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FINAL DRAFT

ITTO ENVIRONMENTAL AND SOCIAL MANAGEMENT (ESM)

GUIDELINES

October 2019

Explanatory Note:

1. Attached are final draft “ITTO Environmental and Social Management (ESM) Guidelines” for consideration by the Committee on Reforestation and Forest Management (CRF) during the upcoming 55th session of the International Tropical Timber Council (2-7 December 2019, Lomé, Togo).

A. Background

2. At its 50th session (7-12 November 2016, Yokohama), CRF approved revised “Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects” (ESIA Guidelines). The Guidelines were included in the Secretariat’s June 2018 accreditation proposal to the Green Climate Fund (GCF) for application to GCF Category C projects (activities with minimal or no adverse risk/impact)¹.

3. In approving the ESIA Guidelines in 2016, CRF recommended they be implemented on a pilot basis. Pilot implementation revealed a number of implementation problems, particularly regarding the cost and time involved in conducting the risk assessment set out in the Guidelines. In response, CRF at its 52nd session in November 2018 recommended that the 2016 ESIA Guidelines be amended to address the implementation problems.

4. In June 2018, the Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals recommended that the Secretariat review the 2016 ESIA Guidelines, including the “screening checklist” in Annex 3, taking into account the Environmental and Social Standards in Section 4 of the Guidelines, with a view to incorporating the checklist in the ITTO Manual for Project Formulation and the Expert Panel’s “scoring sheet”. In June 2019, the Expert Panel reiterated this recommendation and made the following additional observations:

- The Guidelines should not discourage proponents from submitting project proposals to ITTO.
- The objectives of the Guidelines should be clearly defined and shared among stakeholders, especially project proponents.
- The application of the Guidelines should be designed and conducted in an efficient and effective manner.
- Given the scale of current ITTO project proposals, internal screening by project proponents, the Secretariat and the Expert Panel will likely suffice in most cases.

B. Draft ESM Guidelines

5. In August 2019, the Secretariat engaged two consultants (Ms. Stephanie Caswell and Dr. Hiras Sidabutar) to assist in streamlining the 2016 ESIA Guidelines to address the implementation problems encountered during the pilot phase, taking into account CRF inputs and discussions and the Expert Panel’s observations, as well as the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW) adopted by the Council in 2017. The consultants were also asked to consider the ES processes used by FAO and IUCN.

¹ To date, ITTO has financed over 1000 projects, pre-projects and activities in Member countries, the majority of which have been relatively small-scale (under US \$1 million) and low risk with a focus on sustainable management of tropical forests through capacity building, livelihood development, training, outreach, research and demonstration. Experience shows that no ITTO funded projects have fallen under Category A (high risk) and relatively few have fallen under Category B (moderate risk).

6. Working in close collaboration with the Secretariat, the consultants developed draft “ITTO Environmental and Social Management (ESM) Guidelines” which aimed to streamline the 2016 ESIA Guidelines in a user-friendly manner, clarify the risk assessment process, and take into account the GEEW Guidelines and updated Appendix D of the ITTO Manual for Project Formulation (Guidelines for project-related gender analysis). The draft ESM Guidelines reflected the following refinements and amendments to the 2016 document:

- The title (“ITTO ESM Guidelines”) was broadened and streamlined to better reflect the overall nature of the guidelines which include an “Environmental and Social Impact Assessment” (ESIA) as one aspect of the assessment process.
- Section 1 of the 2016 Guidelines was streamlined and organized to more clearly set the stage for the rest of the document.
- Section 2 was renamed “ESM Policy and Principles” and clearly sets out the objectives of the Guidelines, scope of application, primary users and guiding principles. The five principles remained the same but their supporting text was significantly streamlined, made more focused and linked to the Sustainable Development Goals (SDGs) and Global Forest Goals (GFGs) as appropriate. Normative text was removed.
- Sections 3 and 4 were reversed for a more logical presentation. Section titles reflected minor modifications.
- The 8 Environmental and Social Standards (ESSs) were reduced to seven as follows:
 - ESS 1 - Stakeholder engagement - new
 - ESS 2 - Gender analysis - new
 - ESS 3 - Conservation of biodiversity and protection of ecosystem services– expansion of former ESS 4
 - ESS 4 - Forest-based climate change mitigation (including carbon storage in wood products) and adaptation - former ESS 6
 - ESS 5 - Sustainable management of natural tropical forests – new, encompasses former ESS 3 and ESS 5
 - ESS 6 - Restoration and rehabilitation of degraded forest landscapes - former ESS1 and encompasses former ESS 6
 - ESS 7 - Forest product production and processing (wood and non-wood) - former ESS 8
- The requirements for each ESS were clarified, made more specific and presented in a comparable manner.
- The ES assessment process was streamlined to include three elements: (1) an ES Review for Category C (low/no risk) project proposals, (2) an ES Analysis (ESA) for Category B (moderate risk) project proposals and (3) an ES Impact Assessment (ESIA) for Category A project proposals. Figures 1 and 2 from the 2016 guidelines were adjusted accordingly and re-titled as Figure 1 and Table 3.
- Annex 1 (Glossary) was dropped since many terms contained in the glossary did not appear in the text and others could be understood in the context used.
- Annex 2 (Categorization of projects) was revised to be more forest sector oriented and made Annex 1.

