



Environmental & Social Management System (ESMS)

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The ESMS was by Blue Action Fund with the help of Environmental Resources Management (ERM) and KfW.

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Acronyms and Abbreviations

AFD	Agence Française de Développement (French Development Bank)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
CCRF	Code of Conduct for Responsible Fisheries
CITES	Convention on International Trade in Endangered Species
E&S	Environmental & Social
EHS	Environmental, Health & Safety
ESA	Environmental and Social Assessment
ESIA	Environmental & Social Impact Assessment
ESF	Environmental & Social Framework
ESMP	Environmental & Social Management Plan
ESMS	Environmental and Social Management System
ESS	Environmental and Social Safeguards
FAO	Food and Agriculture Organization of The United Nations
FPIC	Free, Prior, Informed Consent
H&S	Health & Safety
IFC	International Finance Corporation
ILO	International Labour Organization
IP	Indigenous Peoples
IUCN	International Union for Conservation of Nature
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
MPA	Marine Protected Area
NGO	Non-Governmental Organisation
OECD	Organization for Economic Cooperation and Development
OHS	Occupational Health & Safety
PCGC	Public Corporate Governance Codex of the German Federal Government
PS	Performance Standards (IFC)
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
VGGT	FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security
VGSSF	FAO Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries



1 INTRODUCTION TO THE BLUE ACTION FUND'S ESMS

1.1 Objective and Purpose

A non-profit foundation based in Germany, the Blue Action Fund has government funding partners — Germany, through the German Federal Ministry for Economic Cooperation and Development (BMZ) in cooperation with KfW Development Bank; Sweden, through the Swedish Ministry for Foreign Affairs; and France, through the Agence Française de Développement (AFD). Within its nature of public funding Blue Action Fund endorses the development and implementation of an Environmental and Social Management System (ESMS) to assess and manage the environmental and social (E&S) impacts of its activities on affected communities and the environment in accordance with international standards and best practices.

This ESMS provides a description of processes of the ESMS to ensure that E&S topics are duly addressed as part of the Blue Action Fund's activities in line with the Performance Standards (PS) of the International Finance Corporation (IFC) and the Sustainability Guidelines of KfW Development Bank (2016). Successful implementation of this ESMS will therefore facilitate sound E&S management in line with the requirement of other International Finance Institutions requirements.

In conjunction with Blue Action Fund's Grant Procedures Manual, the ESMS defines procedures, tools and responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with projects supported by the Blue Action Fund throughout the entire project lifecycle, in line with its international and national requirements. The ESMS is intended to be a "living document" in the form that it is continually edited and updated to reflect latest experiences and learnings from ongoing projects.

The ESMS is applicable for all projects receiving funding from the Blue Action Fund. Projects can currently be divided into six main types, although some projects can be assigned to more than one type:

- Designation of new Marine Protected Areas (MPAs)
- Development of an effective management system for existing/new-established MPAs
- Implementation of improved nature conservation measures
- Development of alternative sustainable livelihoods
- Projects involving activities related to aquaculture
- Small-scale construction activities (e.g. ranger offices, research or monitoring facilities, jetty, fish processing or storage facilities, access roads, tourism facilities etc.)

1.2 ESMS Implementation Responsibilities

This section outlines the responsibilities of each involved party of this ESMS in achieving the E&S performance goals as set by the Blue Action Fund.

1.2.1 Blue Action Fund

By implementing the measures below, the Blue Action Fund will be able to provide evidence that best efforts are made to address E&S topics to the extent possible given the project/stakeholder setup, the nature of the projects and the context of the implementation.

The responsibility of Blue Action Fund is to:



- Set the standards that the grantee and its partners must implement in the funded projects;
- Ensure the grantees can apply the requirements of the ESMS by:
 - Considering E&S capacities (willingness, technical capacities, previous experience) during the selection of Implementing Partners;
 - Integrating E&S management clauses in the contractual documentation with the grantee;
 - Integrating E&S in the project selection criteria;
 - Raising awareness of grantees on E&S topics by addressing these topics in meeting between the Blue Action Fund and the grantees in the form of trainings based on real cases encountered in projects;
 - Integrating E&S criteria in the project monitoring process and providing ad-hoc support on the ground for grantees and their partners and contractors;
 - Offering support with regard to information on obligations of the grantees towards E&S legislation (including permitting, labour conditions, etc.);
 - Strengthening the capacities of the grantees regarding E&S Assessment conduction and mitigation measures implementation, including Occupational Health & Safety (OHS) trainings if requested.
- Monitor to what extent E&S risks are correctly assessed by the grantees at the planning/proposal stage and that subsequent E&S management activities are implemented per this ESMS;
- Monitor the Environmental & Social Management Plan (ESMP) implementation during all stages of the projects, including through site visits;
- Consolidate reporting on ESMS implementation;
- Collect project lessons learnt to adapt the requirements of this ESMS and its performance in the light of the field experiences.

1.2.2 Grantees

The grantees have the overall responsibility for E&S assessment and the management during the preparation and implementation phase of the project.

The responsibility of the grantees is to:

- Diligently implement the requirements of the ESMS;
- Ensure compliance with all relevant national legislation, as well as with the E&S controls and mitigation measures contained in the ESMP and associated documents;
- Ensure proper stakeholder engagement by:
 - Involving communities, authorities and other local stakeholders in the whole project life cycle, starting within the project conception and planning;
 - Acting as the point of contact for consultation and feedback to communities and authorities.
- Ensure that the design and planning comply with national requirements and aligns with international best practices;
- Raise awareness of its partners and contractors in the fields of E&S topics and within the general implementation of this ESMS;
- Monitor the E&S performance of its contractors and sub-contractors used for providing workforce, supplies and services;



- Disclose relevant E&S documents, taking into account data protection regulations;
- Report to the Blue Action Fund on topics including occupational health and safety incidents, accidents or best practices;
- Report to the Blue Action Fund on grievances and complaints issued by the public or other relevant stakeholders of the respective project.
- Report to the Blue Action Fund in case a project or an activity within a project has been stopped due to security risks of the workers, the beneficiaries or other stakeholder or due to reputational risk to the Blue Action Fund.
- The grantee should appoint at least one person for E&S monitoring who is familiar with Blue Action Fund's ESMS requirements. This person should be responsible for reporting to the Blue Action Fund on E&S topics.

