecessary harm to the environment and affected communities. These safeguard policies allow the institutions to identify and manage the environmental and social risks of their activities, by assessing potential environmental and social harms and then by identifying and implementing steps to avoid, minimize, or mitigate those harms.

Among the finance and development institutions that have adopted environmental and social policies are the following:

- **Green Climate Fund and Adaptation Fund;**
- **UN family agencies** – United Nations Development Programme and Global Environmental Facility
- the **World Bank entities** - International Bank for Reconstruction and Development, International Development Agency and International Finance Corporation;
- **Multi-lateral development banks** such as European Bank for Reconstruction and Development, Asian Development Bank and Black Sea Trade and Development Bank;

The prevalence of environmental and social policies at international finance and development institutions reflects a broad consensus among governments, development economists, civil society, and other stakeholders that such policies are critical to achieving positive sustainable development outcomes and avoiding any unreasonable harm. Many countries, both donor and recipient countries, have also

adopted domestic laws that are similar to many of these international environmental and social policies.

The environmental and social policy set forth below is designed to be integrated with the EPIU's existing policies, practices, and project cycle. The environmental and social policy is attached as Annex I to the Operations and Procedures Manual of the EPIU.

The policy requires that all projects be screened for their environmental and social impacts, that those impacts be identified, and that the proposed project be categorized according to its potential environmental and social impacts. Projects likely to have significant adverse environmental or social impacts that are for example diverse, widespread, and irreversible should be categorized as **Category A**. Projects with potential adverse impacts that are less adverse than Category A projects, because for example they are fewer in number, smaller in scale, less widespread, reversible or easily mitigated should be categorized as **Category B**. Those projects with no adverse environmental or social impacts should be categorized as **Category C**. Regardless in which category a specific project is screened, all environmental and social risks shall be adequately identified and assessed by the implementing entity in an open and transparent manner with appropriate consultation. The policy is aimed at allowing for a variety of approaches. Implementing entities that use a different but functionally equivalent system of categorization can continue to use that system and still meet the requirements of the policy.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. If an environmental and social assessment is required, the assessment should assess all potential environmental and social risks and include a proposed risk management plan. The plan should typically be included with the project document. In some Category B projects where the proposed activities requiring such assessment represent a minor part of the project, and when the assessment and/or management plan cannot be completed in time or where mitigation measures extend into project implementation, the project can be approved subject to assurances included in the agreement signed between the donor and EPIU that any environmental and social risks will be adequately and timely addressed through a management plan or changes in project design.

# ENVIRONMENTAL AND SOCIAL POLICY STATEMENT

## A. General Environmental and Social Commitment

Environmental and social policies are fundamental to ensuring that the EPIU does not engaged into the implementation of projects that unnecessarily harm the environment, public health or vulnerable communities. As part of the EPIU's responsibilities for the project, it has:

- i. an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design,
- ii. adopted measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and
- iii. monitoring and reporting capacities on the status of those measures during and at the end of implementation.

There shall be adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes implemented by the EPIU.

## B. Environmental and Social Principles

All projects implemented by the EPIU shall be designed and implemented to meet the following environmental and social principles, although it is recognized that depending on the nature and scale of a project/programme all of the principles may not be relevant to every project/programme.

### *Compliance with the Law*

Projects implemented by the EPIU shall be in compliance with all applicable domestic and international law.

### *Access and Equity*

Projects implemented by the EPIU shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. Projects/programmes should not exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups.

### *Marginalized and Vulnerable Groups*

Projects implemented by the EPIU shall avoid imposing any disproportionate adverse impacts on marginalized and vulnerable groups including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS. In screening any proposed project/programme, the implementing entities shall assess and consider particular impacts on marginalized and vulnerable groups.

### *Human Rights*

Projects implemented by the EPIU shall respect and where applicable promote international human rights.

### *Gender Equality and Women's Empowerment*

Projects implemented by the EPIU shall be designed and implemented in such a way that both women and men:

- a) have equal opportunities to participate as per the Fund gender policy;
- b) receive comparable social and economic benefits; and
- c) do not suffer disproportionate adverse effects during the development process.

### *Core Labor Rights*

Projects implemented by the EPIU shall meet the core labor standards as identified by the International Labor Organization and regulated by Armenian legislation.

### *Indigenous People*

The EPIU shall not be engaged into the implementation of the projects that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

### *Involuntary Resettlement*

Projects implemented by the EPIU shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation.

