



**MANUAL CAF-GEF PROJECT
ENVIRONMENTAL AND SOCIAL SAFEGUARDS**

CORPORACIÓN ANDINA DE FOMENTO – CAF

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INTRODUCTION

The CAF (Development Bank for Latin America, *Corporación Andina de Fomento*) is a multilateral development bank that promotes a sustainable development model through credit operations, non-reimbursable resources, and support in the technical and financial structuring of projects in the public and private sectors of Latin America. The GEF (Global Environmental Facility) was established to help tackle our planet's most pressing environmental problems. CAF recognizes the importance of promoting environmental and social sustainability in all its lending activities.

CAF was accredited as a GEF Implementation Agency in 2015 to help catalyze financial resources for Latin American countries to build a better resilience of natural and productive populations and ecosystems. The GEF Council approved an updated Policy on Environmental and Social Safeguards¹, Policy on Gender Equity² and Policy on Stakeholder Engagement³, which together comprise minimum standards that GEF implementation agencies are required to meet associated with GEF financing.

The goal of this Manual of CAF-GEF Project Environmental and Social Safeguards Guidelines is to promote the environmental and social sustainability of CAF-GEF financed projects by protecting people and their environment from potential adverse impacts, and enhancing benefits being provided. The Manual is specifically developed to meet the GEF minimum standards. This manual includes nine CAF-GEF project safeguards (listed below) and a CAF-GEF Project Accountability Mechanism:

- Evaluation and Management of Environmental and Social Impacts (S01)
- Sustainable Use of Renewable Natural Resources (S02)
- Conservation of Biological Diversity (S03)
- Pollution Prevention and Management (S04)
- Cultural Heritage (S05)
- Ethnic Groups and Cultural Diversity (S06)
- Population Resettlement (S07)
- Working and Training Conditions (S08)
- Gender Equity and Mainstreaming (S09).

The manual is designed to support environmentally sustainable development by ensuring that CAF-GEF financed projects incorporate measures as may be deemed to be necessary and sufficient to avoid, minimize, abate, and, where appropriate, offset any adverse impacts to people and the environment.

The manual guidelines and procedures shall be applied to all CAF-GEF financed projects within CAF member countries and will be effective for any CAF-GEF financed project which is formally part CAF project pipeline as of July 6th, 2021. CAF shall not provide CAF-GEF financial assistance to any project that does not comply with this manual guidelines and procedures, the environmental legal framework in force in the country, and applicable international environmental agreements or conventions.

¹ GEF/C.55/07/Rev.01 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55.07.Rev_.01_ES_Safeguards.pdf)

² SD/PL/02 (http://www.thegef.org/sites/default/files/documents/Gender_Equality_Policy.pdf)

³ SD/PL/01 (http://www.thegef.org/sites/default/files/documents/Stakeholder_Engagement_Policy.pdf)

CAF-GEF PROJECT SAFEGUARD S01 EVALUATION AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL IMPACTS

I. INTRODUCTION

CAF has placed its experience, knowledge, resources, and action strategies at the service of an Agenda for the Comprehensive Development of the region, in order to achieve quality, sustained, equitable, and inclusive growth that contributes to reduce poverty, inequality, and unemployment, strengthen democracy in a framework of governance, and involve society through the generation of social and human capital, productive transformation, and low-in-carbon economy, considering the sustainability of the natural base of its shareholder countries.

In these objectives, of paramount importance for the present and future of the region, the cross-cutting nature of the environmental subject is evident, and for this reason, CAF has committed, in a permanent and coordinated effort with its member countries, to sustainably preserve and use the natural capital and environment as an essential support and source of development.

In this respect, throughout its trajectory, CAF has developed a clear environmental strategy aimed at two essential objectives: (i) permanently generate and improve the frameworks, spaces, and processes that guarantee a responsible environmental and social management to the Institution; and (ii) support its shareholder countries in the preservation and sustainable use of their natural resources as well as their ecosystems.

To carry out the first objective, CAF has designed and implemented a *Programa de Evaluación y Seguimiento Ambiental y Social de Operaciones (PESASO)* (Program for Environmental and Social Evaluation and Follow-Up of Operations), with the purpose of guaranteeing physical, environmental, and social sustainability and gender equity in operations financed by the Institution. This program integrates all the technical, human, technological, and financial resources that are available within each phase of the credit process (Figure 1), providing instruments and criteria for decision making regarding the feasibility and subsequent environmental and social management of the operations.

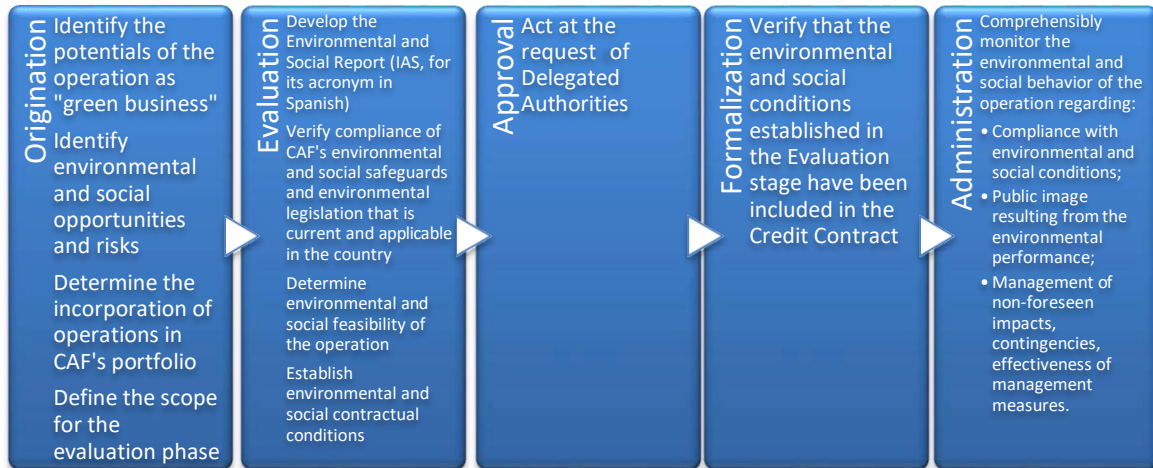


Figure 1
Program for Environmental and Social Evaluation and Follow-Up of Operations

This CAF-GEF Project Safeguard is an essential part of the PESASO concepts, and seeks to achieve the following environmental and social results that are consistent with its Environmental Strategy and the specific CAF-GEF Project Safeguards:¹ (i) provide the technical criteria and the most important conceptual guidelines for the environmental and social evaluation, coherent and applicable to all of CAF-GEF financed operations; (ii) establish the client's responsibilities with respect to the evaluation and follow-up of the environmental and social impacts associated with all CAF-GEF financed operations.

The client is responsible for carrying out an environmental and social evaluation of the operations for which CAF-GEF financing is requested, with the objective of ensuring that these operations will be environmentally and socially feasible and sustainable. This environmental and social evaluation must take into consideration the type and magnitude of the project, as well as the environmental and social characteristics of its location, and must be able to identify and understand the potential impacts that enable a recommendation of the most adequate measures and solutions.

II. DEFINITIONS

Environment is the set of physical, biological, social, and cultural factors that interact systematically. Therefore, it should not be considered as what surrounds humans. For analytical purposes, it may be classified in different ways; for example: biophysical surroundings, socio-cultural surroundings, natural surroundings, constructed surroundings, urban surroundings, rural surroundings. In all cases, the analysis includes the human population and its activities. For the purpose of this safeguard, it is used as a synonym of environment.

¹ Specific CAF-GEF Project Safeguards are:

S02	Sustainable use of renewable resources	S03	Preservation of biological diversity
S04	Prevention and management of contamination	S05	Cultural heritage
S06	Ethnic groups and cultural diversity	S07	Population relocation
S08	Working and training conditions	S09	Gender equity

Direct area of influence, is the area in which impacts take place (both direct and indirect) as a result of the activities of the project, an area in which the project's promoter is responsible for the management of impacts, including prevention, mitigation, control, and/or compensation for the negative impacts, and for the enhancement of the positive impacts.

Indirect area of influence, is the area where impacts are produced as a result of the activities of the project, where the responsibility of the project's promoter is to alert the corresponding authority, through the identification of impacts and measures in the environmental study, about the possible presence of impacts caused by the activities of the project and/or program proposed to CAF, and cooperate jointly with them in managing these impacts.

Environmental audit, is the accumulation and objective exam of the evidence, carried out with the purpose of issuing an independent opinion regarding the degree of compliance of the current environmental norms and of the environmental commitments adopted in the (i) Environmental and Social Management Plan, (ii) the Loan Contract, (iii) CAF's performance standards or CAF-GEF Safeguards, and/or (iv) the environmental and social legislation (which may include: environmental impact evaluation, quality of water, quality of air, management of dangerous residues, SSO norms, etc.), at specific times during the development of the project. The environmental audit may be carried out: (i) at the conclusion of an operation to determine the performance of those involved in the management during the development of the operation; or (ii) at any time, called mid-term evaluation, which verifies environmental conditions at specific times during the development of the operation, or may be carried out in case of environmental pollution or social conflict resulting from non-compliance or accident (major spill). The time at which it is conducted, and the cause determine its objective and scope.

Climate Change, is understood as a change in climate attributed directly or indirectly to human activity, which alters the composition of the world's atmosphere and adds to the natural variability of climate observed during comparable periods of times.²

Project cycle, or cycle of life of a project, is a set of generally sequential phases, on occasion overlapping, whose name and number are determined by the organization's management and control needs. To facilitate management, projects can be divided into phases, with the corresponding links to the organization's operations. In general, the stages of the cycle of life of a project are: (i) start of the project; (ii) organization and preparation; (iii) implementation of work; and (iv) closing of project.

Client, is the entity that requests a loan from CAF. This entity does not necessarily implement the project directly. However, the client is responsible for guaranteeing that the project will be designed and implemented in compliance with the current norms in the country, and that it complies with CAF's CAF-GEF Safeguards, as appropriate. The client will guarantee compliance with all the conditions established in the Credit Contract, for himself and those contracted by him, having to show that his contracts and contractors include these conditions, as appropriate. For CAF, the client is the only party responsible for compliance with such conditions.

Environmental components or factors, the environment is defined as the "set of physical, chemical, biological, or social components capable of causing direct and indirect effects in the short or long-term on living beings and human activities" (Stockholm, 1972). Under this definition, each part of the

² United Nations Framework Convention on Climate Change. United Nations, 1992.

environment is the environmental component or factor. Environmental components are grouped in two systems: abiotic system and biotic system.

Social components or factors, considering the above-mentioned definition of environment, the social component or factor is each part of the environment regarding human beings, which are part of said environment, including local people and communities, and workers.

Environmental and social impact evaluation, Evaluation, is the technical-administrative procedure that helps identify, prevent, and interpret environmental and social impacts and risks produced by a project in its environment when executed, so that the competent administration may accept it, reject it, or modify it. This technical-administrative procedure has different characteristics in every country, according to the regulations. However, in all cases, it is carried out by developing an Environmental Impact Study up to the issuance of the Environmental License by the corresponding environmental authority.

Administration Phase. According to CAF's Credit Process Manual, this phase seeks to ensure compliance of the contractual conditions and the agreed upon amortization, verifying the due debt servicing and recovery of the disbursed capital. In addition, it seeks to adequately implement the disbursement of the credit amounts and ensure compliance of the terms and conditions established in the legal documentation.

Evaluation phase, includes all activities from the incorporation of the Operation approved at the CNC in the Bank's Inventory of Operations, up to the approval of the Credit Evaluation Document (DEC, for its acronym in Spanish) by the corresponding approving authorities.

Formalization phase, includes all activities from the approval of the Operation in the Loans and Investments Committee (CPI, for its acronym in Spanish) or the relevant body, up to the signature of the respective Loan Contract.

Identification phase, involves the activities carried out by CAF's client prior to the credit application.

Origination phase, according to the provisions established in CAF's Credit Process Manual, the objective of this phase is to carry out a brief review of the available information regarding the client's quality and the adaptation of the business proposal to the Management Policies, the guidelines established in the Credit Process Manual, the Guidelines for the Capital Legalization, the annual business plans, and CAF's specific strategies. Based on the aforementioned, a decision is made regarding the incorporation, or not, of the operation to the Inventory of Operations. If the operation is incorporated, a work team is created to carry out the respective evaluation of the operation.

Environmental and social management, understands the environment as the combination of natural and social components, the series of actions that lead to a comprehensive management of the environmental system. In other words, including the concept of sustainable management, it is the strategy through which anthropic activities that affect the environment are organized, in order to achieve an adequate quality of life, preventing or mitigating the impacts that may occur on any of the environmental and social components or factors.³ Environmental and social management applies to all the stages of a project.

Impact management, for the purpose of this Safeguard, the management of negative impacts is understood as the prevention, mitigation, control, compensation, and enhancement of positive impacts that may be the result of an operation.

Carbon footprint, includes all greenhouse gasses (GHG) emitted as a direct or indirect effect of an individual, organization, event, or product. This environmental impact is measured by carrying out an inventory of GHG emissions or a life cycle analysis according to the type of footprint, following recognized international regulations such as ISO 14064, PAS 2050 or GHG Protocol,⁴ among others. The carbon footprint is measured as equivalent CO₂ mass.

Ecological footprint, an environmental impact indicator generated by human demands for natural resources that exist in the planet's ecosystems, related to the ecological capacity of the Earth to regenerate its resources. It represents the area of land and water that is ecologically productive (crops, grasses, forests, or water ecosystems) and, ideally, also the volume of air, both of which are necessary to generate resources and assimilate the residues produced by each population, determined according to their way of life, indefinitely. The measure may be performed at different scales: individual (the ecological footprint of one person), population (the ecological footprint of a city, a region, a country...), or communities (the ecological footprint of agricultural societies, industrialized societies, etc.). The main objective of calculating ecological footprints is to evaluate the impact of a determined way of life on the planet and compare it with the planet's biocapacity. Consequently, it is a key indicator for sustainability.

Water footprint, is an indicator that measures the volume of fresh water used to produce goods and services.⁵ It enables the establishment of the consumption situation and development of strategies to optimize the resource and reduce the associated environmental impacts. To establish the Water Footprint of a project or organization, three types of water must be considered: (i) Green Water Footprint, refers to the consumption of rain water stored in the ground, which does not become runoff water, and satisfies demand without requiring human intervention; (ii) Blue Water Footprint: refers to the consumption of water associated to the extraction from a superficial and/or underground source, to satisfy demands originated in a process, requiring human intervention; and (iii) Grey Water Footprint: defined as the volume of fresh water necessary to assimilate the load of contaminants by a receiving body, considering the environmental quality regulations as a reference, and associating the limits established for a good quality for the environment and the population.

Environmental impact is the effect of human activity on the environment.

Final evaluation report, is the report sent by the client to CAF when the project ends, which must include the following information: (i) description of the finalized operation; (ii) description of the environmental and social characteristics when works finish; (iii) comparative analysis of the expected impacts versus the impacts detected on-site; (iv) comparative analysis of the intended measures versus the measures really applied; (v) list and explanation of unsatisfactory environmental and social

⁴ The GHG Protocol was developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), jointly with companies, governments, and environmental groups around the world, in order to build a new generation of effective and credible programs to address climate change

⁵ The concept was developed in 2002 by Arjen Hoekstra - Professor at UNESCO's Institute for Water Education.

aspects, including causes and consequences (residual impacts); (vi) verification of compliance of contractual requirements, and in case of non-compliance, explain why it was not executed and how it was corrected; (vii) comparative analysis between the original budget and the one effectively executed, justifying any differences; (viii) lessons learned; and (ix) conclusions and recommendations.

Follow-up reports, are periodic reports that the client must send CAF, including all the information that can help carry out an adequate control of activities, and verify the project's environmental and social performance. Said reports must include at least the following information: (i) advances in the implementation of the project's PMAS (Spanish acronym for Environmental and Social Management Program) and PSCAS (Spanish acronym for Program for Environmental and Social Follow-Up and Control) during the follow-up period; (ii) status and advance of compliance of the environmental regulation and environmental and social commitments derived from licenses, permits, or Environmental Management Instruments that are applicable to the project; (iii) advance of social relationships; (iv) report and results of environmental and social components monitoring (when applicable); (v) report of environmental accidents and/or emergencies; (vi) measures applied to correct or repair damages, or deal with other adverse consequences resulting from any occasional operation failure; (vii) physical and financial advance of the environmental and social component; and (viii) report on the status of the Penalizing Processes, when applicable.

Base line, is a description of the current environmental situation, at the time of the study, without influences from new anthropic interventions. In other words, it is a photograph of the current environmental situation, considering the corresponding environmental components at the time of the study, prior to the project's implementation. From this situation, the positive and negative modifications of the interventions are evaluated in later stages of the Environmental Impact Evaluation.

Compensation measures, are the works or activities that compensate for damages caused by the construction or implementation of a project, work, or activity. These measures are aimed at unavoidable impacts, which cannot be completely prevented or mitigated. These measures also include financial compensation for the damages caused. Their objective is to produce or generate a positive alternative effect which is equivalent to the identified adverse effect. They include the replacement or substitution of the natural resources or environmental elements that were affected by others of similar characteristics, class, nature, and quality.

Mitigation measures, are the works or activities that reduce the impacts resulting from the construction or implementation of a project. These measures are aimed at impacts that cannot be completely prevented. Their objective is to reduce the identified adverse effect.

Enhancement measures, are the works or activities that increase the impacts caused by the construction or implementation of a project. These measures are aimed at increasing the identified positive effect.

Prevention measures, are the works or activities applied to prevent impacts caused by the construction or implementation of a project. These measures are preferably applied during the implementation of a project. Their objective is to avoid the identified adverse effect.

Restoration measures, are the works or activities that reestablish the conditions prior to the occurrence of the impacts caused by the construction or implementation of a project. These measures are aimed at unavoidable impacts that cannot be completely prevented or mitigated. Their objective is to reestablish the conditions that existed in the site before the implementation of a project.

Mitigation of environmental impacts, actions for the prevention, control, attenuation, restoration, and compensation for negative environmental impacts that must accompany the development of a project to ensure a sustainable use of natural resources and protection of the environment. They emerge from the Environmental Impact Study, and its follow-up is incorporated to the Environmental and Social Management Program.

Environmental monitoring, is the repetitive measure⁶ of environmental parameters/indicators to determine changes in said parameters/indicators during the execution and operation of projects, using specialized equipment for in situ monitoring and/or collection of samples for lab analysis, to obtain qualitative and/or quantitative results that may be compared over time and enable the follow-up of the performance of the parameters/indicators.

Environmental liability, is a concept that may materialize or not in a geographic site which is contaminated by the release of materials or residues which were not remedied in a timely manner, and they continue to cause negative effects on the environment. As a result of the existence of environmental liabilities, it is necessary to resort not only to remediation or mitigation, but also to compensate for the damages caused in the past.

Environmental and Social Management Program [PMAS, for its acronym in Spanish], set of measures for the prevention, mitigation, enhancement, and compensation for environmental and social impacts, which are part of the Environmental Impact Study that must be executed, following the timeline approved during each project phase, structured as sub-programs and/or projects, each of which must have a design of the measures, provision of human, material, and economic resources for their implementation, according to a timeline determined in agreement with the execution of the project's implementation activities.

Program for Environmental and Social Follow-Up and Control [PSCAS], set of technical references that enable the follow-up of the implementation of measures proposed in the Environmental and Social Management Program, as well as the environmental control applied during the different phases of the project. The document must include a prospect of types of controls, and projection of human, material, and economic resources, to achieve its objectives.

Environmental risk, for the purpose of this Safeguard, it refers to the probability of occurrence of possible damage. The concept is associated to the possibility of environmental damage or impacts, which may be the result of activities carried out for the implementation, operation, or maintenance of a project, or due to natural causes.

Climate Risk, the concept of climate risk implies the presence of an extreme but foreseeable natural phenomenon, and human activity that is susceptible to damages by such phenomenon.

⁶ Beanlands and Duncker, 1983

Environmental Follow-Up, set of actions planned to continually or periodically supervise the activities of a project to be able to identify, in a timely manner, the shortfalls in complying with the established environmental agreements in: (i) Environmental and Social Management Plan, (ii) Loan Contract; (iii) CAF's performance standards or safeguards; and/or (iv) Environmental and Social legislation (that may include: EIA, water quality, air quality, management of dangerous residues, SSO regulation, etc.). It is developed during a process of implementation of the operation, for the immediate application of temporary measures that prevent the accumulation of environmental impacts.

Local sensibility, is the perception that local actors have regarding the appearance of an impact, an activity that takes place considering the experience of the Consultant and consultations with the local population. For the normalization of the population's feelings with respect to the appearance of different impacts, scales must be adopted to determine indifference, passive, and active levels.

Climate variability, is defined as variations of the average state and other statistical climate data in temporal and spatial scales that are broader than those of meteorological specific phenomena. Variability may be due to internal natural processes of the climate system, which is known as internal variability, or processes influenced by external or anthropogenic natural forces, called external variability (IPCC, 2007)⁷.

III. OBJECTIVES

The general objective of this safeguard is to establish CAF's requirements regarding environmental and social matters to consider financing for a specific CAF-GEF financed project (operation), and guide the actions that the client must take to comply with them in a satisfactory manner.

The specific objectives of the safeguard are:

- identify, evaluate, and manage the environmental and social impacts and risks of the CAF-GEF financed projects.
- identify the climate variability risks and adaptation measures;
- manage the identified impacts through: (i) prevention; (ii) mitigation; and (iii) compensation when prevention and/or mitigation are not possible;
- comply with the current regulations in the country where the operation is developed;
- inform and consult the population that resides in the area of the CAF-GEF financed project, as well as other actors interested in environmental and social impacts, management measures, and their results;
- promote the improvement of environmental and social management of CAF-GEF financed operations, by means of strengthening the institutions; and
- standardize the documents delivered by the client for the evaluation of the CAF-GEF financed operation.

IV. SCOPE

The requirements established in this safeguard apply to all CAF-GEF financed operations.

⁷ IPCC, 2007: Cambio climático 2007 (Climate Change 2007): Summary report. Contribution of working groups I, II, and III for the fourth evaluation report of the Intergovernmental Group of Experts regarding Climate Change [Main editorial group: Pachauri, R.K, and. Reisinger, A. (publication directors)]. IPCC, Geneva, Switzerland, 104 pages.

CAF-GEF financed operations may be from the public or private sector. The requirements established by CAF will apply in all the different stages of a CAF-GEF financed operation, that is: (i) design, (ii) construction, (iii) operation, (iv) expansions and/or modifications and, eventually (v) closing.

This safeguard applies to all the components of the CAF-GEF financed project, independently of whether it is completely financed by CAF or if it is co-financed, and also applies to the operation's associated facilities, understanding that associate facilities are those that, although they are not part of the CAF-GEF financed operation, (i) they are directly and significantly related to the operation; (ii) they are carried out or planned in parallel with the CAF-GEF financed operation; and (iii) they are necessary for the operation to be feasible, and they would not have been built or expanded if the CAF-GEF financed operation had not existed.

CAF will not finance or support the execution of CAF-GEF financed projects that contravene some of the following aspects: (i) the list of exclusions included in Annex 1; (ii) the requirements of this safeguard; (iii) the country's applicable legislation; and (iv) the international legislation subscribed by the country.