1.2.3 E&S Operational Requirements for all Projects

The Blue Action Fund has set the following E&S operational requirements to its funded projects, within the constraints of the financial targets set:

- Screen all projects requesting funding by the Blue Action Fund against the Exclusion List;
- Screen all projects for E&S impacts and benefits prior to any funding;
- Define adequate management measures to avoid or mitigate potential environmental, social or climate impacts;
- Request projects to comply with national and international environment, social, health and safety regulations applicable to the financed projects;
- Work together with grantees via individual follow-up, to get them to consider project related E&S management risks in each project and, if such risks are identified, ensure that they are adequately addressed during the life cycle of the project;
- Implement and maintain an Environmental and Social Management System (ESMS) within Blue Action Fund to deliver the commitments under this policy and to monitor alignment with this policy across the project portfolio;
- Plan, implement and document stakeholder engagement activities as an ongoing process for all projects;
- Implement a formalised process to capture and manage project-related complaints from communities, workers and other stakeholders (i.e. a Grievance Mechanism); and
- Communicate Blue Action Fund's E&S principles to external stakeholders.

2 EXCLUSION LIST

The Blue Action Fund Exclusion List is based on

- (1) the International Finance Corporation (IFC) Exclusion List, and
- (2) the Exclusion List of the Agence Française de Développement (AFD) Group in Foreign Countries.

Blue Action Fund will not engage with activities involved with the intentional degradation of the natural environment and the production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans. Blue Action Fund will therefore not financially support production or sale of any illegal product or unlawful activity under the laws of the host country or laws of its funders or under international regulations, conventions and/or agreements. Also, it will not support any



sector or any service subject to an embargo by the United Nations, European Union and/or its funders in a particular country and with no absolute or relative restriction regarding the amount.

2.1 Environmental Activities

- New land use on nationally or internationally protected areas.
- Any operation leading to or requiring the destruction¹ of a critical habitat², or any forestry project which does not implement a plan for improvement and sustainable management.
- Trade in animals, plants or any natural products not complying with the provisions of the CITES convention.³
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Poaching / illegal hunting.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Exploitation of diamond mines and marketing of diamonds where the host country has not adhered to the Kimberley Process.

2.2 Social Activities

- Activities involving harmful or exploitative forms of forced labour⁴ or harmful child labour⁵.
- Projects that include involuntary physical displacement and/or forced eviction.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Activities that would damage cultural properties, such as archaeological and historical sites, religious monuments or cemeteries.

2.3 Other Activities

- Production, use or trade of pharmaceuticals, pesticides/herbicides, ozone layer depleting substances⁶, any dangerous materials such as asbestos or products containing PCB's⁷, wildlife or products regulated under CITES.

¹ Destruction means (1) the elimination or severe reduction in the integrity of a habitat caused by a major and long-term change in land-use or water resources or (2) the modification of a habitat such that this habitat's ability to fulfil its role is lost.

² The term critical habitat encompasses natural and modified habitats that deserve particular attention. This term includes (1) spaces with high biodiversity value as defined in the IUCN's classification criteria, including, in particular, habitats required for the survival of endangered species as defined by the IUCN's red list of threatened species or by any national legislation; (2) spaces with a particular importance for endemic species or whose geographical range is limited; (3) critical sites for the survival of migratory species; (4) spaces welcoming a significant number of individuals from congregatory species; (5) spaces presenting unique assemblages of species or containing species which are associated according to key evolution processes or which fulfil key ecosystem services; (6) and territories with socially, economically or culturally significant biodiversity for local communities. Primary forests or high conservation value forests must also be considered as critical habitats.

³ [CITES: Convention on International Trade in Endangered Species of wild fauna and flora threatened with extinction \(Washington, 1993\)](#)

⁴ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁵ Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. Employees must be at least 14 years of age, as defined in the ILO's Declaration on the Fundamental Principles and Rights at Work (C138 – Minimum Age Convention, Article 2), unless local laws require compulsory school attendance or a minimum working age. In such circumstances, the highest age requirement must be used.

⁶ Any chemical component which reacts with, and destroys, the stratospheric ozone layer leading to the formation of holes in this layer. The Montreal Protocol lists Ozone Depleting Substances (ODS), their reduction targets and deadlines for phasing them out.



- Production, use or sale of pharmaceutical products, pesticides/herbicides, ozone layer depleting substances⁶ or any other dangerous substances that are banned or are being progressively phased out internationally.
- Production or trade of arms, ammunition, weaponry, controversial weapons.⁸
- Procurement of firearms.
- Production or trade of strong alcohol intended for human consumption or other alcoholic beverages (excluding beer and wine).⁸
- Production or trade of tobacco.⁸
- Gambling, gaming establishments, casinos or any equivalent enterprises and undertaking.⁹
- Any trade related to pornography or prostitution.
- Production or trade of radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Transboundary trade in wastes, except for those accepted by the Basel Convention and its underlying regulations.¹⁰
- Any activity leading to an irreversible modification or significant displacement of an element of culturally critical heritage.¹¹
- Production and distribution, or investment in, media that are racist, antidemocratic or that advocate discrimination against a part of the population.
- Large-scale property / real estate development, commercial construction.

