

Profonanpe
Comprometidos por naturaleza

**ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM
(ESMS)**

Peruvian Amazon Eco Bio Business Facility -EBBF

February 2025

Project title: Peruvian Amazon Eco Bio Business Facility

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1. Glossary

The definition of the terms used in this manual are established in the Law of the National System of Environmental Impact Assessment (SEIA) approved by Supreme Decree No. 019-2009-MINAM, as well as in environmental policies and social (PAS) of Profonampe. It is important to mention that according to article 34 of the SEIA Law, any reference to the environmental impact in the SEIA framework includes the social impacts related to the implementation of the project.

The terms used in the ESMS are detailed below:

- **Competent authority:** State entity at the national, regional or local level, which in accordance with its powers and as provided by its specific regulations, exercises powers in environmental matters, natural resources, biological diversity, population, human health, climatic factors, heritage historical and cultural, protected natural areas, evaluation and environmental control and other matters associated with the SEIA; without assuming functions and powers fulfilled by other levels of government.
- **Biological diversity:** It is the variability of living organisms from any source including, among others, terrestrial and marine ecosystems and other aquatic ecosystems, as well as the ecological complexes of which they are part. It also includes diversity within the species, between species and within ecosystems and their relationship with others, in accordance with the Convention on Biological Diversity.
- **Environmental impact:** Positive or negative alteration of one or more of the components of the environment, caused by the action of a project.
- **Cumulative impacts:** Impact on the environment caused by projects developed or by taking place in a space of common influence, which can have a synergistic effect. Cumulative impacts can be the result of minor actions seen individually, but significant as a whole.
- **Significant negative environmental impact:** Those environmental impacts or alterations that occur in one, several or all of the factors that make up the environment, as a result of the execution of projects or activities with characteristics, scope or location with certain particularities. The identification and assessment of these negative environmental impacts require an in-depth qualitative and quantitative analysis, as well as an Environmental Management Strategy that includes preventive, corrective and mitigation measures.
- **Direct impacts:** Effects caused by human action on the components of the environment, with direct influence on them, defining their cause-effect relationship.
- **Indirect impacts:** Effects caused by human action on the components of the environment, from the occurrence of others with which they are interrelated or sequential.
- **Synergistic impacts:** Environmental effect or alteration that occurs as a consequence of various actions, and whose final incidence is greater than the sum of the partial impacts.
- **Mitigation:** Measures or activities aimed at mitigating or minimizing the negative impacts that a project can generate on the environment.

- Environmental Management Plan: Instrument to reestablish the prevention, control, minimization, correction and recovery measures of the potential environmental impacts that the projects could originate in its development.
- Environmental risk: Probability of occurrence of damage or effect on ecosystems or the environment derived from a natural, anthropogenic or technological phenomenon.
- SEAH: Sexual Exploitation, Sexual Abuse and Sexual Harassment.

2. Introduction

Peru has experienced strong economic growth in recent years, reducing poverty from 56 percent to 22 percent between 2005 and 2018¹. However, the pace of progress significantly slowed down during the past five years as the global commodities boom retreated. As a result, in 2019 the country's poverty rate showed a 1 percent increase in the number of people living below the poverty threshold². In fact, despite its upper-middle-income status, inequality remains high and poverty is concentrated among rural, indigenous populations, who are also the most affected by climate change. In the absence of sufficient climate change mitigation and adaptation actions³, the Government of Peru estimates economic losses between 7.3 to 8.6 percent of the country's annual GDP between 2016 and 2050⁴.

Peru's deforestation rate is accelerating. The National Strategy for Forests and Climate Change (ENBCC, Peru's REDD+ strategy) identifies three main drivers of deforestation: (i) expansion of the agriculture frontier, (ii) illicit timber extraction and (iii) expansion of infrastructure and extractive industries.

The expansion of the agriculture frontier, mainly by small-scale farmers, is a key driver of deforestation. This is fueled by multiple factors, including low productivity of farming practices, lack of mechanization, scarce availability of technical assistance, increasing poverty levels and migration to the Amazon region. These factors coupled with the booming demand for specific agriculture commodities (e.g. coffee and cocoa) place increased pressure on the Amazon forest. Low crop yield productivity leaves clearing of land as the only means to increase farmers production. Given the current context, agriculture enterprises are unlikely to escape this situation due to a chronic lack of private investments and limited knowledge of sustainable use of forest resources.

Poorly planned infrastructure and illicit activities, mostly illegal gold mining and coca cultivation, are some of the main drivers of deforestation. Sociocultural factors, such as low environmental awareness and lack of technical knowledge for sustainable use of forest resources is forcing a growing number of Peruvian rural communities into these activities. Illegal gold mining has been an increasing driver of deforestation, due to increasing poverty and gold price in international markets. Weak forest governance is another key culprit of growing deforestation rates, mostly due to lack of control and enforcement of laws at the

¹ <https://www.macrotrends.net/countries/PER/peru/poverty-rate>

² <https://www.reuters.com/article/us-peru-poverty/peru-poverty-rate-rises-for-first-time-in-16-years-government-idUSKBN1HV2L2#:~:text=Some%206.9%20million%20Peruvians%20now,to%20some%2010%20million%20people.>

³ Please see Annex B, which details major REDD+ financing to date and existing gaps.

⁴ <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Peru%20First/iNDC%20Per%C3%BA%20castellano.pdf>

regional/subnational levels, lack of appropriate measuring and monitoring tools, and poor interagency coordination.

The Amazon Eco Bio Business Facility (EBBF)'s purpose results an effective climate change mitigation outcomes by investing in eco bio businesses (EBBs) supporting the sustainable management and conservation of Peruvian forests. Therefore, the proposed project contributes to shifting the current development pathway towards a more sustainable use of forest resources and reverse the country's deforestation trend.

Implemented under PROFONANPE's institutional framework, and capitalized with GCF funding, the EBBF seeks to contribute to Peru's national climate change mitigation objectives. In doing so, the EBBF aims to directly contribute to the implementation national policies to implement REDD+ actions and eco and bio businesses in the Peruvian Amazon Region. Accordingly, the EBBF will adhere to a comprehensive set of environmental and social safeguards policies to avoid, prevent, minimize and mitigate potential negative impacts to people and their environment and strive to develop benefits in the development process.

EBBs are mentioned extensively in Peru's NDC strategy for both adaptation and mitigation targets across the forestry, agriculture and fisheries sectors. The Government of Peru defines EBBs as "economic activities devoted to the production of goods and services deriving from the sustainable use of biodiversity, or that seek to mitigate negative environmental impacts through the integration of sustainable environmental, social and economic practices that contribute to the conservation of natural ecosystems".

Peru's NDC and Bio commerce National Strategy and Action Plan 2025⁵ prioritize the promotion and scale up of private and public EBBs to promote forest conservation and restoration in order to meet mitigation targets, and to increase the contribution of the forestry sector to the country's GDP to the benefit of vulnerable and rural communities.

Despite growing interest in EBBs, several significant barriers hinder the establishment and scale-up of successful EBBs such as entrepreneurial and management skills, especially for women, innovation and technology, access to market, and access to finance. In addition, these types of projects could have o risks for the population, especially for women and the indigenous communities, such as the concentration of power and representation functions in decision-making bodies by men, which discourages the participation of women and the identification of their needs. Also, difficulties for women to enter the labor market in adequate and equal conditions, which will generate an unequal use of the benefits of the projects and scarce information on the situation of women in the forestry sector and eco and bio-business, which makes it difficult to make decisions and design differentiated actions.

The implementation of eco-bio businesses also have environmental risks related to the sustainable use of biodiversity such as the extraction of natural resources beyond its sustainable renewal, and the impacts in the execution of the activities like increased liquid and solid waste or increased use of fossil fuels.

⁵ <https://consultasenlinea.mincetur.gob.pe/DocumentosNormativos/Publico/Imagen.aspx?ITEM=132856>

The Amazon Eco Bio Business Facility will provide technical and financial support to EBBs to promote the shift to sustainable agriculture and cattle ranching practices (ENBCC AE.2) contributing to increasing the value of standing forests through the establishment and scale-up of financially viable forest-based businesses (ENBCC AE.1).

The safeguard policies of the Amazon Eco Bio Business Facility (EBBF) based on the “Equator Principles”, the Green Climate Fund’s Environmental and Social Safeguards and PROFONANPE’s Environmental and Social Policy with the aim of guaranteeing that social and environmental issues be fully considered in the financing of projects managed by the EBBF.

Under such safeguards, the EBBF commit to provide grants and repayable grants only to those programs and / or projects whose executors can demonstrate their ability and willingness to comply with all the processes that ensure that they are carried out with environmental and social responsibility, guaranteeing in this way the sustainability of investments in both aspects.

Within the framework of this sustainability approach, the EBBF adopts a set of environmental, social and gender policies (safeguards), which aim to a) avoid, mitigate and manage the possible adverse environmental and social risks and impacts that may arise during the implementation of its programs and projects, and b) improve the environmental and social benefits and opportunities for the local populations involved.

These systems are the result of Profonanpe's experience with the different international cooperation organizations that have financed the implementation of programs and projects for the conservation of biological diversity and sustainable development in the country.

This manual is a tool for internal use by the EBBF staff for the implementation, monitoring and evaluation of EBBF’s environmental, social and gender policies, in the projects it manages. This conceptualizes environmental, social and gender policies, establishes the guidelines for the identification of the policies that will be activated in the projects, and describes the procedure for monitoring and evaluating them.

3. Responsibility for the implementation of the ESMS

The EBBF’s Facility Management Unit (FMU) is the body responsible for ensuring compliance with the ESMS, as well as for the correct application of this manual. The FMU is also responsible for the oversight and operation of the EBBF’s accountability mechanism, and for the assistance in the EBB accountability mechanism.

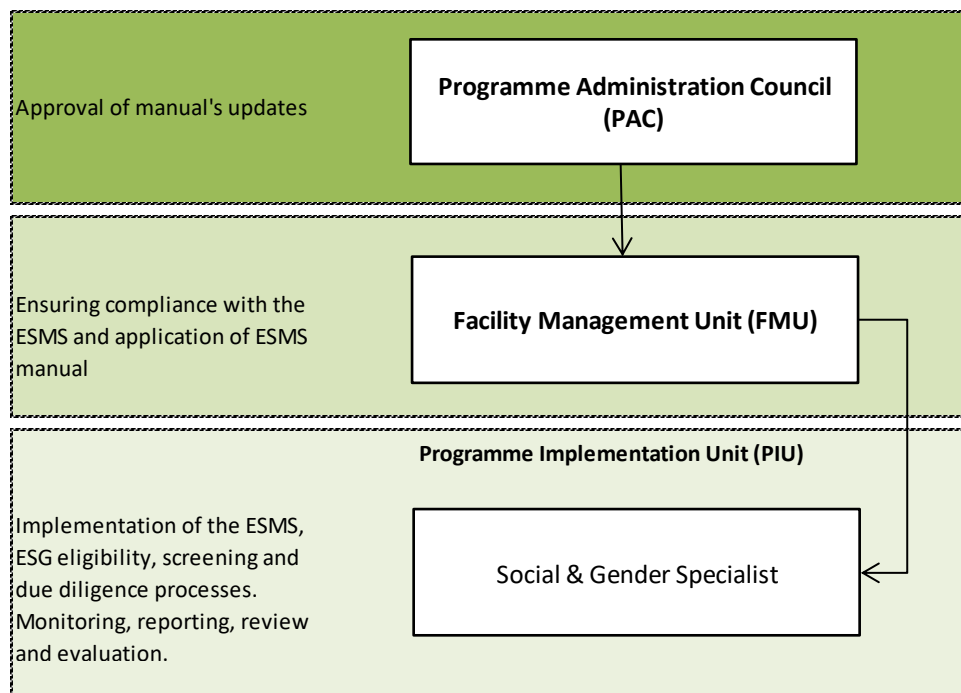
The social and gender specialist and the environmental specialist will have the responsibility and capacity to implement the project’s environmental and social safeguards (ESS) requirements. The environmental specialist will give support to the social and gender specialist. However, the main responsibility of the ESS management in the EBBF lifecycle will remain on the social and gender specialist.

The social & gender specialist will be under the supervision of the FMU, and will carry out the following functions:

- Implementation of the Social Management System (ESMS).
- Implementation of the ESG eligibility, screening and due diligence processes.
- Provide technical assistance to the FMU and the portfolio projects regarding gender and indigenous people policies.
- Provide training and technical assistance to EBBs to make the gender assessment, the gender action plan and in the areas where indigenous people are involving, the Indigenous peoples plan.
- Monitoring, reporting, review and evaluation processes of the safeguard policies including gender and indigenous people policies.
- Elaborating the annual report regarding status of fulfillment safeguard policies gender and indigenous people policies.

Training and technical assistance to ensure compliance with GAP and Indigenous Peoples requirements, will be provided by FMU. If necessary, it will have also the support from Indigenous Peoples Office from Profonanpe.

Figure 01: Institutional arrangement relationship for ESMS



It is also important to mention that the Annual Operating Plan of the Facility incorporates annual implementation actions for EBBF's ESMS, Stakeholders Engagement Plan and Accountability Mechanism, which will be developed by the Social and Gender Specialist.

4. CHAPTER I: Environmental and Social Policy

Purpose and Scope

1. The Amazon Eco Bio Business Facility (the Facility) is committed to actively promote sustainable development in the full range of its activities and investments. The Facility recognizes the environmental and social functions of property, forest resources and forest-related ecosystem services. Through providing finance to sustainable forest operations with sound governance systems, the Facility aims to integrate forest resources effectively into sustainable economic development.
2. In this Policy the term Portfolio Company refers to the organization in which the Facility's resources are invested in.
3. This Policy outlines the environmental, social and governance (ESG) principles and commitments that underpin the Facility's activities. All further ESG guidelines, requirements and procedures on Facility and EBB level shall be developed accordingly.

Principles

4. The Facility promotes an integrated approach to nature conservation and social development, aligning eco bio business operations to applicable national nature conservation and social development laws, wider landscape approaches, strategic planning processes and land use plans.
5. The Facility applies a precautionary approach to the conservation, management and sustainable use of living natural resources by investing in EBBs that include measures to safeguard and, where feasible, enhance habitats and the biodiversity they support.
6. The Facility applies the principle of the mitigation hierarchy, seeking to avoid, and where this is not possible, minimize adverse impacts and enhance positive effects on the environment and affected stakeholders, so as to contribute to the avoidance of any deterioration in the quality of human life, the environment and any net loss of biodiversity and ecosystems.
7. The Facility promotes the efficient use of natural resources, the adoption of environmental and social safeguards, and the reduction of emissions of greenhouse gases.
8. The Facility recognizes the importance of addressing the causes and the consequences of climate change in Peru by developing mitigation measures.
9. The Facility recognizes the responsibility of business to respect human rights and seeks to avoid infringement on the human rights of others and address adverse human rights impacts that financed business operations may cause or contribute to.
10. The Facility seeks to apply the principles of fair treatment, non-discrimination and equal opportunity for employees and contractors on Facility and EBB level by complying with the International Labour Organisation Fundamental Conventions.
11. The Facility has zero tolerance for all forms of Sexual Exploitation, Sexual Abuse and Sexual Harassment - SEAH in the Facility activities. The facility will prevent and respond effectively to SEAH in a survivor-centred and gender-responsive way. This includes protecting persons, especially persons in vulnerable positions and situations, and survivors of SEAH.