This safeguard will provide a preliminary definition of the activation of the CAF-GEF Project Safeguards S02 to S08, based on the tables in Annex 2; CAF-GEF Project Safeguard S09 on Gender Equity and Mainstreaming and the CAF-GEF Project Accountability Mechanism apply to all CAF-GEF financed projects. The decision on which CAF-GEF Project Safeguards S02 to S08 that will be applied will be verified and approved by CAF before the approval of the CAF-GEF financed operation, at which time an activation of additional CAF-GEF Project Safeguards may be requested under the precautionary principle, if there are any doubts regarding its applicability.

V. REQUIREMENTS

In all CAF-GEF financed projects the client must:

- Identify and evaluate the environmental and social impacts of the CAF-GEF financed project, to provide feedback to the project's design. The design must be developed by experts in each required specialty;
- Develop a plan with hierarchical measures aimed at preventing and avoiding or, failing this, minimizing, and where there are residual impacts, compensating and restoring the impacts of the CAF-GEF financed project on the workers, the communities, and the environment, in case the current environmental legislation does not establish it as a requirement;
- Carry out a timely follow-up of the implementation of the measures for impact and risk management relative to the CAF-GEF financed project, and adjust those measures according to the evolution of the impacts during the different phases of the project's cycle;
- Promote informed, timely, effective, and transparent participation of the affected communities, supply the means to maintain this participation throughout the CAF-GEF financed project's cycle, and guarantee that all the relevant information to this end will be provided in a timely manner;
- Expect to have, and if necessary, develop, institutional, technical, and financial capacities to implement and follow-up on the strategy of hierarchical measures to manage the impacts of the CAF-GEF financed project.
- Identify and/or present, if possible, complementary actions that address climate risk aspects,

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- and/or enhance actions for the environmental and social improvements of the CAF-GEF financed project; and
 - Financial intermediaries must have a System for the Analysis of Environmental and Social Risks.

V.1. Environmental and Social Evaluation

The Environmental and Social Evaluation of CAF-GEF financed projects will be carried out by the client (Proponent), and presented to CAF when applying for the operation, or before the start of the evaluation phase, which will be notified by CAF. The environmental and social evaluation process, including the development of Environmental and Social Impact Assessments and Environmental and Social Management Plans or related studies and plans, shall be conducted commensurate with the project classification and project potential environmental and social risks and impacts (see Annex 3 for details related to project classification). Projects will be assessed, designed and implemented consistent with a mitigation hierarchy, ensuring that any environmental and social risks and potential adverse environmental and social impacts are anticipated and then, in order: avoided or prevented, where feasible; minimized; mitigated and managed; and as a last resort, residual impacts are offset or compensated where avoidance or prevention, minimization, mitigation, and management are not feasible.

V.2. Definition of area of influence

The area of influence of a CAF-GEF financed operation is divided into two geographic spaces called direct area of influence and indirect area of influence.

For the definition of an operation's area of influence, it is necessary to consider several aspects, among which the main are: (i) the characteristics of the natural and social environment where the operation will take place; and (ii) the characteristics of the operation.

Initially, it is necessary to analyze the characteristics of the activities and works that will be carried out as part of the operation (direct actions), and determine those that are attributed to activities directly related with the operation, and those related to induced development (indirect actions), which are carried out by third parties but influenced by the presence of the new infrastructure.

The definition of the area of influence will depend on the interaction of the actions (direct and indirect) with the environment in which the operation takes place, establishing a limit that will correspond to the direct area of influence, and another for the indirect area of influence. The direct area of influence is generally located within the indirect area of influence.

The definition of areas of influence will establish the scope of the study, and define the depth or measure with which environmental components will be studied. In this respect, the discrimination of these areas will be based on criteria that considers how the different environmental components are affected (physical, biotic, and socio-economic), as well as those that are potentially accessible during the useful life of the project.

The definition of the area of influence may be modified based on the results of the identification and evaluation of the environmental impacts described in numeral V.1.3.

V.3. Characterization of the environment

The characterization of the environment or environmental base line will be based on information that is: (i) specific to the CAF-GEF financed project and site, constituted by available, updated, and verifiable data; (ii) its level of detail and geographic scale is in agreement with the CAF-GEF financed project's direct and indirect area of influence, as well as with the project's magnitude, and it enables a proposal and design of specific and achievable measures; and (iii) it covers all the environmental and social components or factors that may be affected by the CAF-GEF financed project. A base line supported by environmental and social data with an adequate level of detail helps identify, describe, and evaluate environmental impacts in the best possible manner, as well as appropriately propose prevention, mitigation, or compensation measures.

The characterization of the environment in which the CAF-GEF financed operation develops must address the environmental components (physical, biotic, and socio-economic) that may be modified by the operation, contributing value judgments regarding the sensitivity and vulnerability of the environment, to facilitate the determination of environmental impacts that may result from the works of the project or program being financed. The definition of environmental components that must be studied in each case, depends on the characteristics of the operation and the sensitivity of the environment in which it takes place. In this respect, the components to be studied in each case will be specific, except in large projects that develop in highly sensitive environments, where it will be necessary to study all environmental components.

The characterization of the environment must also incorporate a climate analysis and the implications of climate variability and climate change on the project.

Natural risk factors of the area where the project will develop must be included to determine if the impacts generated by the operation may exacerbate the effects of those factors.

V.4. Identification and evaluation of environmental and social impacts

The identification and evaluation of environmental and social impacts and risks will take into consideration, in an integrated manner, all the direct, indirect, and accumulated environmental and social impacts that are relevant to all the activities associated with each stage of the CAF-GEF financed project (construction, operation, closing, and abandonment), as well as over all the components of the natural and social environment.

The environmental and social identification and evaluation will be conducted commensurate with the project environmental and social risks and project classification (see Annex 3 for Category A and B project requirements). The environmental and social evaluation will take into account all relevant project-related environmental and social risks, including those in project-applicable CAF-GEF Project Environmental and Social Safeguards S02 to S08, and related to community safety and health, climate change, gender, and disadvantaged or vulnerable individuals or groups. The evaluation shall include an assessment of alternatives that includes the no-project alternative. Potential alternatives can include feasible options for project site, technology, design, operation, mitigation measures, capital costs and recurring costs, and comparison between project benefits and project environmental costs. In addition, environmental liabilities must be identified in the area of influence to be able to establish responsibilities.

The evaluation will be based on the information of the base line and actions of the CAF-GEF financed operations, with the purpose of achieving a prioritization of the potential impacts, taking into

consideration their characteristics, such as: character (positive/negative), magnitude, probability of occurrence, development time, length of duration, temporality, possibility of recovery, reversibility, and concentration, including local sensitivity.

A risk evaluation associated to climate change and climate variability must be carried out, as necessary.

The environmental and social evaluation of CAF-GEF financed projects shall address the potential project related risks on community health and safety. The evaluation shall be commensurate with the potential project impacts and risks and place particular attention to the special needs and exposure of women and children and people who, because of their particular circumstances, may be disadvantaged or vulnerable. Depending on the project, project-related community health and safety risks may include: risks due to accidental and natural hazards, risks associated with structural elements (general infrastructure), community exposure to disease and other relevant health risks, traffic and road safety risks, risks of provisioning and regulating ecosystem services on community health and safety, risks present in conflict and post-conflict contexts, and risks associated with security arrangements. Appropriate measures shall be designed, implemented and monitored to prevent or avoid any adverse impacts on community health, safety and security, where feasible, or minimized or mitigated, where avoidance or prevention are not feasible (see Annex for 4 for details).

The evaluation will consider potential adverse gender related impacts, including gender equity, gender-based violence, and sexual exploitation and abuse. Measure will be developed and implemented to prevent discrimination against women or girls, or gender-based discrimination (see CAF-GEF Safeguard 09 for details).

The evaluation will assess the potential impacts and risks on disadvantaged or vulnerable groups or Individuals to ensure that differentiated mitigation measures are incorporated so that risks and impacts do not fall disproportionately on disadvantaged or vulnerable individuals or groups, and disadvantaged or vulnerable individuals or groups do not face discrimination or prejudice in accessing benefits and resources. The differentiated risks and potential impacts of projects and programs on persons with disabilities will be addressed in the identification and evaluation in such a way that ensures non-discrimination and equality, and aims to provide opportunities for persons with disabilities to participate in and benefit from projects and programs on an equal basis with others.

The environmental and social evaluation will be an adequate, accurate and objective evaluation and presentation of the risks and impacts, prepared by qualified and experience persons, Independent expertise will be used, where appropriate, including where specialized knowledge may be needed, and independent experts of advisory panels will be used to support the preparation and implementation of projects and programs where the level and magnitude of risks and potential impacts is deemed high.

V.5. Environmental and social management

The client will establish an Environmental and Social Management Program (PMAS, for its acronym in Spanish, ESMP for its acronym in English) commensurate with the project environmental and social impacts and risks and project classification. The PMAS will be compatible with the current local environmental regulation, and will specifically describes the measures and actions aimed at preventing, mitigating, compensating, and enhancing the CAF-GEF financed project environmental and social impacts and risks that have been identified and evaluated, that may be a result of the

operation, prioritizing the most significant impacts. These measures will also include actions to face the risks associated to climate change and climate vulnerability

The PMAS or its equivalent, according to the current local environmental regulation, consists of a group of subprograms or programs aimed at managing the evaluated environmental and social impacts, and must define the measures necessary to manage environmental and social impacts and risks with their respective dimensions, budget, identification of source of resources, application timeline, and evidence of technical, environmental, and social feasibility for its implementation, according to the nature and scale of the project.

The hierarchy of environmental and social measures to address the identified impacts will prioritize the prevention of impacts above all measures to minimize (mitigate) them, and when residual impacts persist, restore them or compensate for them.

With respect to the environmental liabilities previously identified, measures must be taken to restore those that have the potential to affect the financed works, or those that are in the areas effectively intervened by the operation.

The environmental and social measures proposed by the PMAS or equivalent will guarantee that the operation is implemented according to the applicable laws and regulations, considering the risks associated to climate change and climate variability, and complying with the requirements of this CAF-GEF Project Safeguard and the other CAF-GEF Project Safeguards that apply.

The PMAS will define the desired results, the measures and actions that must be taken to achieve the results, the budget that is necessary for the implementation, as well as the organizational structure, human and technical resources required for their development, and the economic resources necessary for their implementation

The operation's PMAS will be reviewed by CAF and eventually complemented by the client as required by CAF, and it will be a part of the loan contract following the procedures established for CAF-GEF financed operations.

The planned measures will be differentiated to address environmental and social aspects. The PMAS shall include differentiated mitigation measures so that risks and impacts do not fall disproportionately on disadvantaged or vulnerable individuals or groups. The special needs and circumstances of disadvantaged or vulnerable groups or individuals shall also be addressed in any PMAS.

The budget for the execution of the planned measures must be included in the total cost of the CAF-GEF financed project, and the sources of financing must be specified (paid by item or through general expenditures).

The PMAS must state all the measures that are necessary to guarantee:

- That the emission of greenhouse gasses or other factors that impact on climate change are not significantly or unjustifiably increased.
- Fair and equitable access to the benefits of the project, in an inclusive manner, facilitating access to basic health services, potable water and sanitation, energy, education, housing, safe and decent working conditions, and land property rights.
- That existing inequalities are not exacerbated, particularly with respect to gender, marginal or vulnerable groups.
- That human rights are respected and promoted.

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- That worker and community public health and safety is not affected.

Specific measures must be adopted with respect to the dissemination of information (communication) and relationships with the community (interaction), as well as to address complaints. These costs must also be specified in the PMAS.

In addition, the client must identify and prioritize the environmental liabilities that are present in the area of the CAF-GEF financed project, establishing those that: (i) have the potential to affect the project; (ii) may suffer an increase as a result of the execution of the project; and (iii) are within the area of direct influence of the CAF-GEF financed project.

V.6. Environmental and social follow-up

An Environmental and Social Follow-Up and Control Program [PSCAS]⁸ must be included with the presented documents, which includes a description of the measurement verification indicators, the allowable limits, the monitoring frequency, and the applicable legal norms, when appropriate, including the use of authorized/accredited labs when required by the national regulation.

The PSCAS must have its own budget, which must include the economic resources to hire the personnel in charge of monitoring activities.

Monitoring compliance with the measures established in the PMAS will produce periodical follow-up reports that must be presented to CAF in accordance with the frequency agreed upon in the loan contract.

The follow-up reports will clearly and succinctly include the status of the implementation of mitigation measures, and the adoption of complementary measures when their formulation and execution are necessary, in addition to the results obtained. Follow-up reports must be accompanied by verifiable registrations that accredit the results through a comparison of these data with the reference levels previously established or the PMAS requirements.

The monitoring program must be carried out by the client's appropriate entities, so the client must provide an independent Environmental Supervision.

When the complexity of the operation so advises, the client must ensure the participation of representatives of the affected communities in the follow-up activities.

In the follow-up reports, the client will inform CAF in a timely manner about any change in the scope, design, implementation, or operation of the project, which may result in a material change in its environmental or social impacts. In such cases, CAF may request the client to carry out: (i) additional evaluations (ii) consultations with interested parties; (iii) pertinent changes in the PMAS and its management tools, as appropriate, according to the findings of such evaluations and consultations.

In this respect, the client must include in the contract with the Contractor: (i) the obligation of bearing the costs of all works that imply environmental and social management and industrial security during the development of the project, charged to his general expenditures if they are not explicit in the "Environmental Budget" by item; (ii) sanction mechanisms for non-compliance of all environmental, social, and contract obligations, which enable the control and supervision systems to demand adequate compliance of the environmental regulation, including the specific conditions agreed upon

with CAF (internal environmental and social CAF-GEF Safeguards), and the provisions established in the studies and other environmental management documents according to the current environmental legislation.

Or equivalent, according to the current local environmental regulations The client must guarantee that CAF personnel or consultants representing it, may visit the facilities, areas where works are being developed, and/or project area, when requested by CAF.

At the end of the project, PMAS must carry out an evaluation to determine the achievement of the executed environmental and social objectives.

V.7. Dissemination of information and participation of social actors

The local authorities and institutions, and the population residing in the area where the proposed CAF-GEF financed project will be developed, must be informed about its objective and scope, as well as of the potential impacts that it may generate, both positive and negative, and the management measures that will be applied to prevent, mitigate, or compensate the negative, and enhance the positive and the respective results, starting on the pre-investment stage.

The stakeholder participation should be commensurate with the project classification and project potential environmental and social risks and impacts (see Annex 3 for details).

Early information and relationships between the project's proponent and the population involved enables the establishment of a constructive and solid relationship that benefits both parties, while their absence is generally a source of conflict.

Therefore, the Proponent will guarantee the participation of the actors involved, paying special attention to the participation of women. For this, the Proponent must design a broad and inclusive participation strategy for the complete project cycle, which includes (i) identification of actors; (ii) dissemination of information; (iii) consultation; (iv) response to petitions, complaints, and claims; and (v) resolution of conflicts.

The scope of each component of the participation strategy will depend on the type of project, its magnitude, impacts, and if the social actors will receive any type of impact from the project or if they only have a legitimate interest in it. The participation strategy must be designed according to the characteristics of the identified social actors, and must be free of any manipulation, interference, coercion, and intimidation.

Once the social actors are identified and according to their characteristics and those of the project, a Communications and Participation Plan will be designed to be implemented during the cycle of the project. The Plan must consider differences such as gender, age, ethnic groups, or any other that is relevant, and must include special measures so that the population in vulnerable conditions may participate.

V.8. Identification of actors

The Proponent will identify the social actors, in reference to individuals or groups that may be interested in the project (interested or involved actors), and may be affected by the project (affected actors) [or affected, or individuals, or groups that receive any of the impacts of the project].

Aspects to be taken into consideration include the place of residence of interested actors and the type of interest to define the information that will be provided to them, the channels of communications that will be used, and its frequency. For the case of Affected Actors, groups or individuals that may face any of the impacts of the project will be identified, characterizing them according to the type of impact they will face, their socio-economic characteristics, and cultural patterns, in order to establish differentiated mechanisms that enable the effective participation of all parties. To design the participation strategy, the characteristics and interests of each group will be considered based on: (i) age; (ii) gender; and (iii) ethnic and cultural diversity.

V.9. Information

Information is the essential base for the participation of social actors. Therefore, the client will provide the authorities and institutions information that is clear, relevant, timely, and culturally appropriate. The client must also provide the Interested and Affected Actors information regarding the purpose, nature, and dimension of the project, the entity responsible for it, the activities that will take place for its design and implementation, the studies that will be carried out in the area, and the timeline planned.

Once the studies are done, the results must be informed, and during the execution and operation of a CAF-GEF financed project, information must be provided regarding the advance and results of the application of the measures for impact management. The information must be disseminated during all the cycle of the project/program.

The content and type of information will depend on the stage of the project, it will be provided in the area of the project and where the Interested Actors are; it will be adapted to the characteristics of the population to which it is targeted so that it is easily understood, and in the local language, if necessary. Access to information must be facilitated.

Information regarding relevant aspects both of the project as well as the management of impacts will be provided continuously during all the cycle of the project.

V.10. Communication

A communications plan must be established, including bilateral communications channels through which the project may provide information to social actors while at the same time receive information, questions, and concern of these actors during the complete cycle of the project. These channels will respond to the characteristics of the population and the context in which the project develops. They must be agreed upon with the social actors, with easy and free access for all.

V.11. Consultation

The Affected Actors (or groups of population that face any of the impacts of the CAF-GEF financed project) must be informed and consulted about the studies that will be carried out to identify and evaluate the impacts generated by the project. In projects with significant impacts, this consultation may start during the preparation of the terms of reference of said studies, and the events that will provide information on their advance and results will be agreed upon.

Once the impacts are evaluated, Affected Actors will be informed and consulted regarding the type of impacts identified (positive, negative), their magnitude, the affected area, population involved, and

their temporality, as well as the measures designed for their management, monitoring, and evaluation.

Complaints, opinions, and suggestions from the Affected Actors will be considered, in order to complement the identification and evaluation of the impacts and the design of the management measures, either to reformulate the planned measures or for the incorporation of other measures that were not considered. If conditions allow, it may be possible to consider the active participation of social actors in monitoring and evaluating the measures for impact management through the identification and implementation of joint mechanisms.

The call for information and consultation events must be broad, so that all interested parties can attend. All consultations must be based on a prior dissemination of relevant and adequate information. Participation of all social actors must be facilitated, emphasizing the contribution of women, and must take place under the same principles applied for the dissemination of information. The development and conclusions of the consultations must be documented so that all the actors can have access to their results. If the population is large and diverse, several consultation events should take place to facilitate the participation of Affected Actors.

Consultations may continue throughout the project at the time there are changes in the context, in the design of the project, or in the identified impacts.

A public record of stakeholder engagement throughout the CAF-GEF financed project cycle shall be maintained and disclosed by the client. In cases where confidentiality is necessary to protect stakeholders from harm, statistical information is recorded and made publicly available.

V.12. Response to petitions, complaints, and claims

In order to respond adequately and effectively to petitions, complaints, or claims that may arise in any of the stages of a CAF-GEF project's cycle, the Proponent must design a mechanism that allows receiving and responding to them efficiently and quickly. All the population should be informed of said mechanisms, the form in which to present a petition, complaint, or claim, and the time and manner in which they will receive a response. The mechanism should be agreed upon with the local population, and transparency and privacy, if required, should be guaranteed. This Manual of CAF-GEF Environmental and Social Safeguards presents an Accountability mechanism for CAF-GEF financed projects.

Periodically, the results of the cases addressed should be disseminated, and this information will also be used as a feedback mechanisms to improve the project's practices.

V.13. Resolution of conflicts

It is necessary to define a mechanism for the resolution of conflicts that may emerge during any stage of the project. Mechanisms that exist in the area or country where the project is developed may be used, ensuring impartiality and efficiency in their resolution. Social actors must be informed about the existence of said mechanisms and the way to access them, if required. Using these mechanisms must not imply any cost for the person who decides to use it. To access these mechanisms, an individual must prove that a petition, complaint or claim was presented to the Proponent through a mechanism designed for that purpose, and the individual did not receive a response, or the response was not satisfactory according to the person's arguments. This Manual of CAF-GEF Environmental and Social Safeguards presents an Accountability mechanism for CAF-GEF financed projects.

V.14. Financial intermediaries

The financial intermediary must have an environmental and social policy, and based on it, a System for the Analysis of Environmental and Social Risk for the categorization of its operations and for the evaluation of environmental and social risk of its portfolio. The measures to be applied by the financial intermediary will be the following:

- Verify that the operations it finances are not prohibited by law;
- Verify that the operations it finances are not in CAF-GEF financed project's List of Exclusions, established in Annex 1;
- Demand compliance with the national legislation regarding the procurement of environmental permits and licenses, use of natural resources, and activities with dangerous substances;
- Categorize and evaluate environmental and social risk of the operations it finances
- Verify that the amounts requested by its clients include the implementation of the measures established to minimize the environmental and social risks of its operations;
- Present reports on the environmental and social management of its operations, according to the frequency established in the loan contract, which will be set according to the risks of its portfolio and the magnitude of the credit granted by CAF.

V.15. Institutional strengthening

The Proponent must identify his capacities for environmental and social management, and the capacities of those he has contracted.

With respect to his own capacities, CAF may support institutional strengthening by providing administrative, financial, and human support that will enable the development of a structure that guarantees a correct environmental and social performance of the project/program, charged to the Loan.

The client must guarantee that the individuals hired have the adequate capacity for the magnitude of the environmental and social management project or program, in line with the requirements of the project.

V.16. Current environmental legislation

All CAF-GEF financed must adhere to the environmental legislation in the country where the project is implemented, as well as to the agreements and international commitments subscribed by the shareholder countries. However, CAF requires the application of additional precautions, or selects internationally accepted technical benchmarks in cases it deems necessary.

CAF will identify the CAF-GEF Project Safeguards S02 to S08 that apply to the proposed CAF-GEF financed operation for which credit is requested, through the application of the tables in Annex 2. The CAF-GEF Project Safeguards, as determined by CAF, are obligatory. CAF-GEF Safeguard 09 on Gender Equity and Mainstreaming and the CAF-GEF Project Accountability Mechanism are applicable to all CAF-GEF financed projects. During the evaluation stage, CAF will verify that the activation of the CAF-GEF Project Safeguards is adequate, and if one has been omitted, will ask the Client for compliance with the established requirements in a peremptory period of time, which is agreed upon.

VI. PROCEDURES

CAF will follow-up on the documentation prepared by the client, considering the items described below for each phase of the credit cycle.

VI.1. Origination

In the origination phase, the client will provide information that enables the identification of the magnitude of the proposed CAF-GEF project, and carry out an environmental and social evaluation of the project to identify the risks it represents. CAF staff will analyze the information and conduct a screening analysis of environmental and social risks, and each project will be classified by CAF as either Category A, B or C (see Annex 3 details on CAF-GEF Project Environmental and Social Screening and Classification). The screening and project risk classification will help inform the environmental and social evaluation process and stakeholder engagement required for the proposed project for CAF-GEF financing. For high risk projects, CAF and the client shall work together to agree on the appropriate form for independent advice and oversight related to project environmental and social evaluation and management.

The application of this CAF-GEF Project Safeguard is compulsory for all CAF-GEF financed projects.