2.4 Category A Projects

Category A projects have potential significant adverse environmental and social impacts require a full bankable environmental and social impact assessment (ESIA).¹² It is assumed that Category A projects, which usually consist of big construction projects, are very unlikely to apply for funding by the Blue Action Fund. As a general rule, Category A projects are thus excluded from funding by the Blue Action Fund for budget and time reasons. If the Blue Action Fund deems a project worthy of funding, relevant units of all of its funders need to give its approval.

⁷ PCBs (polychlorinated biphenyls) are a group of highly toxic chemical products that may be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950 to 1985.

⁸ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

⁹ Any direct financing of these projects or activities involving them (for example, a hotel including a casino). Urban improvement plans which could subsequently incorporate such projects are not affected.

¹⁰ Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal (1989).

¹¹ Critical cultural heritage" is considered as any heritage element recognised internationally or nationally as being of historical, social and/or cultural interest.

¹² [KfW Sustainability Guideline \(2016\): Assessment of Environmental, Social, and Climate Performance: Principles and Process](#), p. 8ff.



3 E&S STANDARDS AND REQUIREMENTS

3.1 National Standards

All project activities financed and supported by Blue Action Fund need to be compliant with provisions of legal framework of the host countries of the projects.

The grantees commit to achieve and demonstrate compliance with national legislation and other obligations (e.g. environment, health, safety & labour laws, construction and operation permits etc.) by signing a Declaration of Undertaking, which forms part of the grant agreement.

3.2 International Standards

The following international standards, guidelines and principles are applicable to all projects financed by the Blue Action Fund and should thus be acted upon by the Blue Action Fund and its grantees respectively:

- BMZ's Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation.¹³
- KfW Sustainability Guideline - Assessment of Environmental, Social, and Climate Performance: Principles and Process.¹⁴
- ILO Core Labour Standards (the core labour standards consist of five standards, laid out in eight conventions).¹⁵
- IFC Environmental and Social Performance Standards (PS)¹⁶
 - PS1: Social and Environmental Assessment and Management Systems
 - PS2: Labour and Working Conditions
 - PS3: Resource Efficiency and Pollution Prevention
 - PS4: Community Health, Safety and Security
 - PS5: Land Acquisition and Involuntary Resettlement
 - PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
 - PS7: Indigenous Peoples
 - PS8: Cultural Heritage
- The World Bank Environmental and Social Framework (ESF): Environmental and Social Standard (ESS) 5 Land Acquisition, restrictions on Land Use and Involuntary Resettlement¹⁷
- The World Bank Group's Environmental, Health and Safety (EHS) Guidelines, including General EHS Guidelines and Industry Specific Guidelines, as applicable.¹⁸
- FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT).¹⁹

¹³ [German Federal Ministry for Economic Cooperation and Development \(BMZ\) - Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation.](#)

¹⁴ [KfW Sustainability Guideline \(2016\)](#)

¹⁵ [International Labour Organization \(ILO\): Introduction to International Labour Standards - Conventions and Recommendations,](#)

¹⁶ [International Finance Corporation \(IFC\): E&S Performance Standards \(2012\)](#)

¹⁷ For (economic) displacement-impacts due to the establishment/management of protected areas (loss/limitation of access to natural resources) ESS 5 has to be applied.

¹⁸ [International Finance Corporation \(IFC\) – World Bank Group: Environmental, Health, and Safety \(EHS\) Guidelines.](#)

¹⁹ [Food and Agriculture Organization of the United Nations \(FAO\): Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security \(VGGT\).](#)



- FAO Code of Conduct for Responsible Fisheries (CCRF).²⁰
- FAO Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries (VGSSF).²¹
- For resettlement aspects, which are not already covered by the Exclusion List (chapter 2), the UN Basic Principles and Guidelines on Development-based Evictions and Displacement (namely §§ 42, 49, 52, 54 and 60)²² have to be complied with (in addition to national legislation and international safeguard requirements).
- For workers' accommodation (in case of construction activities), Blue Action Fund's projects should adhere to international standards for worker housing such as "Workers' Accommodation: Processes and Standards: A Guidance Note by IFC and the EBRD".²³
- UN Code of Conduct for Law Enforcement Officials²⁴
- Basic Principles on the Use of Force and Firearms by Law Enforcement Officials²⁵

An overview of the applicable International Environmental and Social Standards and Guidelines with short summaries can be found in Annex A.

²⁰ [Food and Agriculture Organization of the United Nations \(FAO\): Code of Conduct for Responsible Fisheries \(CCRF\).](#)

²¹ [Food and Agriculture Organization of the United Nations \(FAO\): Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries \(VGSSF\).](#)

²² [United Nations \(UN\): Principles and Guidelines on Development-based Evictions and Displacement.](#)

²³ [International Finance Corporation \(IFC\) & European Bank for Reconstruction and Development \(EBRD\): Workers' accommodation: processes and standards - A guidance note by IFC and the EBRD](#)