- Annex 3 (Screening Checklist) was revised to better capture the range of ESS requirements and made Annex 2.
- Annex 4 (Gender marker codes) was replaced by references and excerpts in the body of the text from the 2017 GEEW Policy Guidelines and Appendix D of the Project Manual.
- A new Annex 3 was added on “Key Elements of an ITTO ES Impact Assessment (ESIA) and ES Analysis (ESA)

C. Final draft ESM Guidelines

7. On 11 September 2019, the Executive Director circulated the draft ITTO ESM Guidelines to Members, inviting their comments and inputs by 1 October 2019. As of mid-October 2019, the Secretariat had received comments from three countries: Guyana, Mexico and the USA. The attached final draft ITTO ESM Guidelines takes those comments into account.

8. ITTC 55 will consider a streamlined project cycle concept proposed by the ad hoc “working group on financing infrastructure and fundraising strategies” and may launch a pilot implementation of the new project cycle approach beginning in 2020. Since the proposed new project cycle approach would significantly alter how project proposals are developed, categorized and enter the project cycle, this would affect the role of the Expert Panel. During the pilot implementation, the Secretariat is expected to reinforce its role in environment and social assessments of all proposals in accordance with the ESM Guidelines to fill the gap due to the revised role of the Expert Panel.

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GUIDELINES

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List of Acronyms

CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
ES	Environmental and social
ESA	ES Analysis
ESIA	ES Impact Assessment
ESM	ES management
ESMP	ES management plan
ESS	ES standard
FAO	Food and Agriculture Organization of the United Nations
GFG	Global Forest Goal
GHG	Greenhouse gases
ITTO	International Tropical Timber Organization
ILO	International Labor Organization
IUCN	World Conservation Union
M&E	Monitoring and evaluation
NGO	Non-governmental organization
Ramsar	Ramsar Convention on Wetlands of International Importance
RIL	Reduced impact logging
SDG	Sustainable Development Goal
UN	United Nations
UNCCD	UN Convention to Combat Desertification
UNFCCC	UN Framework Convention on Climate Change
UNSPF 2030	UN Strategic Plan for Forests 2017-2030

FINAL DRAFT

ITTO ENVIRONMENTAL AND SOCIAL MANAGEMENT (ESM) GUIDELINES

I. INTRODUCTION

1. Environmental and social safeguards are essential tools to prevent and mitigate harm to people and their environment in the development process and help ensure that proposed project activities are successful. The process of identifying and assessing potential impacts can be an important opportunity for stakeholder engagement, empowering women, resolving conflicts, enhancing the quality of project proposals and increasing ownership in project outcomes.

2. ITTO has been committed to responsible environmental and social management of its field projects since the publication of the first ITTO Manual for Project Formulation in 1993. Subsequent editions of the Project Manual and the ongoing development of ITTO's policy and guidelines series² demonstrate the Organization's progressive commitment to environmental and social sustainability and to a process of continuous improvement in this regard.

3. The ITTO Environmental and Social Management (ESM) Guidelines continue this commitment by providing a user friendly and implementable system for integrating safeguards and risk management into the ITTO project cycle process. Specifically, the ESM Guidelines:

- Build on the guidance contained in the ITTO Manual for Project Formulation (2009), notably Appendices A and B³, taking into account more recent developments in environmental and social impact assessments;
- Streamline and refine the "Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects" (ESIA Guidelines)⁴ in a user-friendly manner and clarify the risk assessment process;
- Take into account and complement the ITTO Policy Guidelines on Gender Equality and Empowering Women (2017) and Appendix D of the Project Manual⁵; and
- Take into account the environmental and social risk assessment processes utilized by FAO and IUCN.

4. This document is structured in four sections. Section II presents the ESM policy framework, including guiding principles. Section III sets out seven environmental and social standards (ESSs) and their associated scope and requirements. Section IV outlines the ESM risk and impact assessment process.

² ITTO policy series can be found at: https://www.itto.int/policy_papers/

³ Appendix A: Guidelines for ensuring stakeholder participation in the project cycle. Appendix B: Guidelines to take account of the environmental impacts of projects

⁴ The ESIA Guidelines were approved by the Committee on Reforestation and Forest Management in 2016 with the recommendation that they be implemented on a pilot basis.

⁵ Appendix D: Guidelines for project-related gender analysis

II. ESM POLICY AND PRINCIPLES

5. This section sets out the policy framework for the EMS Guidelines, including objectives, scope of application, primary users and a set of five guiding principles.

A. OBJECTIVES

6. The objectives of the ESM Guidelines are to:

- a. Provide a systematic procedure to identify and assess potential environmental and social risks and impacts of project proposals supported by ITTO and avoid, minimize, mitigate and manage adverse impacts;
- b. Strengthen the integration of environmental and social safeguards in the ITTO project cycle;
- c. Enhance the environmental and social benefits and opportunities generated by ITTO supported field projects;
- d. Enhance the contribution of ITTO supported field projects to the environmental and social goals of ITTO Member countries and to internationally-agreed forest-related goals.

B. SCOPE OF APPLICATION

7. The ESM Guidelines apply to all field project proposals entering the ITTO project cycle whether developed or co-developed by Members and/or the Secretariat. These include projects that affect forest management, forest landscape restoration and/or the production, processing and supply chains of forest products, including capacity building and demonstration projects.