Environmental and Social Policy

Based on the experience acquired by Profonanpe, the EBBF defines safeguards as a set of environmental, and social (ESP) that seek to:

- Avoid, correct, mitigate and manage the possible adverse environmental and social risks and impacts that may arise during the implementation of its investee projects,
- Improve the environmental and social benefits and opportunities for the local populations involved.

In this sense, the EBBF's ESP adopts Profonanpe's eleven (11) Environmental and Social Policies that must be addressed as an essential requirement in the design and implementation of the EBBF's EBBs. These policies are the following:

➤ **ESP 1. Assessment and management of environmental and social impacts and risks**

The EBBs managed by the Facility are essentially and by design, environmentally and socially sustainable. To guarantee this sustainability, during its design and implementation, all must adequately identify and evaluate the possible environmental and social risks and negative impacts on the environment, cultural heritage, people's health, lifestyles and the rights of indigenous peoples and local communities, in accordance with the criteria of environmental protection, established by Law of the National System of Environmental Impact Assessment (Law No. 27446) and its Regulations (Supreme Decree No. 019-2009-MINAM). Likewise, the potentially affected actors (men and women) in the implementation of the program / project must be identified.

The main objectives of ESP 1 are:

- (1) Identify the Facility level and EBB level environmental and social impacts and risks.
- (2) Establish an efficient and effective plan for managing previously identified environmental and social impacts and risks to avoid and / or mitigate them.
- (3) Establish responsibilities for managing, monitoring and evaluating environmental and social impacts and risks.
- (4) Guarantee that affected communities have adequate access to information during all phases of the project cycle.
- (5) Ensure that complaints and suggestions from the affected population are addressed.
- (6) Ensure that the gender approach is taken into account during all phases of the program.

➤ **ESP 2. Compliance with national laws and regulations**

The Facility demands unrestricted respect for the existing environmental, social and labor regulations in Peru from the EBBs it manages. It also requires respect for human rights, with special attention to the rights of children and adolescents.

The main objectives of ESP 2 are:

- (1) To ensure compliance with national legislation and international commitments derived from agreements, conventions, etc.
- (2) Establish the necessary procedures to ensure compliance by EBBs.

➤ **ESP 3. Conservation of biological diversity**

Conservation of biological diversity is an opportunity to achieve social and economic objectives that benefit Peru's population. In this sense, the Facility is committed to select and manage EBBs contributing

to the conservation and improvement of biological diversity, seeking social and economic development, without causing adverse damage to natural resources.

The main objectives of ESP 3 are:

- (1) Conserve ecosystems, biological diversity, species and genes.
- (2) Maintain and improve ecosystem services.
- (3) Promote the sustainable management of natural resources through practices that align with the Sustainable Development Goals (SDGs)⁶.

Note:

The Facility does not operate directly, nor through its EBBs, in areas of fragile ecosystems as defined by General Environmental Law and Law No. 29895. The Facility does not support the conversion of natural ecosystems that may generate the loss of biological diversity or promote the introduction of invasive alien species.

➤ **ESP 4. Climate change**

The Facility seeks to link the objectives of conservation of biological diversity with those of mitigation to climate change. Therefore, in its operations it prioritizes EBBs that are aligned with national climate change objectives and priorities, that contribute to the reduction of greenhouse gases (GHG).

The main objectives of ESP 4 are:

- (1) Guarantee low-carbon development in activities related to the conservation of biological diversity.
- (2) Contribute to reducing vulnerability and increasing the adaptability and resilience of ecosystems and populations to climate change.

➤ **ESP 5. Pollution prevention**

The economic activities carried out in rural areas have the potential to generate and / or contribute to the increase of air, water and soil contamination, thus affecting the ecosystems and the health of the people of the neighboring populations. The use of pesticides, in agricultural activities, hazardous and non-hazardous solid and / or gaseous residues derived from economic activities of an industrial nature, are some of the examples.

The EBBF requires its EBBs to consider specific measures to prevent contamination that could be generated by the implementation of their activities. This implies the use of clean technologies and the development of good practices for the management of solid, liquid or gaseous waste that could be generated.

The main objective of ESP 5 is:

- Avoid or minimize possible air, water and soil contamination in the areas of intervention.

➤ **ESP 6. Involvement and participation of actors**

The Facility promotes and applies participatory management through the intervention of local populations in decision-making during the different stages of the project cycle (design, planning,

⁶ <http://www.undp.org/content/undp/es/home/sustainable-development-goals.html>

execution, monitoring and evaluation). In this way, it fosters appropriation, empowerment and capacity building, thus generating the sustainability of the EBBs it manages.

The main objectives of ESP 6 are:

- (1) Ensure the full and effective participation of the populations linked to the project.
- (2) Establish effective and inclusive means of involvement of the actors linked to the project

➤ **ESP 7. Gender approach**

The Facility promotes equal opportunities and rights for women, and it implements a gender approach in decision making process. EBBs must seek to promote the participation of women in all aspects of project implementation and generate equal opportunities and equitable power relations to close the gender gaps.

The main objectives of ESP 7 are:

- (1) Ensure the mainstreaming of the gender approach in EBBs.
- (2) Establish effective and inclusive means for the full and effective participation of women in projects implementation.

➤ **ESP 8. Indigenous and Native Peoples**

The Facility is committed to building a democratic and peaceful coexistence, promoting the recognition and valorization of cultural diversity. The Facility's EBBs must demonstrate an intercultural approach through the incorporation of the different culture and needs of indigenous or native populations through the recognition of their right to self-determination, their lands, resources and territories, traditional life and culture.

The EBBs must go through an adequate identification of the possibly affected populations; in the same way, they must go through an informative process during all its stages that ensure the participation of indigenous or native peoples. This will allow the EBBs to be developed in dialogue with these populations in such a way that their contributions allow the mitigation of possible impacts and risks that affect their rights.

The main objectives of ESP 8 are:

- (1) Avoid any damage or negative impact that EBBs may cause to indigenous or native peoples.
- (2) Promote the benefits and opportunities of sustainable development for indigenous or native peoples.
- (3) Ensure the full and effective participation of indigenous or native peoples, through appropriate cultural practices.

➤ **ESP 9. Cultural Heritage**

The Facility recognizes and respects the Cultural Heritage of Peru for its importance, value and meaning for the country's identity and as the axis of its social and economic development.

The main objectives of ESP 9 are:

- (1) Avoid any damage or negative affectation on the cultural heritage derived from the management of the EBBs.
- (2) Promote the equitable exchange of benefits from the use of cultural heritage.

➤ **ESP 10. Involuntary resettlement and / or restriction on the use of renewable natural resources**

The Facility prioritizes EBBs that promote the sustainable use of natural resources by local populations. The Facility does not support companies or projects that may entail risks of physical and / or economic displacement of indigenous and local communities or cause restriction of access to protected areas or areas and / or use of natural resources.

The Facility does not manage programs / projects that generate the involuntary resettlement of populations.

The main objectives of ESP 10 are:

(1) Anticipate and avoid involuntary resettlement or restriction of the use of natural resources derived from the implementation of the EBBs.

(2) Mitigate adverse social and environmental impacts derived from the restriction of use of resources, which have been identified as unavoidable when implementing the program.

(3) Consider improving the means and quality of life conditions of rural and indigenous populations.

➤ **ESP 11. Job safety**

The Facility ensures that its staff, and the staff of EBBs and their direct counterparts⁷, implement adequate occupational safety conditions to prevent accidents, injuries and illnesses.

This ESP concerns the risk to the security of personnel and EBBs teams, caused by chemical, physical or biological agents during the course of project activities, as well as environmental and social conditions that may pose a risk to the physical and psychological integrity of these.

The main objective of ESP 11 is:

(1) Anticipate and avoid any risk derived from the execution of the Facility and EBBs that may negatively affect its personnel, project teams and their counterparts.

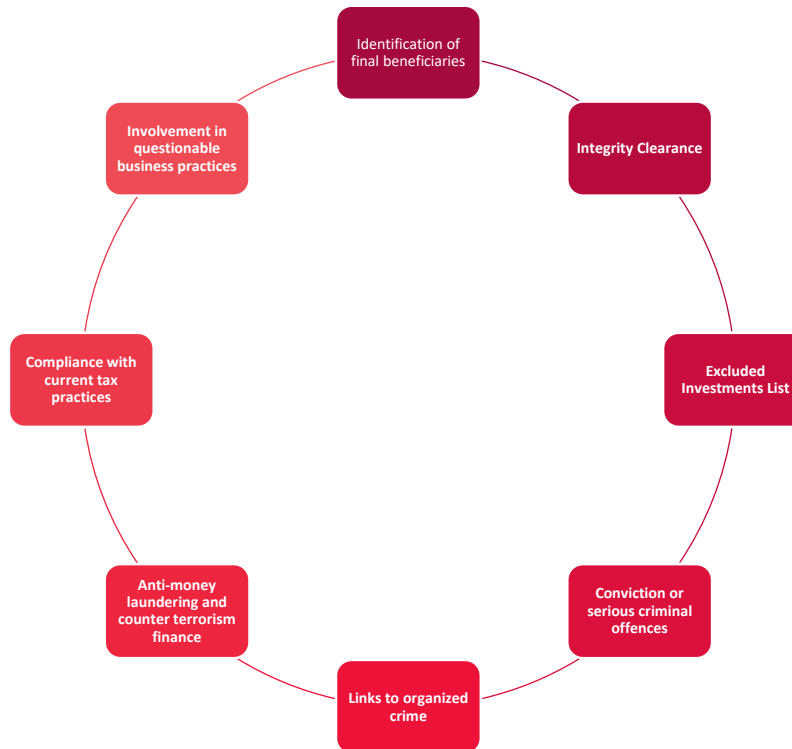
⁷ Third parties receiving financing and / or technical support from the Facility

5. CHAPTER II: ESG Requirements and Standards

All of the EBBF operations and EBBs shall comply with the following requirements and standards.

Facility Integrity and Good Governance Standards

Figure 02: EBBF’s Integrity and Good Governance Standards



Identification of final beneficiaries

The Facility seeks to promote transparency of ownership and control. Accordingly, the Facility shall not enter into new investments whenever it is suspected or where there are substantiated allegations, that opaque corporate structures or corporate vehicles are being used to hide beneficial ownership. As part of the Due Diligence the Project Implementation Unit will identify the final beneficiary ownership of the potential EBBs.

Integrity Clearance

Widely accepted and internationally recognized “black lists” will be consulted to verify whether the proposed persons, or entities or their management or shareholders, appear on any of them. If during the Due Diligence process of an investment opportunity integrity red-flags are identified but cannot not be confirmed due to insufficient reliable evidence during the assessment, an additional background check may be commissioned to an independent specialized company. Background checks shall review the potential EBBs and its officers’ current and past compliance with the integrity principles of the Facility and

its level of involvement in activities included in the Excluded Investments List (see *Annex 02: Exclusion List*).

Excluded Investments List

During the Due Diligence of an investment opportunity the FMU team will assess whether it is in line with the investment criteria and ESMS of the Facility. A main tool at this stage is the Exclusion List (see *Annex 02: Exclusion List*) of the Facility which lists activities excluded to be financed by the Facility. If a potential investment opportunity includes any of the businesses or activities included in the list the investment process may not proceed.

Conviction or serious criminal offenses

Conviction of a serious crime of the potential EBBs and/or any member of its management or executive board is a reason to turn down an investment opportunity. As a general principle, in the case of an on-going serious criminal investigation or where someone has been indicted, the Facility shall not enter into the relationship until the investigation is either dropped or a decision is made whether to prosecute. In the context of an already on-going investment by the Facility, the FMU shall review and analyze the potential impact of situations in which a criminal investigation is opened, or a criminal prosecution is initiated, or a criminal conviction is handed down, immediately upon receipt of the respective information. The same process applies if EBBs are subject to investigations or sanctions by regulatory bodies.

Links to organized crime

The Facility shall not proceed with an investment where evidence points to involvement with any of the following activities:

- Organized crime or associations with organized criminal groups or criminals;
- Participation in money laundering or terrorist financing operations;
- Association with acts of violence or threats thereof.

Anti-money laundering and counter terrorism finance

The Facility shall evaluate internal policies and controls in place at the potential EBBs to avoid being used as a platform for any money laundering and/or terrorism financing scheme and the level of compliance of such policies and controls with local and international standards.

Compliance with current tax practices

The Facility shall not proceed with an investment where there is evidence of on-going illegal tax activities. In case the legality of the practices may not be clear or may be considered marginal, It is for the FMU to decide, taking account of exceptional circumstances (e.g. the practice is “condoned” by local authorities or is in line with generally accepted international practice) whether it can accept a period of uncertainty or minor non-compliance where it is confident that the legal and reputational risk is low.

Involvement in questionable business practices

In addition to the cases described above, the Facility shall avoid entering an investment at a potential EBBs where there is evidence of involvement in poor, questionable or dubious business practices. Examples of such practices might include, but are not limited to, systematic abuse of information asymmetries between the potential EBBs and its clients, remuneration of some staff deemed excessive given the size and profitability of the potential EBBs, existence of dubious investment vehicles totally or

partially owned by the potential EBBs, allegations of involvement in corruption practices. Evidence found by the FMU leading to suspicion of a EBBs or potential EBBs involvement in such practices shall be immediately communicated to the Project Administration Council.

Environmental and Social Standards

ESG Key Performance Indicators

Through investments in sustainable plantation forestry projects, the Facility aims at creating a wide range of positive environmental and social impacts. In order to measure its environmental and social performance, the Facility has defined five Key Performance Indicators (KPIs) that reflect direct impacts of Facility operations and can be measured in a transparent and simple manner.

The five ESG KPIs include:

- Employment generated by the investments of the Facility;
- Tonnes of CO₂ reduced or avoided from forest and land under sustainable management;
- Hectares of land or forests under improved and effective management;
- Number of females and males benefitting from the project activities;
- Number of indigenous people benefitting from project activities.