²⁴ <https://www.ohchr.org/Documents/ProfessionalInterest/codeofconduct.pdf>

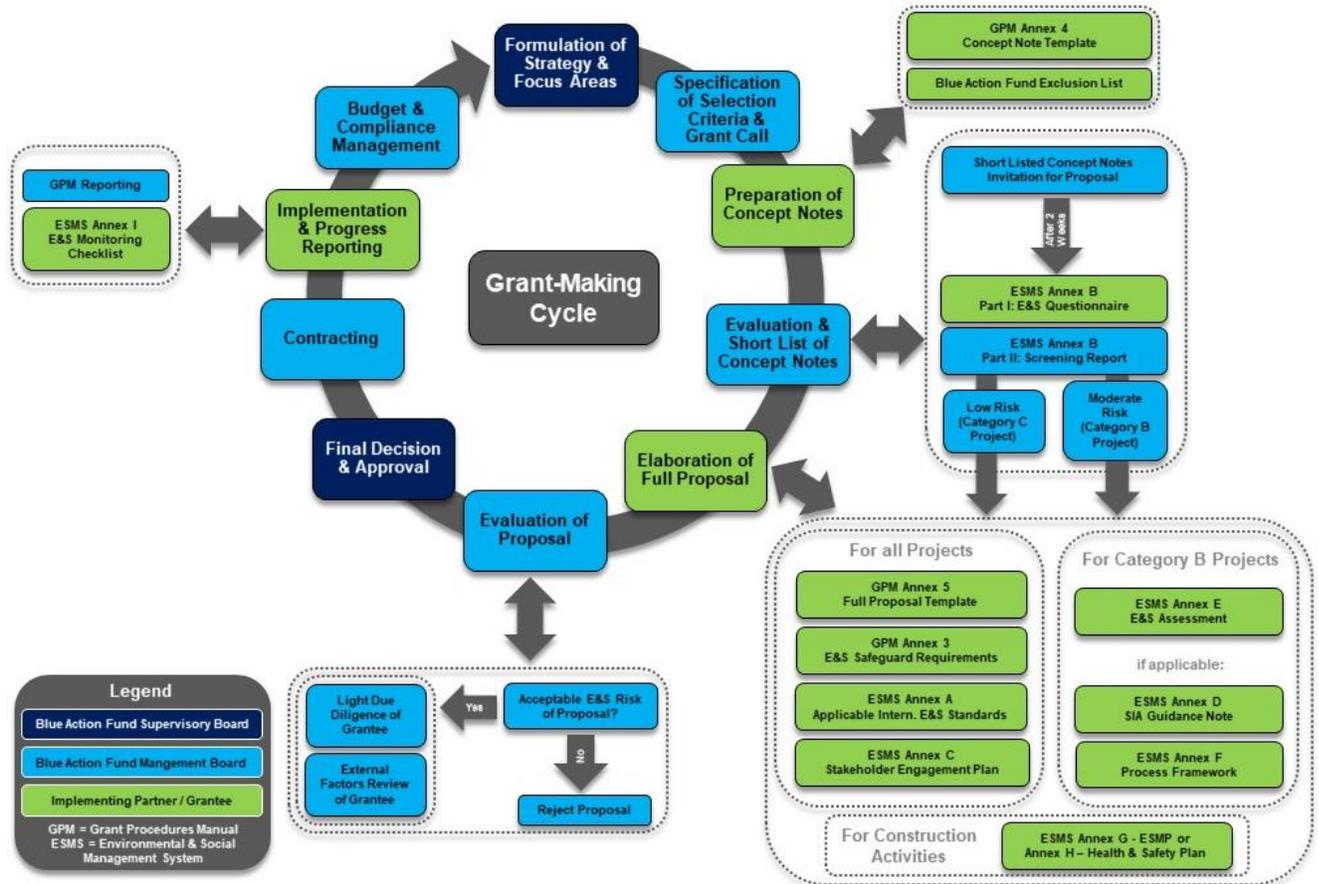
²⁵ <https://www.ohchr.org/Documents/ProfessionalInterest/firearms.pdf>



4 RISK MANAGEMENT PROCESS WITHIN THE BLUE ACTION FUND'S ESMS

A key principle of the E&S risk management process is incorporating E&S concerns as an intrinsic part of project cycle management. Each step of the project life cycle provides opportunities to address E&S requirements to achieve good E&S performance in the projects.

The graphic below summarizes the E&S risk management process implemented by Blue Action Fund. The process is further described in the subsequent sections.



4.1 Step 1: Project & Grantee Appraisal

Blue Action Fund’s eligibility requirements concern the project content (“what”), project approach (“how”) and the grantee (“who”). Applicants should consider carefully if they fulfil the criteria and have the capacity to offer and implement projects.

All grants projects must undergo an initial E&S assessment process that is composed of the following three steps, which are individually explained in more detail below.

- Screening: Preliminary appraisal, called ‘Screening’, aims at determining the environmental, climate and social relevance of a project. All projects are classified into one of the following three categories according to the relevance of their potentially negative E&S impact:
 - Category C – low risk projects;

- Category B – medium risk projects; or
- Category A – high risk projects (only to be financed by the Blue Action Fund, if approved by the funders of Blue Action Fund).
- Scoping: For projects, involving medium E&S risks (Category B), during the Scoping stage the appropriate scope of future environmental and social assessment is determined to identify and assess the project's environmental, climate and social consequences and risks more accurately.
- Assessment: Based on the results of the screening and scoping an Environmental & Social Assessment (ESA) or an Environmental & Social Impact Assessment (ESIA) or further studies is required.

4.1.1 E&S Screening and Project Categorization

As part of the Blue Action Fund application process, all prospective projects have to undergo an initial E&S screening process to determine the project category.

Annex B provides an E&S Questionnaire & Screening Report for the high-level identification of relevant E&S risks and gives guidance on the project categorization. Annex B consists of Part I (Questionnaire, to be filled out by the Grantee) and Part II (Screening Report, to be filled out by the Blue Action Fund)²⁶.

The Grantee, whose concept notes have been shortlisted, has to complete & submit the E&S Questionnaire (Annex B - Part I) shortly after the invitation for proposal, which will then be reviewed by the Blue Action Fund's E&S responsible personnel.