For the development of this phase, the client must present a preliminary design of the operation, including environmental and social arguments for the definition of the selected alternative, and present (if possible) its annual entrepreneurial social responsibility report (especially in cases of financial intermediaries). In addition, the client must present information of the climate risks of the operation.

VI.2. Evaluation

In the evaluation phase, the client will present the environmental and social evaluation studies of the proposed project for CAF-GEF financing, in line with the requirements of this CAF-GEF Project Safeguard.

CAF will review the documentation presented, verifying that:

- It complies with the CAG-GEF Environmental and Social Safeguards established by CAF, the current environmental and labor legislation, and all the requirements identified by CAF during the origination;
- The client, those contracted by him, and the social organizations of the project's location, have the institutional capacity that is necessary for an adequate environmental and social management of the project;
- The environmental and social impacts that may be generated by the project have been identified, and the PMAS addresses each of these impacts;
- There is a follow-up program in line with the established measures; and
- Consultation and participation has taken place, considering all the actors involved and affected.

Additionally, CAF will conduct his own risk evaluation, and must:

- Prepare an Environmental and Social Report (IAS, for its acronym in Spanish), according to the category established in the origination stage; and
- Define the project's contractual conditions.

This requires the client to present the complete design of the operation, having defined all the

characteristics of the project for which credit is requested. With respect to environmental and social aspects, the client must present the complete Environmental and Social Evaluation, including the corresponding permits and authorizations, according to the current regulation in the country where the operation takes place.

VI.3. Formalization

In the formalization phase, the CAF will verify that the conditions established during the evaluation phase have been incorporated to the credit contract.

VI.4. Administration

In the administration phase, the client will implement the complete PMAS, including monitoring of compliance and performance indicators.

CAF will verify that the client conducts a follow-up of the application of the PMAS, on their own or by contracted third parties. This situation will be defined in the loan Contract, according to the characteristics and magnitude of the CAF-GEF financed operation.

The client will present periodical follow-up reports, with the frequency established in the Loan Contract, which will be defined by CAF according to the characteristics of the project and the identified risks.

CAF will review the reports and, if necessary, will suggest corrective or complementary measures, as needed.

CAF will issue technical criteria for the approval of disbursements, after reviewing the reports presented, or after a field inspection, which will be informed through a Follow- Up Environmental and Social Report.

To carry out the above mentioned activities, the client must present the Environmental and Social Follow-Up reports, with the frequency established in the Loan Contract. This frequency will be established considering the characteristics of the CAF-GEF financed operation.

The periodical follow-up reports to be presented by the client must provide detailed information on:

- Activities of the period
- Social management
- Activities related to building social relationships
- Monitoring of environmental components (when applicable)
- Impacts occurred
- Measures applied
- Physical and financial advance of the environmental component

When finalizing the operation, CAF will conduct a field inspection, and based on this visit and the client's final evaluation report, prepare a CAF Environmental and Social Final Follow-up Report.

The client's final evaluation report must include information relative to the conditions of the environmental and social environment, considering the following information:

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- Intended impacts versus generated impacts Residual impacts
 - Planned measures versus applied measures
 - Planned investments versus executed investments
 - Achievement of planned objectives and results
 - Other key aspects for the evaluation
 - Conclusions and recommendations

VII. Lessons learned.

ANNEXES

VII.1. Annex 1 CAF-GEF Financed Projects List of exclusions

CAF does not finance CAF-GEF projects with the following characteristics:

- Production or trade of any product or activity considered illegal under the laws of the host country or regulations or international agreements, or subject to international prohibitions, such as pharmaceutical products, pesticides/herbicides, ozone-depleting substances, PCBs, fauna, or products regulated by the CITES.
- Arms and munitions production or trade.
- Production or trade of alcoholic beverages (excluding beer and wine).
- Tobacco production or trade.
- Gambling activities, casinos, and equivalent companies.
- Production or trade of radioactive materials. This does not apply to the purchase of medical equipment, quality control equipment (measurement), and any other equipment when CAF considers that the radioactive source is trivial and/or adequately protected.
- Production or trade of chrysotile asbestos fiber. This does not apply to the purchase and use of asbestos cement plates, where the asbestos content is less than 20 percent.
- Production and use of polychlorinated biphenyl compounds (PCB).
- Production of pharmaceutical products that are being gradually withdrawn from the market, or have been prohibited at an international level, according to the United Nations' list of forbidden products. The consolidated list of products which have been prohibited, withdrawn, or subject to rigorous restrictions or not approved by governments may be found at: www.who.int/medicines/library/qsm/edm-qsm-2001-3/edm-qsm-2001_3.pdf (latest version, 2001, in English).
- Pesticides or herbicides that are being gradually withdrawn from the market, or have been prohibited at an international level, according to the Rotterdam Agreement (www.pic.int) and the Stockholm Agreement (www.pops.int).
- Production of harmful substances for the ozone layer, which are being gradually withdrawn from the international market. These substances, known as ODS, are regulated by the Montreal Protocol, where a list of these substances may be found, together with the dates established as an objective for their reduction and withdrawal from the market. Some of the chemical compounds regulated by the Montreal Protocol are sprays, refrigerants, foaming agents, solvents, and fire protection agents (www.unep.org/ozone/montreal.shtml).
- Production or use of persistent organic contaminants (POC).
- Ocean fishing with nets of over 2.5 km. in length.
- Commercial logging operations with raw materials from primary tropical rainforests and primary tropical dry forest.
- Production or trade of wood or other forestry products that are not from forests managed in a sustainable manner.

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- Production, trade, storage, or transportation of large volumes of dangerous chemical products, or use of dangerous chemical products at a commercial scale.
 - Production or activities that have an impact on the property of the land, or lands claimed by indigenous people, without full documented consent from these people.
 - Operations in protected spaces (Protected Areas)¹⁰ with special legislation, when the operation has the potential to place the objective of creating a protected area at risk.
 - Activities that involve the introduction of exotic species and/or genetically modified organisms (GMO), without having the corresponding technical studies and the authorization to enter the country provided by the relevant regulatory institutions.
 - Projects or operations that would involve the construction or rehabilitation of Large Dams¹¹ or Complex Dams¹². In addition, CAF will not finance CAF-GEF operations for clients or executing organizations that produce or carry out activities that involve harmful activities or forced labor¹³ / child labor.

⁹ The definition of large volumes will depend of the applicable national legislation.

¹⁰ In addition to the areas designated by each country, this includes, among others: natural world heritage sites (defined by the World Heritage Convention: <http://whc.unesco.org/nwhc/pages/doc/main.htm>), The United Nations list of national parks and protected reserves, wetlands of international importance (defined in the RAMSAR Convention: www.ramsar.org), or determined areas (for example, comprehensive natural reserves or wilderness areas, natural parks, natural monuments or habitat or species management areas) defined by the International Union for the Conservation of Nature (IUCN: www.iucn.org).

¹¹ Large Dams means a dam with a height of 15 meters or greater from the lowest foundation to crest, or a dam between 5 meters and 15 meters impounding more than 3 million cubic meters

¹² Complex Dams means a dam that could cause safety risks, such as an unusually large flood handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, retention of toxic materials, or potential for significant downstream impacts

¹³ Forced labor means all work or service that is not carried out voluntarily, obtained under threat of force or punishment.

VII.2. Annex 2 Tool for CAF-GEF project safeguard activation**VII.2.1. CAF-GEF Project Safeguard S01 – Evaluation and management of environmental and social impacts****VII.2.1.1. Summary**

Since the start, and during the development of a CAF-GEF financed operation, CAF establishes the need to carry out: (i) environmental and social evaluations of the operations; (ii) evaluation of environmental and social risks including climate change; (iii) design, implementation, and follow-up of environmental and social management measures associated to the operation; and (iv) strengthening of informed, active, and timely participation of the inhabitants of the area of influence of the operations it supports.

All CAF-GEF financed projects adhere to the environmental law of the country where the project is executed, as well as to international commitments and agreements subscribed by member countries. However, CAF may request the application of additional precautions or select internationally accepted technical referents in cases it deems necessary.

Although all relevant risks and possible environmental and social impacts must be considered in the context of the evaluation, CAF-GEF Project Safeguards 2 to 8 describe the possible risks and environmental and social impacts that demand special attention that lead to complementary evaluation, management, and follow-up processes.

VII.2.1.2. Activation conditions

This CAF-GEF Project Safeguard is activated for all CAF-GEF financed operations

VII.2.2. CAF-GEF Project Safeguard S02 – Use of renewable natural resources**VII.2.2.1. Summary**

CAF promotes and safeguards the sustainable use of natural resources, manages mechanisms for the prevention, mitigation, and control of negative environmental aspects (for example: contamination, loss of agricultural land, serious draught or desertification, among others), and the enhancement of positive environmental impacts. Therefore, CAF requires the client to establish and implement measures and tools that guarantee sustainable and efficient use of resources and the application of conservation best practices.

VII.2.2.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project must be answered:

Criterion	Yes	No
Does the project imply construction, expansion, rehabilitation, maintenance, and/or operation of infrastructure, among others, irrigation systems, transfers from basins, dams and reservoirs, hydraulic energy production systems, or systems to capture, treat, and supply water to urban centers?		
Does the project imply the use of superficial or underground water for industrial purposes, and or mineral and hydrocarbon exploitation and/or processing, or aggregate washing processes?		
Does the project imply the use of water for large scale aquaculture? (exclude use of floating cages in bodies of water)		
Does the project imply large scale agricultural crops, industrial production, livestock, and/or forestry plantations?		
Is the project implemented or would it affect dry, semi-dry, and sub-humid dry areas?		
Is the project implemented or would it affect areas that historically have presented vulnerability to droughts due to climate variability phenomena such as the cycles of El Niño and La Niña?		
Is the project implemented or would it affect areas that have conflicts in the use of water and soil resources?		
Is the project implemented or would it affect areas that, according to the available official technical information, present high levels or risks of erosion?		
Does the project imply movement of land with the removal of large volumes of soil?		
Does the project involve significant use of water, energy, other resources of raw materials; or does the project present significant opportunities for implementing efficiency measures?		

The safeguard is applicable if a response is positive in one or several questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard

VII.2.3. CAF-GEF Project Safeguard S03 – Preservation of biological diversity

VII.2.3.1. Summary

CAF promotes the preservation of protected areas, critical habitats, and other sensitive areas, adjusting to the relevant legislation of the country where the operation is implemented, and to the applicable international regulations. The Institution finances projects in these areas as long as they do not affect the objectives of the creation of protected areas and the sustainability of the critical habitats and sensitive areas.

As mentioned, CAF considers it is essential that all CAF-GEF financed operations consider possible negative impacts on the native biodiversity, as well as the design and application of measures to prevent, mitigate, control, and compensate said impacts.

VII.2.3.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project must be answered:

Criterion	Yes	No
Is the project implemented in natural habitats? (i.e. primary forests, coral reefs).		
Can the project directly affect natural habitats?		
Is the project implemented in critical habitats? (i.e. example mangroves, moors). Some countries have dispositions and regulations that identify habitats or ecosystems of special interest for conservation, they may be called fragile, priority, or sensitive.		
Can the project directly affect critical habitats?		
Is the project implemented in protected areas?		
Can the project directly affect protected areas?		
Is the project implemented in areas designated with international recognition resulting from the conservation value? For example, Ramsar site, natural heritage of humanity, biosphere reserve, AICA.		
Can the project directly affect areas designated with international recognition resulting from the conservation value?		
Is the project implemented in habitats that have been modified and have a significant value for biodiversity? (i.e. example, reservoirs). These are areas that can hold populations of endemic species, species classified as in critical danger, danger, or vulnerable in the red list, or permanent or seasonal aggregations.		
Can the project directly affect modified habitats with significant value for biodiversity?		
Can the project directly or indirectly alter ecosystemic services or functions?		
Does the project include the use of live resources of the native biodiversity? That is, fishing, agricultural crops, animal farming, aquaculture, or forestry.		
Does the project include the use of tropical species? That is, agricultural crops, animal farming, aquaculture, forestry plantations.		
Does the project present the risk of introducing exotic species? For example, ports and international or intercontinental airports, urban green areas/reforestation with exotic species.		
Does the project include the use of traditional knowledge of the native biodiversity with productive or commercial purposes? For example, use of natural dyes, pharmaceutical use, cultivation or breeding of native species.		
Does the project involve development, access, use or benefit sharing in the utilization of genetic resources?		

The safeguard is applicable if the response is positive for one or several questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard

VII.2.4. CAF-GEF Project Safeguard S04 – Prevention and management of contamination

VII.2.4.1. Summary

CAF recognizes that contamination is a critical factor that deteriorates the conditions of life of people and contributes to the degradation of natural resources and loss of biodiversity in the region. Consequently, CAF considers it is essential that all CAF-GEF financed operations include measures to prevent, mitigate, and control contamination in all the environmental components, and promotes the introduction of measures in this direction for all its operations.

In addition, for industrial operations, CAF expects to integrate a reduction of contamination and consumption of natural resources into the production process, promotes the use of clean and alternative energy, and a contributes to reduce greenhouse gas emissions, all of this in the framework of cleaner production and energy efficiency.

CAF applies the precautionary principle, that is, it requests the application of additional protective measures when suspicions arise regarding certain products or technologies that can create a serious risk for public health or the environment,

VII.2.4.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project have to be answered:

Criterion	Yes	No
Does the project imply the construction, rehabilitation, operation, or closure of residual water management systems and/or solid residues in populated centers? (i.e sanitary sewage system, treatment plant for residual waters, waste collection and disposal system, sanitary filling).		
Does the project imply the generation and management of large quantities of contaminants? (i.e industrial residual waters, particulate matter, noise, unpleasant odors, garbage).		
Does the project imply activities related to the extraction and/or transformation of metallic or non-metallic minerals, hydrocarbons, and/or aggregate washing?		
Does the project imply the production, use, or marketing of dangerous substances? (i.e. pesticides, sulfuric acid). Dangerous substances are those identified as such in the respective national listing, or through the international risk rating established in the Globally Harmonized System of Classification and Labeling for Chemical Products.		
Will the project produce and manage dangerous waste? (i.e. hospital waste, mining waste, expired pesticides, heavy metals). Dangerous wastes are those identifies as such in the national listings or in international lists/catalogues (for example, the European waste list)		
Does the project imply a large scale procurement or application of pesticides? (i.e. industrial monoculture, control of mosquitoes or disease vectors).		
Could the activities of the project generate environmental liabilities and/or residual impacts?		
Does the operation emit now or during its life cycle > 25 000 tons of CO ₂ equivalent / year?		

The safeguard is applicable if the response is positive for one or several of the above questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard.

VII.2.5. CAF-GEF Project Safeguard S05 – Cultural heritage

VII.2.5.1. Summary

CAF acknowledges the importance of cultural heritage for the communities, and in some cases, for the people of the world. Therefore, when there exists physical or intangible cultural heritage in the area of influence of a project, CAF requires the presentation of plans for the protection of archeological or historical resources, or sacred sites, which must be approved by the competent scientific or cultural institutions, and the relevant legislation of the respective country.

In the CAF-GEF financed operations to be developed in areas with archeological or historical resources, or sacred sites for indigenous people and/or Afro-descendants, the client must guarantee their protection and avoid actions which directly or indirectly may cause harm.

VII.2.5.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project must be answered:

Criterion	Yes	No
Is the project being developed in areas with historical background of pre-colonial human settlements?		
Does the project include archeological prospecting, and has it reported the existence of archeological remains in the area?		
Does the project require land movement?		

The safeguard is applicable if the response is positive for one or several of the above questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard.

VII.2.6. CAF-GEF Project Safeguard S06 – Ethnic groups

VII.2.6.1. Summary

CAF acknowledges the importance of human cultural diversity in the region and watches over its preservation and strengthening. In that context, for cases of CAF-GEF financed projects with ethnic groups or important sacred sites in its area of influence, CAF requires the preparation of a specific Plan for said group, in order to safeguard its physical, territorial, social, cultural, and economic integrity; CAF also requires that the operation ensures a consultation and participation process that is free and informed, to provide benefits that are culturally appropriate.

VII.2.6.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project must be answered:

Criterion	Yes	No
Does the project have an influence on legally constituted indigenous territories or the land or resources within the territories?		
Does the project have an influence on indigenous communities?		
Does the project directly affect indigenous families?		
Does the project affect areas normally used for indigenous people to hunt, fish, or gather food?		

The safeguard is applicable if the response is positive for one or several of the above questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard

VII.2.7. CAF-GEF Project Safeguard S07 – Resettlement
VII.2.7.1. Summary

For CAF-GEF financed operations that require the purchase or use of lands that imply physical or economic displacement of people who reside there, and/or derive their sustenance, as well as resettlement and/or relocation of human groups, CAF requires the development of a Resettlement Plan and/or a Plan for the Reestablishment of Socioeconomic Conditions, in order to improve, or at least reestablish the life conditions of those displaced. CAF also requires from organizations and entities that develop a project or activity over a territory, causing compulsory displacement, to resettle the people to reduce the risk of impoverishment and deterioration of the quality of life of those who will continue living in the place, as well as the receiving population.

VII.2.7.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project must be answered:

Criterion	Yes	No
Does the project require the purchase of land for its implementation, or any other form of physical displacement? (the answer is yes even if only one property needs to be purchased or needs to be physically displaced).		
Does the project involve restrictions on land use?		
Does the project involve economic displacement?		

The safeguard is applicable if the response is positive for any one of the above questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard.

VII.2.8. CAF-GEF Project Safeguard S08 – Working and training conditions

VII.2.8.1. Summary

CAF safeguards people's voluntary work, dignified and fair, and ensures that workers in the CAF-GEF financed projects enjoy safe and healthy conditions through prevention and control of diseases and accidents, and the elimination of factors and conditions that endanger health and safety at work.

CAF does not finance CAF-GEF projects that imply direct or indirect exploitation of minors. In addition, CAF promotes worker training in the CAF-GEF financed operations.

VII.2.8.2. Activation conditions

For the activation of this CAF-GEF Project Safeguard, the following questions related to the CAF-GEF project must be answered:

Criterion	Yes	No
Does the project have associated occupational risks that are inherent to the activities carried out in the construction and/or operation phases? (i.e. electrical risks, physical risks, mechanical risks, chemical risks, psychosocial risks, biological risks, and/or ergonomic risks).		
Does the project imply high risk activities such as work in confined spaces, work at height, high power electric works, hot work, lifting cargo, and/or excavations?		
Does the project imply production, storage, use and/or trading of dangerous chemical products? (i.e. solvents, acids, pesticides). Dangerous chemical products are those with corrosive, reactive, explosive, toxic, inflammable, and/or bio-infectious characteristics, and are identified in the national listings or through the international risk rating established in the Globally Harmonized System of Classification and Labeling for Chemical Products.		
Does the project, due to its characteristics, have associated risks such as fire, explosion, flood, and leak of toxic, irritant, or corrosive gasses, spills (uncontrolled) of dangerous chemical products?		
Does the project, due to its characteristics, have associated risks relative to the presence of forced labor or child labor?		
Does the project generate or manage dangerous residues defined as such by the respective national legislation?		

The safeguard is applicable if the response is positive for one or several of the above questions. If the safeguard is applicable, the client is asked to include in the project's social and environmental evaluation the relevant detailed analysis established in the corresponding safeguard.

VII.2.9. CAF-GEF Project Safeguard S09 – Gender equity and mainstreaming

VII.2.9.1. Summary

CAF watches over gender equity in the operations it finances. Therefore, it requires that in all CAF-GEF financed operations that there is no gender discrimination, it promotes access of women to decision making jobs, and equal remuneration for men and women in similar jobs, as well as positive differentiation toward women in situations of noticeable vulnerability, risk, or inequality.

VII.2.9.2. Activation conditions

This CAF-GEF Project Safeguard on Gender Equity and Mainstreaming is applicable to all CAF-GEF financed projects

VII.3 Annex 3 CAF-GEF Financed Project Environmental and Social Screening and Classification

CAF will screen all potential CAF-GEF financed projects as early as possible to identify potential environmental and social impacts and risks, including all potential impacts and risks referred to in CAF-GEF Project Safeguards 2 to 9. CAF-GEF financed projects will be classified based on the level and magnitude of potential risks and impacts, including considerations of: (i) direct, indirect, cumulative, and transboundary environmental and social risks and potential impacts, and the risks and impacts of associated facilities; (ii) physical, biological, socio-economic (including livelihoods), other social (including on social organization, health and human safety), and cultural resources; and (iii) applicable national and local laws as well as directly relevant provisions of international treaties and agreements.

Each CAF-GEF financed project shall be classified by CAF as either:

- Category A: High Environmental and Social Impact Potential; corresponding to projects that are likely to have significant adverse environmental and/or social impacts that are irreversible, diverse, or unprecedented. Impacts may affect an area larger than the sites or facilities subject to physical works.
- Category B: Moderate Environmental and Social Impact Potential; corresponding to projects that are likely to have adverse social and environmental impacts that are site-specific, limited in scale, can be identified with a reasonable degree of certainty, and can be addressed through the application of standard best practice, mitigation measures and stakeholder engagement during Project implementation.
- Category C: Low Environmental and Social Impact Potential; corresponding to projects that are likely to have low or minimal adverse environmental impacts that can be mostly prevented and/or mitigated applying best environmental and social practices.

The screening and project risk classification will help inform the environmental and social evaluation process and stakeholder engagement.

The environmental and social evaluation process, including the development of Environmental and Social Impact Assessments, Environmental and Social Management Plans or other assessment studies/reports, shall be conducted commensurate with the project classification and project potential environmental and social risks and impacts.

- In projects classified as Category A (High Environmental and Social Impact Potential), the Proponent will develop a comprehensive Environmental and Social Impact Assessment, including an Environmental and Social Management Plan (ESMP).
- In projects classified as Category B: Moderate Environmental and Social Impact Potential, the Proponent will develop a detailed Environmental and Social Management Plan (ESMP) to attend the specific adverse environmental and social impacts identified. If needed as determined by CAF, the Proponent will develop specific environmental and social assessments focused on specific environmental or social concerns associated with the project.
- In projects classified as Category C: Low Environmental and Social Impact Potential, the Proponent will not be required any environmental and social assessment, although environmental and social implications need to be assessed and, as applicable, mitigation and monitoring measures implemented.

The general content of an ESIA includes: Executive Summary; Legal and Institutional Framework; Project Description; Baseline Data (environmental and social); Environmental and Social Impacts and Risks; Environmental and Social Management Plan; Analysis of Alternatives; Information Disclosure, Consultation, and Participation; and Complementary information (maps, drawings, etc.). The general content of an ESMP includes: Background; Mitigation, Monitoring, Capacity Development and Training, Implementation Schedule and Cost Estimates; and Integration of ESMP with Project.

In terms of stakeholder engagement, consultations with project-affected groups and key stakeholders shall be performed according to CAF-GEF Project Safeguard (S01).

For all CAF-GEF financed projects classified as Category A, the Proponent shall perform, as a minimum, two consultations with project-affected groups and key stakeholders. The first consultation shall be held to receive input on draft Terms of Reference (ToR) for conducting the Environmental and Social Impact Assessment (ESIA). This should include disclosure of a summary of the proposed project objectives, together with a description of the project and its potential environmental and social impacts. Whenever appropriate, and on the basis of the outcomes of this consultation, the concerns being expressed by project-affected groups and key stakeholders shall be incorporated into the ESIA Final ToR. The second consultation shall be held once the preliminary or draft version of the ESIA is available. The project Proponent should disclose the ESIA draft and a non-technical summary of conclusions. Based on the consultation findings, and where appropriate, measures being taken to address concerns being raised by project-affected groups and key stakeholders shall be incorporated into the project design and implementation and into the final version of the ESIA and ESMP.