International Environmental and Social Standards

All ES related assessments, monitoring and reporting processes are based on Profonanpe's Environmental and Social Policy, the IFC Performance Standards and the GCF Revised Environmental and Social Policy. Annex 21 of Profonanpe's Operational Manual for the implementation of its E&S Policy provides a comprehensive comparison between Profonanpe's ESPs, IFC Performance standards and other international financial institutions. To ensure EBBs compliance to relevant standards, the auto-screening⁸ and the extended risk evaluation (screening checklist) as well as the *ESG Due Diligence Report* have been developed including all relevant aspects. Hence, evaluations will follow the structure and wording of the IFC Performance Standards.

⁸ The auto-screening is Annex 01 of the Intervention Guideline for Social and Environmental Risk Management at the EBBF level.

6. CHAPTER III: ESMS Operational Guidelines

The Principles and Commitments stated in the Environmental and Social Policy included in Chapter I are a cornerstone of all business operations of the Facility. Compliance with the E&S Policy will be achieved through an Environmental and Social Management System (ESMS) implemented at two levels:

- **ESMS at EBB level:** EBBs will be required to adhere to the ESP requirements of the Facility. Each EBB will establish and maintain its own ESMS to assess, address and monitor ESG risks and impacts of company operations in line with the Facility requirements.
- **ESMS at Facility level:** The Facility Management Unit (FMU) will establish and maintain the Facility's ESMS to assess, oversee and support the management of ESG matters by the EBBs, as well as oversee ESG matters at overall EBB level.

These Operational Guidelines aim to provide the information needed to support the implementation and operationalization the ESMS. They are based on the IFC Policy and Performance Standards on Social and Environmental Sustainability, its Guidance Notes, GCF Environmental and Social Safeguards and Profonanpe's Environmental and Social Policy.

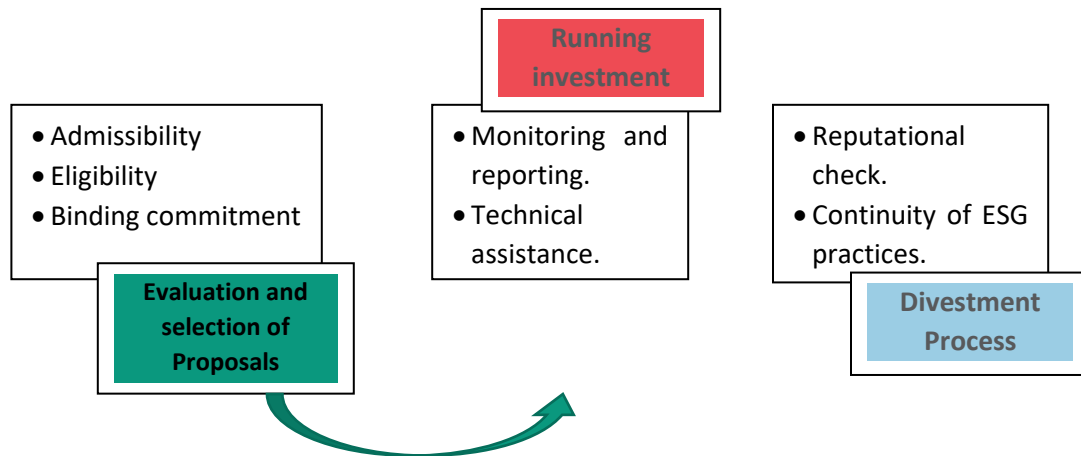
These Operational Guidelines are structured as follows:

- Section 1 provides an overview of the ESMS at the Facility level, describing the methods used throughout the investment lifecycle to assess, plan, implement, monitor and review the ESG performance of EBBs and their business plans against set standards.
- Section 2 provides an overview of the ESMS at the EBB level which represents an overarching requirement that shall define the framework to assess, manage and monitor all environmental and social matters in a structured way throughout the project cycle.
- Section 3 presents the resources allocated on Facility level to conduct all ESG related activities. It also gives an overview of the Sub-Project Disclosure Communication Process.
- Section 4 Accountability and Grievance Mechanism

Section 1: ESMS Management at the Facility Level

The implementation of the ESMS at the facility level is responsibility of the FMU, through its Social & Gender Specialist, and aims to facilitate the integration of environmental, social and governance principles, policies and standards throughout the facility and investments life cycle, from the evaluation process to the running investment stage, to divestment stage (see Figure 3).

Figure 03. Environmental and Social Management in the EBBF lifecycle



The steps and instruments needed for environmental and social management during the implementation of the Facility (windows 1 and 2) are explained below in the indicated stages. They are consistent with the Operations Manual⁹ of the Facility and are also reflected in the [Intervention Guide](#) for EBB as well as the annexes of this ESMS:

1. Evaluation and selection of Proposals

Admissibility

- Potential EBB completes the Environmental, Social and Gender risk self-assessment.

Eligibility:

- Extended environmental, social and gender risk assessment (including categorization and prevention and mitigation measures).
- Window 1: EBBs with B and C risk sign Memorandum of Understanding with Profonampe. This will include a simplified management plan of identified risks: an Environmental and Social Management Matrix.
- Window 2:
 - EBBs with risk C continue evaluation process: preparation and submission of Business Plan, technical assessment and ESG risks Due Diligence.
 - EBBs with risk B prepare disclosure package and wait for GCF approval (5 business days). In parallel, they prepare and send their Business Plan. If the disclosure package is

⁹ See Section 6. EBB admissibility, eligibility, and prioritization criteria, and Annex 1. Application and evaluation formats.

approved by the GCF, the EBB will continue to technical the assessment and ESG risks Due Diligence stage.

Binding Commitment:

- Approved Window 2 Due Diligence, Category B EBBs prepare the Environmental and Social Action Plan (ESAP)¹⁰ and Category C subprojects prepare the Environmental and Social Management Plan (ESMP)¹¹. The ESAP and ESMP will be included in the financing agreement¹².

2. Running investment:

- **Monitoring and reporting:** EBBs submit quarterly and annual reports to FMU, during the implementation of their subprojects financed by the EBBF. This is to ensure that these subprojects have a positive impact on the local population, their environment and the climate.
- **Ongoing technical assistance** and support from FMU for compliance with environmental, social and gender standards from EBBF.

3. Divestment Process

To ensure the sustainability of environmental and social standards after exit the Facility will carry out a reputation check on the potential co-investor and the exit process may not proceed if there is evidence that the potential investor is or has been involved in business practices listed in the Facility's Excluded Investments List. During exit negotiations, the FMU will to the extent possible, propose to select a new investor that ensures the continuity of high ESG standards.

- Reputational **check of the potential investor**, once the subproject financed by the Facility has been completed. The potential investor must not be involved in business practices included in the EBBF's Exclusion List (Annex 4 of the ESMS).
- The EBBF FMU will propose, to the extent possible, the articulation with a new investor which ensures **continuity of ESG standards**.

It is worth noting that, as aforementioned, the EBBF's ESMS and other relevant guidance and operational documents may be revised in preparation to the operation of the facility and the first EBB call for proposals, as appropriate.

Acceptable level of risk for EBBs and exclusion list

Consistent with Profonanze's accreditation conditions under the GCF, the EBBF will only select/approve EBBs whose environmental and social risk assessments results in risk Categories B or Category C, only. This is applicable to both Window 1 and Window 2.

- Category B: 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;
- Category C: Minimal or no adverse environmental or social risks and/or impacts.

¹⁰ The ESAP includes the monitoring matrices of ESIA, ESMP (including Stakeholder Engagement Plan and Grievance Mechanism) the IPP if applicable and the Gender Action Plan.

¹¹ The ESMP includes Stakeholder Engagement Plan and Grievance Mechanism.

¹² Safeguards tools for each EBB will be also indicated in the Memorandum of Understanding (Window 1) and in the financing agreement (Window 2).

Moreover, adhering to all applicable safeguards, the EBBF will not invest in EBBs which benefit from and/or which business revenue derives from any of activities in the EBBF exclusion list (see ESMS Annex 02: Exclusion List).

Section 2: Environmental and social risk assessment and management at the EBB level

The EBBF's ESMS constitutes a safeguards policy framework to ensure that selected EBBs adhere and comply with all applicable safeguards policies and provides a clear guidance on how EBBs should identify, assess, manage, monitor and report on potential environmental and social impacts, and associated management plans as relevant. In doing so, the EBBF aims to ensure that EBBs not only prevent, avoid and/or mitigate potential negative impacts but rather integrate environmental and social dimensions throughout their lifecycle. Moreover, through its ESMS the EBBF seeks to support and facilitate EBB's efforts to effectively deliver environmental, social and development benefits.

The EBBF will only support EBBs that are committed to comply with all criteria and requirements to ensure and demonstrate adherence with applicable safeguards, carrying out its operations consistent with the EBBF's environmental and social integrity and sustainability criteria, and so guarantees the sustainability of investments in both aspects.

The identification of environmental and social risks, their categorization and the identification of prevention and/or mitigation measures for their management during the life cycle of the EBBs is carried out in the Admissibility and Eligibility stages. The detailed description of these assessments will be made in the correspondent auto-screening and screening checklist forms (see Annex 01). The process is further described in the Intervention Guideline for Social and Environmental Risk Management at the EBB level. Similarly, the safeguards instruments carried out during the Eligibility stage will be monitored and reported on a quarterly and annual basis as appropriate.

Environmental and Social Risk Screening and Assessment at the EBB level

As previously stated, part of the submission of an EBB proposal during the investment stage of the Facility, and during each Call for Proposals cycle, EBBs will prepare a business plan, including a complete overview of proposed activities, investments and operations. For the admissibility stage, the EBB will complete an **environmental and social risk screening and assessment** (auto-screening), which will allow the identification and subsequently management of ESG risks. As next step, the evaluation will be complemented with an extended risk evaluation (screening checklist)¹³ which will indicate the environmental and social risk category of the EBB.

EBBs categorized as risk B must pass the disclosure process detailed in section 5.2 of the OM. This includes the preparation of the disclosure package, including the rationale/conclusion supporting the ESS categorization and considering the tools required for risk category B sub-projects. Once they have received approval from the GCF on their disclosure package, FMU will carry a Due Diligence (DD) process; risk C EBBs do not require to go through the disclosure process, so they do not require prior authorization from the GCF to carry out the DD.

¹³ As part of the extended risk evaluation, the FMU's social and gender specialist will verify that the EBB does not participate in the activities that are part of the Exclusion List detailed in Annex 02 of the ESMS.

The Social and Gender Specialist will prepare a DD Report (see Annex 04 in the ESMS), which will outline all ESG conditions and requirements and will inform the possibility of selection and approval. The DD report and the ESAP will come after the disclosure process for EBB with risk category B. Comments from GCF may be included in the DD and ESAP in order to show how the comments received were taken into consideration. Once the EBB has passed the DD, the results of the technical and financial feasibility assessment are awaited. If the EBB is prioritized to access financing from the Facility, the following requirements are communicated to them to sign the Financing Agreement.

EBBs categorized as risk B will prepare an Environmental and Social Action Plan (ESAP), and EBBs in risk category C will prepare an Environmental and Social Management Plan (ESMP) as part of their respective ESMS.

Environmental and Social Risk Management and Monitoring at the EBBF Level

Environmental and Social Action Plans (ESAP) (risk category B subprojects) and Environmental and Social Management Plans (ESMP) (risk category B subprojects), will identify priority ESG concerns, risk levels, actions required, delegated responsibilities, implementation timeline and costs involved. Furthermore, the ESAP will clearly delineate the monitoring processes that shall be undertaken by the EBB to prevent, correct and/or mitigate potential adverse impacts and risks identified as part of the ESIA. The EBB's ESAP should also outline positive actions to be implemented pursuant to the achievement of positive environmental and social outcomes consistent with the social and environmental priority criteria and objectives of the EBBF, consistent with the ESG KPIs. A detailed outline and guidance for the ESAP can be found in the ESMS Annex 3. The Intervention Guideline for the Management of social and environmental risks will be disseminated to potential EBBs together with the call of proposal.

Moreover, consistent with the EBBF's ESMS, EBBs are required to have in place their respective ESMS as an environmental and social framework to manage all environmental and social matters in a structured way throughout the subproject lifecycle, ensuring adherence and compliance with applicable safeguards policies at the facility level.

The ESMS at the EBB level will be required to be established in accordance to IFC Performance Standard 1 – *Assessment and Management of Environmental and Social Risks and Impacts*. This represents an overarching requirement that shall define the framework to manage all environmental and social matters in a structured way throughout the project cycle and thus shall support continuous compliance to all of the Facility's ESG policies and requirements.

Figure 04 ESMS According to IFC Performance Standards



EBBs will be required to set in place a management system that establishes procedures and tools, and allocates appropriate resources to guarantee the effective implementation of environmental and social requirements. The system shall ensure the involvement of all relevant stakeholders and include all environmental and social requirements. EBBs shall make sure that the system functions in a dynamic and continuous process, ensuring an effective learning and improvement cycle. The Box 1 outlines the key components and functions of the EBB’s ESMS.

Box 1: Components and functions of the EBB's ESMS

The EBB’s ESMS shall at least consist of the following four components:

1. **Environmental and Social Policy**
2. **Organizational Capacity**
3. **Monitoring and Review¹⁴**
4. **KPI progress report.**

As part of the Organizational Capacity, the EBB should ensure as a minimum the following functions:

- **ESG Coordination:** Planning and coordinating ESG measures, monitoring and overseeing ESG performance and compliance with the Facility’s ESG requirements, communicating with and reporting to the FMU.
- **Environmental Management:** Managing environmental risks, ensuring compliance with local legislation and the Facility’s requirements regarding environmental performance.
- **Health & Safety Management:** Managing social risks related to labor associated to the company’s direct and subcontracted personnel involved in EBB operations, ensuring the implementation of security measures and fair and healthy working conditions.

¹⁴ Include the monitoring of safeguards tools matrices according to the ESAP or ESMP as well as other tools developed in the disclosure package. The ESAP includes the monitoring matrixes of ESIA, ESMP (including Stakeholder Engagement Plan and Grievance Mechanism), the IPP if applicable, and the Gender Action Plan.

- **Community Relations:** Managing social risks related to relevant stakeholders, particularly local communities living in or adjacent to the EBB area of operations. This includes stakeholder engagement, communication, grievance mechanisms and disclosure.

The above roles may fall on one or more of the EBBF staff. The amount of personnel dedicated to the roles described above may vary considerably according to the EBBs risks and adverse impacts, and its phase of development. However, these roles shall be fulfilled to the extent that ensures the implementation and maintenance of the Facility’s ESG requirements.