The Blue Action Fund will verify that the project proposed by the Grantee does not include criteria that would place it on the Blue Action Fund Exclusion List and prepare the E&S Screening Report (Annex B – Part II), which will classify projects according to their potential environmental and social adverse impacts in either Category A, Category B or Category C, per the following definitions:

- Category C projects:
 - Minimal or no adverse environmental or social risks and/or impacts.
- Category B projects:
 - Potentially limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
 - Category B projects should, as a minimum, undergo an “Environmental and Social Assessment” (see E&S Assessment Template in Annex E) for the identified risks and areas/topics of concern. If the impacts are expected to be solely social (e.g. livelihood impacts due to access restriction), a social impact assessment should be conducted. Annex D provides a Social Impact Assessment (SIA) Guidance Note.²⁷
 - An E&S Assessment is foreseen to capture the essential E&S risks but at the same time to be achievable within Blue Action Fund's time and budget constraints.
 - An E&S Assessment is focused solely on the specific E&S risks flagged and fit-for-purpose to formulate appropriate mitigation measures for the project-specific

²⁶ Annex B is in large parts based on IUCN's “ESMS Questionnaire & Screening Report – for field projects”.

²⁷ The SIA Guidance Note is taken from the IUCN ESMS



Environmental & Social Management Plan (ESMP). Annex G contains an ESMP that can also be used as a template to formulate more project-specific ESMPs.

- In case of involuntary access restriction in protected areas, which triggers World Bank ESS 5, a Process Framework (see Annex F) has to be prepared.
- Category B projects must implement mitigation measures as foreseen in project-specific ESMPs, tailored to the identified impacts and receptors.
- Category A projects (normally excluded from funding by the Blue Action Fund, unless approved by funders to the Blue Action Fund):
 - By definition Category A projects have diverse significant adverse E&S risks and impacts. General triggers of Category A can be of complex nature, a large to very large scale, the sensitivity of the location of the Project or the irreversibility of the impacts.

The table below gives examples of the expected E&S categorization for the project portfolio of the Blue Action Fund depending on the project type. However, each project has its own unique E&S characteristics, often depending on the location of the project, and as such the below table can only provide general guidance and is provided as illustrative examples only. Projects have to be categorised according to the E&S risks as identified within the E&S Questionnaire & Screening Report.

Category C - Low E&S Risk	Category B - Medium E&S Risk	Category A - High E&S Risk
- Low spatial requirements - No or negligible adverse environmental impacts - No adverse impacts on people - No access restriction to resources or loss of livelihoods - Small-scale construction - Small number of workers involved	- Potential adverse environmental impacts (including impacts on fish, corals, marine habitat) - Limited physical or economic displacement - Access restriction to resources or loss of livelihoods - Potential impacts on cultural heritage or Indigenous Peoples - Medium-scale construction	- Adverse environmental and social impacts - Involuntary physical or economic displacement of people - Adverse impacts on cultural heritage or Indigenous Peoples

4.2 Step 2: E&S Risk Assessment

4.2.1 Potential E&S Impacts and Risks

Although it is expected that the overall impacts of the Blue Action Fund projects (assumed to be mostly Category C projects) will be largely positive, risks and adverse impacts are not to be neglected. The typical risks and impacts that are anticipated in the vast majority of the Blue Action Fund projects are mentioned below:

- Impacts due to the siting of the projects;
 - Impacts on land take or by restriction of access to terrestrial or marine natural resources (threats to livelihood);
 - Impacts on terrestrial or marine natural habitats and or flora/fauna; or
 - Impacts on cultural heritage.
- Impacts on workers' health and safety (occupational health & safety) during construction activities, ranging from minor injuries to fatal accidents (e.g. boating accidents involving drowning of crew members).
- Impacts on labour conditions during construction activities. Such impacts might include, but are not limited to:
 - Employment of children as per ILO Conventions (child labour);



- Remuneration non-compliant to legal requirements; non-transparent remuneration;
- Harassment, intimidation, and/or exploitation of workforce (forced labour);
- Discriminations toward the workers due to origin, gender, age, ethnicity or any other criteria non-related to job.
- Impacts on the community, particularly linked to
 - Impacts by a change to or a loss of current types of livelihoods;
 - Accidents on open construction sites on which the access to community is not appropriately restricted;
 - Impacts related to tourism;
 - Disturbances to the workforce or to the community due to exposure to construction-related noise, vibration, dust etc.

4.2.2 Avoiding Impacts through Careful Project Design

Many impacts can be avoided if a project is planned and designed carefully, and considers E&S aspects within its conception. The following points will form part of basic considerations:

- Plan projects carefully in order to avoid:
 - Economic displacement of persons (direct take or access restriction to land, fishing grounds and other resources used for livelihood);
 - Forests, protected areas or ecologically sensitive areas;
 - Locations prone to natural disasters;
 - Socially, culturally or historically sensitive areas (e.g. places of worship).
- Give priority to use of local resources /materials to avoid construction traffic and associated impacts to the communities.
- Optimize use of natural resources (material, water, land) as much as possible.

4.2.3 Risk Assessment for Category C Projects

Category C projects usually do not require a further specific E&S assessment. However, if small construction is part of the project (e.g. ranger office, access road, jetty or facilities of similar scope, especially if located in a (marine) protected area), the grantee is required to have their contractors implement at a minimum the ESMP for Small Construction (Annex G) and to report to the Blue Action Fund on measures taken to enforce risk management. The implementation of the Small Construction ESMP should take the following aspects into account:

- Should the grantee consider that the ESMP does not adequately cover all of the risks, additional measures must be considered and appointed.
- Should any of the mitigation measures in the Small Construction ESMP (Annex G) be considered as not applicable or not relevant for a given project, the grantee should communicate the reasons, agree with the Blue Action Fund and document in writing their non-application.

In case of minor construction activities (e.g. using tools, setting up a bench, working on water or in hot environments) the Health & Safety Plan for Minor Construction Activities (Annex H) can be used instead of the ESMP in Annex G.