For projects classified as Category B, the consultation shall be held once the preliminary version of the Environmental and Social Management Plan (ESMP) is available. The project Proponent should disclose the draft version of the ESMP and a non-technical summary of findings. Based on the consultation findings, where appropriate, measures being taken to address concerns being raised by project-affected groups and key stakeholders shall be incorporated into the project design and implementation and into the final version of the ESMP.

VII.4 Annex 4 CAF-GEF Financed Project Community Health and Safety Evaluation and Management

For CAF-GEF financed projects that have potential risks or impacts to the health, safety and security of project affected communities, the environmental and social evaluation shall address the potential project related risks on community health and safety. The evaluation shall be commensurate with the potential project impacts and risks and consider in particular the special needs and exposure of women and children and people who, because of their particular circumstances, may be disadvantaged or vulnerable. Depending on the project, the types of community health and safety risks may include: risks due to accidental and natural hazards, risks associated with structural elements (general infrastructure), community exposure to disease and other relevant health risks, traffic and road safety risks, risks of provisioning and regulating ecosystem services on community health and safety, risks present in conflict and post-conflict contexts, and risks associated with security arrangements. Assessments of community health and safety impacts and risks should be carried out in consultation with local communities, including representatives of local health authorities. Appropriate measures shall be designed, implemented and monitored to prevent or avoid any adverse impacts on community health, safety and security, where feasible, or minimized or mitigated, where avoidance or prevention are not feasible.

The CAF-GEF project Proponent shall design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements and good international practice taking into consideration safety risks to third parties and affected communities; and the design and construction shall be by competent professionals, and certified or approved by competent authorities or professionals. Structural elements are the physical parts of the project and may include existing or new buildings, earthworks, bridges, retaining walls, drainage ditches, roadways, penstocks, water and irrigation channels, pylons, air conditioning units, power stations, electrical utility lighting, transmission and distribution poles, underground utilities, and dams. Projects that involve structural elements or components, such as dams, tailings dams, or ash ponds are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the project shall engage one or more external experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. Where the project involves a new or existing dam, the Proponent will provide sufficient resources to apply the requirements on safety of dams as set out in Table 1. CAF-GEF projects or operations that would involve the construction or rehabilitation of Large Dams or Complex Dams are excluded from CAF-GEF financing (see Table 1 in this Annex and S01 Annex 1). Where the project includes new buildings and structures that will be accessed by members of the public, the Proponent will consider the incremental risks of the public's potential exposure to operational accidents or natural hazards, including extreme weather events, and where technically and financially feasible, apply the concept of universal access to the design and construction of such new buildings and structures.

CAF-GEF financed projects shall avoid, where feasible, or minimize the risk of community exposure to disease and other relevant health risks, taking into account differentiated levels of exposure, and the needs and exposure of disadvantaged or vulnerable groups or individuals. Where specific diseases are endemic in communities in the project area, the Proponent is encouraged to explore opportunities to improve environmental conditions that could help minimize their incidence. The project will take measures to avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor. The project will avoid or minimize

the potential for community exposure to hazardous materials and substances that may be released by the project, and, as appropriate, implement measures and actions to control the safety of deliveries of hazardous materials, and of storage, transportation, and disposal of hazardous materials and wastes.

CAF-GEF financed projects will identify and implement measures to address project emergency events, including both natural and man-made events. The measures will be designed to address the emergency event in a coordinated and expeditious manner; to prevent it from injuring the health and safety of the community; and to minimize, mitigate, and compensate for any impacts that may occur. For projects having the potential to generate emergency events, the project will design, implement and monitor, in collaboration with stakeholders and relevant authorities where relevant, an emergency response plan. An emergency response plan should include, as appropriate: (i) engineering controls proportionate to the nature and scale of the hazard; (ii) identification of and secure access to emergency equipment available on-site and nearby; (iii) notification procedures for designated emergency responders; (iv) diverse media channels for notification of the affected community and other stakeholders; (v) a training program for emergency responders including drills at regular intervals; (vi) public evacuation procedures; (vii) designated coordinator for plan implementation; and (viii) measures for restoration and cleanup of the environment following any major accident. The project shall disclose appropriate information on the emergency response plan to affected communities, relevant government agencies, or other relevant parties, and assist and collaborate with affected communities, relevant government agencies, and other relevant parties in their preparations to respond effectively to an emergency event, especially where their participation and collaboration will be an important part of an effective response. The project will review on a regular basis, and update as needed, the emergency response plan.

CAF-GEF financed projects located in conflict and post-conflict contexts will be assessed for potential community health and safety risks. Countries in conflict or post-conflict include those affected by violent conflict, identified based on a threshold number of conflict-related deaths relative to the population and can be divided into two sub-categories based on the intensity of violence - countries in high-intensity conflict and countries in medium-intensity conflict. Projects located in countries in conflict or post-conflict may have specific corresponding risks related to conflict including related to contestation over land and natural resources. A social and conflict analysis can be used to assess the degree to which the project may (i) exacerbate existing tensions and inequality within society (both within the communities affected by the project and between these communities and others); (ii) have a negative effect on stability and human security; and (iii) be negatively affected by existing tensions, conflict, and instability, particularly in circumstances of war, insurrection, and civil unrest. Where applicable, appropriate mitigation and monitoring measures will be developed and implemented by the project.

CAF-GEF financed projects that retain direct or contracted workers to provide security to safeguard its personnel and property will assess risks posed by these security arrangements to those within and outside the project site. Any security arrangements to safeguard personnel or property shall be proportional and consistent with applicable national laws and good international industry practice. The project will not sanction any use of force by direct or contracted workers in providing security except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. The project Proponent will seek to ensure that government security personnel deployed to provide security services act in a manner consistent with this safeguard. The project should make reasonable inquiries to verify that the direct or contracted workers retained for the project to provide security are not implicated in past abuses, ensure they are train adequately in the use of force and

appropriate conduct toward workers and affected communities, and require them to act within the applicable law. The project will review all allegations of unlawful or abusive acts of security personnel and take appropriate action or urge appropriate parties to take action to prevent recurrence of unlawful and abusive acts.

Table 1. Safety of Dams

CAF-GEF financed projects or operations will not include the construction or rehabilitation of Large Dams or Complex Dams, where: Large Dam means a dam with a height of 15 meters or greater from the lowest foundation to crest, or a dam between 5 meters and 15 meters impounding more than 3 million cubic meters; and Complex Dam means a dam that could cause safety risks, such as an unusually large flood handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, retention of toxic materials, or potential for significant downstream impacts. These projects are excluded from CAF-GEF financing. CAF shall be responsible for defining whether a project involves a Large Dam or Complex.

For all projects involving a dam, which is not defined by CAF as a Large Dam or Complex Dam, the project shall include dam safety measures designed by qualified and competent engineers. These measures should consider the project Proponent's capacity and be in accordance with good international industry practice). The Proponent may need provision of technical assistance/ training to meet these requirements.

The project environmental and social evaluation/assessment shall confirm that that there will be no or negligible risk of significant adverse impacts due to potential failure of the dam structure to local communities and assets, including assets to be financed as part of the proposed project.

The project shall develop and implement, as a minimum, the following plans commensurate with the project characteristics and associated potential risks:

1. Construction Supervision and Quality Assurance Plan. The plan shall include the organization, staffing levels, procedures, equipment, and qualifications for supervision of construction of a new dam or remedial work on an existing dam. For a dam other than a water storage dam, both, the construction oversight and the quality-assurance plan bear in mind the whole construction period, as long as it may last, and monitors each amendment being made to specifications. This document and its review are a requisite for CAF to assess suitable measures to be included in the Loan Agreement to ensure that dam safety-related design components are duly met over the construction phase.
2. Instrumentation Plan. The plan shall define the systems and tools to be applied to monitoring and recording the dam performance and related hydro-meteorological, structural and seismic factors are herein set forth in full detail. This plan is reviewed over the design phase by CAF before the bid tendering date.
3. Operation and Maintenance Plan. The plan will establish the details of the organizational structure, staffing, technical expertise, training required; equipment and facilities needed to operate and maintain the dam; O&M procedures and criteria, including long-term maintenance and safety inspections; and arrangements for funding. The O&M plan for a dam other than a water storage dam, in particular, shall reflect changes in the dam's structure or in the nature of the impounded material that may be expected over a period of years. A draft O&M plan is provided to CAF prior to appraisal. The final plan is due at least six months prior to the initial filling of the reservoir.
4. Emergency Preparedness Plan. This plan defines the structure of roles to respond to a situation of: (i) imminent dam failure; (ii) an expected operational flow release threatening downstream life, property, or economic operations which are dependent on river flow levels. The plan involves, as a minimum,: (i) precise instructions and clear statements on the responsibility for decision-making regarding dam operations and related emergency

communications; (ii) maps outlining flooding levels for several emergency conditions; (iii) flood warning system characteristics; and (iv) procedures for evacuating threatened areas and mobilizing emergency forces and equipment. The plan will include the mechanism through which potentially affected downstream communities will be informed. The general framework plan and a budget estimate for a detailed plan preparation are required by CAF during project evaluation. The draft final plan is provided for review by CAF at least one year before the initial filling of the reservoir. Emergency preparedness plans will be developed, implemented and monitored in collaboration with project stakeholders and relevant authorities, where relevant.

The Proponent shall: (i) carry out periodic safety inspections after completion of construction/rehabilitation of new/rehabilitated dams; and (ii) review/monitor the implementation of detailed plans and take appropriate action as needed.

The use of experienced and competent and independent professionals by the project Proponent will be required to design and supervise the construction, operation, and maintenance of dams and associated works, including the development of project-related plans. When the structural elements or components of the dam are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the project Proponent shall engage one or more external experts with relevant and recognized experience, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. The selection of these experts shall be approved by CAF. As deemed necessary by CAF, the Proponent may be required to contract a panel of independent experts to assist in the review of project design and plans.

CAF may accept the following types of projects for CAF-GEF financing that do not include a new dam but will rely on the performance of an existing dam or a dam under construction: power stations or water supply systems that draw directly from a reservoir controlled by an existing dam or a dam under construction; diversion dams or hydraulic structures downstream from an existing dam or a dam under construction, where failure of the upstream dam could cause extensive damage to or failure of the new structure funded by CAF; and irrigation or water supply projects that will depend on the storage and operation of an existing dam or a dam under construction for their supply of water and could not function if the dam failed. Projects in this category also include operations that require increases in the capacity of an existing dam, or changes in the characteristics of the impounded materials, where failure of the existing dam could cause extensive damage to or failure of facilities funded by CAF.

If such a project, as described in previous paragraph, involves an existing dam or a dam under construction in the project Proponent's territory, CAF requires that the project Proponent arrange for one or more independent dam specialists to: (i) inspect and evaluate the safety status of the existing dam or a dam under construction, its appurtenances, and its performance history; (ii) review and evaluate the owner's operation and maintenance procedures; and (iii) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the existing dam or a dam under construction to an acceptable standard of safety. CAF may accept previous assessments of dam safety or recommendations of improvements needed in the existing dam or a dam under construction if the Project Proponent provides evidence that: (i) an effective dam safety program is already in operation, and (ii) full-level inspections and dam safety assessments of the existing dam or dam under construction, which are satisfactory to CAF, have already been conducted and documented.

Necessary additional dam safety measures or remedial work may be financed under the proposed project. When substantial remedial work is needed, CAF requires that (i) the work be designed and supervised by competent professionals, and (ii) the same reports and plans as for a new dam financing project be prepared and implemented. For high-hazard cases involving significant and complex remedial work, CAF also requires that a panel of independent experts be employed. When the proprietary of an existing dam or a dam under construction is an entity different from the project Proponent, the Proponent shall implement measures that ensure the proprietary implement the provisions of these guidelines.

CAF, among other activities, will: (i) review the dam safety provisions and plans; (ii) discuss and agree with the borrower on appropriate safety measures; (iii) verify the participation of qualified experts; and (iv) verify that the project environmental and social evaluation/assessment has concluded that there would be no risk or negligible risk of significant adverse impacts due to potential failure of the structure to local communities and assets, including assets to be financed as part of the considered project.

CAF-GEF PROJECT S02 SUSTAINABLE USE OF RENEWABLE NATURAL RESOURCES

I. INTRODUCTION

Water, the soil, and the biota are comprehensive elements of the ecosystems. They are renewable natural resources that are essential for human survival. Latin America and the Caribbean is a region which is rich in water and fertile soil. However, bad productive and extractive practices, disorganized urban development, inadequate introduction of technology and exotic organisms, and lack of control have accelerated the degradation of these valuable resources.

The region has one third of the planet's internal renewable water resources¹² (that is, 13.5 trillion m³/year). Annual extraction reaches 245 billion m³/year, of which 71 percent is aimed at agriculture¹³ (including irrigation, stockbreeding, and aquaculture), 17 percent for municipal use¹⁴, and 12 percent for industrial use. The dams of the region have the capacity to store close to 1.1 trillion m³, although this storage capacity is concentrated in South America¹⁵ (close to 94 percent). However, the availability of the water resource is very different in the region. The greatest availability is in Brazil and the Andean area, while the lowest availability is in the Caribbean and Mexico. In 2014¹⁶, Brazil's availability reached ¹⁷ 42,800 m³ inhabitant⁻¹ year⁻¹, while in the other extreme, Barbados' availability only reached 279.7 m³ inhabitant⁻¹ year⁻¹. Within countries, that are also areas with a severe lack of water, such as the Peruvian coast, the Bolivian highlands, the Central American Pacific coast, and most of Mexico.

Managing of water resources requires collaboration between countries. The American continent has 84 of the 286 cross-border hydrographic basins¹⁸ in the planet (39 are in South America). The largest cross-border basins of the region are those of the Amazon River (shared by nine countries), the Plata basin (shared by five countries), and the Orinoco basin (shared by four countries).

Latin America and the Caribbean also have large underground water reserves. Among these, the Guarani Aquifer, which is a cross-border system which encompasses 1.1 million km² shared by Argentina, Brazil, Paraguay, and Uruguay. As with superficial waters, many aquifers are shared resources, until 2009, 63 cross-border aquifers had been identified in the region.^{19 20}

¹² AQUASTAT 2015. América del Sur, Centroamérica y Caribe en comparación con el mundo. http://www.fao.org/nr/water/aquastat/countries_regions/americas/index.stm

¹³ AQUASTAT 2015. Extracción de agua por sector. http://www.fao.org/nr/water/aquastat/countries_regions/americas/index.stm

¹⁴ Water extracted for direct use of the population, may include the part used by industries and urban agriculture connected to the municipal network.

¹⁵ AQUASTAT 2015. Presas. http://www.fao.org/nr/water/aquastat/countries_regions/americas/index.stm

¹⁶ AQUASTAT statistics.

¹⁷ Total per capita renewable water resources.

¹⁸ Transboundary Waters Assessment Programme. <http://twap-rivers.org>.

¹⁹ 18 cross-border aquifers in Central America, 4 in the Caribbean, 30 in South America, and 11 shared between Mexico and the United States of America.

²⁰ UNESCO. 2010. Aspectos socioeconómicos, ambientales y climáticos de los sistemas acuíferos transfronterizos de las Américas. Serie ISARM Américas 3. United Nations Organization for Education and Diversification, Science, and Culture (UNESCO) Uruguay: 544.

Surface and groundwater resources are under pressure due to the growth in the demand for water, contamination, and the degradation of water sources. Added to this is climate change, which may alter the region's hydric cycle. Underground water becomes more important as the availability of surface water becomes unreliable. However, world reserves are decreasing in the main aquifers of the world²¹ (including the Guarani aquifer).

With respect to agricultural land, Latin America and the Caribbean have the greatest reserves in the planet. At the start of 2000, it was estimated that the region had 1.066 billion hectares suited for dry farming, of which 203 million were used.²² However, there is a serious and accelerated degradation of the soil resulting from agricultural bad practices, intensive use of pesticides, deforestation, and erosion. Fourteen percent of the world surface affected by degradation of the soil is in the region, and it is estimated that it affects close to 150 million people.²³ It has been calculated that in South and Central America, respectively, 45 percent and 74 percent of the ground is degraded.²⁴ Guatemala is the country with the largest extension of degraded land (51 percent of the national territory). Agricultural land is also lost due to contamination from several sources (for example, mining), and conversion to other land uses (for example, urbanization, infrastructure works).

Desertification is a serious threat in the region, as 25 percent of the territory is made up of arid, semi-arid, and dry sub-humid areas, of which 18 percent is degraded.²⁵ It is estimated that of the arid agricultural areas, 17 percent of the land with irrigation is degraded, plus 31 percent of the dry farming areas, and 76 percent of pastures.²⁶ In addition to this, the impact of climate change could intensify desertification through the alteration of temperatures, rains, solar radiation, and winds. It is believed that climate change will cause the salinization and desertification of agricultural lands in the driest areas of Latin America.²⁷

CAF acknowledges that it is essential to use water and land resources in a sustainable manner, and fight against contamination, loss of agricultural land, and severe draught or desertification. This CAF-GEF Project Safeguard contributes to the implementation of several international instruments that have been subscribed by the countries of the region, among them:

- The United Nations Convention to Fight Against Desertification in countries affected by serious droughts or desertification, particularly Africa.
- The Agreement on Biological Diversity.

²¹ Famiglietti, J.S. 2014. The global groundwater crisis. *Nat.Clim.Change* 4(11): 945–948. Richey, A.S., Thomas, B. F., Lo, M., Reager, J. T.J., Famiglietti, S., Voss, K., Swenson, S. & M. Rodell. 2015. Quantifying renewable groundwater stress with GRACE, *Water Resour. Res.* 51: 5217–5238.

²² FAO. 2002. *Agricultura mundial: hacia los años 2015/2030*. Summarized report. United Nations Food and Agriculture Organization (FAO). Rome, Italy: 97 pp.

²³ UNEP. 2010. *Perspectivas del medio ambiente: América Latina y el Caribe GEO ALC 3*. United Nations Environmental Programme (UNEP). Regional Office for Latin America and the Caribbean. Panama City, Panama: 375 pp.

²⁴ Santibáñez, F. & P. Santibáñez. 2007. Trends in Land Degradation in Latin America and the Caribbean, the Role of Climate Change. Pages 65-81 in Sivakumar, M. V. & N. Ndiang'Ui (eds.) *Climate and land degradation*. Springer Science & Business Media.

²⁵ Zika, M. & K.H. Erb. 2009. The global loss of net primary production resulting from human-induced soil degradation in dry lands. *Ecological Economics* 69(2): 310-388.

²⁶ GIZ. 2012. *Fact sheet desertification Latin America & the Caribbean*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Bonn, Germany: 2 pp.

²⁷ OMT. 2007. *Cambio climático y desertificación*. World Meteorological Organization (WMO). Geneva, Switzerland: 4 pp.

- The United Nations Convention on Climate Change.
- Law on Cross-Border Aquifers.²⁸

II. DEFINITIONS

Aquifer, is a permeable geological formation which carries water, located in a less permeable layer, with the water contained in the saturated area of the formation [Law on Cross-border Aquifers].

Cross-border aquifer or cross-border aquifer system, is an aquifer or aquifer system with parts located in different States [Law on Cross-border Aquifers].

Afforestation, is the plantation of new forests in lands which historically have not had tree cover [Intergovernmental Panel on Climate Change (IPCC)].

Desertification, is the degradation of the soil in arid, semi-arid, and dry sub-humid zones, resulting from diverse factors such as climate variability and human activities [United Nations Convention to Combat Desertification in countries affected by severe droughts or desertification, particularly in Africa].

Comprehensive Management of Water Resources, is a process that promotes a coordinated management and development of water and related resources, in order to maximize the resulting social and economic wellbeing in an equitable manner, without compromising the sustainability of vital ecosystems. Source: Technical Committee of the International Water Association.

Natural habitat, are areas made up by a series of viable plant and animal species, most of the them native, or where human activity has not produced any substantial modification of the primary ecological functions or of the composition of the species in the area.

Fight against desertification, activities that are part of the comprehensive use of the soil in arid, semi-arid, and dry sub-humid zones for sustainable development. Their objective is to: (i) prevent or reduce soil degradation; (ii) rehabilitation of soils partially degraded; (iii) recovery of desertified lands [United Nations Convention to Combat Desertification in countries affected by severe droughts or desertification, particularly in Africa].

Forest plantations, are forest stands established through plantation and/or seeding during the forestation or reforestation process. They may include: (i) introduced species (all planted stands); or native stands subject to intensive exploitation, complying with the following requirements: one or two species at the time of planting, with a homogenous age and regular spacing [United Nations Food and Agricultural Organization].²⁹

Endogenous precipitations, rain within the borders of a country [United Nations Food and Agricultural Organization].

²⁸ A/RES/63/124 Resolution of the General Assembly of the United Nations, approved in 2008.

²⁹ FAO. 1999. Modelo de suministro mundial de fibras. [United Nations Food and Agricultural Organization]. (FAO). Rome, Italy: 141 pp.

Renewable internal water resources, the conventional measure of fresh water available in a country (surface and ground water), including resources coming from rain within national frontiers. Excludes cross-border and fossil water resources [United Nations Food and Agricultural Organization].

Total renewable water resources, the maximum theoretical amount of water really available each year in a country at a determined time [United Nations Food and Agricultural Organization, AQUASTAT].

Total per capita renewable water resources, total real renewable water resources per inhabitant per year ($\text{m}^3 \text{inhabitant}^{-1} \text{year}^{-1}$).

Drought, is the natural phenomenon that happens when rains have been considerably inferior than the normal levels registered, causing an acute water imbalance that harms the production systems of soil resources [United Nations Convention to fight against desertification in countries affected by serious droughts or desertification, particularly Africa].

Aquifer system, is series of two or more aquifers that are hydraulically connected [Law on Cross-Border Aquifers].

Soil, top covering layer of soil, thin and vulnerable. Made up of mineral particles, organic material, microorganisms, water, and air [United Nations Food and Agricultural Organization].

Soil, the bio-productive land system that comprises the soil, vegetation, other components of the biota, and the ecological and hydrologic processes that develop in the system [United Nations Convention to fight against desertification in countries affected by serious droughts or desertification, particularly Africa].

Agricultural land, the farming land, dedicated to permanent crops or prairies.

Sustainable use, use of components from the biological diversity in a manner and at a pace that does not enable a long term reduction of biological diversity, thus maintaining its possibilities of satisfying the needs and aspirations of current and future generations [Biological Diversity Agreement].

Download Zone, is the area through which water coming from aquifers flows up to its exit points, such as a water stream, lake, oasis, wetland, or ocean [Law on Cross-border Aquifers].

Arid, semi-arid, and dry sub-humid zones, those in which the proportion between annual precipitation and potential evapotranspiration ranges between 0.05 and 0,65, excluding the polar and sub-polar regions [United Nations Convention to fight against desertification in countries affected by serious droughts or desertification, particularly Africa].

III. OBJECTIVES

- Prevent CAF-GEF financed projects from causing cause degradation of water and soil resources
- Promote the sustainable use of energy, water and other resources.