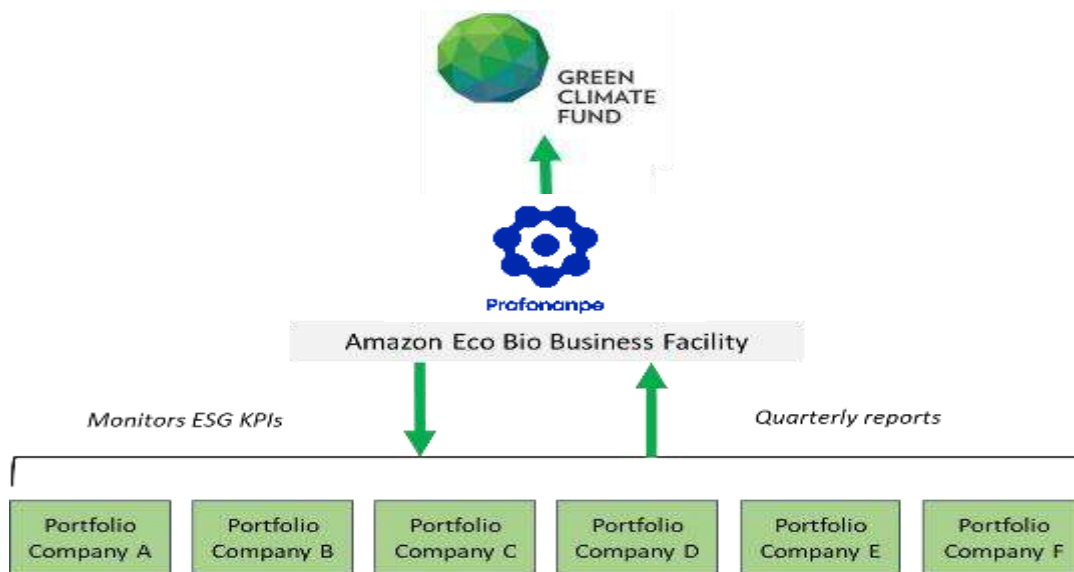
Monitoring and Reporting

The Facility will implement an ESG monitoring and reporting process in two levels. EBBs will monitor project activities and report to the FMU. The FMU will in turn collect the data from EBBs and report in an aggregated form to the GCF.

Facility Level

The Facility will report regularly and in a transparent manner about activities, results, and challenges of its business operations in line with its vision and mission. ESG issues shall be reported in depth to the GCF and other investors at least once a year mainly through the Annual Report. In addition, Profonampe’s Annual Sustainability Report will be publicly disclosed to report to all stakeholders. Annual reports will present information on the ESG management at Facility level, as well as key information on EBBs. The FMU will be responsible for reporting progress to the GCF against the ESG KPIs according to the methodology described in the Facility’s Funding Proposal, as well as the monitoring of grievances including the ones related to SEAH¹⁵.

Figure 05: Two-level monitoring and reporting process



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https://repositorio.profonampe.org.pe/bitstream/handle/20.500.14150/3005/Mecanismo%20de%20Rendici3n%20de%20Cuentas%20y%20Quejas%20%28MRCQ%29%20de%20la%20EBBF.pdf?sequence=1&isAllowed=y&_gl=1*irc8n9*_ga*MTU0Mzc0ODgwOC4xNjk5MDUxNzg5*_ga_GVB22M7B21*MTczODc3NjE1NS4xMTguMC4xNz4z2MTU1LjAuMC4w

EBB Level

The EBB will be held responsible to continuously monitor the ESG performance of its operations. The EBBs will report periodically to the Facility on a defined set of indicators. In most cases report templates will consist of a simple table that shall be completed with the defined indicators and updated on a quarterly basis, and a section where additional observations can be described. This approach is considered to lower transaction costs and efforts for internal reporting while at the same time encouraging close follow-up of ESG matters.

In that sense, implementation, monitoring and reporting on the ESMP and ESAP will be conducted throughout the EBB lifecycle, during the running investment stage of the facility. In close coordination with the FMU, and with their continuous technical assistance and backstopping, the EBB will report periodically a defined set of indicators, as per the ESMP and ESAP. The frequency of reports will be quarterly and annual report, in accordance with what is indicated in section 6.2 of the OM as outlined in the box below.

Box 2: Report on the implementation of the ESMP and ESAP

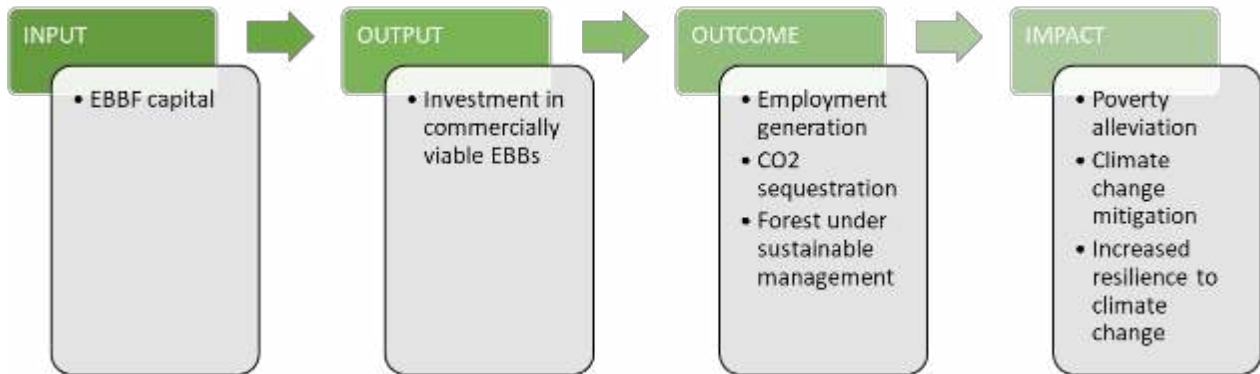
EBB's will as a minimum report on the implementation of the ESMP and ESAP as follows:

- Quarterly reports which will be delivered no later than 60 calendar days after the end of each quarter and include:
 - Cumulative report against the company's own ESMP and ESAP; each semester a report of the Gender Action Plan and the Indigenous Peoples Plan will be included (if applicable).
 - The SEAH grievances monitoring report, which is part of the Accountability and Grievance Mechanism.
- Annual report which will be delivered four months after the end of each fiscal year and include an audited report of:
 - Environmental and Social Management System (ESMS) implementation report will include the report on EBB's ESMP and/or ESAP on a cumulative basis, as well as the monitoring of the Gender Action Plan and the Indigenous Peoples Plan, if applicable.

Monitoring and reporting are major tasks because activities of the EBBs are expected to have positive effects on local people, their environment and the climate. In that sense, stringent monitoring and reporting is necessary to ensure that project implementation actually leads to such positive impacts. Therefore, the Facility will document and promote ESG measures by applying a pragmatic monitoring approach in accordance with the CDC toolkit¹⁶, as shown in the figure below.

¹⁶ CDC (2018). Toolkit on ESG for fund managers. Available at: https://assets.cdcgroup.com/wp-content/uploads/2018/09/08155015/CDC_Toolkit_on_ESG_for_Fund_Managers_2010.pdf

Figure 06 Impact chain of the Facility's ESG monitoring system (Source: CDC)



The FMU will support the EBBs to reach set ESG goals and introduce and enhance the monitoring and reporting process if difficulties arise that prevent the EBBs from delivering according to the agreement. In addition to standard reports, EBBs will be required to immediately report to the Facility in case of extraordinary events, such as any changes in the scope of the project that entail new ESG risks or opportunities, any serious incidents, or any breach of the ESG requirements. In such cases, additional site visits may be necessary to assess the situation through interviews with management, employees, contractors and affected communities, through relevant environmental checks, and reviews of company records. Furthermore, independent verifications by specialist consultants will be considered only in cases of serious ESG related incidents or reasonable doubt of serious infringements.

Annual Reports

For the presentation of the annual report, the EBB must consider the components of the SGAS as an index.

Stakeholder Engagement, Indigenous Peoples and Gender at the EBB Level

Consistent with all applicable safeguards, the EBBF's Stakeholder Engagement Plan (SEP) provides detailed guidelines and actions to be carried out to guarantee effective stakeholder engagement throughout the lifecycle of both the facility and EBBs with a view to guarantee the wellness of the vulnerable population including indigenous people and avoids any adverse impact that their activities could cause, and ensure their views and concerns are considered in the development, implementation and monitoring. Likewise, it establishes the mechanisms for disseminating information to all the actors involved, as well as its main objectives and strategic guidelines.

As part of their ESMS, EBBs will prepare a SEP for the EBBs, underpinned by the principles of transparency, inclusion, non-discrimination and no-harm. Likewise, the report of the ESMP includes the monitoring of the Grievance Mechanism as well as the report of its socialization strategies among the actors involved. The Grievance Mechanism will also report - anonymously - the follow-up and attention given by the EBB to cases of Sexual Exploitation, Abuse and Harassment (SEAH) that may have occurred.

Moreover, as defined in the EBBF's ESMS, EBB's will be required to develop an Indigenous People Plan (IPP) when the EBB is located in an area with the presence of indigenous peoples, to ensure culturally appropriate and responsive stakeholder engagement. The objectives of the IPP are:

- Provide a framework that allows the timely identification of indigenous peoples located within the scope of the EBB, as well as possible impacts on their rights.
- Establish the guidelines to guarantee the free and informed consent of the indigenous peoples located in the EBB's sphere of influence.
- Ensure the permanent participation of indigenous peoples located in the EBB's sphere of influence, through accessible and pertinent mechanisms.

Free, prior and informed consent for indigenous people will be required prior to commencing any Facility and EEB activities, as indicated in the Intervention Guide for EBBs and the Facility's Indigenous Peoples Participation Framework¹⁷.

If applicable, the ESAP and ESMP will report on the management of the Action Plan matrix and the matrix of Communication Measures and Participation Strategies for Indigenous Peoples developed in the dissemination package as part of the IPP.

Section 3. Allocation of Resources, Organizational Capacity and Responsibilities

On Facility Level

To ensure the implementation of the ESMS, the FMU includes one designated person responsible for ESG matters which will be the social and gender specialist. However, this person will also have the support of the environmental specialist to address some ESS requirements. Over the investment period, the human resources dedicated to ESG matters will increase progressively according to the needs, as new EBBs engage with the Facility. At the end of the investment period, the FMU will include one person fully and exclusively dedicated ESG matters, which will be the social and gender specialist with the main responsible of the ESS management in the EBBF lifecycle. The ESG expert of the FMU will be responsible for overseeing all ESG related processes described in the sections above, namely:

- Executing the ESG DD process
- Keeping the overview of the EBBs ESG performance against set indicators and ensuring appropriate backstopping and support is provided in case of difficulties or extraordinary events;
- Monitoring and reporting to the investors.
- Ensuring that ESG matters are included during the investor's check.

All resources associated to the ESG screening and DD process, which includes the assessment of environmental and social risks that is necessary to make an investment decision, will be covered by the Facility. The actual implementation and monitoring of measures and reforms needed to fulfil and maintain the ESG standards will be introduced by the EBBs. The Facility will facilitate and supervise that all necessary measures are conducted in line with the Facility requirements. In cases when extraordinary measures call for additional studies conducted by external experts due to a serious concerns of the ESG risk profile or performance by an EBB or there is reasonable doubt for high risk activities, the Facility may provide resources needed for an independent review.

¹⁷ This considers the FPIC Checklist in the GCF Operational Guidelines: Indigenous Peoples Policy (<https://www.greenclimate.fund/document/operational-guidelines-indigenous-peoples-policy>). It also has been designed together with indigenous organizations representatives.

Sub-Project Disclosure Communication Process

Category B subprojects will be disclosed, through a Sub-Project Disclosure Package, as defined below, for a period of at least thirty (30) calendar days (the "Disclosure Period"). The disclosure package for subprojects with risk category B was defined by the extended risk evaluation (screening checklist) in the Eligibility process. The disclosure package should include the rationale/justification for the proposed ESS category.

The Sub-Project Disclosure Package will include:

1. The Sub-Project Disclosure Summary, which will include the following items:

- The purpose, nature, and scale of the activities, and the intended beneficiaries;
- The duration of proposed activities;
- A summary of stakeholder consultations and the planned stakeholder engagement process; and
- The available grievance mechanism(s) to receive complaints and facilitate the resolution of such from affected and potentially affected communities, groups and individuals.

2. The following annexures:

- Completed ESS disclosure report form, in the format contained in Annex 3.
- The Environmental and Social Impact Assessment (ESIA) for the relevant Subproject;
- Where applicable, Environmental and Social Management Plan (ESMP), if separate from the ESIA;
- Where applicable, the Land Acquisition and/ or Resettlement Action Plan (LARAP) for the relevant Subproject;
- Where applicable, the Indigenous Peoples Plan (IPP) for the relevant Sub-Project; and
- Any other associated information including those relevant to indigenous peoples required to be disclosed in accordance with the Profonanpe's public information policy and GCF's Revised Environmental and Social Policy and information Disclosure Policy.

The Sub-Project Disclosure Package, comprising both the Sub-Project Disclosure Summary and applicable annexures, shall be made available to the public in English and the local. Profonanpe shall ensure that all disclosures can be accessed through its website via a weblink and in locations convenient to affected peoples in English and the local language. This paragraph does not apply to the Sub-Project Disclosure Form (Annex 3).

Disclosure Process

The following outlines the communication process to be followed by the Fund and the Profonanpe in relation to making environmental and social (E&S) report disclosures for subprojects to be considered for final approval.

- A. Profonanpe will submit the Sub-Project Disclosure Package to the Fund, per the template in Annex 3, at least five (5) GCF working days prior to the intended start of the relevant Disclosure Period.
- B. The Fund will review the Sub-Project Disclosure Package prior to the intended start of the relevant Disclosure Period, and confirm to Profonanpe that the Sub-Project Disclosure Package is in accordance with the Fund's requirements and that it agrees with the assigned E&S risk category.
- C. If the Fund does not agree with the assigned risk category or on the Sub-Project Disclosure Package, it will inform Profonanpe within the same time period set out above. If the Fund and Profonanpe agree

on any amendments to the Sub-Project Disclosure Package, the process will start again from point A above.

- D. At least one (1) GCF working day prior to the intended start of the Disclosure Period, Profonanpe shall disclose on its website the Sub-Project Disclosure Package and submit the Sub-Project Disclosure Package to the Fund, which shall include a link on Profonanpe's website to the Sub-Project Disclosure Package, for subsequent distribution to the GCF Board and the Fund's active observers and for publishing in the GCF website;
- E. Upon receipt of the submission under point D, prior to the intended start of the Disclosure Period, the Fund shall send a Sub-Project Disclosure Form and an accompanying transmittal message to the GCF's board members ("Board Members") and the GCF's active observers ("Active Observers") and publish the Sub-Project Disclosure Form on the GCF's webpage <https://www.greenclimate.fund/safeguards/environment-social/reports> (or as may be amended from time to time).
- F. The relevant Disclosure Period begins from the date that the Sub-Project Disclosure Package has been sent to the Board Members and the Active Observers and published on the GCF's website. The PAC meeting to approve the relevant Sub-project shall not be held until after the expiration of the applicable Disclosure Period.