### *Protection of Natural Habitats*

The EPIU shall not be engaged into the implementation of the projects that would involve unjustified conversion or degradation of critical natural habitats, including those that are:

- a) legally protected;
- b) officially proposed for protection;
- c) recognized by authoritative sources for their high conservation value, including as critical habitat; or
- d) recognized as protected by traditional or indigenous local communities.

### *Conservation of Biological Diversity*

Projects implemented by the EPIU shall be designed and implemented in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species.

### *Climate Change*

Projects implemented by the EPIU shall not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.

### *Pollution Prevention and Resource Efficiency*

Projects implemented by the EPIU shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

### *Public Health*

Projects implemented by the EPIU shall be designed and implemented in a way that avoids potentially significant negative impacts on public health.

### *Physical and Cultural Heritage*

Projects implemented by the EPIU shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects should also not permanently interfere with existing access and use of such physical and cultural resources.

### *Lands and Soil Conservation*

Projects implemented by the EPIU shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive lands or land that provides valuable ecosystem services.

### **C. Environmental and Social Management System**

The EPIU' capacity and commitment to reducing environmental and social risks has been assessed through the accreditation process with the Adaptation Fund and Green Climate Fund. The EPIU' risk management systems include the commitment and capacity to assess and respond to the environmental and social risks of projects in light of this environmental and social policy. The EPIU is responsible for screening all projects to determine the extent to which they present environmental or social risks, including all risks associated with the environmental and social principles identified above.

### **D. Environmental and Social Policy Delivery Process**

#### *Screening of Environmental and Social Risks by the EPIU*

All proposed projects shall be screened by the EPIU to determine their potential to cause environmental or social harm.

The screening process shall seek to identify potential environmental and social impacts and risks, taking into consideration the EPIU's environmental and social principles outlined above. The screening process shall consider all potential direct, indirect, trans-boundary, and cumulative impacts in the project's area of influence that could result from the proposed project. All proposed projects shall be categorized according to the scale, nature and severity of their potential environmental and social impacts.

The screening of the projects to be implemented by EPIU shall be performed using the **Risk Dashboard for Detection and Management of Environmental and Social risks in projects/programmes** attached as Annex 7 to the Operations and Procedures Manual of the EPIU.

The screening will determine the extent to which the project requires further environmental and social assessment, mitigation, and management. The results of the environmental screening shall be included in the project proposal initially submitted by the EPIU to the Donor. Regardless of the outcome of the screening procedure, all proposed projects shall comply with the EPIU's environmental and social principles and applicable Armenian laws and regulations.

### *Environmental and Social Assessment*

For all projects that have the potential to cause environmental or social harm (i.e. all Category A and B projects), the EPIU shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the EPIU's environmental and social principles set forth above. The assessment shall:

- (i) consider all potential direct, indirect, trans-boundary, and cumulative impacts and risks that could result from the proposed project/programme;
- (ii) assess alternatives to the project/programme; and
- (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme.

As a general rule, the environmental and social assessment shall be completed before the project proposal submission to the consideration by the Donor. In some Category B projects where the proposed activities requiring such assessment represent a minor part of the project, and when inclusion in the proposal is not feasible, a timeline for completing the environmental and social assessment before construction begins shall be incorporated in the agreement between the EPIU and Donor following the project approval.

### *Environmental and Social Management Plan*

Where the environmental and social assessment identifies environmental or social risks, the assessment shall be accompanied by an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks.

### *Monitoring, Reporting, and Evaluation*

EPIU's monitoring and evaluation of projects shall address all environmental and social risks identified during project assessment, design, and implementation. The EPIU's annual project performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The midterm and terminal evaluation reports shall also include an evaluation of the project performance with respect to environmental and social risks.

### *Public Disclosure and Consultation*

EPIU shall identify stakeholders and involve them as early as possible in planning any project. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project. The EPIU shall publicly disclose the final environmental and social assessment through its website ([www.epiu.am](http://www.epiu.am)). The EPIU is responsible for disclosing the final environmental and social assessment to project-affected people and other stakeholders. Project performance reports including the status on implementation of environmental and social measures shall be publicly disclosed. Any significant proposed changes in the project during implementation shall be made available for effective and timely public consultation with directly affected communities.

### *Grievance Mechanism*

The EPIU shall identify a grievance mechanism that provides people affected by projects supported by the latter with an accessible, transparent, fair and effective process for receiving and addressing their complaints about environmental or social harms caused by any such project.