IV. SCOPE

This CAF-GEF Project Safeguard applies to all CAF-GEF financed operations that imply the construction, expansion, rehabilitation, maintenance, and/or operation of infrastructure, or the use of water, soil and other resources for their development with public and private clients including the following types of projects:

- (1) Construction, rehabilitation, maintenance, and/or operation of:
 - Irrigation systems,
 - Basin transfers,
 - Water dams and reservoirs,
 - Hydro energy production systems,
 - Water intake, treatment, and supply systems for urban centers.
- (2) Use of surface or ground water for industrial purposes (for example, cooling towers, process water), and mining and hydrocarbon processes.
- (3) Use of fresh or salt water, surface or ground, for large scale aquaculture³⁰ (for example, pools for fish or shrimp breeding).
- (4) Large scale and industrial crops (for example, cotton, sugar cane, quinoa, cereals, grasses, fodder grasses, cocoa, biofuels, African palm), large scale animal farming, and forestry plantations.
- (5) Projects that imply the conversion (change in the use of the soil) of large extensions of agricultural lands (for example, urbanization), or the movement of large volumes of soil that imply loss of soil (for example, refineries, aqueducts, railroad lines, highways).

The applicability of the safeguard is determined during all the phases of CAF's credit cycle, with special attention during the project's social and environmental evaluation process (see CAF-GEF Project Safeguard 01). Special attention will be given to the projects that intervene in (i) basin headwaters and sources of water; (ii) aquifer recharge and discharge zones; (iii) arid, semi-arid, and dry sub-humid zones; (iv) areas that have historically presented vulnerability to droughts resulting from climate variability such as the cycle of El Niño/La Niña; (v) areas with conflicts in the use of water and/or soil resources; (vi) zones with high levels or risks of erosion according to the available official technical information. In cases where there are areas with high value for conservation, the CAF-GEF Project Safeguard Conservation of Biological Diversity (S03) will also be applied.

V. REQUIREMENTS

As part of the CAF-GEF financed project's social and environmental evaluation, the client will:

- Guarantee that the sources of water will not be affected negatively, and there will not be any continuous or permanent deterioration (for example, headwaters, high Andean lakes, moors) of aquifer recharge and discharge zones.
- Ensure a sustainable use of resources and use of the lowest possible amount of water, and that total consumption (for example, surface and ground water) is within the limits of the resources availability, and that it will not alter the hydrological cycle of the hydrographic basin.

³⁰ Excludes the house of floating cages in natural or artificial bodies of water.

- Evaluate the direct, synergic, and/or cumulative affectation of the project in terms of the availability of water for other users, and the probability of generating conflicts or tension in the area.
- Present evidence that local inhabitants are aware of the need to use the water resource.
- Present evidence of compliance with national, regional, and local regulations for the use of the water resource.
- Guarantee that the project is framed within the principles and practices of comprehensive management of water resources.
- Analyze the characteristics and quality of the soil to ensure that crops are appropriate for the productive conditions and capacity of the location.
- Propose measures to minimize the withdrawal of soil and adequately manage it.
- Present evidence that the local inhabitants are aware of the need to use the soil resource.
- Present evidence of compliance with national, regional, and local regulations regarding the use of the soil resource.
- Implement technically and financially feasible measures for improving efficient consumption of energy, water, raw materials and other resources.

The client will design and apply, as needed, measures to:

- Ensure an efficient use of water, energy, and other significant raw materials used by the project.
- Apply best practices for the conservation of water (for example, reuse, efficiency, adequate take-in and storage).
- Apply best practices for the conservation of the soil (for example, zero tillage, soil storage in cases of operations that involve ground movement), and prevention and control of erosion and soil degradation.

When the project develops in, or may affect arid, semi-arid, or dry sub-humid areas, the client must apply comprehensive measures for the conservation of water and soil, to protect the soil from erosion, salinization, and other forms of degradation. Where relevant, practices will be implemented to control grazing, recovery of soils, reforestation, and afforestation, among others. The client will guarantee that the project is framed in the national dispositions and plans to combat desertification and mitigate the effects of droughts.

When the project uses resources from cross-border basins and aquifers, the client will guarantee that the project is framed within the national regulations and agreements between countries.

The project will include a monitoring plan that provides information on the efficiency of the project regarding the use of water and soil and the impact of the measures applied. Some key indicators to consider are: (i) the amount and quality of the water used in the project; (ii) efficiency in the use of water (for example, volume of water used per production unit; (iii) surface of land recovered or protected from erosion; and (iv) number of conflicts related to the use of water or soil.

VI. PROCEDURE

CAF will conduct a follow-up of the documentation prepared by the client, considering the description below for each CAF-GEF financed phase of the credit cycle.

VI.1. Origination

In the origination phase (at the time the credit is requested) the client will provide information to enable the identification of whether the proposed project for CAF-GEF financing is within the scope of application of this CAF-GEF Project Safeguard. In the preliminary analysis of environmental and social risks, CAF will analyze the information and indicate if this CAF-GEF Project Safeguard is applicable. The application of the safeguard will be based on the questions established in annex 2 of S01.

VI.2. Evaluation

In the evaluation phase, once it has been included in the inventory of CAF-GEF operations, the client will present the social and environmental evaluation studies. The studies will also verify compliance of the applicable national regulation and of the relevant international commitments that the country has adopted, as well as the subjects included in the key questions considered for the application of the safeguard.

VI.3. Formalization

In the formalization phase, (before signing the credit contract), it must be ensured that the contract includes specific commitments for water and soil conservation, as deemed relevant.

VI.4. Administration

In the administration phase, (during the implementation of the CAF-GEF financed project), the client will implement the measures agreed upon, including monitoring compliance and performance indicators. The client will present advance reports with the frequency established in the contract. The report will be a public document, available for all interested parties. CAF will review the reports and, if necessary, will propose the corrective or complementary measures needed.

At the close of the CAF-GEF financed project, the client must present a final evaluation that verifies the specific compliance of the results and the direct and indirect impacts that have been generated, and will identify the lessons learned and identified best practices. The final evaluation will serve as input for the preparation of the final environmental and social follow-up report, and for the closing report of the project.

CAF-GEF PROJECT SAFEGUARD S03 CONSERVATION OF BIOLOGICAL DIVERSITY

I. INTRODUCTION

CAF acknowledges that conservation of biological or biodiversity is essential to maintain life in the planet and to sustain development in the countries and the wellbeing of people.

The region of Latin America and the Caribbean is rich in biodiversity. It includes six of the 17 mega-diverse countries of the world (Brazil, Colombia, Ecuador, Mexico, Peru, and Venezuela), and 70 percent of the mammals, birds, amphibians, plants, and insects of the planet.³¹ The region houses 50 percent of the known amphibious species, and 41 percent of bird species. In addition, 49 centers of diversity and endemic plants have been identified.³² The region is the center of corn and potato domestication, two essential crops for world food, and also of cocoa, whose world value chain produces and processes close to four million tons per year. It is estimated that there are close to 4,000 native varieties of potato in the Andes in Bolivia, Ecuador, and Peru, and about 151 species of wild potatoes in all the region.

Marine biodiversity is also important. To date, about 13,656 marine species have been identified in South America, of which 22 percent are endemic.³³ Marine biodiversity has been important for the development of the region. For example, anchovy fishery (*Engraulis ringens*), developed mainly in Peru and in the north of Chile, is the largest fishery in the history of humanity. The maximum yield in 1971 reached 13 million tons per year. It currently constitutes 10 percent of the world capture.

Despite the wealth and value of biodiversity, there are strong pressures on ecosystems, wild species, and genetic diversity. The strongest pressures on land environments are degradation, fragmentation, and loss of habitats generated by land conversion which is generated by several causes such as the expansion of farming production frontier, contamination of many sources, impact of infrastructure works, and introduction of invasive exotic species, such as the tilapia fish³⁴ in its different species and hybrids, and the giant African snail³⁵ (*Achatina fulica*). Coastal and marine environments also suffer

³¹ UNEP. 2010. Perspectivas del medio ambiente: América Latina y el Caribe GEO ALC 3. United Nation environmental Programme (UNEP). Regional Office for Latin America and the Caribbean. Panama City. Panama: 375 pp.

³² Davis, S.D., Heywood, V.H., Herrera-MacBryde, O., Villa-Lobos, J. & A. Hamilton (eds.) 1997. Centres of Plant Diversity: A Guide and Strategy for Their Conservation. Volume 3: The Americas. IUCN Publications Unit, Cambridge, England. <http://botany.si.edu/projects/cpd/>.

³³ Miloslavich, P., Klein, E., Díaz, J.M., Hernández, C.E., Bigatti, G., Campos, L., Artigas, F., Castillo, J., Penchaszadeh, P.E., Neill, P.E., Carranza, A., Retana, M.V., Días de Astarloa, J.M., Lewis, M., Yorio, P., Piriz, M.L., Rodríguez, D., Yoneshigue-Valenting, Y., Gamboa, L. & A. Martin. 2011. Marine Biodiversity in the Atlantic and Pacific Coasts of South America: Knowledge and Gaps. PLoS ONE 6(1): e14631. doi:10.1371/journal.pone.0014631

³⁴ Canonico, G.C., Arthington, A., McCrary, J.K. & M.L. Thieme. 2005. The effects of introduced tilapias on native biodiversity. Aquatic Conservation: Marine and Freshwater Ecosystems 15(5): 463-483. Applies for *Oreochromis* spp and/or its hybrids.

³⁵ Thiengo, S. C., Faraco, F. A., Salgado, N. C., Cowie, R. H. & M.A. Fernandez. 2007. Rapid spread of an invasive snail in South America: the giant African snail, *Achatina fulica*, in Brasil. Biological Invasions 9(6): 693-702. Vogler, R.E., Beltramino, A.A., Sede, M.M., Gregoric, D.E. G., Núñez, V. & A. Rumi. 2013. The Giant African snail, *Achatina fulica*

strong pressure from changes in the coastline, contaminating land and marine sources, intense fishing pressure, impacts of aquaculture, and introduction of invasive exotic species.

It is estimated that climate change may accentuate the risks faced by biodiversity in the region, altering the processes and functions of ecosystems, and accelerating the processes of extinction of species.

Consequently, CAF considers it is essential that all credit operations consider their possible negative impacts on native biodiversity, and that measures are designed and applied to revert and mitigate these impacts. This safeguard is in line with the objectives of several international instruments that have been subscribed by the countries of the region, such as:

- Convention on Biological Diversity.
- Convention on Wetlands of International Importance, especially as Habitat for Water Birds (Ramsar Convention).
- Convention on International Trade in Endangered Species of Wild Fauna and Flora, (CITES).
- Convention for the protection of the world cultural and natural heritage
- United Nations Convention to Combat Desertification.
- International Plant Protection Convention
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Agreement).
- Inter-American Convention for the Protection of Marine Turtles.
- Agreement on the Conservation of Albatrosses and Petrels.

II. DEFINITIONS

Important Bird and Biodiversity Area (IBA), is a coastal or marine land area which has been identified based on standardized technical criteria that considers the presence of species or groups of birds that are a priority for conservation.

Protected Area, is a geographically defined area that has been designed or regulated and managed in order to reach specific conservation objectives [Agreement on Biological Diversity³⁶].

Compensation for biodiversity, are measurable conservation results produced by actions designed to compensate significant and adverse residual impacts on biodiversity, resulting from the development of projects, after the adequate prevention and mitigation measures have been taken. The objective of compensation for biodiversity is to achieve Zero Net Loss and preferably Net Gains in biodiversity on the site, with respect to composition of species, structure of habitats, function of the ecosystem, and use of people and cultural values associated to biodiversity [Standard on Biodiversity Offsets³⁷].

(Gastropoda: Achatinidae): using bioclimatic models to identify South American areas susceptible to invasion. American Malacological Bulletin 31(1): 39-50.

³⁶ Agreement on Biological Diversity. UN, 1992. Its objectives are the conservation of biological diversity, the sustainable use of its components, and a fair and equitable participation in the benefits derived from the use of genetic resources through, among other things, adequate access to these resources and an appropriate transfer of relevant technologies, considering all the rights over those resources and technologies, as well as through appropriate financing.

³⁷ BBOP. 2012. Standard on Biodiversity Offsets. Business and Biodiversity Offsets Programme (BBOP). Forest Trends, Washington, D.C., USA: 22pp. Online: http://www.forest-trends.org/documents/files/doc_3078.pdf

Traditional knowledge, refers to knowledge, innovations, and practices of indigenous and local communities around the world. Developed from the experience of centuries, and adapted to the local culture and environment, traditional knowledge is transmitted orally from generation to generation. It tends to be owned collectively, and takes the form of stories, songs, folklore, proverbs, cultural values, beliefs, rituals, community laws, local language, and agricultural practices, including the development of plant species and animal races. Sometimes, it is called an oral tradition because it is practiced, sung, danced, painted, carved, and practiced for millennia. Traditional knowledge is mainly practical, particularly in fields like agriculture, fisheries, health, horticulture, and environmental management in general [Secretariat of the Agreement on Biological Biodiversity].

Ex situ conservation, refers to the conservation of components of the biological diversity outside of their natural habitats [Agreement on Biological Biodiversity].

In situ conservation, refers to the conservation of ecosystems and natural habitats, and the maintenance and recovery of viable populations of species in their natural environment and, in the case of domesticated or cultivated species, in the environments in which they have developed their specific characteristics [Agreement on Biological Diversity].

Biological Diversity, is the variability of live organisms from any source, included, among other things, land and marine ecosystems and other aquatic ecosystems and ecological complexes of which they are part: it includes diversity within each species, between species, and of the ecosystems [Agreement on Biological Diversity].

Ecosystem, refers to a dynamic complex of plants, animals, and microorganisms communities and their non-living environment, which interact as a functional unit [Agreement on Biological Diversity].

Ecosystem approach, is a strategy for the comprehensive management of land, water, and live resources that promotes conservation and equitable sustainable use³⁸ [Decision V/6 of the Conference of the Parties of the Agreement on Biological Diversity].

Exotic species, refers to the species, sub-species, or lower taxon, introduced outside of its past or present natural distribution: it includes any part, gamete, seed, egg, or propagate of said species, which may survive and subsequently reproduce itself [Decision VI/23 Conference of the Parties of the Agreement on Biological Diversity].

Invasive exotic species, refers to an exotic species whose introduction and/or dispersion threatens biological diversity [Decision VI/23 Conference of the Parties of the Agreement on Biological Diversity].

Habitat, is a place or type of environment which naturally has an organism or population [Agreement on Biological Diversity].

BBOP. 2012. Glossary. 2nd updated edition. Business and Biodiversity Offsets Programme (BBOP). Forest Trends, Washington, D.C., USA: 46pp. Online: http://www.forest-trends.org/documents/files/doc_3100.pdf

³⁸ Decision VII/11 adopted the principles to make the ecosystem approach operational.

Artificial habitat, refers to modified structures, constructions, or spaces that have a purpose for people. Examples of these habitats are cities, forest plantations, agricultural monocultures, dams, and sunken ships, among others. Some species of the native biodiversity may colonize and use these spaces.

Critical habitat, refers to areas with a high biodiversity value, such as i) habitats with a significant importance for the survival of threatened or critically threatened species; ii) habitats with a significant importance for the survival of endemic species or species restricted to certain areas; iii) habitats that, at a world level, sustain the survival of significant concentrations of migratory species or species that congregate; iv) unique or highly threatened ecosystems, or v) areas associated to key evolutionary processes

Modified habitat with significant value for diversity, these are habitats that have lost their natural condition due to human intervention or artificial habitats that house endangered or endemic species, or which are used by local or migratory species as part of their life cycle, contributing to maintain viable populations and functional ecosystems. These habitats may include dams, aquaculture pools, agricultural crops, forest plantations, artificial reefs, and sunken ships, among others.

Natural habitat, refers to areas made up by a viable group of plant or animal species, most of them native, or where human activity has not produced any substantial modification of the primary ecological functions, or of the composition of the species in the area.

Environmental impact, refers to the alteration of the environment, produced directly or indirectly by a project or activity in a determined area.

Cumulative environmental impact, is the result of all the impacts that occurred in the past or which are occurring in the present.

Direct environmental impact, is the environmental impact caused by an action of the project.

Indirect environmental impact, is the impact resulting from the effect produced by an action of the project.

Residual environmental impact, is the one that persists after the application of mitigation measures.

Synergic environmental impact, is created when the joint effect of impacts has a greater incidence than the sum of individual impacts.

Red list, the IUCN's Red List of Threatened Species (also called Red List or Red Book) is a globally recognized tool that provides information and analysis on the status, trends, and threats on species, to inform and catalyze actions for the conservation of biodiversity. Species are classified in nine categories: extinct, extinct in the wilderness, in critical danger, in danger, vulnerable, almost threatened, minor concern, insufficient data, and not evaluated. The evaluation of the conservation status of a species at a world level, is published in the red list's web site (www.iucnredlist.org). Several countries have individual evaluations that provide specific information on the conservation status of the species in their territory.

Live modified organism, refers to any live organism that has a new combination of genetic material, obtained through the application of modern biotechnology [Cartagena Protocol on biotechnology safety, of the Agreement on Biological Diversity].

Illegal fishing, are fishing activities: (i) carried out by national or foreign vessels in waters under the jurisdiction of one State, without its permission, or defying its laws and regulations; (ii) carried out by vessels that hoist the flags of States that are part of a competent fishing regional management organization, but work in defiance of the conservation and management measures adopted by said organization, by virtue of which the States are supposed to comply, or the relevant dispositions of the applicable international laws; or (iii) in violation of national laws or international obligations, including those contracted by the partner States with respect to a regional organization for a competent fishing management [FAO. International action plan to prevent, discourage, and eliminate illegal, non-reported, and non-regulated fishing].

Non-reported fishing, are fishing activities that; (i) have not been reported, or have been inaccurately reported to the competent national authority, defying the national laws and regulations; or (ii) executed in the area of competence of a regional organization for competent fishing management, which have not been reported or have been inaccurately reported, in defiance of the reporting procedures of said organization [FAO. International action plan to prevent, discourage, or eliminate illegal, non-reported, or non-regulated fishing].

Non-regulated fishing, refers to fishing activities: (i) in the area of application of a regional organization for competent fishing management, carried out by vessels without nationality, or by vessels hoisting the flag of a State that is not part of that organization, or a fishing entity, in a manner that is not in accordance with the conservation and management of said organization, or that defies it; or (ii) in areas or related to populations of fish for which there are no conservation or management measures that can be applied, and where such fishing activities are not in accordance with the responsibilities relative to the conservation of live marine resources that are the responsibility of the State by virtue of international laws [FAO. International action plan to prevent, mitigate, and eliminate illegal, non-reported, and non-regulated fishing].

Plan for the conservation of biodiversity, is the set of specific measures to prevent, minimize, mitigate, and compensate the negative impacts generated by public or private projects financed by CAF. The plan is made up of a series of measures, each with the respective indicators for compliance, goals, activities, timeline, responsible individuals, and budget.

Resilience, capacity of a system, community, or partnership potentially exposed to threats, resisting or changing in order to achieve and maintain an acceptable level of functioning and structure.

Resilience of the ecosystem, the degree of disturbance that an ecosystem can withstand without surpassing the threshold to become a different structure or provide different products. The capacity to recover depends on the ecological dynamics, as well as the institutional and organizational human capacity to understand, manage, and respond to these dynamics.

Ecosystemic services, refers to the benefits obtained by individuals from the ecosystems. These include provision of services such as food and water, regulatory services such as flood control, droughts, land degradation and diseases, support services such as soil formation and cycle of

nutrients, and cultural services such as recreation and other intangible benefits such as religious and spiritual value [Evaluation of the ecosystems of the millennium].

Sustainable use, refers to the use of components of the biological diversity in such a way and at a pace that does not reduce biological diversity in the long-term, maintaining its possibilities to satisfy the needs and aspirations of current and future generations [Agreement on Biological Diversity].

III. OBJECTIVES

- Preserve native biodiversity and the integrity of ecosystems.
- Prevent, and when this is not possible, minimize, mitigate, and compensate the negative impacts generated by CAF-GEF financed operations.

IV. SCOPE

This CAF-GEF Project Safeguard applies to all CAF-GEF financed operations with public and private clients that may generate negative impacts on the native biodiversity. The applicability of the safeguard is determined during all the phases of CAF's credit cycle, with special attention during the process of evaluation of environmental and social impacts of the project (CAF-GEF Project Safeguard 01).

This safeguard is applied to the CAF-GEF financed operations:

- That are located in (i) natural habitats; (ii) critical habitats; and (iii) modified habitats with significant value for biodiversity;
- That may negatively affect ecosystemic services and functions;
- That include the use of live natural resources (for example, fishing, agriculture, animal farming, aquaculture, forestry); or
- That imply the use and trade of traditional knowledge relative to the native biodiversity.

V. REQUIREMENTS

V.1. General

In the process to evaluate environmental and social impacts (CAF-GEF Project Safeguard S01), the client will identify and evaluate risks, threats, and impacts that the CAF-GEF financed project may have on the biodiversity. Possible negative direct, indirect, synergic, and cumulative impacts must be identified. Critical factors to consider are fragmentation and degradation of the habitat, loss of habitat, change in the use of the soil, alteration of natural processes (for example, deviation of water courses, alteration of water flows, nutrients, and sediments), over-exploitation of live natural resources (for example, fishing, hunting, gathering of wild flora and fauna), introduction of exotic species, formation of barriers that limit the movement of animals and ecosystemic connectivity, and use of traditional knowledge regarding native biodiversity.

The main priority is to avoid the potential negative impacts of the project, so effective preventive measures must be included for direct, indirect, synergic, and cumulative impacts. Only if it is not possible to avoid these types of impacts, measures must be taken to reduce, temper, or mitigate the potential negative impacts of the project. Finally, if reduction and mitigation measures are not enough,

and residual environmental impacts persist, the effects on biodiversity, or its loss, will be compensated.

Compensation for biodiversity must be used as a last resource, in case the original natural condition observed before the work or intervention cannot be recovered. The objective of the compensation for biodiversity will be to achieve a net gain or zero net loss of the negative impacts on biodiversity in natural and critical habitats. Determining the compensation for biodiversity will be carried out based on the relevant national regulation. If there is no national regulation, compensation for biodiversity will be based on the standard developed by the Business and Biodiversity Offsets Programme³⁹ (BBOP), the compensation policy for biodiversity of the International Union for the Conservation of Nature⁴⁰ (IUCN), and the guidelines regarding this subject of the Organization for Economic Cooperation and Development (OECD).

The client must ensure that access and/or commercialization of traditional knowledge is carried out in fair conditions and in compliance with the commitments and agreements in the framework of the Agreement on Biological Diversity (article 8j) and other relevant international instruments.⁴¹ In projects that imply use of traditional knowledge, on native biodiversity, this safeguard will be complemented with the CAF-GEF Project Safeguard on Ethnic Groups and Cultural Diversity (S06).