Post-Disclosure communication

In accordance with the Fund's applicable processes, the Fund is the formal recipient of all feedback received from the Board Members and Active Observers in relation to Sub-Project E&S report disclosure. Should comments and/or questions be received by Profonanpe directly, Profonanpe will log the feedback in accordance with its policies and procedures and the Environmental and Social Management System (ESMS).

- A. Comments and/or questions from Board Members and/or Active Observers are to be submitted to the GCF Secretariat's email account subprojectcomments@gcfund.org on or before the deadline specified by the Secretariat in the aforementioned transmittal message to the Board Members and/or Active Observers, with such deadline being eleven (11) calendar days prior to the expiration of the Disclosure Period. The GCF Secretariat will forward such comments and/or questions received from its Board Members and/or Active Observers and/or the Secretariat to the designated focal points of Profonanpe within three (3) GCF working days of receipt.
- B. Comments and/or questions may be submitted by the Board Members and/or Active Observers and/or the GCF Secretariat later than eleven (11) calendar days prior to the expiration of the Disclosure Period, but prior to the expiration of the Disclosure Period itself. In such case, comments and/or questions will be communicated directly to Profonanpe's focal point(s) by the Board Member and/or Active Observer, with copy to subprojectcomments@gcfund.org; the Secretariat will also communicate such comments and/or questions to Profonanpe's focal point(s), noting the limitations in terms of the potential for inclusion of such comments and/or questions in relation to points III. C. to E. below.
- C. If applicable and relevant, comments from the Board Members and/or Active Observers and/or the GCF Secretariat will be incorporated into documents to be presented at the relevant PAC meeting (the "Board Pack").
- D. If applicable and relevant, the FMU will present during the PAC meeting approving the relevant subproject in question the feedback received from Board Members and/or Active Observers and/or the GCF Secretariat, along with information describing how it has incorporated this feedback, as appropriate and where relevant, by including it in the Board Pack or other investment documentation.

E. Within five (5) GCF working days after the PAC meeting for the approval of the relevant subproject, Profonanpe shall submit to the GCF Secretariat, a summary of comments received from relevant stakeholders including comments and/or questions raised by Board Members and/or Active Observers and/or the GCF Secretariat (if any) with appropriate feedback from Profonanpe as to how the relevant comments received have been taken into consideration and/or addressed, in accordance with Profonanpe's policies and procedures and the Programme's ESMS.

Section 4: Accountability and grievance mechanism

As defined in the EDA¹⁸ Guidelines, the EBBF will have in place an accountability and redress function to *handle any dispute or complaints, in a timely manner, arising from beneficiaries or other stakeholders regarding the implementation of EBBs*. Profonanpe, as the DAE for the EBBF and in a central role for the management and operation of the Facility -including in its financial management role under the national REDD+ framework, has in place a web-based grievance and accountability mechanism¹⁹ to receive grievances, complaints and suggestions from all relevant stakeholders, and which will serve as the accountability mechanism for the EBBF. It is also available in the tool *Mecanismo de Rendición de Cuentas y Quejas (MRCQ) – EBBF Amazonía*²⁰ and it includes the reference for dissemination actions of the GCF Independent Redress Mechanism (IRM), as well as the Accountability Mechanism at EBB level.

It is worth noting that as part of Peru's national REDD+ framework, MINAM has established a Grievance and Citizen Attention Mechanism (MAC, for its name in Spanish).

The Citizen Attention Module for REDD+ (MAC REDD+) is the mechanism that allows the Peruvian Government to approach citizens, including indigenous peoples, to facilitate the reception, attention and timely and efficient response to requirements related to REDD+, with an intercultural, gender and intergenerational approach. Its scope will be at the national level and to all users, including indigenous or native peoples, interested in submitting requests to the REDD+ MAC, as well as to state actors that participate and/or collaborate, within the framework of their competencies, in the attention of REDD+ related requests.

As of November 2023, the final version and annexes of the REDD+ Citizen Assistance Module (MAC) Guidelines were approved in Ministerial Resolution No. 358-2023-MINAM, where the virtual and telephone channels are indicated²¹.

Relevant indicators associated to the operation of the MAC are outlined in Box 3.

Box 3: Preliminary indicators to guide the operation of Peru's REDD+ accountability mechanism

The suggested indicators for the MAC Strategy to address issues related to REDD+ are under development and seek to comply with the following:

¹⁸ GCF's Enhancing Direct Access

¹⁹ <https://PROFONANPE.org.pe/quejas/>

²⁰ Accountability and Grievance Mechanism – Amazon EBBF

²¹ <https://www.gob.pe/institucion/minam/normas-legales/4904286-358-2023-minam>

1. Participation of actors, including indigenous peoples, youth, older adults, women and other priority groups, and facilitation of opportunities and access to present opinions, suggestions or complaints.
2. Timely attention to claims, using appropriate mediation without generating subsequent conflicts.
3. Transparency of access to information by interest groups.
4. Commitment on the part of the actors in the dialogues, reaching agreements and resolving complaints.

Source: Adapted from Peru's First Summary of Information on how REDD+ safeguards are being addressed and respected.

Underpinned by the principles of subsidiarity, accountability, transparency, participation, climate governance and precautionary²², the MAC is envisioned to fulfill transparency and access to information functions in relation to all REDD+ actions. Accordingly, activities conceived under Component I of the EBBF will facilitate the alignment between the EBBF and EBBs accountability mechanisms under the umbrella of the MAC to ensure a systematic and comprehensive grievance redress and accountability system for all REDD+ actions in Peru. Relevant guidance and operational documents may be revised in preparation to the operation of the facility and the first EBB call for proposals, as appropriate.

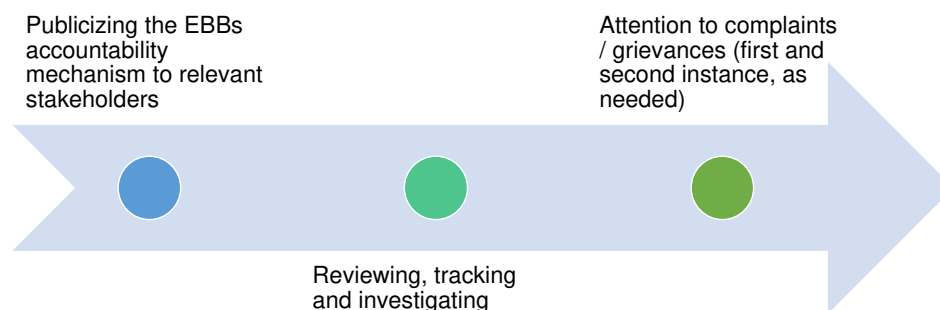
Accountability Mechanism at the EBB Level

EBBs will have in place an accountability and grievance mechanism for receiving and addressing complaints, claims and suggestions from EBB end-beneficiaries and other relevant stakeholders.

The purpose of this mechanism is to establish the roles and functions, as well as the procedures for resolving complaints generated in the framework of the implementation of EBBF and eco and bio-business actions, in order to address them in a relevant and timely manner. Likewise, this Mechanism is one of the fundamental pillars of participatory project management, as it provides the project executing agency and the communities involved with the opportunity to identify potential problems and discover solutions together.

The scope of the Mechanism covers all stakeholders involved in the Financial Facility for Eco and Bio-businesses in the Amazon.

Figure 07: Functions of the accountability mechanism



The Mechanism manages complaints and/or grievances of different types, including cases related to sexual exploitation, abuse and harassment (SEAH). Likewise, its procedure includes levels of attention at

²² Ley Marco sobre Cambio Climático <https://busquedas.elperuano.pe/normaslegales/ley-marco-sobre-cambio-climatico-ley-n-30754-1638161-1/>

the operational, managerial and executive levels, as well as face-to-face and virtual communication channels.

7. Annexes

Annex 01:

A. Environmental and Social Risk Screening and Assessment (auto-screening)

General information					
Project name:					
Company name:					
Address:					
Place of intervention:					
Titled area (ha) total target intervention :... ..					
Total area (ha) of forest to be conserved:					
Execution period :... ..					
Total number of people involved in the EBB (# of men and women):					
Beneficiary communities (if applicable):					
Project Description: Briefly <i>describe the objectives, expected results, components and activities within the proposed project. (200-300 words)</i>					
Identification of environmental and social risks and impacts					
Identification criteria	Yes	No	Probability of occurrence (1)	Severity of risk (2)	Comments
Community, Land Resettlement, Indigenous Peoples and Cultural Heritage					
Within the scope of the project, are there indigenous communities? Please state in the comments which indigenous people they belong to and the number of men and women.					
Do the populations identified around and/or directly linked to the eco and biobusiness depend on the resources and land managed by the company/business?					
Could the company/business activities result in risks and/or adverse social impacts on the populations and/or indigenous peoples and/or communities present in the project area? How? For example, physical and economic displacement, adverse effects on resources and land tenure, cultural heritage and use of traditional knowledge systems.					

Does the company/business have a relationship that could pose a risk or negative impact to the identified community(ies)?					
Is there a risk that consultation or informed participation processes will not be developed for identified populations (including indigenous peoples), from the design of the project and during its implementation?					
Could project activities reduce the access of the communities involved to the use of natural resources?					
Could the project activities generate negative environmental and surrounding impacts that could affect the stakeholders involved (including indigenous peoples)? <i>For example, generating noise, vibrations or other noise disturbances; generating solid waste, hazardous liquids or any other type of waste; contamination of water resources or water sources that by their characteristics constitute a health hazard; significantly increasing transport and heavy vehicles in the area; affecting local infrastructure (schools, hospitals, relocation of bridges, etc.)</i>					
Could biobusiness activities cause negative impacts on archaeological remains or areas of historical, cultural, artistic or religious value in nearby populations or communities?					
Labour Conditions					
Could the company/business activities generate adverse effects on the health and safety conditions of its workers?					
Could the company/business activities involve child labor, which may interfere with children's education or be harmful to their physical or emotional health or impede their social development?					
Resource efficiency and biodiversity					
Could project activities lead to changes in forest land use or loss/degradation of forest cover?					
Could project activities negatively affect the biodiversity or natural habitat of species in the intervention area?					

Could project activities negatively affect the quantity and quality of water resources or water bodies in the area?					
Could biobusiness activities lead to unsustainable use of natural resources, including water and energy?					
Could project activities generate greenhouse gas (GHG) emissions?					
Could project activities negatively impact air quality?					
Could biobusiness activities negatively impact soil quality?					
Could biobusiness activities negatively impact any critical habitat within the project intervention area?					
Land tenure					
Could land ownership conflicts arise in the project intervention area?					

<u>YES/NO QUESTIONS</u>			
	Yes	No	Comments
Community, Land Resettlement, Indigenous Peoples and Cultural Heritage			
Does the company/business activity require the free, prior and informed consent of identified populations (including indigenous peoples)?			
Are the social impacts of the company/business activities monitored over time? (If the answer is yes, indicate in the comments how this is done, if there are measurement instruments or protocols and what the indicators are)			
Do communities have the opportunity to discuss environmental and social performance with the company/business? If yes, in which spaces?			
Does the company have a grievance mechanism for reporting incidents of sexual harassment, abuse and exploitation?			
Land tenure			
Is the property where the project is planned to be developed owned by the company/business? If it is not owned by the company/business, what is the enabling title it has for its use? Provide details in the comments.			

Are the project activities planned to be carried out on a single property? If they are planned to be distributed across more than one property, please provide details in the comments.			
Organization and Governance			
Does the company have Environmental, Social and Gender (ESG) and Governance policies? Which ones?			
Does the company/business have an ESG and/or Governance policy? Which one?			
Is there a designated person responsible for ESG risk management? Please provide details in Comment.			
Are specific staff or responsibilities assigned to address ESG aspects? <i>Health and safety, community relations, among others. Please provide details in Comment.</i>			
Compliance with the standard			
Does the biobusiness require any environmental, construction, operating and/or health license or permit? (If the answer is yes, indicate in the comments all the prior permits required to comply with national regulations). Please detail in the comments whether you need these permits or whether you already have them.			
Working Conditions			
Have there been any serious accidents in the last 5 years? Which ones and how were they handled?			
Are workers adequately trained and equipped to operate machinery or implement project activities? Will they be equipped once EBB project operations begin?			

B. Extended assessment of environmental and social risks (or Screening Checklist).

General information	
Project name:	
Company name:	
Address :.....	
Place of intervention:.... ..	
Total titled area (ha) of target intervention:.... ..	
Total area (ha) of forest to be conserved:	
Execution period :... ..	
Total number of people involved (No. of men and women):	
Beneficiary communities (if applicable):	
Number of workers and origin: local or non-local	
% of the payroll that is permanent and contracted	
Have any serious accidents occurred in the last 5 years? Is there evidence of records of serious accidents?:	
What environmental permits does the EBB have?:	
Does the company have a pre-existing relationship with the local community? What is this relationship like?	
Project Description: Briefly describe the objectives, expected results, components and activities within the proposed project. (200-300 words)	

Identification of environmental and social risks and impacts					
Identification criteria	Yes	No	Probability of occurrence (1)	Severity of risk (2)	Comments
Community, Land Resettlement, Indigenous Peoples and Cultural Heritage IFC – Performance Standard 4,5,7 and 8 Profonanpe – PAS 6, 7, 8, 11					
Can the project activities impact indigenous populations and/or communities present in the project area? At what distance and how many? Are they identified by the company? State in the comments which indigenous people they belong to and the number of men and women.					
Can EBB impact the core livelihoods of local and/or indigenous communities?					
Are there nearby communities that could depend on the resources and land managed by the EBB?					

Can the EBB impact the status of the community's customary or traditional rights over resources?					
Is there a risk that informed, fair and transparent consultation or participation processes will not be developed for the identified populations (including indigenous peoples), from the design of the project and during its implementation?					
Could EBB lead to resettlement or conflicts with neighbouring or nearby communities?					
Could EBB operations generate noise, dust, vibrations, shadows, etc., that could affect local communities?					
Could EBB operations generate solid, liquid or other waste that could impact local communities?					
Do project activities significantly increase transport and heavy vehicles in the area? Could this impact local infrastructure? (Schools, hospitals, bridges, etc.)					
Can project activities reduce communities' access to resources?					
Are there cultural sites in or around the project area? Are these considered in the High Conservation Value (HCV) process? (<i>Cultural sites could be cemeteries, places of worship, sacred sites or trees, etc.</i>)					
Could the activity cause negative impacts on archaeological remains or areas of historical, cultural, artistic or religious value?					
Is there a risk that the social and environmental impacts of EBB's operations will not be monitored throughout the project? Is there a risk that communities will not be able to discuss environmental and social performance with EBB?					
Could the activity increase existing social or cultural inequalities? (example: power relations, access to land, excluding the participation of young people, older adults or the disabled)					
Could the activity promote unequal participation of men and women?					
Could the activity ignore the tasks and roles developed by men and women to encourage their participation in the EBB?					
Do EBB employees have a history of perpetrating acts of sexual exploitation, abuse and/or sexual harassment?					
Working Conditions					
CFI – PS 2					
Profonanpe – ESP 1, 11					
Is there any risk of child labour or forced labour at EBB?					