C. USERS

8. The ESM Guidelines are intended primarily for use by:

- ITTO Members in formulating and reviewing project concept notes and proposals for submission to the ITTO Secretariat;
- The ITTO Secretariat in the initial screening of project proposals and in monitoring project implementation and evaluating completed projects; and
- The Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals⁶ in reviewing and scoring project proposals that have cleared the Secretariat's initial screening process.

9. The ESM Guidelines will also be used by the Secretariat in formulating project concepts and proposals, including collaborative and joint projects with other organizations and institutions.

D. PRINCIPLES

10. The ESM Guidelines enshrine the following five closely interrelated principles which are essential to achieving ITTO's core objectives. The principles flow from the Sustainable Development Goals (SDGs) set out in the 2030 Agenda for Sustainable Development and the Global Forest Goals (GFGs) set out in the UN Strategic Plan for Forests 2017-2030 (UNSPF 2030). All field projects financed in part or in whole by ITTO will reflect these principles.

Principle 1: Environmental sustainability

Environmental sustainability encompasses the essential functions provided by forest ecosystems, including soil and water conservation, carbon sequestration and disaster risk reduction, as well as

⁶ Or any future appraisal mechanism that may be established by the Council following pilot implementation of a streamlined project cycle.

forest biodiversity values. Consistent with SDG15 of the 2030 Agenda and GFG2 and 3 of the UNSPF 2030, ITTO is committed to conserving, maintaining and where possible restoring forest ecosystem services, conserving and sustainably using biodiversity, and maintaining and enhancing forest health and vitality.

Principle 2: Social sustainability

Social sustainability refers to the people, households, communities, workers and other societal groups living in or around an area or active in an enterprise that may be affected (positively or negatively) by a project. Consistent with SDG8 of the 2030 Agenda and GFG2 of the UNSPF 2030, ITTO is committed to maintaining and enhancing forest-based socio-economic benefits and opportunities, supporting job creation and safe and healthy working conditions, and preserving cultural heritage.

Principle 3: Gender equality and empowering women

Gender equality is a matter of human rights and a core ITTO value. Consistent with SDG5 of the 2030 Agenda and the ITTO Policy Guidelines on Gender Equality and Empowering Women (2017), ITTO is committed to gender mainstreaming and enhancing gender equality outcomes across its policy and project work. ITTO recognizes that achieving its objectives will be accelerated by projects and other activities that seek to close the gender gap and empower women at all levels.

Principle 4: Good governance

Governance is the process of making and implementing decisions. Consistent with SDG17 of the 2030 Agenda and GFG5 of the UNSPF 2030, ITTO recognizes that good governance is based on participatory, transparent, responsive and inclusive decision-making; coherent cross-sectoral policies; accountable and effective institutions; and the rule of law. ITTO is committed to promoting good governance which can be essential to achieving project objectives.

Principle 5: Security of tenure to forest land and access to forest resources

Secure tenure to forest land and access to forest resources is an important aspect of good governance. Tenure security is essential to the livelihood, subsistence, well-being and resilience of forest-dependent communities and to realizing sustainable forest management at local levels. Consistent with SDG1 of the 2030 Agenda, ITTO is committed to fully recognizing and supporting the ownership, control and customary rights of local communities and Indigenous Peoples to forest land and resources.

III. ESM STANDARDS AND REQUIREMENTS

ENVIRONMENTAL AND SOCIAL STANDARDS (ESSs)

11. As shown in [Table 1](#), ITTO's ESM Guidelines focus on seven interconnected environmental and social standards (ESSs) under the broad umbrella of the five principles. These ESSs provide a framework for managing and improving the performance and success of ITTO field projects.

Table 1 – ITTO Environmental and Social Standards (ESSs)

ESS	Standard	Area of ITTO work
ESS 1	Stakeholder engagement	Cross-cutting
ESS 2	Gender analysis	Cross-cutting
ESS 3	Conservation of biodiversity and protection of ecosystem services	Cross-cutting
ESS 4	Forest-based climate change mitigation (including carbon storage in wood products) and adaption	Cross-cutting
ESS 5	Sustainable management of natural tropical forests	Reforestation & forest management
ESS 6	Restoration and rehabilitation of degraded forest landscapes	Reforestation & forest management
ESS 7	Forest product production and processing (wood and non-wood)	Forest industry

ESS SCOPE AND REQUIREMENTS

12. The scope and associated requirements of each of the seven ESSs are set out below.

ESS 1: Stakeholder Engagement

Scope: ESS 1 applies to all ITTO field project proposals.

Requirements: Depending on the project area and focus, stakeholders may include a variety of forest owners, users and workers, including women, local communities, Indigenous Peoples, non-governmental organizations, the scientific community, the philanthropic community, the private sector, local authorities and donor organizations active in the area. All project proposals will:

- Identify, analyze and involve stakeholders through a stakeholder analysis in line with the guidance contained in Appendix A of the ITTO Manual for Project Formulation, building, where applicable, on existing stakeholder processes and analyses.
- Ensure that stakeholders are appropriately engaged in all stages of the project cycle which will contribute to project success and sustainable outcomes.
- Promote secure tenure and access to forest land and resources by user groups, including subsistence users of non-timber forest products.

ESS 2: Gender Analysis

Scope: ESS 2 is related to and builds on ESS 1 and applies to all ITTO field projects.