V.2. Biodiversity Conservation

V.2.1. Projects that affect natural habitats

CAF-GEF financed projects must not modify, fragment, or degrade natural habitats unless the client can demonstrate that there is compliance with three of the following elements:

- There are no other viable technical and cost-effective alternatives for the development of the projects within modified habitats.
- Effective preventive measures have been designed for direct, indirect, synergic, and cumulative negative impacts and, if necessary, impact mitigation measures. When there is net loss of biodiversity, the promoter must implement the compensation for biodiversity.
- The opinions and concerns of the affected communities have been identified and addressed in the design of the preventive and mitigation measures for negative direct, indirect, synergic, and cumulative impacts. The consultation process will be developed and implemented as established in CAF-GEF Project Safeguard 01 for the evaluation and management of environmental and social impacts.
- The risk of escape and dispersion of exotic invasive or potentially invasive species is eliminated.

³⁹ <http://bbop.forest-trends.org/>

⁴⁰ http://www.iucn.org/about/work/programmes/business/bbp_work/collaborative_platforms/www_iucn_org_offsets/

⁴¹ It is recommended that it is previously agreed upon by the environmental authority and the client, and communicated to the promoter of the works.

When applying the precautionary approach, when there is danger that the negative impacts of the project may be highly significant, that is, that they can cause irreversible, profound, and/or severe damages, CAF may consider not financing it.⁴² (See list of exclusion of CAF-GEF Project Safeguard 01).

V.2.2. Projects that affect critical habitats

CAF does not finance CAF-GEF projects that permanently degrade or change critical habitats. Projects must not intervene in critical habitats or affect them directly or indirectly **unless** the client can show that the following conditions are met:

- There are no viable technical and cost-effective alternatives for the development of the project in modified habitats. The possible level of degradation must be determined during the environmental and social evaluation phase.
- There is compliance with the legal requirements of the relevant national regulation and international agreements that are necessary for the country to authorize the execution of a project in a critical habitat or adjacent area.
- The project does not generate a reduction of populations⁴³ of endemic species, or species which are classified as vulnerable, in danger, or in critical danger in the red list of the UICN (national or global). If these species may be affected, effective measures for *in situ* or *ex situ* conservation must be ensured to avoid damages.
- Compensation for biodiversity measures are applied that generate a net gain for the affected critical habitat, including the creation of biological corridors that reduce the potential fragmentation of habitats.
- The project includes a solid quantitative base line of the biodiversity of the area,⁴⁴ and a strong long-term⁴⁵ monitoring program to evaluate the status of the area's biodiversity.
- The opinions and concerns of the affected communities have been identified and addressed. The consultation process will be developed and implemented as established in CAF-GEF Project Safeguard 01 for the evaluation and management of environmental and social impacts.
- The risk of escape and dispersion of exotic invasive or potentially invasive species is eliminated.

When applying the precautionary approach, when there is danger that the negative impacts of the project may be highly significant, that is, that they can cause irreversible, profound, and/or severe damages, CAF may consider not financing it.⁴⁶ (See list of exclusions of CAF-GEF Project Safeguard 01).

V.2.3. Projects that affect modified habitats

⁴² In the case of this CAF-GEF Project Safeguard, this is a second level, it is known as **NO-GO CONDITIONS**. That is, cases that are not in the exclusion list, but after evaluation the situation, it is considered that there is such a high risk that it is preferable, as a precaution, not to sponsor de project.

⁴³ It is important to identify the condition of endemic and in danger species in the area of the project.

⁴⁴ Especially of the conditions of the critical habitat and populations of endemic species, or which are classified as vulnerable, in danger, or in critical danger.

⁴⁵ Monitoring must take place during all the implementation process of the project and, for later, the client must guarantee long term monitoring and inform CAF about the mechanisms identified and applied once the intervention has concluded.

⁴⁶ In the case of this CAF-GEF Project Safeguard. This is a second level, it is known as **NO-GO CONDITIONS**. That is, cases that are not in the exclusion list, but after evaluation the situation, it is considered that there is such a high risk that it is preferable, as a precaution, not to sponsor de project.

This safeguard applies if a CAF-GEF financed project affects modified habitats with a significant value for biodiversity. In such case, the client must show that:

- There are no viable technical and cost-effective alternatives for the development of the project in other modified habitats.
- Effective preventive measures have been designed for direct, indirect, and cumulative negative impacts and, if necessary, impact mitigation measures,
- The project does not negatively affect endemic species, or species which are classified as vulnerable, in danger, or in critical danger in the red list of the UICN (national or global). If these species may be affected, effective measures for *in situ* or *ex situ* conservation must be ensured to avoid damages.
- The risk of escape and dispersion of exotic invasive or potentially invasive species is eliminated.

V.2.4. Projects that affect protected areas

This safeguard applies when CAF-GEF financed projects directly or indirectly affect protected areas, and areas designated with an international recognition as Ramsar site, natural heritage of humanity, or Biosphere Reserves because of their conservation value. CAF will only finance these types of projects when the regulations in the country allow it, and the mitigation and/or compensation measures comply with the minimum standards of this safeguard. In the latter case, the client must process the corresponding permits, and ensure strict compliance of the national and local regulatory demands, and of CAF's applicable CAF-GEF Project Safeguards.

The client must comply with the indicated requirements for projects that affect critical habitats. In addition, the client must:

- Frame his actions in the context of the management plan for the protected area or area with an international recognition for its conservation value. In the absence of a management plan, specific guideless will be requested to the competent authority.
- Comply with the national, regional, and/or local regulations regarding intervention in protected areas.
- Include, as part of the project, measures to support the strengthening of management in protected or area with international recognition for its conservation value.

V.3. Care of ecosystem services and functions

When a CAF-GEF financed project is identified as being able to negatively affect the services and functions of ecosystems, the client must conduct a detailed analysis to specify the impacts and probable magnitude. This includes the evaluation of impacts on the natural landscape. The project must include measures to minimize and mitigate the impacts, ensuring that ecosystemic functions and flows of goods and services for the population will remain. The mitigation measures will achieve a net loss and preferably a net gain of the associated biodiversity values over the long term, and a long-term biodiversity action plan will be established and implemented that describes the conservation outcomes, implementation, monitoring and evaluation.

V.4. Sustainable use of live and derivative natural resources

This safeguard applies to CAF-GEF financed projects that extract live natural products from the natural environment (for example, fishing, forestry extraction, active substances in land and aquatic

organisms), or that carry out primary production of them (for example, agriculture, aquaculture). The client will take the necessary measures and precautions to use biodiversity in a sustainable manner, avoiding negative alterations over: (i) wild populations; and (ii) integrity, and services and functions of ecosystems. In addition, the client must show strict compliance with the relevant regulation, whether national, regional, or international.

CAF-GEF financed projects that involve the procurement of natural resource commodities that may contribute to significant conversion or degradation of natural habitats will be avoided, where feasible, or limited to suppliers that can demonstrate that they are not contributing to significant conversion or degradation of natural habitats.

In the case of clients who buy live natural resources or its derivatives (for example wood) from a supplier, the following will apply:

- The client must present documentation that certifies that the suppliers have all the permits and licenses established by law.
- The client applies policies and procedures for sustainable supply that ensure:
 - o That resources being purchased have a legal origin,
 - o That the origin of the resources may be verified (traceability),
 - o That the procedures and practices of the suppliers may be verified, and
 - o That suppliers who do not comply with sustainable practices may be disregarded.

V.4.1. Exotic species

CAF will not finance CAF-GEF projects which include breeding, cultivation, or weight gain projects, or any other form of production of exotic species, unless the client guarantees that there will be no escapes to the wilderness, resulting in direct, indirect, and cumulative impacts on the native biodiversity. The measures proposed must be based on a specific risk analysis of invasive species, and no objections from the competent authorities in such matters.⁴⁷

CAF will not finance CAF-GEF projects that involve the use or production of invasive exotic species in open environments that facilitate their propagation. Invasive exotic species are those that have been defined as such by the national authorities, or are classified as such in the world data base on invasive species of the UICN⁴⁸.

CAF-GEF financed projects that imply a risk of introduction or dispersion of exotic species must include a risk analysis of invasive species and pests, and apply measures to manage risks and prevent the introduction and dispersion of these types of species. Examples of this kind of projects are land, river, or ocean cargo or passenger transportation, port and airport operations, transfer of water between hydrographic basins, and opening of routes that connect habitats that were not connected, among others.

V.4.2. Modified live organisms

CAF will finance CAF-GEF projects that imply the use of live modified or transgenic organisms, if the national environmental authority certifies that the use of these organisms in the country is permitted, and if the

⁴⁷ Andersen, M.C., Adams, H., Hope, B. & M. Powell. 2004. Risk Analysis for Invasive Species: General Framework and Research Need. *Risk Analysis* 24(4): 893-900.

Parker, I.M., Simberloff, D., Lonsdale, W.M., Goodell, K., Wonham, M., Kareiva, P.M., Williamson, M.H., Von Holle,

B., Moyle, P.B., Byers, J.E. & L. Goldwasser. 1999. Impact: Toward a framework for understanding the ecological effects of invaders. *Biological Invasions* 1(1): 3-19.
Strayer, D.L., Eviner, V.T., Jeschke, J.M. & M.L. Pace. 2006. Understanding the long-term effects of species invasions. *Trends in Ecology & Evolution* 21(11): 645–651.

⁴⁸ <http://www.issg.org/database/welcome/> In the case of countries that do not have a list of invasive exotic species, the international reference is the UICN world data base.

actions that must be taken comply with the relevant national regulation. These types of projects must include a risk evaluation of the modified live organisms, and a risk management plan⁴⁹ based on the principles, directives, and guidelines of the Cartagena Protocol on Biotechnology Safety⁵⁰.

When applying the cautionary approach, when there is danger that the project's negative effects may be highly significant, that is, that they produce irreversible, deep, and/or severe damages, CAF may consider not to finance it⁵¹. (See list of exclusions in CAF-GEF Project Safeguard 01).

V.4.3. Fishing projects

The client will ensure that the CAF-GEF financed project will not generate pressures that contribute or entail over- exploitation of the species or target species. The client must ensure compliance with the national regulations and, when applicable, with regional or international regulations, especially regarding capture limits and fishing effort. In addition, the project must have specific measures to avoid negative impacts on by-catch species (also called accompanying fauna), species that interact with the fishing operation (for example birds, marine mammals), and the habitats where fisheries operate. The client must also ensure the application of a traceability system that guarantees that fishing and its derived products may be followed throughout all the stages of production, transformation, and commercialization.

CAF does not finance CAF-GEF projects that (i) apply destructive or illegal fishing practices; (ii) carry out fishing practices that infringe national regulations or regulations of the Regional Organizations for Fishing Management; or (iii) that do not declare their captures to the relevant authority. Clients must guarantee that their vessels and those of their suppliers, if that is the case, do not conduct illegal, unreported, or unregulated fishing (IUU).

The project will be framed within the principles of the ecosystem approach for fishing⁵² and FAO's Code of Conduct for Responsible Fishing.⁵³ In addition, when dealing with artisanal fisheries, the client will ensure alignment with the voluntary guidelines to achieve FAO's small-scale fishing sustainability.⁵⁴

⁴⁹ Risk evaluation is the process of calculating risks that may be associated to a modified live organisms, on the basis of what adverse effects could result, what is the probability of their occurrence, and consequences if they occurred. Risk management refers to the measures to ensure that the risks identified in the risk evaluation can be reduced, controlled, or eliminated.

Source: CDB. 2012. Orientación para la evaluación del riesgo de los organismos vivos modificados (Reviewed on July 19th, 2012). Conference of the Parties regarding Biological Diversity, which acts as a meeting of the Parties in the Cartagena Protocol about the safety of biotechnology. Sixth Meeting. Hyderabad, India. Document UNEP/CBD/BS/COP-MOP/6/13/Add.1: 67 pp.

⁵⁰ The Cartagena Protocol on Biotechnology Safety, of the Biological Diversity Agreement, is an international treaty that came into force on September 11th, 2003.

⁵¹ In the case of this CAF-GEF Project Safeguard, this is a second level, known as **NO-GO CONDITIONS**. That is, those cases that are not in the list of exclusions but, after evaluating the situation, it is considered that there is such a high level of risk that, as a precaution, it is preferable not to sponsor the project.

⁵² FAO. 2003. La ordenación pesquera 2. El enfoque de ecosistemas en la pesca. FAO Orientaciones técnicas para la pesca responsable 4 Supl. 2. United Nations Food and Agriculture Organization (FAO). Rome, Italy: 112pp.

⁵³ FAO. 1995. Código de conducta para la pesca responsable. United Nations Food and Agriculture Organization (FAO). Rome, Italy: 46 pp.

⁵⁴ FAO. 2015. Directrices voluntarias para lograr la sostenibilidad de la pesca en pequeña escala en el contexto de la seguridad alimentaria y la erradicación de la pobreza. United Nations Food and Agriculture Organization (FAO). Rome, Italy: 23 pp.

V.4.4. Aquaculture projects

The client will ensure that the CAF-GEF financed project does not negatively affect biodiversity in the direct and indirect area of influence. For this, the client must ensure compliance with the existing relevant national and international regulations. The project must have specific measures to avoid (i) environmental contamination and proliferation of diseases and pathogens; (ii) aggressions against the fauna that interacts with fish farming;⁵⁵ and (iii) significant alteration of the quality of the surrounding water and lake, estuary, or marine bottoms. The client must ensure the application of traceability system that guarantees the origin and passage through the chain of transformation of aquaculture products. If possible, the operation should be certified by renowned international standards for sustainable aquaculture.

V.4.5. Forestry extraction and plantation projects

The client must ensure that the CAF-GEF financed project does not negatively affect biodiversity in the direct and indirect area of influence. The client must also ensure compliance with the relevant national regulations. CAF-GEF financing will be available only for forestry plantation projects that are developed in modified habitats, highly degraded areas, or lands without agriculture and livestock vocation.

If possible, the client must certify the CAF-GEF financed operation with renowned international standards of sustainable forestry production that guarantees the origin and its passage through the processing chain.

V.4.6. Plant and animal production projects

The client will ensure the CAF-GEF financed project does not negatively affect the biodiversity in the direct or indirect area of influence. For this, the client must ensure compliance with the relevant national regulations. The client must certify that agricultural plantations or livestock activities are established in modified areas or highly degraded areas. CAF does not finance agriculture or livestock projects that imply the conversion of natural habitats (for example, primary forest) to cultivation areas, areas for cattle farming, or forestry monocultures.

If possible, the client will certify the operation by recognized international standards for sustainable agriculture and animal farming guaranteeing the origin and passage through the processing chain. The wild flora and fauna cultivation processes must guarantee compliance with the national regulation regarding possession and management of wildlife, as well as with the national and international regulations regarding commerce of wildlife.

V.4.7. Genetic resources

CAF-GEF financed projects shall conform with applicable frameworks and measures related to access and benefit sharing in the utilization of genetic resources.

⁵⁵ It is common that wild fauna to venture into aquaculture systems for feeding. For example, birds that feed on fish and shrimp in fish and shrimp farming pools, or sea wolves that tear the nets of floating cages to eat the salmon. However, dissuasive techniques should be used, to prevent native fauna mortality. CAF will not sponsor projects that use aggressive practices such as harassment, trapping, or killing species of the native fauna.

V.5. Protection of traditional knowledge

CAF-GEF financed projects that imply access and use of traditional knowledge must guarantee fair and equitable participation of the benefits they generate. This type of project will apply the Tkarihwaié:ri^{56 57} Code of Ethical Conduct.

VI. PROCEDURE

VI.1. Origination

In the origination phase (at the time of the application for the loan), the client must provide information to enable the identification of whether the proposed project for CAF-GEF financing is within the scope of application of this safeguard. CAF will analyze the information and will indicate in the preliminary analysis of environmental and social risks if this safeguard is applicable. The application of the safeguard will be based on the questions established in annex 2 of S01.

VI.2. Evaluation

In the evaluation phase (once the proposed CAF-GEF financing operation has been included in the Inventory of Operations), the client will present the project's social and environmental studies. According to each case, these studies will include the identification of impacts on (i) natural habitats, critical habitats, and modified habitats with significant value for biodiversity (including impacts on protected areas and spaces with international recognition; (ii) ecosystem services and functions; (iii) live natural resources; or (iv) tradition knowledge relative to native biodiversity. The studies will also verify compliance with the applicable national regulation and the relevant international commitments the country has adopted. As an integral part of the project, the study will present a plan for the conservation of biodiversity, including measures to prevent possible negative impacts on the native biodiversity. Exceptionally, when it cannot be avoided, said plan will include measures to minimize, mitigate, and compensate the impacts generated by the project. The measures will be specific, and will include compliance and performance indicators. The cost of the plan for the conservation of biodiversity will be an integral part of CAF-GEF financing.

VI.3. Formalization

In the formalization phase (before the signature of the CAF-GEF financing agreement) the client will ensure that strict compliance with the plan for the conservation of biodiversity will be an essential requirement of the financing contract.

VI.4. Administration

⁵⁶ The Code of Ethical Conduct to ensure Respect for the Cultural and Intellectual Heritage of the Pertinent Indigenous and Local Communities for the Conservation and Sustainable Conservation and Use of Biological Diversity (abbreviated to Tkarihwaié:ri Code of Ethical Conduct). It is an instrument adopted through Decision X/42 of the Conference of the Parties of the Agreement on Biological Diversity.

⁵⁷ CDB. 2012. Tkarihwaié:ri Code of Ethical Conduct to ensure Respect for the Cultural and Intellectual Heritage of Indigenous and Local Communities. Secretariat of the Agreement on Biological Diversity. Montreal, Canada: 16 pp.

In the administration phase (during the implementation of the CAF-GEF financed project), the client will implement a plan for biodiversity conservation, including monitoring of indicators of compliance and performance. The client will present a report regarding the advance of the plan, which will be presented with the frequency established in the contract. The report will be a public document, available to all interested parties. CAF will review the reports and, if necessary, will propose the necessary corrective or complementary measures.

CAF will contractually establish a mid-term and final evaluation, both at the expense of the client. The mid-term evaluation will focus in compliance with the measures adopted and the expected results. These results and recommendations of the mid-term evaluation will help to adjust the plan for the conservation of biodiversity. The final evaluation will verify the specific compliance of the results and direct and indirect impacts that have been generated, and will identify the lessons learned and best practices. The final evaluation will serve as input for the preparation of the final environmental and social follow-up report and the closing report of the CAF-GEF financed project.

CAF-GEF PROJECT SAFEGUARD S04 PREVENTION AND MANAGEMENT OF CONTAMINATION

I. INTRODUCTION

CAF acknowledges that contamination is a critical factor that deteriorates the conditions of life of people and contributes to degradation and loss of biodiversity in the region.

In Latin America, despite important advances in the regulation and control of contamination and private initiatives for cleaner production, the region is still under strong pressures from contamination generated by diverse productive and domestic activities. There are various sources of contamination, such as discharge of residual untreated waters of populated centers, inadequate management of solid residues, agrochemical spills, discharge of untreated industrial residual waters, emission to the atmosphere of combustion gasses, and inadequate management of mining tailings, among others. In addition, multiple activities generate environmental liabilities which, if not corrected, continue to contaminate the environment for a long period of time.

Contamination may cause severe impacts on nature and human beings. For example, it has been calculated that in the decades of 1980 and 1990, during the gold fever in the Amazon, between 3,000 and 4,000 tons of mercury were released in the ecosystems of the region.⁵⁸ At the beginning of 2000, it is estimated that Central and South America emitted between 180 and 301 tons per year of mercury from gold mining, and close to 73 tons per year from industrial and urban activities.⁵⁹ In addition, in Latin America and the Caribbean, 35,000 deaths per year may be attributed to air pollution.⁶⁰

Consequently, CAF considers it is essential that all credit operations include measures for the prevention and control of contamination. This safeguard contributes to the implementation of several international instruments that have been subscribed by the countries of the region, among them:

- The Agreement on Biological Diversity.
- The Basil Agreement regarding control of cross-border movements of dangerous waste and its elimination.
- The Rotterdam Agreement regarding the prior and informed consent procedure applicable to certain dangerous pesticides and chemical products that are traded internationally.
- The Stockholm Agreement regarding persistent organic contaminants.
- The Vienna Agreement for the protection of the ozone layer.
- The Montreal Protocol regarding substances that deplete the ozone layer.
- The London Convention, regarding ocean contamination resulting from waste spills and other matters.
- International Agreement for the prevention of ship contamination (MARPOL 73/78) and its annexes.

The Cartagena Agreement, for the protection and development of the marine environment in the region of the great Caribbean and its protocols.

⁵⁸ Lacerda, L.D. 1995. Amazon mercury emissions. *Nature*, 374: 20-21.

⁵⁹ Lacerda, L.D. 2003. Updating global mercury emissions from small-scale gold mining and assessing its environmental impacts. *Environ. Geol.* 43: 308 - 314.

⁶⁰ UNEP. 2010. *Perspectivas del medio ambiente: América Latina y el Caribe GEO ALC 3*. United Nations Environmental Programme (UNEP). Regional Office for Latin America and the Caribbean. Panama City, Panama: 375 pp.

- Antigua Convention, for the protection and the sustainable development of marine and coastal areas of the Northeast Pacific.
- Agreement for the protection of the marine and coastal are of the Southeast Pacific and its protocols.
- Minamata Agreement regarding mercury.⁶¹

II. DEFINITIONS

Agrochemicals, are chemical substances used in agriculture to maintain and preserve crops. This includes pesticides, fertilizers, bio-regulators, and other substances applied to optimize the yield of crops.

Bio-magnification, is the gradual increase of certain substances in the bodies of organisms at the higher trophic levels of the food chains. The organisms in the lower trophic levels accumulate small quantities. Organisms in the following higher level of the food chain feed on many organisms of the lower levels, therefore, accumulate greater amounts. The concentration in the tissues increases in each level of the trophic chain when there is enough assimilation and slow elimination [UNEP - GEO 5].

Agricultural best practices in the use of pesticides, refers to all innocuous use of pesticides. authorized at a national level in the existing conditions, necessary for an effective and reliable control of pests. It includes a range of levels of application of pesticides up to the highest concentration authorized, so that the lowest possible concentration of the residue remains. The authorized innocuous uses are determined at a national level, and expect registered and recommended uses in the country, considering public and professional health, and the security of the environment. Existing conditions include any phase of production, storage, transportation, distribution, and preparation of food for human and animal consumption [Codex Alimentarius – Procedures Manual].⁶²

Assimilation capacity, refers to the capacity of the environment to absorb an increasingly higher amount of contaminants while it remains under the acceptable threshold of risks for human health and the environment.

Compensation for biodiversity, compensations for biodiversity⁶³ are measurable conservation results produced by actions designed to compensate significant and adverse residual impacts on biodiversity, that emerge from the development of projects after the adequate prevention and mitigation measures have been taken. The objective of compensations for biodiversity is to achieve a Zero Net Loss, and preferably a Net Gain of biodiversity in the area with respect to the composition of species, structure of the habitats, function of the ecosystem, and the use of people and cultural values associated to biodiversity [*Standard on Biodiversity Offsets*]⁶⁴

⁶¹ The agreement was adopted in 2013, and is open to ratification by the countries. It has been signed by 18 countries of Latin America and the Caribbean.

⁶² FAO/OMS. 2015. Codex Alimentarius. Twenty-fourth edition. Joint FAO/WHO Program regarding food regulations. United Nations Food and Agriculture Organization (FAO) / world Health organization (WHO). Rome, Italy: 239pp.

⁶³ Compensations for biodiversity are not pecuniary compensations but rather best environmental management practices for projects or programs.