Resource efficiency and biodiversity					
CFI – PS 3, 6					
Profonanpe – PAS 3, 4, 5					
Are project activities likely to lead to changes in forest land use or loss of forest cover? (e.g. soil erosion)					
Can project activities negatively affect the biodiversity or natural habitat of the intervention area? (pests and diseases, contamination of water sources).					
Could EBB cause peatland degradation?					
Could the EBB affect an area with conservation status or adjacent protected areas (according to SERNANP categories)?					
Could the EBB affect a High Conservation Value (HCV) area in the project management unit?					
Could any of the flora and fauna species existing in the project area be in danger of extinction due to the EBB project? (Please indicate which ones in the comments)					
Could the EBB affect any critical habitat within its scope of intervention?					
Land tenure					
CFI – PS 5					
Profonanpe – ESP 8					
Could land ownership conflicts arise in the project intervention area?					
Total value					

YES/NO QUESTIONS			
	Yes	No	Comments
Community, Land Resettlement, Indigenous Peoples and Cultural Heritage			
Has the company implemented or will implement stakeholder engagement actions, plans or strategies? Which ones?			
Is there evidence of Free, Prior and Informed Consultation (FPIC) for indigenous people? How is it recorded/documented?			
Is there an operational complaints mechanism and/or policies or processes developed to handle complaints?			
Does the EBB have a complaints mechanism for local people to report incidents of sexual exploitation, abuse and/or sexual harassment?			
Are security guards employed at the EBB? Are they trained in the Voluntary Principles on Security and Human Rights?			

Are there policies/procedures in place to ensure that assistance and support is provided to individuals who may or have been identified as victims of sexual exploitation, abuse and/or sexual harassment?			
Working Conditions			
Has awareness-raising been carried out and information on EBB's labour practices disseminated to workers?			
Do employees live at the workplace? If yes, please provide details in the comments.			
Are workers adequately trained and equipped to operate machinery or implement project activities? Will they be equipped once EBB project operations begin?			
Resource efficiency and biodiversity			
Is there a land use planning process? Is there a conservation target area?			
Are there natural biophysical conditions and reference conditions and/or studies carried out prior to the activities?			
Land tenure			
Are the project activities planned to be carried out on a single property? If they are planned to be distributed across more than one property, please provide details in the comments.			
Is the production area controlled by the EBB or does it have some title, possession document or easement?			
Does the company follow the FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT)?			
Organization and Governance			
CFI – PS 1 Profonanpe – ESP 1			
Does the company have Environmental, Social and Gender (ESG) and Governance policies? Which ones?			
Does the company/business have an ESG and/or Governance policy? Which one?			
Is EBB's ESG policy endorsed by management?			
Are specific staff or responsibilities assigned to address ESG aspects? <i>Health and safety, community relations, among others. Please detail who this is in the comments.</i>			

Are these personnel adequately qualified to manage E&S risks?			
Has the company / eco and biobusiness developed an Environmental and Social Management System (ESMS)? Any similar ones?			
Has the company carried out an Environmental and Social Impact Assessment (ESIA) or similar?			
Do the company's operations exclude all activities on the Facility's exclusion list?			
Regulatory compliance			
Does the company comply with local and national rules, regulations, and regulations? Does it have an environmental, construction, operating, and/or health license or permit? (If the answer is yes, indicate in the comments all the prior permits required to comply with national regulations)			
Does the company adhere to international conventions? Which ones?			

Assigned risk category (A/B/C)	
Brief justification (max. 300 words):	Please report the following risks:
	• Unprecedented region for this type of projects
	• Unclear tenure rights and/or evidence of land tenure conflicts
	• Local or indigenous communities in or around the managed area.
	• The natural environment close to the project area is of High Conservation Value, critical habitat or protected area
	• There is the presence of endangered or endemic species in the area.
	• Other significant environmental risks due to local conditions (soil, water, waste, pesticides)
	• There is a high percentage of subcontracted personnel
	• There is a high historical rate of accidents/incidents to date or a major accident/incident
• Weak institutional framework and enforcement of laws on labour and environmental matters.	

Documents received/information used for environmental and social assessment		
Document	Yes / No	Specifications
Land use rights		
Proposal submission format		
Forest Management Plan/Statement (if applicable)		
Health and Safety Plan/Procedures		
List of workers and their functions		
Accident record		
Fire prevention plan/other emergency plans		
Environmental and social monitoring/follow-up plan		
Company/Project Website		
Press and media / articles		

Approval		
UGF Specialist	Name:	
	Post:	
	Signature:	
Assessment date:		
Responsible for approval: FMU Manager	Name:	
	Post:	
	Signature:	
Approval date:		

Key definitions and methodology to establish the significance of the risk of a project

E&S Screening provides a preliminary assessment of the importance / significance of environmental and social risks and impacts based on two criteria: (1) the probability of occurrence of risks and impacts (expected, highly probable, moderately probable, little probable and improbable); and (2) the severity of such risks and impacts if they occur (critical, severe, moderate, minor, insignificant). The significance value will be derived from the combination of the two criteria.

Screening allows assigning the category of environmental and social risk of a project / subproject or activity, that is, if it is high, moderate or light risk. The GCF risk categories are as follows:

Categoría	Descripción
A	Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
B	Business activities 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.
C	Business activities with minimal or no adverse environmental or social risks and/or impacts.

Probability of risk occurrence

Classification	Probability
5	Expected
4	Highly probable
3	Moderately probable
2	Unlikely
1	Improbable

Severity of risk

Severity	Classification	Description
Critical	5	Significant adverse impacts on communities and / or the environment. Adverse impacts over large areas (e.g. large geographic area, often outside the project scope, affecting a significant number of people, with transboundary impacts, cumulative impacts) and often long-term and irreversible; affecting areas of high sensitivity value and biodiversity conservation; adverse impacts on the rights, lands, resources and territories of indigenous peoples; they involve significant displacement or resettlement (more than 200 people); and can lead to major social conflicts
Severe	4	Adverse impacts on people and / or the environment of medium to large magnitude. Less spatial and temporal extension than the critical level risks and impacts. Risks and impacts are considered predictable, mostly temporary and reversible.
Moderate	3	Risks and impacts considered moderate to low magnitude. Impacts are limited in scale (site-specific) and duration (temporal), they can be avoided, managed and / or mitigated with relatively simple and generally accepted measures.
Minor	2	Minimal risks and impacts in terms of magnitude (for example, small affected area, small-scale activities, very low number of people affected) and duration (short, for example, only during the construction phase), and risks and impacts can easily avoided, managed and mitigated.
Insignificant	1	Negligible or no risks and impacts on communities, individuals and / or the environment.

Value of the significance or importance of the risk

Severity of Impact (1-5)	Probability of risk occurrence (1-5)				
	1	2	3	4	5
5	A	A	A	A	A
4	B	B	B	A	A
3	C	C	B	B	B
2	C	C	C	C	B
1	C	C	C	C	C

Annex 02: Exclusion List

The Facility will not invest in EBBs which benefit from and/or which business revenue derives from:

1. Production or activities involving harmful or exploitative forms of forced labour²³ / harmful child labour²⁴;
2. Production or trade in any product or activity deemed illegal under Peru laws or regulations or international conventions and agreements;
3. Any business relating to pornography or prostitution;
4. Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES);
5. Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and products containing PCB²⁵;
6. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations;
7. Unsustainable fishing methods (i.e. drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing);
8. Production, use of or trade in pharmaceuticals, pesticides / herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans;
9. Destruction of Critical Habitats²⁶;
10. Tobacco, if it forms a substantial part of a project's primary financed business activities;
11. Live animals for scientific and experimental purposes, including the breeding of these animals;
12. Ammunition and weapons, military / police equipment or infrastructure;
13. Gambling, casinos and equivalent enterprises;
14. Commercial concessions over, and logging on tropical natural forest; conversion of natural forest to a plantation.
15. Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; and activities that lead to clear cutting and / or degradation of tropical natural forests or high nature value forest;
16. New palm oil plantations.
17. Activities related to all forms of Sexual Exploitation, Sexual Abuse and Sexual Harassment - SEAH

²³ "Forced labour" means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

²⁴ "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, moral or social development. In addition, any labour that is performed by a person which has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or the minimum age for working to be higher; in such cases, the higher age will be applied for defining harmful child labour.

²⁵ PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985

²⁶ "Critical Habitat" is a subset of both natural and modified habitat that deserves particular attention. Critical Habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union ("IUCN") classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are affiliated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary forest or forests of high conservation value shall be considered Critical Habitats.

Annex 03: Environmental and Social Action Plan (ESAP) Outline

Significant measures and actions	Responsible	Indicator	Means of Verification	Timeframe for implementation	Overall cost	Advanc
Monitoring and reporting of environmental and social risk management instruments: ESIA, ESMP, SEP, GM and IPP (if applicable)						
Organizational structure ²⁷ and organizational capacity of the EBB						
Gender Action Plan						
Others						

Approval

ESG Specialist: Project Implementation Unit	Name: Qualification: Signature:
Assessment date:	
Approval responsible: Facility Management Unit	Name: Qualification: Signature:
Approval date:	

²⁷The EBB must establish and maintain an organizational structure that defines roles, responsibilities and authority.

Annex 04: Environmental and Social Due Diligence Report

Introduction

- Brief description of the ESG process: dates and visits, experts involved
- List of documents reviewed (annex)
- List of people interviewed (annex)
- Please mention any limitations to the DD process.
- Relevant standards that were evaluated or are applicable

Standards / requirements	Applicable	Evaluated
IFC Performance Standards		
Exclusion list		
Fundamental Conventions of the ILO		
FAO VGGT ²⁸		
Other		

Risk categorization

- Brief information on the ESG risk profile of the project considering the type, size and location of the project.
- Project categorization according to IFC guidelines: A, B or C with brief justification.

Risk category

- Category A: Potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible or unprecedented.
- Category B: Limited potential adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible and easily addressed through mitigation measures.
- Category C: Minimal or zero adverse environmental or social risks and/or impacts.

Justification / Main risks identified:

Brief justification of the risk categorization and the risks identified:

Compliance with applicable local and international laws:

²⁸ Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security

Legislation	Issuing authority	Approval	Issue date	Expiration date	Comments

Compliance with environmental and social requirements

Assessment of environmental and social risks following the IFC Performance Standards framework and compliance with additional environmental and social requirements of the Facility.

PS1: Assessment and Management of Environmental and Social Risks and Impacts

Key aspects	Assessment ²⁹			Comments
	weak	half	strong	
Environmental and social policy				
Identification of E&S risks and impacts				
Management program / SGAS				
Organizational capacity and competencies				
Emergency preparedness and response				
Monitoring system				
Involvement of actors				
External communication				
Grievance mechanism for affected communities				
Reports and disclosure				
Zero tolerance for all forms of Sexual Exploitation, Sexual Abuse and Sexual Harassment - EAAS				

ESMS

- Describe which mechanisms are already in place and which are in the process of being implemented.
- Available documentation: E&S policy, E&S risk and impact assessment, management programs and monitoring system.
- Endorsement by EBB senior management and communication to the stakeholders involved.

Organizational capacity to implement the ESMS

²⁹ Weak: There is some type of document that describes the aspect in general terms, but it has no specific procedures.

Medium: There is a document (policy or procedures), however, it does not cover the breadth of what is required based on the activities of the biobusiness.

Strong: There is a document (policy or procedures), it includes all aspects according to the needs of the biobusiness.

- Roles and responsibilities of senior management and staff, with emphasis on the thematic areas of coordination, environmental management, safety, health and community relations.

Actors Involvement

- Describe procedures for identifying and engaging with affected communities and/or indigenous peoples.

External communication and complaints mechanisms

- Describe the system in place to communicate with relevant stakeholders, particularly affected communities and indigenous peoples.
- Describe and evaluate existing grievance mechanisms.

Reports and disclosure

- Describe the reporting system, frequency and type of information reported.

PS2: Work and working conditions

Key aspects	Assessment			Comments
	weak	half	strong	
Human Resources Policies				
Working conditions and terms of employment.				
Mechanism for labour complaints				
Child labor				
Health and safety at work				
Contractor Management				
Control over primary supply chains				
Sexual Exploitation, Sexual Abuse and Sexual Harassment - SEAH				

Human resources and labour relations policies

- Do workers have legal contracts and benefits under the law: social security, minimum age, working hours, collective bargaining?
- If the law does not say anything about this, does the company prevent collective bargaining or hire workers under 18 years of age in a way that exploits them?
- In the case of contracted personnel, is there reasonable control over these aspects? Are environmental and social aspects introduced into the contract with service providers?
- Are equal opportunities granted to women and minorities?
- Do working conditions comply with the ILO Core Conventions?

Health and safety at work

- Characteristics of working conditions: harvesting operations, use of heavy machinery, use and handling of pesticides.
- What necessary precautions exist? Training, signage, emergency plans. Which are not considered?
- Is there a health and safety plan at work?
- What types of accidents and incidents have been recorded and followed up on?

PS3: Resource efficiency and pollution prevention

Key aspects	Assessment			Comments
	weak	half	strong	
Resource efficiency				
Pollution prevention				
Use and handling of pesticides.				

Environmental impacts

- What potential impacts have been identified and included in the ESMS? Have some potential impacts not been considered?
- Is there an adequate management system for waste, water and emissions?

Use of chemicals

- Is there a plan for the safe use of chemicals, including their application, storage and disposal?
- Are pesticides and chemicals that are subject to international ban used?

PS4: Health, Safety and Community Protection

Key aspects	Assessment			Comments
	weak	half	strong	
General community health and safety requirements: - Dust / air - Noise - Vibration - Shadow/Visual Impacts				
Design and safety of infrastructure and equipment.				
Traffic and transport				
Ecosystem services/natural resource issues				
Exposure to hazardous materials.				
Exposure to diseases				
Emergency preparedness and response				
Security and site surveillance personnel.				

Community Health and Safety

- What major health and safety issues have been identified (noise, dust, accidents, hazardous materials, water pollution) that could affect communities? Are there any issues that have not been considered?
- Are there adequate mitigation measures included in the ESMS?
- Are there adequate grievance mechanisms?