4.2.4 Risk Assessment for Category B Projects

For Category B projects, involving medium E&S risks, the appropriate scope of the subsequent E&S assessment is initially determined through the E&S Questionnaire & Screening Report. In this process the project's E&S impacts and risks are initially identified, which will need to be



further assessed during the “Elaboration of Full Proposal” phase through a separate E&S Assessment.

Exceptions to the E&S Assessment process can be provided:

- If local legislation requires a full ESIA or similar document, the grantee has to comply with this obligation and undergo the national ESIA process.
- If the proposed project is part of a local/regional development plan or a wider program for which an ESIA is available, the E&S Assessment obligation can be waived if the available ESIA appropriately addresses the identified risks.

Given that projects are intended to be beneficial for the environment as well as for communities the E&S risks for Category B projects are expected to be limited and therefore can be subject to an E&S Assessment or a partial Environmental & Social Impact Assessment (ESIA), rather than a full ESIA, which is usually required. A respective E&S Assessment Template is provided in Annex E.

It is the responsibility of the grantee to complete the E&S Assessment within a scope agreed with the Blue Action Fund and to submit the document to the Blue Action Fund. The grantee shall mobilize adequately qualified E&S personal (either in-house or externally recruited) to elaborate the E&S Assessment. Blue Action Fund shall review and validate the scope and results of the E&S Assessment.

The purpose of the E&S Assessment is to confirm the initially determined scope and possibly identify further negative E&S impacts of the project that are most important for design, decision-making and stakeholder interest and to propose appropriate mitigation measures. The E&S Assessment can also highlight positive impacts created by the project. The content of the E&S Assessment is, however, to be adapted to the categorization criteria that trigger the “B” categorization of the project.

The outcome of the E&S Assessment can be

- Modifications in the project design, such as change in project routing/siting to avoid risks/impacts.
- Rejection of the project (design), due to unbearable environmental and/or social impacts.
- Production of an ESMP that will be used to manage, monitor and respond to E&S impacts.

4.2.5 Access Restriction

Projects funded by the Blue Action Fund are likely to impose access restriction for communities. Projects are expected to create new marine protected areas (MPAs), extend MPAs, and/or increase enforcement of regulations within a MPA.

Access restriction can have positive effects (e.g. increase of fish populations inside zones with access, spill-over effects outside the no-take zone) and negative effects (e.g. reduced catch for fisheries within the access restriction zone, increased costs to reach other fishing zones).

A process framework needs to be prepared when Blue Action Fund projects may cause involuntary restrictions in access to natural resources in legally designated parks and protected areas. The purpose of the process framework is to establish a process by which members of potentially affected communities participate in design of project components, determination of measures necessary to achieve the objectives of World Bank ESS 5, and implementation and monitoring of relevant project activities. Annex F contains guidance for preparing a Process Framework and recommendations for the development of Livelihood Restoration Plans, in case the access restrictions lead to loss of livelihoods.



In case of voluntary access restrictions for communities (e.g. seasonal restrictions to collectively used resources), the participatory process needs to be described and well documented in order to demonstrate that the restrictions are voluntary. This should be done as part of the SEP, with meeting minutes, agreements, development plan and other documentation and, if necessary, e.g. in case of (temporary) loss of livelihoods, with the outline of mitigation measures in a management or action plan. Voluntary access restrictions will be collectively decided by the communities themselves. The decisions will be entirely voluntary and do not imply any change of community rights to these resources. The decision-making process has to reflect voluntary, informed consensus and also needs to include vulnerable groups (e.g. women, elderly, youths).

4.2.6 Involuntary Displacement

Blue Action Fund projects are generally not expected to cause physical displacement (loss of residential housing) or economic displacement (loss of land, loss of livelihoods, loss of access to natural resources). In case this occurs voluntarily (e.g. willing-buyer willing-seller) and on a limited scale, a Resettlement Action Plan or Livelihood Restoration Plan or similar document will have to be prepared.

4.3 Step 3: Environmental and Social Management Plans (ESMPs)

The purpose of an Environmental and Social Management Plan (ESMP) is to assist the grantees in avoiding and mitigating negative E&S impacts throughout the project lifecycle of a project. Informed by the Environmental and Social Assessment, the ESMP captures the environmental and social impacts and associated mitigation measures that need to be considered. The Grantee will oversee and monitor the ESMP implementation and will have ultimate responsibility for it.

4.3.1 Mitigation Measures for Small Construction Activities

This sub-section describes the minimum mitigation measures that need to be implemented in case a project includes any kind of construction activities. It is complemented by the Annex G, which provides an ESMP for Small Construction. While additional measures might need to be considered and included within the ESMP, this section highlights the most relevant measures.

In case of minor construction activities (e.g. using tools, setting up a bench, working on water or in hot environments) the Health & Safety Plan for Minor Construction Activities (Annex H) can be used instead of the ESMP (Annex G).

Labour Conditions

All projects must achieve compliance with international labour standards (ILO Core Labour Standards²⁸). Therefore, the following minimum standards have to be observed in all projects funded by the Blue Action Fund:

- Children below 15 years cannot be employed if the work prevents them to fully attend to school. Cumulated school and work time including transportation should not exceed 10 hours a day;
- Young workers below 18 years cannot perform work at night and tasks that are likely to jeopardise their health, safety or morals;
- All work shall be remunerated under the principle "equal pay for equal work" under the applicable remuneration standards of the project country;

²⁸ [ILO core labour standards](#)



- Employment relationships shall be based on principles of equal opportunity, fair treatment, and non-discrimination (e.g. due to gender, age or origin);
- Generally, contribution from community in the form of labour is allowed, provided that contribution is voluntary and does not negatively affect livelihoods;
- Forced labour, including prison work, is not tolerable;
- All workers must have access to a grievance mechanism, which guarantees anonymity;
- Workers of any kind must be provided with acceptable housing conditions ensuring the provision of adequate space, supply of water, adequate sewage and garbage disposal system, appropriate protection against heat, cold, damp, noise, fire, security and disease-carrying animals, adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting;
- Workers of any kind must have access to emergency medical services. As a minimum, the construction sites must have first aid kits available and provide information on nearest medical facilities including emergency contact and mean of transportation.
- For community contributions to project labor, occupational health and safety, insurance provisions and other relevant provisions related to work undertaken must be covered.