⁶⁴ BBOP. 2012. Standard on Biodiversity Offsets. Business and Biodiversity Offsets Programme (BBOP). Forest Trends, Washington, D.C., USA: 22 pp. Online: http://www.forest-trends.org/documents/files/doc_3078.pdf

Contamination, refers to the presence of mineral, chemical, or physical properties in levels that exceed the values considered limit between "good" and "acceptable" quality in a living being or environmental components, and a "poor" or "unacceptable" quality, which is a function of a determined contaminant [UNEP - GEO 5].

Historical contamination, refers to the contamination resulting from past activities that affect the land, water, and air, and no party has assumed or received responsibility to address and conduct the necessary repairs.

Contaminant, refers to any substance that harms the environment when mixed with the soil, water, or air [UNEP - GEO 5]. Contaminants include dangerous or non-dangerous substances, in solid, liquid, or gas state, and includes components such as plagues, pathogenic agents, thermal spills in the water, gas and particulate matter emissions, emission of greenhouse gasses, annoying smells, noises, vibrations, radiation, electromagnetic energy, and the creation of possible visual impacts, including light.

Persistent organic contaminants, refers to chemical products that persist in the environment, they bio-accumulate through the trophic chain, and impose the risk of producing adverse effects on human health and the environment [UNEP - GEO 5].

Non-dangerous waste, also called common waste, posing no particular biological, chemical, radioactive, or physical danger [World Health Organization].

Dangerous waste.⁶⁵ Refers to used or discarded material that may harm human health and the environment. Dangerous waste may include heavy metals, toxic chemical products, medical waste, or radioactive material [UNEP - GEO 5].

Biological diversity,⁶⁶ is the variability of living organisms from any source, including, among others, land and marine ecosystems, and other aquatic ecosystems and the ecological complexes of which they are a part: includes the diversity within each species, between species, and of the ecosystems [Agreement on Biological Diversity].

Greenhouse effect, refers to the process by which the thermal radiation of a planetary surface is absorbed by atmospheric greenhouse gasses, and reradiates in all directions. Because part of this re-radiation is returned to the surface and the lower layers of the atmosphere, it increases the average superficial temperature, exceeding the temperature existing in the absence of the gasses [UNEP - GEO 5].

Effluent, with respect to the quality of water, this refers to liquid waste (treated or not), released to the environment from sources such as industrial processes and treatment plants for residual waters [UNEP - GEO 5].

BBOP. 2012. Glossary. 2nd updated edition. Business and Biodiversity Offsets Programme (BBOP). Forest Trends, Washington, D.C., USA: 46 pp. Online: http://www.forest-trends.org/documents/files/doc_3100.pdf

⁶⁵ This document considers the terms dangerous waste and dangerous residues as equivalent.

⁶⁶ In this document, the terms biological diversity and biodiversity are used alternatively.

Emission of equivalent carbon dioxide,⁶⁷ amount of carbon dioxide emissions that would cause the same integrated radiative forcing as a certain emitted amount of greenhouse gasses or a mix of greenhouse gasses [IPCC, 2013]⁶⁸ in a determined period of time.

Fertilizer, is any organic and inorganic material, natural or synthetic, that is added to the soil to provide certain essential elements for the growth of plants [Spanish Association of Agro-Nutrient Manufacturers].

Greenhouse gasses (GHG), natural and man-made gas constituents of the atmosphere, which absorb and emit thermal radiation. The main greenhouse gasses in the atmosphere of the Earth are water vapor (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and ozone (O₃). In the atmosphere there are also greenhouse gasses created by men, such as halocarbons and other substances that contain chlorine or bromine. In addition to CO₂, N₂, and CH₄, the Kyoto Protocol also includes sulphur hexafluoride (SF₆), hydro-fluorocarbons (HFCs), perfluorocarbons (PFCs), and nitrogen trifluoride (NF₃) [UNEP - GEO 5].

Habitat, refers to the place or type of environment in which an organism or population naturally exists [Agreement on Biological Diversity].

Critical habitat, critical habitats are places with high biodiversity value, such as: i) habitats with a significant importance for the survival of threatened or critically threatened species; ii) habitats with a significant importance for the survival of endemic species or species restricted to certain areas; iii) habitats that sustain the survival of significant concentrations, at a world level, of migratory species or species that congregate; iv) unique or highly threatened ecosystems; or v) areas associated to key evolutionary processes.

Natural habitat, refers to areas made up by a viable group of plant and animal species, most of them native, or where human activity has not produced any substantial modification of the primary ecologic functions or of the composition of the species of the area.

Integrated Pest Pests (IPM), is the careful consideration of all the available techniques for pest control, and the subsequent implementation of adequate measures that discourage the development of pest populations and maintain pesticides and other interventions at levels that are economically justified and that reduce or minimize risks on human health, animal health, and the environment. The IPM emphasizes the growth of a healthy crop with the minimum alteration possible of the agro-ecosystems, and promotes natural mechanisms for pest control [United Nations Food and Agriculture Organizations (FAO)].

Integrated management of vectors, this is a process to control populations of vectors to reduce or interrupt the transmission of diseases. The characteristics of the comprehensive management of vectors include methods based on knowledge of the factors that influence the local biology of the vector, the transmission of the disease, and morbidity; this involves the use of a variety of

⁶⁷ Abbreviated CO₂ equivalent, or CO₂-eq.

⁶⁸ IPCC. 2013. Glossary, pages 185 to 204. Planton, S. (ed.) In: Cambio Climático 2013. Bases físicas. Contribution of Working Group I to the Fifth Evaluation Report of the Intergovernmental Group of Experts Regarding Climate Change. Stocker, T.F., D. Qin, G.-K. Plattner, M. Tignor, S.K. Allen, J. Boschung, A. Nauels, Y. Xia, V. Bex & P.M. Midgley (eds.) Cambridge University Press, Cambridge, United Kingdom:

interventions, often combined and synergic, in collaboration with the same health sector and with other public and private sectors that impact on the vectors; the commitment and joint work of the local communities and other actors involved; and the implementation of a legislative and regulatory framework for public health [World Health Organization⁶⁹ (WHO)].

Heavy metals, are a subgroup of elements that have metallic properties, including transition metals and semi-metals (metalloids), such as arsenic, cadmium, chrome, copper, lead, mercury, nickel, and zinc, which have been associated with contamination and potential toxicity [UNEP - GEO 5].

Environmental liability, refers to a concept that may materialize or not in a geographic location, as a result of the release of materials, strange or random residues, which were not remedied in a timely manner, and are still causing negative effects to the environment. As a result of the existence of environmental liabilities, it is necessary not only to remediate or mitigate the situation, but also compensate for the damages caused in the past.

Pest, refers to all species, plant variety or biotype, animal, or pathogen agent which is harmful for plants and products, materials or plant environments: they include vectors of parasites or pathogens of human and animal diseases, as well as animals that cause damages to public health [United Nations Food and Agriculture Organization⁷⁰ (FAO)].

Pesticide, are all substances aimed at preventing, destroying, attracting, repelling or combating any pest, including undesirable plant or animal species during the production, storage, transport, distribution, and manufacturing of food, agricultural products, animal foods, or foods which may be given to animals to combat ectoparasites. The term includes substances to be used as regulators of plant growth, defoliant, desiccants, agents to reduce the density of fruit or inhibitors of germination, and the substances applied to crops before or after the harvest to protect the product against deterioration during storage and transportation. The term normally excludes fertilizers, nutrients of plant or animal origin, food additives, and veterinary drugs [Codex Alimentarius – Procedure Manual].

Dangerous substance, refers to those which, due to their nature, produce or may produce momentary or permanent damages to human health, the environment, or destruction of goods [Official Chilean Regulation NCh382.Of98].

III. OBJECTIVE

Avoid and minimize the negative impacts on the health of people, the biodiversity, and ecosystems, caused by CAF-GEF financed projects.

⁶⁹ WHO. 2004. Global Strategic Framework for Integrated Vector Management. World Health Organization (WHO). Geneva, Switzerland: 12 pp.

⁷⁰ FAO & OMS. 2015. Código internacional de conducta para la gestión de plaguicidas. United Nations Food and Agriculture Organization (FAO) - World Health Organization (WHO), Rome, Italy: 41 pp.

IV. SCOPE

All CAF-GEF financed operations must incorporate prevention and control measures for contamination. In this respect, this safeguard applies to all CAF-GEF financed operations whose actions imply a contamination risk for the environment.

The applicability of the safeguard is determined during all the phases of CAF-GEF project credit cycle, paying special attention during the project's evaluation process of social and environmental impacts (CAF-GEF Project Safeguard 01). Projects with contaminating risk are those that produce or manage air, water, or soil contaminants, or which produce or manage dangerous residues.

In particular, the safeguard applies to CAF-GEF financed operations, which:

- Manage residual waters and solid residues from populated centers;
- Extract or transform metallic and non-metallic minerals and hydrocarbons;
- Produce or manage dangerous substances or residues;
- Produce pesticides and other agro-chemicals (such as fertilizers) or apply them at a large scale;
- Generate or manage environmental liabilities; and
- Release emissions into the atmosphere, or result in an increase of emissions, particularly combustion gasses and, within them, greenhouse gasses (GHG).

This is complemented with the CAF-GEF Project Safeguard for Working Conditions and Training (S08). In cases where areas of high value for conservation may be affected, the CAF-GEF Project Safeguard for Conservation of Biological Diversity (S04) will also apply.

CAF does not finance CAF-GEF operations that involve the production of dangerous materials which are the object of international prohibitions, restrictions, or progressive elimination. For more references consult CAF's CAF-GEF Project List of Exclusions, Annex 1 of CAF-GEF Project Safeguard S01.

V. REQUIREMENTS

V.1 Prevention and control of contamination

Throughout the project cycle, the client will apply measures to prevent and control contamination, consistent with the national regulation and standards, as well as relevant local and international instruments. Prevention and control measures against contamination will be applied to all emissions of contaminants into the air, water, or soil, due to normal, unusual, or accidental circumstances, with possibilities of generating local, regional, and cross-border impacts. Measures will be technically and financially feasible and cost-effective.

As part of the evaluation of social and environmental impacts, the client:

- Will identify if there is historical contamination in the area, including environmental liabilities. If the client is legally responsible for repairing the historical contamination, or remedy environmental liabilities, this will be addressed according to the relevant national legislation. In the absence of applicable national regulation, international best practices will apply. The

client will be able to identify and take actions so that at the close of the Program there are no residual impacts.

- Will evaluate the possible negative impacts of the project under the existing environmental conditions, taking into consideration:
 - o The assimilation and/or self-purification capacity of the ecosystems.
 - o The current condition of the use of the soil and the probable future use.
 - o The current condition and use of superficial and underground, and the probable demands for water in the future.
 - o The proximity to areas of high value for conservation.
 - o Proximity to populated centers and the life conditions of neighboring communities.
 - o The presence of other sources of emissions and spills.
 - o The possible cumulative impacts that may be generated.
- The client will design and apply measures for the prevention and control of contamination with the following priorities:
 - o Avoid negative impacts on the environment.
 - o Minimize negative impacts by means of actions that reduce the intensity, duration, or reach of the direct, indirect, or cumulative impacts that cannot be fully avoided.
 - o Rehabilitate or restore habitats that have been degraded or altered by negative impacts that cannot be fully avoided or minimized.
 - o Compensate significant and adverse residual impacts on biodiversity that cannot be avoided, minimized, or rehabilitated/restored. The compensation for biodiversity must achieve a Zero Net Loss and, preferably, a Net Gain of biodiversity.

The project will include a monitoring plan that will help take fast corrective measures to minimize negative aspects that may be generated during the normal operation of the project or anomalous situations such as breakdowns or accidents.

V.2 Management of non-dangerous waste

The client will apply measures to reduce the generation of non-dangerous waste to a maximum. The waste that is generated will be recovered, reused, and recycled in a safe manner for human health and the environment, as far as possible. Final waste, which cannot be used in any way, will be treated, destroyed, or disposed in a manner that is safe and innocuous for the environment, including adequate control of emissions, effluents, and residues resulting from the manipulation and procession of waste material. The manipulation and final disposal of waste will comply with the regulatory dispositions of the country. In the absence of specific regulatory regulations, the manipulation and disposition of waste will be carried out applying international best practices. Waste that may negatively affect people and biodiversity cannot be disposed in the environment.

V.3 Management of dangerous waste

As much as possible, the client will avoid generating dangerous waste. However, when it is necessary to manipulate and dispose this type of waste, the client will comply with the existing requirements for the management of dangerous waste (including storage, transportation, and elimination), and of the protection of the personnel stipulated in the national regulation and the applicable international conventions, among them, those related with cross-border movements. In the absence of specific

national regulations, the client will apply international best practices for the safe management of dangerous residues.

When any phase of the management of dangerous residues is carried out by third parties, the client will use contractors that verify compliance with high performance standards regarding this matter, and legitimate companies that have the authorization of the regulatory entities or relevant governmental authorities, and will ensure that there is a documented and strict chain of custody. The client will also ensure that treatment and final disposal sites for dangerous waste are duly authorized and operate under appropriate standards.

V.4 Management of domestic and industrial residual waters

Clients cannot dispose of domestic or industrial untreated residual waters in the environment. When effluents are released to the environment, their quality parameters and characteristics must comply with the requirements of the relevant national regulation, In the absence of specific national regulations, the effluents must have, at least, the same quality and characteristics of the receiving body (for example, temperature, pH, dissolved oxygen, and biochemical demand for oxygen).

V.5 Management of dangerous substances

The client will comply with the requirements for the safe management of dangerous substances (including storage, transportation, and elimination), and protection of personnel, stipulated in the national regulation and the applicable international conventions, among them, those related to cross-border movements. In the absence of specific national regulations, the client will apply international best practices for the safe management of dangerous substances.

V.6 Management of pesticides

In projects that involve pest control, the client will prefer an integrated management of pests and vectors,⁷¹ and will integrate them to the work program. The pest and/or vector management program will only use pesticides as a last resource.

When the use of pesticides is required, the client will prepare a specific risk analysis as part of the project's social and environmental impact evaluation. The project's action will apply, as appropriate, agricultural best practices in the use of pesticides, the international code of conduct for pesticide management, and the relevant international best practices. In addition, where pesticides are procured or used the project will (i) ensure that adequate restrictions, skills, equipment and facilities are in place to ensure their safe use, taking into account the pesticide's potential risks; and (ii) avoid, where feasible, or minimize the use of pesticides that damage non-target species or the natural environment, or contribute towards the development of resistance in pests and vectors.

The client will not manufacture, purchase, use, or market:⁷²

- Pesticides prohibited by the national regulation or relevant international instruments,

⁷¹ WHO. 2004. Global Strategic Framework for Integrated Vector Management. World Health Organization (WHO). Geneva, Switzerland: 12 pp.

OPS/OMS. 2008. El manejo integrado de vectores: una respuesta integral a las enfermedades de transmisión vectorial. Resolución Consejo Directivo OPS/OMS. CD48.R8 (Esp.) October 2nd, 2008. Washington D.C., USA: 3 pp.

⁷² See List of Exclusions, Annex 1 of CAF's CAF-GEF Safeguard S01.

- Highly dangerous pesticides, which are those that have one or several of the following characteristics:⁷³
 - o Formulations of pesticides that comply with the criteria of classes Ia or Ib of the classification recommended for pesticides by hazard, by the World Health Organization;⁷⁴; or,
 - o Pesticides with active ingredients and formulations that comply with the criteria of carcinogenicity categories 1A and 1B of the Globally Harmonized System for the Classification and Labeling of Chemical Products⁷⁵ (GHS); or,
 - o Pesticides with active ingredients and formulations that comply with the criteria of mutagenicity categories 1A and 1B of the Globally Harmonized System for the Classification and Labeling of Chemical Products; or,
 - o Pesticides with active ingredients and formulations that comply with the criteria of reproductive toxicity categories 1A and 1B of the Globally Harmonized System for the Classification and Labeling of Chemical Products; or
 - o Pesticides with active ingredients listed in the Stockholm agreement and its annexes A and B, and those that comply with the criteria in paragraph 1 of annex D of the agreement; or,
 - o Pesticides with active ingredients listed in the Rotterdam Agreement and its Annex III; or,
 - o Pesticides listed in the Montreal Protocol; or
 - o Pesticides with active ingredients and formulations that have shown a high incidence of severe adverse or irreversible effects on human health or the environment.
- Moderately dangerous pesticides, category II of the recommended classification of pesticides by hazard of the World Health Organization.

Annex 1 provides additional guidance related to Pest Management.

V.7 Management of environmental liabilities and/or residual impacts

During the execution of the project, the client will apply the necessary measures to prevent the generation of residual impacts. Before the closing of the project, the client will verify that there are no environmental liabilities generated by direct and/or residual, indirect, or cumulative impacts. If residual impacts are detected, the client will compensate them before the end of the project.

V.8 Greenhouse gas emissions

The client will design and apply measures to reduce emissions of greenhouse gasses. These measures may include, among others, the use of renewable energies of low in carbon emission energies, substitute refrigerants with a high potential for global warming, use efficient transportation systems with low carbon emissions, and apply sustainable practices in agriculture and forestry.

In the case of projects expected to produce or which are already producing emissions equivalent or exceeding 100,000 tons of CO₂ equivalent/year, except if the

⁷³ The definition was established in the Second Joint. FAO/WHO Meeting regarding pesticide management (Geneva, October 6-8, 2008). To identify highly dangerous pesticides CAF will always use the definition and criteria established by the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO).

⁷⁴ WHO. 2010. The WHO Recommended Classification of Pesticides by Hazard and Guidelines to Classification 2009. World Health Organization (WHO). Geneva, Switzerland: 78 pp.

⁷⁵ UN. 2011. Globally Harmonized System of Classification and Labeling of Chemicals (GHS). Fourth revised edition. United Nations (UN). New York and Geneva: 561 pp.

local regulation establishes lower limits,⁷⁶ the client must quantify (i) the direct emissions that are his property or under his control within the physical limits of the project,⁷⁷ and (ii) indirect emissions associated with the generation of energy which is external to the location of the project⁷⁸, to be used by the project. The client must annually quantify and report greenhouse gas emissions, using methodologies and best practices that are internationally acknowledged.

V.9 Capacity to respond to emergencies

The client must design and implement an emergency response plan to respond quickly and effectively to accidents and emergencies that may contaminate the environment. The emergency response plan must establish the organizational structure, the human, material, and budgetary means available, and the procedures to be applied when facing accidents or emergencies in an orderly manner, mitigating the effects on the environment and people, containment and control of contaminants, and minimization of negative consequences on people and the environment (see Annex 4 in CAF-GEF Safeguard 01 for additional details on emergency response).

VI. PROCEDURE

VI.1 Origination

In the origination phase (at the time of the application for the loan), the client must provide information to enable the identification of whether the project is within the scope of application of this safeguard. CAF will analyze the information and will indicate in the preliminary analysis of environmental and social risks if this safeguard is applicable.

VI.2 Evaluation

In the evaluation phase (once the operation has been included in CAF's Inventory of CAF-GEF Operations), the client will present the project's social and environmental studies. Where applicable, these studies will include the identification of historical contamination and existing sources of spills and emissions, the existing inventory of environmental liabilities, the baseline of annual CO₂ equivalent emissions, an estimate of type and quantity of dangerous and non-dangerous waste, and an estimate of the type and quantity of dangerous substances to be used, among others. The studies will also verify the compliance with the applicable national regulation and of the relevant international that the country has adopted. As an integral part of the project, a contamination prevention and control plan will be included, and its cost will be an integral part of CAF-GEF financing.

⁷⁶ The quantification of emissions must include all significant sources of emissions of greenhouse gasses, including sources that are not related to energy, such as methane, and nitrous oxide, among others. In Mexico, (which is part of CAF's area), this value (25,000 TCO₂.eq) is used as a threshold which can be used as a starting point to report to the Registro Nacional de Emisiones (National Registry of Emissions) (RENE, for its acronym in Spanish), which is compulsory since 2015. Therefore, this value has already been considered in one of the countries of the region.

⁷⁷ Changes induced by the project in the carbon content of the soil or land biomass, and the decomposition of organic material induced by the project, may contribute to the direct sources of emissions and must be included in this quantification of emissions when it is expected that such emissions will be significant.

⁷⁸ These emissions are the result of generating activities outside the location, by other electricity agents, or energy for heating or cooling used in the project.

VI.3 Formalization

In the formalization phase (before the signature of the Credit Contract) the client will ensure that a strict compliance with the plan for the prevention and control of contamination will be part of the Environmental and Social Management Plan (PMAS, for its acronym in Spanish) of the operation.

VI.4 Administration

In the administration phase (during the implementation of the project), using the environmental supervision of the works as a starting point, the client will implement a plan for the prevention and control of contamination, including monitoring the compliance and performance indicators as part of the operation's PMAS, which will be defined by the client and presented to CAF. The client will present a report of the plan's advance as part of the PSCAS, which will be presented with the frequency established in the contract. CAF will review the reports and, if necessary, will propose the necessary corrective or complementary measures.

The final evaluation will verify compliance of the results and direct and indirect impacts that have been generated, and will identify the lessons learned and best practices. The final evaluation will verify the existence and quantification of the project's residual impacts. If residual impacts are identified, they must be remedied or compensated, charged to the client, before the end of the project. The final report will serve as input for the preparation of the final environmental and social follow-up report and the closing report of the project.

VII. Annexes

VII.1 Annex 1 Pest Management

The objective of this pest management guidance is to assist in the management of the environmental and health risks associated with pesticide use, in the context of a CAF-GEF financed project, by implementing a safe, effective, and environmentally comprehensive pest management approach.

Integrated Pest Management (IPM) and/or the Integrated Vector Management (IVM) are sound pest management approaches for agricultural projects and public health projects, respectively. Integrated Pest Management (IPM) is the coordinated use of pest and environmental information with available pest control methods to prevent unacceptable levels of pest damage by the most economical means and with the least possible hazard to people, property, and the environment. (<http://www.epa.gov/pesticides/food/ipm.htm>). It is useful for projects to consider the use of biological or environmental control methods, prioritize the use of substances with less harmful impact on human health and the environment and reduce reliance on synthetic chemical pesticides. Project IPM and IVM practices involves the coordinated use of pest and environmental information along with available and demand-driven pest/vector control methods, including cultural practices, ecologically-based biological, genetic, environmental and, even chemical means to prevent unacceptable levels of pest damage. Examples of recognized and tested principles of IPM or IVM include: (i) measures for prevention and/or suppression of harmful organisms; Tools for monitoring; (ii) threshold values as basis for decision-making; (iii) non-chemical methods to be preferred; (iv) target-specificity and minimization of side effects; (v) reduction of use to adequate levels; Application of anti-resistance strategies; and (vi) records, monitoring, documentation and check of success.