Security personnel

- If the company hires security personnel, are there security measures to minimize potential risk to people outside the project area?
- Are they trained in the Voluntary Principles on Security and Human Rights?

PS5: Land Acquisition and Involuntary Resettlement

Key aspects	Assessment			Comments
	weak	half	strong	
Compensation and benefits for displaced communities				
Community participation				
Resettlement/livelihood restoration planning and implementation				
Physical displacement				
Economic displacement				
Private sector responsibilities under government-managed resettlement				

Land tenure conflicts and displacement

- Are there conflicts over land ownership?
- Is the project designed to avoid or minimize physical and/or economic displacement?
- If displacement is unavoidable, are there plans for resettlement or livelihood restoration? Is the process participatory and does the company offer adequate compensation?

PS6: Conservation of biodiversity and sustainable management of natural resources

Key aspects	Assessment			Comments
	weak	half	strong	
Habitat <ul style="list-style-type: none"> - Natural habitat - Critical Habitat - Legally protected area - Invasive alien species 				
Land use design and planning while respecting biodiversity.				

Identification of risks and impacts on biodiversity				
Application of the mitigation hierarchy				

Land use planning, natural forest conversion and HCV assessment

- Describe the land use of the project.
- The project is located at:
 - Habitat modified: XX ha
 - Natural habitat: XX hectares
 - Critical habitat: XX hectares
 - Legally protected area: XX ha
- Is there evidence that the project caused the conversion of natural forests or planned project activities that involve the conversion of natural forests?
- Is there a conservation target area?
- Have High Conservation Value (HCV) areas been identified in the project area? Has the assessment been approved by local stakeholders? Are mitigation measures in place and monitored?

Risk assessment and mitigation hierarchy

- Are these risks included in the ESMS according to the scope and scale of the project and the biological value of the area in which it is located?
- Have mitigation measures been implemented in accordance with the mitigation hierarchy principle, particularly with regard to impacts on biodiversity and ecosystem services, focusing especially on habitat loss, degradation and fragmentation and invasive species?
- Are the different values that affected communities attribute to biodiversity and ecosystem services taken into account?

PS7: Indigenous Peoples

Key aspects	Assessment			Comments
	weak	half	strong	
Avoid adverse impacts				
Risk and impact assessment - Impact on traditional or customary lands - Relocation from traditional or customary lands				
Design and implementation of impact mitigation measures				
Principles of Free, Prior and Informed Consent (FPIC)				
Compensation and benefit distribution mechanisms				

Indigenous population

- How were indigenous peoples included in the risk assessment analysis?
- What traditional and customary rights were identified in the process? Were cultural sites considered in the assessment?
- Are the principles of FPIC being complied with?
- Have appropriate mitigation measures been implemented? Are they offset?

PS8: Cultural heritage

Key aspects	Assessment			Comments
	weak	half	strong	
Project design to avoid impacts on cultural heritage - Consultation and access to the community.				
Appropriate mitigation measures implemented, if applicable.				

Identification of cultural heritage

- What cultural heritage sites did the company identify?
- Are there search procedures where appropriate? Is this aspect considered in the SGAS?
- Have appropriate mitigation measures related to cultural heritage been implemented?

Summary of key findings and gap analysis

Summarize the most important and relevant aspects of the assessment, combining the main risks with an assessment of the management in place to respond to these risks. Then describe the main gaps and the current capacity and willingness of the EBB to address them.

Main risks identified	Existing management capabilities	Gaps and weaknesses	Ability to address gaps and weaknesses

Voting and suggested measures of the ESAP

- Statement of decision whether this project can be supported from an environmental and social perspective. If deficiencies have been identified, the decision can be linked to the actions to be taken.

- Define the actions required to be taken by the EBB to address the identified risks and gaps. To the extent possible, these should include clear timelines, responsibilities, completion indicators and, to the extent possible, estimated costs.

Approval

ESG Specialist: Project Implementation Unit	Name: Qualification: Signature:
Assessment date:	
Responsible for approval: UGF	Name: Qualification: Signature:
Approval date:	

Annex 05: Outline of Environmental and Social Management Plan

An environmental and social management plan (ESMP) is a separate document accompanying the ESIA that describes the process for managing the mitigation actions and measures identified in the ESIA study, including associated responsibilities, timelines, costs, and monitoring of key social and environmental indicators described in the ESMP. The ESMP must have the following minimum content:

- (i) **Prevention and/or mitigation measures** for each of the potential risks and impacts are described in detail, specifying the conditions under which they are required to be implemented (for example, whether implementation will occur continuously or only in cases of contingencies), as appropriate. The ESMP identifies feasible and effective measures that, once implemented, can reduce potentially significant adverse environmental and social impacts to acceptable levels. The ESMP (i) identifies and summarizes all anticipated adverse and positive environmental and social risks and impacts (including those affecting indigenous peoples and EAAS). (ii) describes in detail the prevention and mitigation measures for each impact or risk (iii) identifies the expected results of these measures (iv) identifies those responsible for compliance with each of the prevention/ mitigation measures designed ; and (v) provides references to measures contained in other management instruments or mitigation plans (such as the Indigenous Peoples Plan, ESIA, etc.) developed by the eco-biobusiness.
- (ii) **Monitoring.** Identifies the environmental and social indicators that allow the performance of the eco-biobusiness to be measured and provides information on progress. This section should describe the environmental and social monitoring process during the implementation of the eco-biobusiness, using the following reference monitoring matrix:

Activity			
Risk			
Prevention/mitigation measure			
Expected result			
Indicator			
Means of verification			
Temporality			
Responsible			
Cost			
Description of the progress			

- (iii) **Capacity building and training.** If necessary, the ESMP recommends the development of strategies for capacity building for eco-biobusiness staff, from other areas or institutions, to enable the implementation of the ESIA and ESMP recommendations. Specifically, a specific description of the institutional arrangements with other entities involved to carry out the training activities should be provided in this section.

(iv) Implementation schedule and cost estimates. The ESMP provides a schedule for the implementation of the measures to be carried out as part of the eco-biobusiness and cost estimates for their implementation and monitoring.

A. Stakeholder Engagement Plan (SEP): which includes:

- a. Identification of actors:
 - Stakeholders
 - Other stakeholders
- b. Barriers to stakeholder and other interested party participation and mitigation measures
- c. Mechanisms for participation and dissemination of information
 - Mechanisms for the dissemination of information
 - Participation mechanisms for stakeholders and other interested parties throughout the implementation of the activity
- d. Detailed schedule for the implementation of participatory spaces and the dissemination of information
- e. Monitoring the implementation of the PPPI: Identifying the person responsible and the indicators to be monitored and the means of verification.

Process or activity	
Actors involved	
Mechanism for disclosure of information and participation or consultation process	
Obstacle to participation	
Mitigation measure	
Indicators	
Means of verification	
Implementation schedule	
Responsible	
Cost	
Advance	

B. Grievance mechanism (GM):

- a. Objective:

Establish the roles and functions, as well as the procedures that allow for the resolution of complaints that arise within the framework of the implementation of actions of eco- and bio-businesses, in order to address them in a relevant and timely manner.
- b. Scope: The type of actors involved.

c. Strategies for the socialization of GM

To whom? Potential affected individuals and populations	How will socialization be done?	When will socialization take place?

d. Channels for receiving complaints

In person, virtual and/or telephone.

e. Those responsible for registration and monitoring, and instances.

f. Procedures for monitoring grievances (evaluation, registration, investigation, communication).

Each EBB must establish the times (in days) for the procedures previously defined within the MQ framework at the EBB level.

g. Complaint tracking matrix

DATA OF THE PERSON MAKING THE COMPLAINT	TYPE OF COMPLAINT (MQ or EAAS)	INFORMATION ABOUT THE COMPLAINT	CHANNEL THROUGH WHICH THE COMPLAINT WAS SUBMITTED (in person/virtual and/or telephone)	COMPLAINT RESOLUTION
(Name / ID / position / email - contact address / place of residence / position)		Case details / date of the event / date of registration of the case		Status (in process / resolved) / measures implemented / means of verification / person who follows up / person who registers the complaint

h. SEAH Grievance Monitoring Matrix

Nature of the complaint	If possible age and sex	Is the perpetrator associated with EBBF or the EBB?	Brief description of the event	Date of the event	Has the victim been referred to a service provider ³⁰ for care?	EAAS Complaint Resolution (Status (in process / resolved) / measures implemented / means of verification / person who follows up / person who registers the complaint)

³⁰Legal, psychological, medical or security.

Annex 06: Risks and mitigation measures

Risk	Mitigation Measure(s)	Category	Probability	Impact
<p>Risk factor 1 In forest-based investments, inadequate planning and implementation of silvicultural and agroforestry measures, as well as the occurrence of pests and disease, can result in poor growth and quality of timber and non-timber products. The occurrence of such events may lead to the underperformance of investments in forest-based projects with negative impact on the debt repayment capacity of the project and its ability to attract external investors.</p>	<p>The EBBF’s investment screening process shall prioritize projects adopting international best practices for silvicultural and agroforestry practices. Selected projects shall have the capacity to implement best practices from the planning phase, with proper selection of species for the given site conditions, definition of operations for selected species and production targets, and acquisition of high-quality planting materials; and continues throughout the production cycle through timely implementation of silvicultural and agroforestry operations, conducted by skilled staff. Proper project selection aimed at identifying companies with adequate planning and implementation capacity will minimize deviations from the plan of plantation performance and will reduce the vulnerability of plantations against any pests and disease. In addition, eligible expenses of EBBF grants shall include pest and disease management programs, including preventive measures such as species diversification. Finally, plantation investments will be strictly monitored by the FMU to identify deviations from the original plan and develop mitigation measures.</p>	<p>Technical and operational</p>	<p>Medium</p>	<p>Medium</p>
<p>Risk factor 2 External natural shocks such as calamities, floods, storms and wildfires can have negative impacts on the performance of forest-based</p>	<p>Management practices such as species diversification and good-quality management practices can reduce the vulnerability of forest-based projects against extreme climate events</p>	<p>Technical and operational</p>	<p>Low</p>	<p>Medium</p>

<p>businesses and thereby on the financial performance of the EBBF's investments. Such events can weaken investee projects making them more vulnerable against future events and result in irreversible financial losses.</p>	<p>that might occur in Peru, thus reducing any negative impacts on their performance. Fire events need special consideration in plantation investments. Forest fires can cause the loss of significant planted areas and in some cases, they are the result of social conflicts and agricultural practices in surrounding areas, since fire a common practice used to prepare agricultural and pasture land. Investee projects will require to implement proper fire management strategies, focusing on preventive measures and contingency plans. Fire prevention measures shall be integrated in the investee project's technical operations, by ensuring an adequate level of diversification and avoiding large areas of homogenous vegetation, as well as conducting maintenance operations in a timely manner. The risk of fire events will be managed as well through proactive social strategies, targeting cooperation and aligning interests with local communities, through employment generation, enhancement of livelihoods and promotion of out-grower schemes, as well as fire awareness campaigns.</p>			
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<p>Risk factor 3</p> <p>Sudden changes in the demand for the services and products of eco bio businesses, namely a decrease in volumes and product prices, can compromise the financial performance of EBBF investments.</p>	<p>Global trends indicate a reverse trajectory with a growing demand for EBBs' products and services. Population growth and economic development, together with increasing visibility of forest-based products, suggest that favorable market conditions will persist. The EBBF will prioritize investment in EBBs with products and services in growing demand from both domestic and international markets. EBBF will seek an adequate level of diversification in its portfolio in terms of products, services, geographies, export markets and target customers.</p>	<p>Technical and operational</p>	<p>Low</p>	<p>Medium</p>
<p>Risk factor 4</p> <p><u>Expropriation</u> Expropriation or other such political risk event is considered extremely unlikely</p> <p><u>Corruption</u> PROFONANPE will implement an absolute zero tolerance to corruption.</p> <p><u>Legal risks</u> Inadequacy of local regulatory environment</p>	<p>Political risks can, to an extent, be mitigated by making sure that the projects are implemented in a transparent manner and making sure that the local stakeholders (from grassroots level to local and national government level) are appropriately informed and heard of throughout the implementation process. In addition, the mitigation measures include local participation schemes, integration of neighboring communities as well as good cooperation with the local administration. PROFONANPE has a complete and extensive understanding of Peru's regulatory environment. Regardless of level of regulation, PROFONANPE's projects will be implemented following the highest industry standards, including those related to environmental and social aspects of the projects.</p>	<p>Other</p>	<p>Low</p>	<p>Medium</p>

<p>Risk factor 5 Insufficient co-ordination and/or co-operation between Executive Entities (MINAM and PROFONANPE) resulting in project implementation delays.</p>	<p>MINAM and PROFONANPE have a long track record of working closely to deliver complex project and projects. The project Administration Council (PAC) will consist of representatives from both organizations to ensure effective coordination, communication and management. The PAC will also be responsible to identify and monitor project -level risks and suggest corrective actions.</p>	<p>Governance</p>	<p>Low</p>	<p>Medium</p>
<p>Risk factor 6 Political shifts could reduce the national government's interest in channeling resources to eco bio businesses and potentially change incentives to promote carbon intensive investments. From the project's perspective, this could imply a reduction in cooperation and protracted bureaucratic processes that might delay the implementation of REDD+ measures.</p>	<p>The project's development objective is framed in Peru's long-term planning and strategy document which shelters the project from changes in the national political landscape. The Ministry of Environment, which is the Executing Entity under the proposed project, is the main decision making body responsible for the development and implementation of REDD+ measures.</p>	<p>Technical and operational</p>	<p>Medium</p>	<p>Low</p>
<p>Risk factor 7 Shifting political priorities and changes in the government administration could hinder REDD+ policy that is both directly related to slowing down deforestation in the country and indirectly related to deforestation as enabling conditions for the bio eco businesses facility (Component 2).</p>	<p>Establish REDD+ policies as part of specific rules, regulations and or plans that are formally approved by competent authorities, with clear mandates for future administrations. Also, plan for schemes that ensure the financial self-sustainability of these measures.</p>	<p>Governance</p>	<p>Low</p>	<p>Low</p>