Grantees will give priority on local communities to provide unskilled workers and skilled workers (subcontractors), if available, to encourage social growth and development in the project area. Recruiting policies and procedure will be clear to prevent claim and conflicts.

Occupational Health & Safety

If applicable, the grantee and its contractors are responsible for providing training to all workers on site regarding Occupational Health & Safety (OHS) related issues, so that workers can understand work hazards and protect themselves and others. The training will be tailored to the risks and be provided at a minimum before the workers begin with the work and whenever new risks are identified. The training will address the main risks on workers' health and safety related to work place, the safe work practices, the emergency procedures and the requirement of incident reporting. As a good practice, OHS training will be documented (signed attendance lists bearing as a minimum date and training topic) and be available for inspection by labour authorities and the Blue Action Fund, if requested.

Should the contractor have no capacities to provide this training, the grantee will find an alternative solution to ensure the workers are appropriately trained.

The grantees and their contractors are also responsible for providing personal protective equipment tailored to the occupational hazards. Exposition to severe worker's risks will lead to immediate work interruption until the exposition to hazard is brought to a reasonable level. A set of emergency preparedness and response measures, as appropriate for the respective risk level of a given intervention, shall complement the provisions for occupational health and safety.

The grantee has to establish adequate working incident reporting procedures (fatal accidents, medical treatment cases; first aid cases; restricted work injuries; near misses; environmental events; security and safety events). The idea behind incident reporting is to communicate the Health and Safety (H&S) event to achieve a continuous improvement in the H&S practices and reduce the risk of incidents across Blue Action Fund projects.

4.4 Step 4: Stakeholder Engagement

Stakeholder engagement refers to an ongoing process of sharing information and knowledge, seeking to understand and respond to the concerns of others, and building relationships based on collaboration. Stakeholder consultation and disclosure are key elements of engagement and



essential for delivery of successful projects. All projects funded by the Blue Action Fund are expected to have a heavy component of community engagement, activities and programmes.

4.4.1 Purpose

The overall aim of the Stakeholder Engagement process is to ensure that a timely, consistent, comprehensive, coordinated and culturally appropriate approach is taken to consultation and project disclosure. It is intended to demonstrate the commitment of the Blue Action Fund to an international best practice approach to engagement. In this context, good stakeholder relations are also a prerequisite for a good risk management. Specifically, the purpose of stakeholder consultation is to:

- Inform: by promoting stakeholder understanding of issues, problems, alternatives, opportunities and solutions through balanced and objective information sharing;
- Consult: by obtaining feedback and acknowledging concerns and aspirations of stakeholders on analysis, alternatives, and decisions with regard to development projects;
- Engage: by working directly with stakeholders to ensure that their concerns and aspirations are understood and considered and to assure them that their concerns / aspirations would be directly reflected in the developed alternatives; and that feedback will be provided on how their input influenced the final decisions;
- Empower: by making stakeholders partners in each aspect of the decisions, including development of alternatives and identification of preferred solutions.

4.4.2 Stakeholders

The term “Stakeholders” refer to persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. In this context, stakeholders may include:

- Persons living in the vicinity of a project site or using the present natural resources (locally affected villagers, community members);
- National or local government authorities involved in the development planning, having an interest in the project (medical /education authority) or delivering construction/operation authorisations and permits;
- Traditional/informal authorities or social and religious leaders;
- Civil society organizations and groups with special interests, the academic community, or other businesses;
- Parties involved in the project implementation (consultants, contractors, workers, employees);
- Vulnerable minorities/indigenous people as per IFC PS 7 definition that may be present in the project area and affected by the project. In the IFC PS 7 the term “Indigenous Peoples” is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:
 - Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
 - Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
 - Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or



- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

4.4.3 Implementation

The grantee needs to engage with the persons living in the area around the project site (including neighbours, local decision makers or community-based organisations) early in the planning process and throughout implementation / construction activities to inform them about the planned measures and also seek for their feedback around potential sensitivities.

Stakeholder engagement needs to be documented by the grantee in the form of minutes of meetings, and attendance lists. A template document of a Stakeholder Engagement Plan (SEP) for Blue Action Fund's projects is provided in Annex C. This SEP template also includes a template for a Stakeholder List and a Public Grievance Form. In case of Indigenous Peoples being affected by the Project, the principle of free, prior and informed consent (FPIC) needs to be addressed in the Stakeholder Engagement Plan.

The grantee will conduct site visits and discussions with the local population throughout the design and planning phase. This will improve social acceptance, "ownership" and increase the chances of success of the project. It is important not to raise unrealistic expectations among the population: clarity will be made on critical topics that can influence social acceptance of a project, such as employment/business opportunities or costs of use of provided infrastructure.

A Grievance Mechanism shall be available for workers and the public during the planning phase already (see next section).

4.4.4 Grievance Mechanism

The purpose of the Grievance Mechanism is to implement a formalised process (identification, tracking and redress) to manage project-related complaints from communities, workers and other stakeholders. A Grievance Mechanism needs to ensure that stakeholder comments, suggestions and objections are captured and considered. The outline for a Grievance Mechanism can be found in Annex C.