Requirements: Consistent with Section V (Element 2) of the ITTO Policy Guidelines on Gender Equality and Empowering Women (2017), all project proposals will:

- Ensure that men and women are provided with equitable opportunities to be included in stakeholder consultations and decision-making during project formulation, implementation and evaluation.
- Be gender sensitive by examining and describing gender roles, norms, relations and potential project impacts through a gender analysis in line with the guidance contained in Appendix D of the ITTO Manual for Project Formulation.
- Seek to generate gender co-benefits in project design by incorporating gender equality and empowerment of women in the design process.

ESS 3: Conservation of biodiversity and protection of ecosystem services

Scope: ESS 3 applies to all ITTO field projects.

Requirements:

- All project proposals will:
 - Apply integrated conservation and development approaches in defining project interventions to ensure all project impacts are adequately managed.
 - Include provisions to minimize human-wildlife conflicts and bush meat-related issues that might arise due to project activities.
 - Minimize and carefully scrutinize project interventions that could impact primary forests, critical habitats, or environmentally sensitive or high value conservation areas or pose risks to endangered or threatened species.
 - Avoid interventions that could impact negatively on forest health or increase the vulnerability of forests to disease, pests, invasive alien species or fire events.
 - Avoid interventions that could impact negatively on soil and water resources.
 - Comply with relevant national, subnational and local environmental laws and regulations.
 - Comply with the ITTO Member's applicable international obligations (e.g. as a party to CBD, CITES and/or Ramsar).

- Projects involving timber harvesting and production will adhere to the "ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests".

ESS 4: Forest-based climate change mitigation (including carbon storage in wood products) and adaptation

Scope: ESS 4 applies to all ITTO field projects.

Requirements: All project proposals will:

- Maintain and where possible enhance the role of forests as sinks and reservoirs for greenhouse gases (GHG) by, for example, maintaining/increasing forest area, maintaining/enhancing forest carbon stocks, improving forest health, or reducing risks of fire.
- Maintain and where possible increase the resilience and adaptive capacity of forest ecosystems and forest dependent local communities to natural disasters and the impacts of climate change.
- Comply with the ITTO Member's relevant international obligations as a party to the UNFCCC and Paris Agreement and contribute to the Member's forest-related nationally determined contributions (NDCs).

ESS 5: Sustainable Management of Natural Tropical Forests

Scope: ESS 5 applies to all ITTO field projects that deal with sustainable forest management and are sited all or partially in natural tropical forest areas.

Requirements: All project proposals will be consistent with the requirements set out in ESS 1-4. In addition:

- All project proposals will:
 - Adhere to the "ITTO Voluntary Guidelines for the sustainable management of natural tropical forests".

- Benefit local forest dependent communities wherever possible and avoid activities that could reduce the income generating capacity of the rural poor and forest dwelling communities.
- Project proposals involving timber harvesting-related activities of any scale will:
 - Apply reduced impact logging techniques to minimize environmental damage.
 - Comply with applicable national, sub-national and local SFM performance standards and labor and worker safety standards.
 - Comply with the ITTO Member's relevant international obligations (e.g. as a member of ILO).

ESS 6: Restoration and rehabilitation of degraded forest landscapes

Scope: ESS 6 applies to all ITTO field projects that deal with restoration and rehabilitation of degraded forest landscapes, reforestation and/or forest plantation development and management.

Requirements: All project proposals will be consistent with the requirements set out in ESS 1-4. In addition:

- All project proposals involving forest restoration/rehabilitation or reforestation will:
 - Adhere to the ITTO "Guidelines for forest landscape restoration in the tropics".⁷
 - Comply with the ITTO Member's commitments under the UNCCD and contribute to Member's national action programme.
- All project proposals involving management or development of plantations forest will:
 - Adhere to the "ITTO Guidelines for the establishment and sustainable management of planted tropical forests".
 - Select tree species to use in close consultation with local stakeholders, taking into account the ecological, social, cultural and economic values of the species.

ESS 7: Forest products production and processing (wood and non-wood)

Scope: ESS 7 applies to all ITTO field projects that involve the production and/or processing of wood and non-wood forest products.

Requirements: All project proposals will be consistent with the requirements set out in ESS 1-4. In addition:

- All project proposals will:
 - Benefit local forest dependent communities through, for example, decent job creation, entrepreneurship, market opportunities and enhanced local incomes and income diversification.
 - Promote efficient and innovative production and processing of forest products.
 - Be aligned with and contribute to national forest sector plans. *Guyana*
 - Comply with applicable national, sub-national and local labor standards (e.g. regarding worker health and safety, child labor, sexual harassment, etc.) and water and air quality standards.
 - Comply with the ITTO Member's relevant international obligations (e.g. as a member of ILO).
- All projects involving wood production and/or processing will:
 - Seek to build the capacity of forest operators and processors.

⁷ The title will be adjusted as needed to reflect the final title of the guidelines adopted by Council.

- Reduce waste generation, avoid hazards posed by waste to human health and the environment, and where possible enhance recycling.

IV. ESM RISK AND IMPACT ASSESSMENT PROCESS

A. RISK CATEGORIES

13. The ITTO ESM process identifies three environmental and social risk categories for project proposals as shown in Table 2. Annex 1 provides an indicative list of the types of proposals that fall under each risk category.⁸

Table 2– ITTO Risk Categories for Project Proposals

Category	Risk Level	Scope of Impacts	Typical Measures
A	High	Projects with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible or unprecedented	Compensation Mitigation Minimization
B	Moderate	Projects with potential 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	Mitigation Minimization
C	Low/none	Projects with minimal or no adverse environmental or social risks and/or impacts	Impact avoidance or prevention (as needed)

B. ES ASSESSMENT PROCESS⁹

14. The ESM risk and assessment process consists of three levels of analysis that correspond to a proposal's potential ES risk category as set out in Table 2.