<p>Risk factor 8 COVID-19 pandemic caused significant disruptions in the implementation of projects across the country. The Government of Peru mandated a country-wide lockdown from March to July. As the country is slowly reopening its economy, uncertainties remain with regards to a possible second wave of cases. Should the number of cases continue to climb during the project implementation period, this might cause delays and disruptions to the launch and implementation of the project 's activities.</p>	<p>PROFONANPE and MINAM are fully equipped to work remotely. Awareness raising and capacity building activities can be conducted via webinars and online training modules.</p>	<p>Technical and operational</p>	<p>Low</p>	<p>Medium</p>
<p>Risk factor 9 Concentration of power and representation functions in decision-making bodies by men, which discourages the participation of women and the identification of their needs.</p>	<p>The leadership of women in the EBBs should be promoted, through quotas for the eligibility of enterprises led by women, and through the presence and active representation of women in the spaces for dialogue and coordination that are established with local actors during the implementation of the EBBF.</p>	<p>Social</p>	<p>Medium</p>	<p>Medium</p>
<p>Risk factor 10 Difficulties for women to enter the labor market in adequate and equal conditions, which will generate an unequal use of the benefits of the project.</p>	<p>Training programs for women that respond to their particular needs, as well as their availability of schedules, learning modes, considering the need for interpreters and / or translators, for which pertinent methodologies must be developed according to each case.</p>	<p>Social</p>	<p>High</p>	<p>Medium</p>
<p>Risk factor 11 Possibility of neglecting cases of violence against women, men, girls and boys, which can generate difficulties in relations with local actors.</p>	<p>Implement a system to address complaints, claims, suggestions and complaints from a gender perspective, including Sexual Exploitation, Sexual Abuse and Sexual Harassment specifically procedures</p>	<p>Social</p>	<p>Medium</p>	<p>Medium</p>

<p>Risk factor 12 Scarce information on the situation of women in the forestry sector and in eco and bio businesses, which hinders decision-making and the design of differentiated actions.</p>	<p>Carry out a specific evaluation of the situation and main needs of women associated with the local project, understanding the gaps they have in access to resources, the activities they carry out and the limitations they face.</p>	<p>Social</p>	<p>High</p>	<p>Medium</p>
<p>Risk factor 13 Changes in the internal dynamics of indigenous institutions (associated with the exercise of power) are caused by economic income and the information provided by the project.</p>	<p>Permanent process of disclosure of information about the project, especially in relation to the progress of the EBBFs</p>	<p>Social</p>	<p>Low</p>	<p>High</p>
<p>Risk factor 14 Loss of ancestral traditions in the production process due to the incorporation of new technologies.</p>	<p>Ensure the preservation of ancestral practices in the production process.</p>	<p>Social</p>	<p>Low</p>	<p>High</p>

Annex 07: Profonanpe's ESPs, IFC Performance standards and other international financial institutions

PROFONANPE's PAS	IFC/GCF Performance Standards ³¹	IDB Operational Policies (2016-2017)	WB Environmental and Social Standards (2018)	Environmental and Social Policies FA	IDB Operational Policies
PAS 1. Evaluation and management of environmental and social impacts and risks of programs and / or projects	Performance Standard 1: Evaluation and management of environmental and social impacts and risks of programs / projects	OP/BP 4.01 Environmental evaluation	Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	Evaluation of compliance with the 15 principles of the Fund through the Environmental and Social Management System of the Implementation Entity	Policy 703. Environment
PAS 2. Compliance with the Law		OP/BP 4.01 Environmental Assessment OP/BP 4.04 Natural Habitats OP/BP 4.36 Forests OP/BP 4.10 Indigenous Peoples OP/BP 4.12 Involuntary Resettlement		Compliance with the Law	
PAS 3. Conservation of biological diversity	Performance Standard 6: Conservation of Biodiversity and Sustainable Management of Living Natural Resources	OP/BP 4.04 Natural Habitats OP/BP 4.36 Forests	Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<ul style="list-style-type: none"> ● Protection of natural habitats ● Conservation of biological diversity ● Land and Soil Conservation ● Climate change 	

³¹ GCF IPP: <https://www.greenclimate.fund/sites/default/files/document/gcf-policy-pol-tica-de-pueblos-ind-genas.pdf>

IFC PS7: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps7

PROFONANPE's PAS	IFC/GCF Performance Standards³¹	IDB Operational Policies (2016-2017)	WB Environmental and Social Standards (2018)	Environmental and Social Policies FA	IDB Operational Policies
PAS 4. Climate change	Performance Standard 3: Resource Efficiency and Pollution Prevention	OP/BP 4.36 Forests	Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and management.	Climate change	
PAS 5. Pollution prevention	Performance Standard 3: Resource Efficiency and Pollution Prevention		Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and management	<ul style="list-style-type: none"> ● Pollution prevention and resource efficiency ● Land and soil conservation 	
PAS 6. Stakeholder involvement and participation			Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure	<ul style="list-style-type: none"> ● Access and equity marginalized and vulnerable groups ● Involuntary resettlement 	
PAS 7. Gender Approach		OP/BP 4.20 Gender and Development		Gender Equity and Empowerment of Women	Policy 761. Gender equality in development
PAS 8. Indigenous or native peoples	Performance Standard 7: Indigenous Peoples	OP/BP 4.10 Indigenous Peoples	Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	<ul style="list-style-type: none"> ● Access and equity ● Indigenous peoples 	Policy 765. Indigenous peoples
PAS 9. Cultural and natural heritage	Performance Standard 8: Cultural Heritage		Environmental and Social Standard 8: Cultural Heritage	Cultural Heritage	
PAS 10. Restriction of access and/or use of natural resources and	Performance Standard 5: Land Acquisition and Involuntary Resettlement	OP/BP 4.12	Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	<ul style="list-style-type: none"> ● Involuntary resettlement ● Land and soil conservation 	Policy 710. Involuntary Resettlement
PAS 11. Occupational safety	Performance Standard 2: Work and Working Conditions Performance Standard 4: Community Health and Safety		Environmental and Social Standard 2: Labor and Working Conditions. Environmental and Social Standard 4: Community Health and Safety	<ul style="list-style-type: none"> ● Public health ● Fundamental labor rights 	

Annex 08. Environmental and Social Impact Assessment (ESIA)

The ESIA is a comprehensive document describing the potential environmental and social risks and impacts of the project submitted by the eco-biobusiness, which is prepared on the basis of the potential risks and impacts identified in the Annex 1: B Extended assessment of environmental and social risks (or Screening Checklist) if its ESS risk category is B. .

The minimum content of the ESIA must include:

- (i) **Identification and analysis of potential** environmental, social, health and safety risks and impacts of the project; based on the expanded assessment of environmental and social risks, including risks to ecosystems and natural resources, health and safety risks to workers and the community or third parties, social risks related to stakeholders, gender issues and sexual harassment, abuse and exploitation;
- (ii) **Assessment of the significance of impacts** (and assessment of residual impacts).
- (iii) **Compilation of an initial environmental and social baseline** ³²;
- (iv) **Reference to the use of Profonampe's Environmental and Social Policies (PAS) to reflect the eco-biobusiness' commitment to sustainable development and environmental and social management at the EBB level; and**
- (v) **Assessing contextual risks** – including risks associated with reversing GHG emissions (such as risks from exposure and vulnerability to natural phenomena)

³² Social baseline: Identification of the directly affected population and other relevant local actors and demographics - social, economic, employment and other similar statistics duly analyzed for the case of eco biobusiness, Main economic activities in the area of influence.
Environmental baseline: Description of the biological environment (flora, fauna), Identification of fragile ecosystems, Identification of other areas of importance for biodiversity, Identification of aspects of vulnerability and natural hazards.

Annex 09: Gender Assessment and Action Plan (GAAP)

A gender assessment and action plan shall be developed by the eco-biobusiness, using the Facility's Gender Assessment and Action Plan as a frame of reference. The objective of the EPAG is to assess the role of men and women in the EBB and provide measures to address and mitigate the potential risks of actions that could widen gender gaps.

The minimum content expected to be contained in the EPAG to be developed will be:

- a. Introduction
- b. Gender assessment
 - Participation/role of women in the eco-biobusiness workforce
- c. Gender action plan
 - Objectives of the Plan
 - Prevention and/or mitigation measures for the integration of gender considerations in the implementation of eco-biobusiness.
 - Training actions identified in gender matters.
- d. Monitoring and evaluation of the Gender Action Plan:

Environmental or social risk ³³ and/or gap to be addressed	Preventive or mitigating measure	Indicator	Means of Verification	Status of implementation progress	Responsible

EBB monitoring indicators linked to EPAG:

Monitoring indicators at PAG level		
Key indicators	Progress in the period	Description
Total number of women benefiting from eco-biobusiness activities.		
Number of indigenous women who benefit from eco-biobusiness activities.		
Total number of women employed by the eco-biobusiness		

³³Based on the potential risks and impacts identified in the ESMP developed by the EBB.

Number of indigenous women employed by the eco-biobusiness		
Training actions on gender issues carried out by the EBB		

Annex 10: Indigenous Peoples Plan (IPP)

If, as a result of the mapping of actors in the stakeholder participation plan, which is part of the ESIA, indigenous peoples are identified that could be affected or that are part of the project, the eco-biobusiness must develop the PPI, which will establish the guidelines and measures necessary to guarantee culturally relevant participation in favor of the indigenous peoples related to the Eco and Biobusiness.

Main objectives of the PPI ³⁴:

- Ensure that before any activity that may affect indigenous peoples is initiated, their free, prior and informed consent has been obtained.
- Timely identification of indigenous peoples located within the project area, as well as management of potential risks and impacts that could affect them, and corresponding prevention measures.
- Promote the participation and involvement of the indigenous population located in the area of intervention of the project, so that they can receive economic, social and environmental benefits in an appropriate and inclusive manner.

The content of the Indigenous Peoples Plan must include:

- A sociocultural diagnosis** of eco-biobusinesses has been identified (based on the Identification of indigenous peoples at the EBB level), it is necessary to carry out a cultural diagnosis of them, in terms of:
 - **Population:** Make a general mapping of the number of men and women belonging to indigenous peoples who could be affected or who are part of the project.
 - **Territory:** Identify areas with legally recognized land tenure (title, grant for use or other enabling title); areas of customary use or occupation, including areas of seasonal use for cultural or spiritual purposes, areas for exploitation or livelihood support, or others.
 - **Government:** identify recognized authorities (at community and representative organization level).
 - **Cultural practices and natural resource management:** identify natural resources of cultural importance to the indigenous peoples involved; gender differences in the use and management of natural resources; productive and economic activities, among others.
- To carry out this diagnosis, tools such as interviews, focus groups, speaking maps, observation guides, participatory workshops, or secondary sources, among others, can be used.
- A mapping of the potential environmental and social risks and impacts** generated by eco-biobusinesses that could directly affect indigenous peoples. For the purpose of reviewing the probable risks and impacts of each bio- ecobusiness on indigenous peoples, the following should be taken as an initial reference:
 - **Restrictions on the use and enjoyment of natural resources**
 - **Lack or scarcity of gender considerations and absence of opportunities offered to women, the elderly and young people.**
 - **Actions that generate the widening of gender gaps.**
 - **Opposition** from community land users due to restrictions or loss of access to productive areas.

³⁴Aligned with the Facility's Indigenous Peoples Participation Framework which also considers the IPP per the GCF IP Policy <https://www.greenclimate.fund/document/indigenous-peoples-policy>.

- Violation of rights associated with ancestral knowledge and cultural values
- Generation of conflicts regarding ownership and use rights of the eco-biobusiness site, together with the distribution of resulting benefits and employment opportunities.
- Complaints and claims not attended to

Based on the identification of risks and impacts, the PPIs will define the specific mitigation measures that will be proportional to the anticipated risks and impacts and must be defined based on a mitigation hierarchy³⁵.

- iii. An **action plan with measures** to manage, prevent and/or mitigate negative impacts on indigenous peoples and measures to enhance the positive impacts and benefits of the indigenous population that would access the benefits of the eco-biobusiness.

Eco-biobusiness activity	Potential risk and environmental or social impacts ³⁶	Nature of the impact (positive or negative)	Preventive or mitigating measure	Indicator	Means of verification	Responsible (Monitor)	Status of implementation progress

PPI-linked EBB monitoring indicators:

Key indicator	Progress in the period	Description
Number of native and/or peasant communities benefited by the project		
Number of indigenous people employed in the eco-biobusiness		
Number of indigenous women employed in the eco-biobusiness		
Number of indigenous people (disaggregated by sex) participating in information workshops/meetings/others		

³⁵The **mitigation hierarchy** establishes a succession of priority measures to limit adverse effects through prevention, minimization, restoration and compensation initiatives, and opportunities aimed at achieving culturally appropriate benefits and in favor of sustainable development (Environmental and Social Policy. GCF)

³⁶Based on the potential risks and impacts identified in section ii of the PPI developed by the eco biobusiness

iv. **Communication measures and participation strategies and consultation** (the measures defined must be aligned with the strategies defined in the ESAP developed by the eco biobusiness).

Process or activity	Actors involved	Mechanism for disclosure of information and participation or consultation process	Obstacle to participation	Prevention/mitigation measure	Implementation schedule	Indicators	Means of verification	Responsible	Advance

v. Identification of **capacity building needs** (if found) and how they will be addressed during the implementation of the eco-biobusiness.

vi. **Monitoring of the PPI based on the Action Plan:** Which will include the indicators identified in the Action Plan in section iii.

Consider that monitoring actions should allow:

- Verify that the established measures are being executed and when problems or errors arise, propose corrective and/or improvement measures.
- Identify difficulties, challenges and opportunities for the implementation of the measures.
- Serve as a framework for transparency of actions and participation of communities and their representative organizations.
- The Indigenous Peoples Action Plan will be monitored on a semi-annual basis.

Annex 11: Programming and Budget

No	Activities	Description	Amount	Cost \$	Total Cost \$	Year										Total	
						1	2	3	4	5	6	7	8	9	10		
Stakeholder engagement plan implementation																	
1	Consultations with the stakeholders of each EBB	40 consultation process	40	1,810	72,400	14,480	14,480	14,480	14,480	14,480							72,400
ESMS implementation																	
2	Review and update of EBBF's ESMS to ensure its nesting under the country's approach to REDD+ safeguards. Including a guide for small-scale REDD+ interventions, including standard operating procedures, associated tools and other instruments and training material.	3 documents	1	31,500	31,500	31,500											31,500.00
3	Build technical capacities to ensure EBBs adherence with relevant REDD+ and EBB safeguards, including SEAH safeguarding and monitoring.	Design of training modules to apply of SOPs and support monitor and reporting on the environmental and social integrity and sustainability of EBBs with a view to inputting the MIS, including annual workshops.	1	2,500	2,500	26,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	206,400

4	Training on a gender approach for specialists from the Implementation Unit and other management units involved in the EBBF. Including SEAH safeguarding and monitoring.	10 training	10	1,042	10,420	1,042	1042	1042	1042	1042	1,042	1042	1042	1042	1042	10,420
Gender plan implementation																
1	Social & Gender Specialist	1 specialist	1	38,522		38,522	38,522	38,522	38,522	38,522	38,522	38,522	38,522	38,522	38,522	358,588.2
TOTAL						111,584	74,084	74,084	74,084	74,084	59,604	59,604	59,604	59,604	59,604	705,940