A grievance is defined as an issue, concern, problem or claim (perceived or actual) that an individual or community group wants the grantee, its contractor or the Blue Action Fund to address and resolve, e.g.

- Specific complaint about impacts, damages or harm caused by the project;
- Concerns about project activities during construction or operation, or perceived incidents or impacts.

The Grievance Mechanism should also consider positive feedback and suggestions. The Grievance Mechanism is required to be:

- Systematic: All forms of complaints related to the project need to be considered;
- Transparent: Stakeholders must be informed that a grievance mechanism is in place, grievances must be documented and registered;
- Appropriate: Tailored to the project scope, adapted to local conditions and culturally acceptable; and
- Lead to corrective actions: Grievances must be answered as relevant and the answers must be documented. Timely resolution of grievances is vital to ensure successful implementation of the project.

The grantee is responsible to implement a formal grievance mechanism that addresses the requirements described and that can be accessed at any moment by the Blue Action Fund. In



the event of serious complaints or those that cannot be resolved promptly, the grantees are obligated to inform the Blue Action Fund of the details. In addition, Blue Action Fund maintains a separate channel of communication open to local stakeholders in the event that issues are not being properly addressed by the grantees. Blue Action's own institutional Grievance Mechanism is available on its [website](#).

The Grantees should appoint one person as grievance mechanism manager (usually the implementation supervisor) who will inform colleagues and contractors about grievance mechanism procedures, gather grievance forms, report them to the grievance register and provide input to the project reporting to Blue Action Fund. The stakeholders must be informed on the existence of such grievance mechanism and the grantees must ensure that the process is considered by stakeholders to be culturally appropriate, trustworthy and effective.

Grievances might be formulated in an informal way (not necessarily written complaint) during a conversation, therefore grantee's employees need to be sensitized on this system. All grievances must be documented by the grantee's employees and sent to the grievance mechanism manager and consigned within a grievance log (paper or electronic).

The grievance log should at least include the following categories:

- Name and contact details of contact (unless requested to remain anonymous);
- Date and description of grievance;
- Response made to the grievance / corrective action implemented.

4.5 Step 5: E&S Monitoring and Reporting

Blue Action Fund maintains a two-tier system for monitoring and documentation of the ESMS implementation:

- Primary Monitoring: Responsibility of the grantee;
- Secondary Monitoring: Responsibility of the Blue Action Fund and its (funding) partners

The monitoring and documentation consists of reports (e.g. Stakeholder Engagement Plan, Management Plans etc.) provided by the grantee (direct/primary monitoring) and monitoring visits performed by Blue Action Fund and its advisors (indirect/secondary monitoring). As a standard, E&S issues are part of all monitoring activities.

Blue Action funders may participate directly in monitoring visits and progress tracking visits, including their environmental and social experts.

4.5.1 Monitoring by the grantees

The grantee is responsible for the day-to-day monitoring of the implementation of the E&S requirements and stakeholder engagement in the projects. It is the grantee's responsibility to agree with its contractors on how the monitoring will be conducted. A template for an E&S Monitoring Checklist is given in Annex H.

In any case, the following requirements will be mandatory for the grantee:

- Stakeholder engagement needs to be documented by the grantee in the form of minutes of meetings, as far as possible backed up by attendance lists (see also Annex C for stakeholder engagement reporting).
- Contractors will immediately report on arising emergency situations to the grantee. The grantee is required to document those issues and report them to the Blue Action Fund as soon as possible.
- Emergency situations can include, but are not limited to:



- Fatality or severe accident at construction site or in community directly related to construction activities (such as traffic accident);
- Unforeseen externally triggered situation that needs or is likely to need an interruption or postponement of works (security concerns in the area, natural disaster, social/community unrest);
- Unacceptable working conditions such as child labour or forced labour issues;
- Non-compliance with national requirements, such as loss of the operation permit or any other necessary authorisation provided by local authorities or legal claims (or threat of) formulated against the project;
- Unforeseen project complication such as land / livelihood / access issues (unexpected need of physical or economic displacement) or significant environmental impacts;
- Any grievances issued by workers, project affected people or other stakeholders that need a rapid redress, or
- Any other issue that is likely to severely put at stake the project success or the reputation of Blue Action Fund.

A grantee failing to provide best efforts to fulfil this reporting requirement may be considered as breaching its contract, which may eventually lead to cancelation of the funding or exclusion for future funding.

- The grantee has to provide information on the progress of the ESMP implementation as part of the half-yearly and annual grant reporting documents to the Blue Action Fund.
- The grantee will generally provide best efforts to be kept informed on the situation, possibly by confirming the information from the contractors via engagement with community and/or community representatives or by using the information provided on the (social) media.
- Other issues to be reported in progress and completion reports are those that do not need immediate action by the Blue Action Fund. These may include, but are not limited to:
 - Minor accidents and response implemented to address the risk;
 - Minor deviations in the ESMP, including non-relevance of ESMP requirements;
 - Project deviations that do not trigger E&S risk or social acceptance of the project.



5 ANNEXES

- 5.1 [Annex A: Overview Applicable International Environmental and Social Standards](#)
- 5.2 **Annex B: Environmental & Social Questionnaire & Screening Report**
 - 5.2.1 [Part I – E&S Questionnaire](#)
 - 5.2.2 [Part II – E&S Screening Report](#)
- 5.3 [Annex C: Stakeholder Engagement Plan \(including Grievance Mechanism\)](#)
- 5.4 [Annex D: Social Impact Assessment Guidance Note](#)
- 5.5 [Annex E: Environmental and Social Assessment Template](#)
- 5.6 [Annex F: Process Framework Access Restriction](#)
- 5.7 [Annex G: Environmental & Social Management Plan– Small Construction](#)
- 5.8 [Annex H: Health & Safety Plan – Minor Construction Activities](#)