1. Environmental and Social (ES) Review for Category C proposals
2. Environmental and Social Analysis (ESA) for Category B proposals
3. Environmental and Social Impact Assessment (ESIA) for Category A proposals

15. These analyses are triggered by an initial “ES Screening” which is required for all project proposals and should be included as part of the project proposal before the proposal is submitted to the ITTO Secretariat.

1. ES Screening – All proposals

16. The purpose of ES Screening is to provide an initial assessment of a proposal's potential risks and impacts (negative and positive). It is conducted by the project proponent using the ES Checklist Questionnaire contained in Annex 2, which is based on the ESS requirements set out in Section III. The proponent will assign his/her “best estimation” of the project's risk category (A, B or C) based on responses to the ES Checklist, taking into account Annex 1 as a reference where appropriate.

⁸ Annex 1 is informational in a broad sense. Terms like “significant”, “moderate” and “small-scale” are elastic, qualitative and subjective. An ES assessment of whether a project proposal's potential risks are high, moderate or low (Category A, B or C) will need to be made on a case-by-case basis.

⁹ Figure 1 and Table 3 (and associated text) will be adjusted as needed to reflect the results of any pilot implementation of a streamlined project cycle that may be approved by Council.

2. ES Review – Category C proposals

17. If the results of the ES Screening indicate that the proposal may be Category C (low/no risk), the project proponent will: (1) prepare a concise narrative justification of the Category C rating and (2) conduct an ES Review consistent with the guidance contained in Appendices A, B and D of the ITTO Manual for Project Formulation. The results of the ES Review, together with the completed ES Checklist and Category C justification, will be included in the project proposal submitted to the ITTO Focal Point for transmission to the ITTO Secretariat. The ITTO Secretariat will consider the ES Review, checklist and justification as part of its regular project screening prior to forwarding the proposal to the Expert Panel for the Technical Appraisal of Project and Pre-project Proposals (hereinafter referred to as the Expert Panel).

3. ES Analysis (ESA) – Category B proposals

18. If the results of the initial ES Screening indicate that the proposal may be Category B (moderate risk), the proponent has the following options:

1. Prepare an ES Analysis (ESA) consistent with the guidance contained in Annex 3;
2. Modify/reformulate the proposal to reduce potential risks to Category C (minimal/no risk); or
3. Formulate a “pre-project” proposal based on key conceptual elements of the original proposal, consistent with guidance in the ITTO Manual for Project Formulation.

19. The ESA may be prepared internally if the capacity exists or the proponent may engage an independent external expert to undertake the ESA. Whether the ESA is prepared internally or externally, the project proponent will include the ESA report as an annex to the project proposal submitted to the ITTO Focal Point for transmission to the ITTO Secretariat. The ITTO Secretariat will review the ESA report as part of its regular project screening process prior to forwarding proposals to the Expert Panel for their appraisal and “ES clearance”.

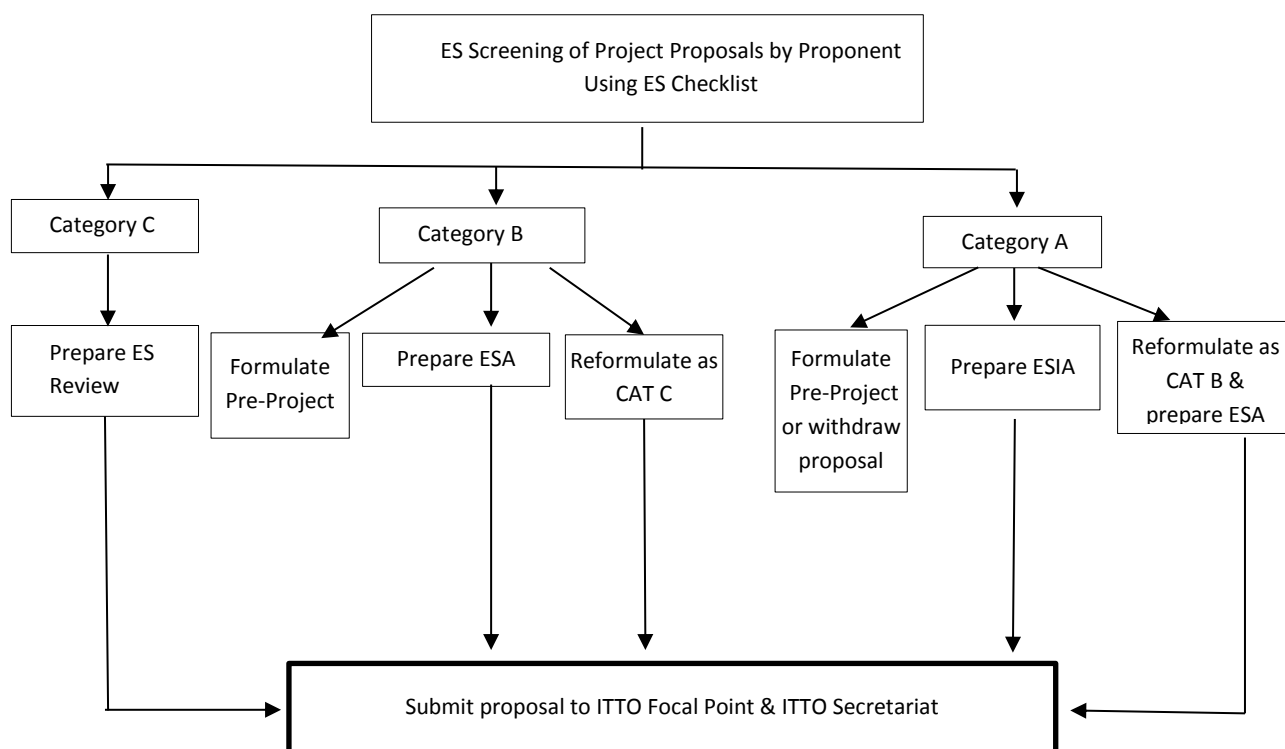
4. ES Impact Assessment (ESIA) – Category A proposals

20. If the results of the ES Screening indicate that the proposal may be Category A (high risk), the proponent has the following options:

1. Prepare an ES Impact Assessment (ESIA) consistent with the guidance contained in Annex 3;
2. Modify/ reformulate the proposal to reduce potential risks to Category B (moderate risk) and prepare an ESA consistent with paragraph 19 and Annex 3; or
3. Formulate a “pre-project” proposal based on key conceptual elements of the original proposal, consistent with guidance in the ITTO Manual for Project Formulation.
4. Withdraw the proposal from ITTO consideration.

21. The ESIA is a more comprehensive assessment than an ESA. It is recommended, but not required, for the ESIA to be prepared by an external expert to ensure independent and credible analysis and findings. Whether the ESIA is prepared internally or externally, the project proponent will include the ESIA report as an annex to the project proposal submitted to the ITTO Focal Point for transmission to the ITTO Secretariat. The Secretariat will review the ESIA report as part of its regular project screening process prior to forwarding proposals to the Expert Panel for their appraisal and “ES clearance”.

Figure 1 – ES Screening Process



5. ES Implementation, monitoring and evaluation

22. For project proposals that are approved by Council (based on the recommendation of the relevant Committee) and subsequently funded, the ES aspects of the project will become an integral part of project implementation, monitoring and evaluation, as follows:

- Category C projects will be implemented consistent with the relevant provisions of the ITTO Manual for Project Formulation and will be monitored and evaluated consistent with the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation (M&E Manual).
- Category B and A proposals will be implemented, monitored and evaluated consistent with the ES Management Plan (ESMP) contained in the respective ESA or ESIA reports.

23. Table 3 illustrates how environmental and social safeguards are integrated into the ITTO project cycle from project proposal formulation and appraisal through project implementation, monitoring and evaluation.

Table 3 – ES review steps, responsible parties and requirements

Project cycle	ES review steps		Responsible party/person	Involved party	Guidance Document(s)
Steps 1 & 2 Project formulation	Step 1: ES Screening to determine Cat A, B or C: ↓		Proponent	Focal Point	ESM Guidelines (ES Checklist)
	Step 2:				
	Cat C	Conduct ES Review	Proponent	Focal Point	ESM Guidelines ITTO Project Manual & Appendices A B D
	Cat B	Prepare ESA	Internal or external expert	Proponent Focal Point	ESM Guidelines
Cat A	Prepare ESIA				
Step 3 Submission of project proposal to ITTO	Cat C	Include ES Review (with checklist & narrative justification)	Focal Point	Proponent	ESM Guidelines & ITTO Project Manual & Appendices A B D
	Cat B	Annex ESA	Focal Point	Proponent	ESM Guidelines
	Cat A	Annex ESIA			
Step 4 Project proposal Screening, Appraisal & Clearance	ES Screening		Secretariat		ESM Guidelines
	ES Appraisal		Expert Panel	Secretariat	ESM Guidelines
	ES Clearance		Expert Panel	Secretariat	Expert Panel Report
Step 5 Project Approval and Funding	ES approval		Council	Committee	Committee Report Council Decision
	ES funding		Donor(s)	Secretariat	Project proposal Donor allocation guidance
Step 6 Project Implementation	Cat C	ES implementation	Executing Agency(ies)		Project Manual & Appendices
	Cat B	ESA implementation		Internal or external expert	ESMP (from ESA Report)
	Cat A	ESIA implementation		Internal or external expert	ESMP (from ESIA Report)
Step 7 Project Monitoring & Evaluation	Cat C	ES supervision	Secretariat		ITTO M&E Manual
	Cat B	ESA supervision	Secretariat	Internal or external expert	ESMP (from ESA Report)
	Cat A	ESIA supervision	Secretariat	Internal or external expert	ESMP (from ESIA Report)

Note: ES = Environmental and Social, ESM = Environmental and Social Management, ESA = Environmental and Social Analysis, ESIA = Environmental and Social Impact Assessment, ESMP = Environmental and Social Management Plan

ANNEX 1

INDICATIVE TYPES OF PROJECT PROPOSALS BY RISK CATEGORY

Category A - High Risk

Examples include project proposals that:

- Involve large-scale industrial forestry
- Involve extensive new road construction using heavy equipment
- Involve extensive forest clearing or forest land use changes
- Negatively impact primary forests or other high value conservation forests
- May significantly increase forest vulnerability to fire, disease or pests
- May adversely impact critical habitats or highly sensitive ecosystems
- May adversely impact the rights, lands, resources or territories of indigenous peoples
- May adversely affect the rights, roles and influence of women
- Significantly impact sources of local income
- Involve significant displacement and/or resettlement of people
- Significantly reduce water quality, quantity and/or flow
- Significantly increase risks of flooding, mudslides and other disasters
- Produce significant greenhouse gas emissions
- Pose serious occupational or health risks
- Generate deliverables that cannot be sustained over time by the implementing country

Category B – Moderate/Medium Risk

Examples include project proposals that involve/include:

- Medium-scale reforestation/restoration
- Medium-scale wood product production and processing
- Minor to moderate forest land clearing or forest land use changes
- Moderate expansion/intensification of planted forests
- Interventions with potential negative socio-economic effects (e.g. increased conflict between user groups)
- Short distance road construction through forest landscapes
- Limited human resettlement

Category C – Minimal or No Risk

Examples include project proposals that focus on:

- Education, training or capacity building
- Demonstration activities, including reduced impact logging (RIL) techniques
- Forest policy development
- Forest management planning and studies
- Community forest management activities (e.g. small-scale watershed and habitat management, and small-scale infrastructure)
- Small-scale reforestation/restoration
- Small-scale forest-based enterprises
- Field surveys and forest inventories (including remote sensing and geospatial analysis)
- Research and extension services

ANNEX 2 ITTO ES SCREENING CHECKLIST QUESTIONNAIRE

PD #:

Evaluator:

Date:

<p>This ES Checklist Questionnaire is for use by project proponents in conducting the initial ES Screening of the potential risks/impacts of a project proposal based on available data and information.¹⁰ For each question, please provide one of the following answers: Yes, No, Unknown or Not Applicable (N/A). Based on the completed checklist, please rate potential project risks/impacts as Category A (high risk), Category B (moderate risk) or Category C (low/no risk).</p>	
PART 1 – PRINCIPLES	ANSWER
<i>For Questions 1-11: Do project activities/interventions have the potential to:</i>	Yes No Unknown N/A
Principle 1: Environmental sustainability	
1. Negatively impact the essential functions of forest ecosystems, e.g. by reducing carbon sequestration or disaster risk reduction, or by impairing forest health, water quality or air quality?	
2. Adversely impact (directly or indirectly) nationally or internationally threatened or endangered species (listed or proposed for listing) or their habitats?	
<i>Brief justification of answers to Qs 1-2:</i>	
Principle 2: Social sustainability	
3. Adversely affect the livelihoods, subsistence or well-being of communities or people, including marginalized or vulnerable individuals or groups or people living in poverty?	
4. Adversely affect forest-based socio-economic benefits and opportunities, working conditions or cultural heritage?	
<i>Brief justification of answers to Qs 3-4:</i>	
Principle 3: Gender equality and empowering woman	
5. Adversely impact gender equality or the situation of women and girls?	
6. Discriminate against women based on gender or make it difficult for women to participate in, influence and benefit from project design and implementation?	
<i>Brief justification of answers to Qs 5-6:</i>	

¹⁰ The ES Checklist will also serve as a reference for ITTO screening of project proposals submitted by ITTO Focal Points.

Principle 4: Good governance	
7. Provide less than meaningful stakeholder participation during any part of the project process, or demonstrate a lack transparency, accountability or inclusive decision-making?	
8. Foster a non-cross-sectoral approach to issue identification and resolution?	
9. Fail to follow the rule of law?	
<i>Brief justification of answers to Qs 7-9</i>	
Principle 5: Security of tenure to forest land and resources	
10. Trigger land conflicts or worsen unresolved issues concerning legal or customary rights to forest land or access to forest resources?	
11. Negatively impact indigenous peoples in terms of their rights, lands, resources or traditional livelihoods, or encroach on territories customarily used or occupied by indigenous peoples?	
<i>Brief justification of answers to Qs 10-11</i>	
PART 2 - ENVIRONMENTAL AND SOCIAL STANDARDS	
For Questions 1-31: If implemented, is the project likely to:	ANSWER Yes No Unknown N/A
ESS 1: Stakeholder Analysis	
1. Ensure that stakeholders will be engaged in all stages of the project cycle, including implementation, monitoring and evaluation?	
2. Improve existing forest-related land tenure arrangements?	
ESS 2: Gender Analysis	
3. Provide equitable opportunities for men and women in stakeholder consultations and decision-making during project formulation, implementation and evaluation?	
4. Generate gender co-benefits in project interventions?	
5. Include collection of quantitative and/or qualitative sex-disaggregated data?	
ESS 3: Conservation of biodiversity and protection of ecosystem services	
6. Reflect an integrated conservation and development approach in defining project interventions to manage impacts?	
7. Adhere to the "ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests"?	
8. Comply with relevant national/subnational/local environmental laws and regulations?	
9. Comply with your country's international obligations (e.g. as a party to CBD, CITES and/or Ramsar)?	
10. Exacerbate human-wildlife conflicts or bush meat issues?	
11. Degrade primary forests, critical habitats, or environmentally sensitive or high value	

conservation areas, or pose risks to endangered or threatened species?	
12. Increase forest vulnerability to disease, pests, invasive alien species or fire events?	
13. Increase risk of disasters (e.g. floods, landslides)?	
ESS 4: Forest-based climate change mitigation (including carbon storage in wood products) and adaptation	
14. Maintain or increase/enhance forest area and/or carbon stocks?	
15. Increase risks of fire events?	
16. Maintain or increase the resilience and adaptive capacity of forest ecosystems and local communities to natural disasters and the impacts of climate change?	
17. Comply with your country's relevant international obligations as a party to the UNFCCC and Paris Agreement and contribute to your forest-related nationally determined contributions (NDCs)?	
ESS 5: Sustainable Management of Natural Tropical Forests	
18. Benefit local communities?	
19. Adhere to the "ITTO Voluntary Guidelines for the sustainable management of natural tropical forests"?	
20. Apply reduced impact logging techniques?	
21. Comply with applicable national/sub-national/local SFM performance standards and safety standards for forest workers (e.g. loggers, equipment operators, etc.)?	
22. Comply with your country's relevant international obligations (e.g. as a member of ILO)?	
ESS 6: Restoration and rehabilitation of degraded forest landscapes	
23. Adhere to the ITTO "Guidelines for forest landscape restoration in the tropics" ¹¹ ?	
24. Adhere to the "ITTO Guidelines for the establishment and sustainable management of planted tropical forests"?	
25. Select tree species for planting in close consultation with local stakeholders, taking into account the ecological, social, cultural and economic values of the species?	
ESS 7: Forest products production and processing (wood and non-wood)	
26. Create local employment, business or market opportunities?	
27. Promote efficient and innovative production and processing of forest products?	
28. Comply with national/subnational/local air and water quality standards and labor standards for production workers (e.g. regarding health and safety, child labor, sexual harassment, etc.)?	
29. Comply with your country's relevant international obligations (e.g. as a party to CBC, CITES or Ramsar or as member of ILO)?	
30. Reduce waste and/or increase recycling?	

¹¹ The title will be adjusted as needed to reflect the final title of the guidelines adopted by Council.

ANNEX 3

KEY ELEMENTS OF AN ITTO ES IMPACT ASSESSMENT (ESIA) AND ES ANALYSIS (ESA)¹²

A. Elements of an ES Impact Assessment (ESIA)

An ES Impact Assessment (ESIA) is prepared for a project proposal rated Category A, i.e. a project with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible or unprecedented. The ESIA report will include the following elements:

1. Project description

This section concisely describes the proposed project, including: Proponents and other participants and their roles; location and geographic extent (with a map); and objectives, expected results/outcomes/outputs and main activities, including a log frame.

2. Analysis of the legal, policy and administrative framework

This section concisely describes the legal, regulatory and administrative (jurisdictional) framework within which the project takes place. It identifies national, subnational, local and where applicable laws/regulations that pertain to the ES aspects of the project, as well as requirements of any co-financing partners, if applicable.

3. Stakeholder engagement, including women

This section builds on the stakeholder and gender analyses conducted during initial project formulation. It describes how stakeholders (women and men) have been further engaged to help identify and describe potential ES risks/impacts and the measures needed to address them. It summarizes the views, inputs and expectations in this regard by stakeholder group, including women. It also outlines opportunities for further stakeholder consultations as appropriate.

4. Baseline data

This section describes existing ES conditions in the project area. This includes biophysical conditions (area of forest, forest health and related threats, soil and water conditions, species diversity, etc.) and socio-economic conditions (use of and access to forests and forest resources, forest-based and other income generating enterprises, microfinancing, respective roles of women and men, etc.). Where appropriate, it also includes a description of the role of forests and forest resources at the landscape level.

5. Risk/impact assessment

This section is at the heart of the ESIA report. Building on responses to the ES Checklist Questionnaire, the section itemizes and describes ES risks and impacts with reference to the baseline data in Element 4, makes predictions about their probability and assesses their significance. This section should give particular attention to risks/impacts with respect to the seven ITTO ES Standards (ESSs), such as adverse effects on ecosystem services, community livelihoods and cultural heritage.

6. Analysis of options

This section considers options for reducing and mitigating the impacts/risks identified in Element 5, for example by modifying or eliminating project components, adding additional safeguards, or incorporating or

¹² The content and level of detail in an ESIA will vary widely depending of the scale, scope and nature of the project proposal.

enhancing capacity building activities. The analysis should identify the preferred option and explain why it was chosen.

7. ES Management Plan (ESMP)

This section sets out the specific measures to be undertaken to manage (avoid, minimize, mitigate, compensate) risks/impacts associated with the preferred option in Element 6. The ES Management Plan includes cost estimates for the measures to be taken, including compliance, which will be reflected in the project budget. It describes the executing agency's technical and financial capacity to undertake specific ESM measures (i.e. implement the management plan) on a sustained basis over time and, where needed, provides for capacity building activities, also to be reflected in the budget. It also outlines a process or schedule for public consultations and includes a grievance mechanism to resolve disputes should they arise.

B. Elements of an ES Analysis (ESA)

An ES Analysis is prepared for a project proposal rated Category B, i.e. a project with potential 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. An ESA report will include Elements 1, 2, 3, 4, 5 and 7 above but in a more abbreviated way reflecting the site-specific and limited nature of potential risks/impacts. The content and level of detail in an ESA will vary widely depending of the scale, scope and nature of the project proposal.

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