When a project finances the purchase of pest control products, pest control product screening is necessary. The control product screening establishes (i) an authorized list of pest control products approved for financing and (ii) a mechanism to ensure that only the specified products will be procured with CAF-GEF financed projects. Projects should implement pesticides procurement controls that: (i) consider the assessment of the nature and degree of associated risks, the proposed use and intended users, when supporting pesticides procurement choices and decisions; (ii) not allow the procurement or use of formulated products included in World Health Organization (WHO) Classes IA and IB, or formulations of products in Class II, unless there are proved and adequate restrictions to prevent use or access to employees and others without the necessary training and/or the proper equipment; (iii) not allow the procurement or use of pesticides and other chemicals specified as persistent organic pollutants identified under the Stockholm convention; and (iv) implement the corresponding measures provided in the Rotterdam Convention in relation to Prior Informed Consent (PIC) for chemicals included in the list of products subject to the PIC procedure. Proper procedures should be established to handle, store, apply and dispose of pesticides following established good practices, such as the recommendations and minimum standards as described in the United Nations Food and Agriculture Organization (FAO) International Code of Conduct on the Distribution and Use of Pesticides (Rome, 2003) and its supplementary technical guidelines. Pesticide use includes the need for appropriate protective and application equipment that provides for effective pest management application while producing minimal risk to health, environment and livelihoods.

The project Environmental and Social Assessment should include an assessment of potential impacts and risks associated with the pesticide use, commensurate with the degree of associated risk. The assessment should include the legal and institutional framework applicable to the project. The assessment should include a Pest Management component as part of the project Environmental and Social Management Plan (ESMP) that is adequate to the project nature, dimensions, risks, complexity and needs. For projects with more significant pesticide use or risks, a stand-alone Pest Management Plan (PMP) may be appropriate. If a PMP is developed for the planned project, the pest management component of the project ESMP shall be integrated into the Pest Management Plan. Examples of projects that may warrant a stand-alone PMP include: new land-use development or changed cultivation practices in an area; significant expansion into new areas; diversification into new crops in agriculture;

intensification of existing low-technology systems; proposed procurement of relatively hazardous pest control products or methods; specific environmental or health concerns; and proposed CAF-GEF financing of pest control products represents a large component of the project.

The ESMP or PMP should include adequate mitigation measures and monitoring programs given the level and type of identified risks and impacts. The plan components should define the applicable Pest Management Policy, Pest Management regulatory framework (international, national, local), and regulatory approval and licensing requirements. The plan should establish the required mitigation measures (including health and safety), monitoring programs, and reporting. Considerations for sustainable pesticides management (mitigation) include: site selection for use, labeling procedure, general packaging, storage, transportation, health and safety measures, pesticide application methods, mixing and loading, during and after application, action in case of pesticide poisoning, cleaning up spills and leaked pesticides, disposal, and obsolete pesticides. The assessment and/or plan should consider possible alternatives to minimize potential impacts and risks; for example these could include different cultivation practices, building in Resistance, use of natural enemies predators and pathogens, use of bio-pesticides, and use of insect sex attractants. The plans should also include a training (capacity building) component, definition of required resources (budget, personnel and equipment) and should use personnel with acceptable level of technical knowledge and expertise on pest management, commensurate with the degree of risk associated with the pesticide use. Proper stakeholder engagement shall be performed according to the CAF-GEF Project Safeguards.

Projects, to extent applicable and feasible, should consider mechanisms to promote pesticide policy reform and institutional capacity development.

CAF-GEF PROJECT SAFEGUARD S05 CULTURAL HERITAGE

I. INTRODUCTION

The cultural heritage—physical or intangible - such as goods or irreplaceable practices, are part of the history of a community, a country, and in some cases, of all the peoples of the world, This heritage translates into a source of knowledge and identity for a community, contributing to the survival as a society and culture, and are part of the human cultural diversity.

Latin America is the most exuberant region in terms of cultural heritage in the American continent, It has extraordinary monuments, places, and cities that give testimony of the history of each people.

The United Nations Educational, Scientific, and Cultural Organization (UNESCO), has proposed a protection plan for the cultural assets of the world, through the "Convention for the Protection of the World Cultural and Natural Heritage", approved in 1972. It presents a list of assets that belong to the World Heritage, or Heritage of Humanity. Ecuador has the first two assets declared World Heritage Site; The city of Quito, first cultural heritage, and the Galapagos Islands, first natural heritage, declared in 1978. In total, the region of Latin America and the Caribbean currently have 92 cultural assets, 36 natural assets, and 4 mixed assets, adding to a total of 131 assets declared World Heritage sites; 8 of them are in danger. Mexico is the American country with the biggest number of cultural and natural world assets, reaching 34.

There is world consensus about the need to find a balance between economic development and conservation of the cultural and physical heritage of Humanity. It is understood that the heritage must generate a development that reverts to the communities, and at the same time enhances its value, which would imply the need to not only adequately train the managers, but also the public in general, that is, the beneficiary community.

Therefore, it is the responsibility of any organization or entity that develops a project or activity o a territory that has these kinds of assets, to protect them and avoid actions that directly or indirectly may cause damages.

II. DEFINITIONS⁷⁹

Cultural physical heritage, refers to structures or groups of structures. places, objects, and joint world of men and nature, which have an important value from the historical, religious, paleontological, ethnological, anthropological, esthetic, or artistic point of view.

Intangible cultural heritage, refers to the uses, representations, expressions, knowledge, and techniques, together with instruments, objects, artifacts, and cultural spaces that are inherent, which communities, groups, and in some cases individuals, recognize as an integral part of their cultural heritage. This heritage manifests in a) oral traditions and expressions, including language; b)

⁷⁹ These definitions are taken and adapted from the United Nations Convention regarding the world cultural and natural heritage of November 1972, and the UNESCO Convention for the Safe keep of the Intangible Cultural Heritage, of October 2003.

performing arts; c) social, and ritual uses, and festive acts; d) knowledge and uses related to nature and the universe; e) traditional artisan techniques.

III. OBJECTIVES

- Recognize and respect the cultural, physical, or intangible heritage
- Avoid actions that may result in negative impacts
- Promote its protection and conservation
- Support dissemination and education regarding its significance and the importance of protecting and respecting it.

IV. SCOPE

This CAF-GEF Project Safeguard applies to all the CAF-GEF financed projects and operations, where there are cultural, physical, intangible, or natural heritage sites in its direct or indirect area of influence, as previously defined, even if it has not been legally recognized by the country, or if it has been previously disturbed.

It also applies for projects that imply movements of land and which, according to historical registries of the country and region, there could have been ancestral human settlements.

If an operation with the above mentioned characteristics already started operations and requests CAF-GEF financing, an evaluation will be conducted of the actions carried out in said operation within the objectives stated in this safeguard in order to determine if it is necessary to formulate and execute remedial plans that guarantee compliance with the objectives proposed in this safeguard.

If the CAF-GEF financed operation is related with the cultural, physical or intangible heritage, all the project must be defined and executed under the guidance of this safeguard, taking into consideration the dispositions established by the national regulation regarding this matter.

In the case of the cultural, physical, or intangible heritage of specific ethnic groups, the CAF-GEF Project Safeguard on Ethnic Groups and Cultural Diversity will also apply.

The safeguard applies to all the CAF-GEF financed project's components, independently of the source of financing.

V. REQUIREMENTS

- Comply with the national legislation on physical or intangible cultural heritage, and with international agreements subscribed by the country regarding this matter.
- From the early stages of a project's cycle, connect the entities and organizations responsible for the protection and conservation of the cultural heritage, physical or intangible.
- Conduct an early identification and evaluation of the potential positive and negative impacts on the cultural heritage, physical or intangible.
- Determine the presence of all the areas with cultural heritage sites, which could be potentially affected by the project.
- Determine if the potential negative aspects may be adequately prevented or mitigated in

order to comply with the objectives established by this safeguard.

- Consult with the communities that reside in the area where there are elements or practices considered cultural heritage, and qualified experts and other relevant stakeholders about: the nature, extent and significance of cultural heritage that may be affected by the project; evaluation of negative impacts and the management measures proposed; and potential need to withhold disclosure of information regarding cultural heritage if such disclosure would jeopardize its safety or integrity.
- Make the project compatible with the cultural heritage, physical or intangible, which exists in the area where the project is being developed.
- Develop a protocol when there is the possibility of discovering occasional findings, to be obeyed by the executing agents of the project and the contractors that participate in its development. This protocol must include all the actions that must be followed to comply with the objectives of this safeguard.
- Have sufficient institutional capacity to comply with the objectives and requirements of this safeguard, or strengthen these capacities if necessary.
- Where a project introduces restrictions to stakeholder access to cultural heritage, continued access is arranged in consultation with stakeholders, where feasible subject to overriding safety and security considerations.
- Where a project involves the commercial use of cultural heritage, project affected parties are informed of their rights under national law and of the scope, nature and impacts of the potential use, and arrangements are made to provide for the fair and equitable sharing of benefits from such use.
- If there are significant impacts that negatively affect the cultural heritage, which cannot be prevented or mitigated, CAF will not finance the project.

V.1. Documents

In order to comply with the objectives and requirements of this safeguard, the Environmental and Social Management Plan (see CAF-GEF Project Safeguard 01 Environmental and Social Evaluation), must present a special chapter regarding the cultural heritage, with the following information:

- Type of heritage
- Characteristics
- Current status
- National legislation regarding the subject
- Entities in charge of its protection and conservation
- Existing programs or activities related to this heritage
- Threats that the heritage may be facing
- Results of the evaluation of positive or negative impacts that said heritage may face during the different stages of the project
- Management measures to prevent or mitigate negative impacts
- Management measures to enhance positive impacts
- Measures proposed to conserve and protect the heritage and support dissemination and education regarding its significance and the importance of its protection and respect.
- Each proposed measure must establish its objectives, goals, individuals responsible for them, timeline, and budget for its implementation, the source of resource allocation, and evaluation indicators. The timeline for the development of the management measures must be in line with the project's timeline, so that the measures are applied in a timely manner.
- If the budget to execute these measures is included within the cost structure of the project,

and if the resources come from the CAF-GEF credit, from the counterpart, or from a combination of both sources.

- If applicable, description of potential restrictions to stakeholder access to cultural heritage and potential commercial use of cultural heritage.
- Consultations with the communities in the area of influence and with qualified experts and other actors interested in said heritage, and documentation of these consultations.
- Compliance with the national legislation, and with international agreements subscribed by the country regarding this matter.

For cases in which projects imply land movements, where there is no current evidence of elements of cultural or natural heritage by historical analysis or secondary sources indicate there may be

possibilities of findings elements that correspond to cultural physical heritage, during the movement of land related with the works of the project, the following must be specified:

- Sources that indicate the possible existence of cultural physical heritage remains
- Potential findings that may emerge
- Entities responsible for the management of these issues in the country
- Protocols developed for the management of occasional findings when they are found
- Approval of said protocols by the country's entity responsible for the conservation and protection of said heritage, if it exists
- Provisions to include said protocol in the work and supervision of works contracts
- Resources assigned and sources of financing for the implementation of the protocol in case it is necessary

VI. PROCEDURE

VI.1. Origination

The client must present enough information to establish the activation or not, of this safeguard, which must consist of at least historical information of the area of influence.

VI.2. Evaluation

When a project is presented to CAF for CAF-GEF financing, the documentation related with the evaluation of impacts, risks, and environmental and social opportunities, and the management of these, must specify if whether in the area where the project will be located or close to it, there are, or may be (in the case of archeological remains), elements or practices that constitute cultural, physical, or intangible heritage of local, regional, national, or universal importance, and must include all the information stated in the previous section.

If any of the information above is not included in the documents presented by the project's proponent, CAF will agree with the proponent on the actions to conduct the necessary studies and the formulation of the relevant measures.

VI.3. Formalization

The actions detailed above will be reflected in the credit contract, which will include specific clauses in case of non-compliance by the project's executing agent.

VI.4. Administration

Once the operation has been approved, the client will develop the actions to comply with the agreements established in the credit contract, and will execute the measures formulated for the management of the potential impacts on the cultural or natural heritage. The client must also monitor the execution of the works to determine the degree of advance and the need to take corrective actions if necessary. Periodically, the client will prepare a follow-up and monitoring report of the plan, which includes the activities carried out and the level of achievement of the objectives proposed. This report must also state whether there were any occasional findings, and the results of the application of the protocol developed for this purpose. The follow-up and monitoring reports will be presented to CAF, to the communities involved, to the entities responsible for the management of this heritage, and to interested parties. Depending on the importance of the identified heritage, the monitoring report must be presented separately (when the heritage is important, or so defined by competent authorities), or included in the monitoring reports established in CAF-GEF Project Safeguard S01 (when the heritage is less important and there are no specific requirements from the competent authority). CAF will review these reports and may suggest corrective measures if necessary.

At the close of the project, the executing agent must evaluate the management measures of the impacts on the cultural heritage in order to determine if the proposed objectives were achieved. The evaluation report will be presented to the communities involved, to the entities responsible for the management of this heritage, and to interested parties. CAF will review the evaluation report of the management measures prepared by the project's executing agent, and may agree on additional measures for compliance with the objectives established in this safeguard, if necessary.

CAF will also prepare a closing report of the project, specifying the level of achievement of the objectives proposed in the management measures for cultural heritage, as well as the lessons learned for future projects.

CAF-GEF PROJECT SAFEGUARD S06 ETHNIC GROUPS AND CULTURAL DIVERSITY

I. INTRODUCTION

Human cultural diversity constitutes a heritage of knowledge, creativity, practices, and customs that humanity has developed over millenniums of processes to adapt to the different ecosystems of the planet. Cultural diversity represents a wealth for humanity, as it provides alternatives, possibilities, and other forms of thought necessary to face the challenges of achieving sustainable development in a context of climate change and the construction of a globalized society.

Ethnic groups, among which in Latin America stand out the indigenous peoples and Afro-American communities, represent that cultural diversity.

Indigenous peoples have ancestral origins and have developed a deep knowledge of nature, and a spiritual development that has enabled them to establish harmonious relations with the ecosystems where they live. They are socially and culturally different to majority societies, with close links with the territories they inhabit and the resources they use, which are intrinsically related to their culture and identity. If anything affects their territories, resources, or the links they have with them, their cultural survival may be threatened.

The conquest and colonization processes in Latin America significantly decimated the indigenous population, and imposed a different society which became dominant, changing them to minority groups that are generally excluded and marginalized, without mechanisms to participate in decision making processes that may affect them. For these reasons, and because of the meaning that the territory and the resources have for them, they are more vulnerable to impacts resulting from development projects of the majority society than other population groups. This majority society may threaten their identity, culture, and means of subsistence, and expose them to factors that increase their morbidity and mortality. In other cases, these groups are excluded from the benefits of the projects, or if they receive benefits, they may not be culturally appropriate, which may cause them more harm than good.

The negative impacts on indigenous peoples not only affect them, but all of humanity, as they lead to a loss of ancestral knowledge regarding nature, ecosystems, and specific resources, as well as the adequate forms to relate to them. A large part of the planet's biodiversity is found in indigenous territories, and is being cared by indigenous peoples.

During the period of colonization, African population was forcibly brought to the Latin American territory to work as slaves. Some of the survivors of this practice ran away and created their own settlements where they recreated their culture. Generally, these groups have no rights over the territories they occupy, and are also excluded and marginalized from the development processes of the majority society. These groups contributed a great cultural heritage to Latin American and Caribbean societies.

For the above mentioned reasons, there are currently different international regulatory development which have provided ethnic groups with legal and institutional mechanisms for protection and development based on self-determination. In Latin America, the States have advanced a gradual process to recognize ethnic groups and cultural diversity.

Therefore, it is the responsibility of any organization or entity that develops a project or activity that may affect an ethnic group, to develop actions to avoid negative impacts, to include them in decision making processes that may affect them, and provide benefits that are culturally appropriate.

II. DEFINITIONS

Ethnic group,⁸⁰ refers to human groups whose social, cultural, and economic conditions distinguish them from other sectors of the national population, and who are totally or partially governed by their own customs or traditions or by a special legislation.

Indigenous people,⁸¹ are descendants from the people who inhabited America before the conquest, totally or partially retaining their own institutions and social, economic, political, linguistic, and cultural institutions and practices, whatever their legal status is, and they define themselves as belonging to indigenous or pre-colonial peoples or cultures.

Culture, refers to the multiple human dimensions expressed, among others, in uses, customs, knowledge, world vision, relation with spirituality, social organization, and forms of interaction, as well as their material and intangible expressions.

Afro-American community, refers to the population with African roots, descendants from people who were enslaved during colonial times and who were able to survive, keeping some of the cultural characteristics from their birth places in Africa, which they have used to adapt to the new ecosystems where they settled, and have contributed to the societies of the countries where they came to live.

Free, prior, and informed consultation, this is a good faith process which is free and voluntary, without manipulation, interference, or coercion. It is prior because it is conducted before the start of any study or work in the project; it is informed because the communities that are consulted must have prior access to the information on the proposed project, its characteristics, scope, activities, responsible parties, expected timeline, their rights and duties during the process, and any relevant information to enable the understanding of the intervention that will take place, and the expected effects, before the execution of the project, and the impacts appear.

The public consultation (free and informed), is a process that is carried out during the preparation and execution of the project and the management plan, which must take into consideration the times and internal procedures for decision making of the consulted ethnic groups. For the consultation to be effective, the information and relationships must be carried out in an appropriate manner from the cultural point of view, and in the community's language. For this public consultation to be informed, the communities must have prior access to the information regarding the project, studies that have been carried out, the environmental impact evaluation process, the environmental management plan, and the plan for the particular ethnic group. The public consultation of the project does not replace the free, prior, and informed consultation that must be advanced with the ethnic groups.

⁸⁰ The first part of this definition is taken from the definition of tribal groups in Agreement 169 of the ILO.

⁸¹ This definition is taken from Operational Policy 7.65 of the Inter-American Development Bank (IDB).

Free, prior, and informed consent, is the result achieved by the consultation process described above, through which ethnic groups give their consent to the intervention of their territory, the measures to manage impacts, and the type of benefit they will receive. It is a collective right of indigenous peoples to adopt decisions through their representatives and traditional institutions.

Differential approach: given the different conditions and characteristics of the ethnic groups of the majority society, a differential approach is necessary for the actions and interactions developed with and for them, so that access to rights, goods, and services may be relevant and respond to their distinctive features.

Self-determination: The international regulatory framework related to ethnic groups includes their right to development and self-determination, meaning that they have the right to decide the type and approach of the development they aspire.

III. OBJECTIVES

- Acknowledge and respect ethnic groups, their traditional knowledge, their traditional rights, human rights, rights over their territory and natural resources they use, their culture, social organization, knowledge, practices, uses, and customs.
- Safeguard the physical, territorial, social, cultural, and economic integrity of ethnic groups.
- Ensure a free, prior, and informed consultation process regarding actions that may cause impacts, and the measures for their management, before the start of the detailed studies.
- Ensure a public, free, and informed consultation process during the development of the detail studies, which include the active participation of ethnic groups.
- Anticipate and avoid actions that may negatively affect ethnic groups.
- Mitigate or compensate negative aspects when they cannot be avoided, by means of measures designed jointly with the participation of ethnic groups.
- Ensure the access of ethnic groups to the benefits of the project, and ensure they are culturally appropriate and inclusive.
- Support ethnic group development with identity, including strengthening of their management capacities.
- Ensure a free, prior and informed consent of affected ethnic groups in CAF-GEF financed projects for the circumstances defined in this safeguard.
- Avoid CAF-GEF financing of projects or programs that would result in impacts or undesired contact with indigenous peoples that have not been contacted or live in voluntary isolation.

IV. SCOPE

This safeguard applies to all CAF-GEF financed projects and operations, in whose direct or indirect area of influence there are ethnic groups, or sacred places of importance for an ethnic group, even if the territories they inhabit or with which they have links have not been legally recognized by the country. If an operation with these characteristics already started activities and requests CAF-GEF financing, an evaluation will be conducted of the actions carried out in said operation in order to determine if it is necessary to formulate and execute remedial plans that guarantee compliance with the objectives proposed in this safeguard.

In case all or a significant part of the beneficiaries of the project belong to an ethnic group, the whole project must be designed and executed under the guidance of this safeguard.

The safeguard applies to all the CAF-GEF financed project's components, independently of the financing source. In case a proposed project for CAF-GEF financing project that may affect indigenous peoples that have not been contacted or live in voluntary isolation, guarantees must be established that the project will not impact these peoples, and that contact with them must be avoided, respecting their right to remain in such condition and live freely according to the culture. Appropriate measures shall be taken by the project Proponent to recognize, respect, and protect their lands and territories, environment, health, and culture. The project environmental and social evaluation shall assess the level of significance and magnitude of potential impacts and risks and be conducted in a participative manner taking into consideration the level of vulnerability of the specific group characteristics and its relationship with the land and resources. Any aspects of the project or program that would result in such impacts or undesired contact will not be processed by CAF for CAF-GEF financing. CAF will not finance a CAF-GEF project that may cause significant negative impacts, and that imply a high risk for the physical, territorial, economic, and cultural integrity of an ethnic groups.

V. REQUIREMENTS

V.1. About regulations and institutions

- Comply with the national legislation on ethnic groups and the international agreements related to the rights of ethnic groups.
- From the early stages of a project's cycle, connect the entities in charge of the affairs of ethnic groups in the country.

V.2. Identification of ethnic groups or important sites for these groups

- With the entities responsible for the affairs of ethnic groups in the country, enquire about the presence of a group in the direct or indirect area of influence of the project.
- Review secondary sources and visit the direct and indirect area of influence of the project, to identify the presence of ethnic groups or important sites for these groups.

V.3. About the evaluation of impacts

- In a participative manner, evaluate the potential positive impacts and benefits that the specific ethnic group may receive from the project, and define whether it is necessary to take measures for these to be accessible to all the members of the community independently of their gender and age, when applicable, and if they are culturally appropriate.
- In a participative manner, evaluate the negative impacts that the specific ethnic group may face as a result of the actions of the project in each technical stage, before the impacts may occur. Special attention must be given to the impacts on the territory, even if it has not been legally recognized, as well as impacts on the natural resources they use, sacred places, uses, customs, and social and political organization.
- In case of significant negative impacts,⁸³ other alternatives of the project must be analyzed in order to reduce them much as possible, to develop mitigation or compensation measures that are accepted by the ethnic, and that are culturally appropriate.
- Avoid obligatory displacement of ethnic groups from their territories, even if right over these territories have not been legally recognized by the country. A resettlement of these groups can only take place if it can be guaranteed that they will improve their situation compared to the one they had before the resettlement, if their culture is not threatened, and if the

communities grant their free, prior, and informed consent. The project shall provide support towards activities that would result in the legal recognition of ownership and customary use when the project or program activities involve the acquisition of lands and territories that have been traditionally owned or customarily used by ethnic groups, or where otherwise appropriate and/or necessary. In these cases, the CAF-GEF Project Safeguard on Population Resettlement will also apply.

- When project or program activities include the commercial development of lands and natural resources central to ethnic groups and livelihood, or commercial use of ethnic groups' cultural heritage, the project or program informs the affected people of their rights under national law and of the scope, nature and impacts of the potential use and proposed mitigation measures, provide due-process and offer compensation with culturally sustainable development alternatives, and enable the ethnic groups to share equitably in the benefits from such commercial development or use.
- Where a project may restrict the access of ethnic groups to parks and protected areas, at a minimum, the project involves the affected ethnic groups Peoples in the planning and management of the park or protected area, and key species.

V.4. About consultations and relationships

- Respect traditional authorities and organizational form of ethnic groups in the consultation and building of relationships process, as well as not generating parallel organizations.
- Conduct consultations and interactions with ethnic groups in their own language and in their territory to facilitate the understanding of the consulted issues and to achieve wide participation.
- Carry out a free, prior, and informed consultation with the ethnic groups regarding the project that will be executed.
- Carry out a free, prior, and informed consultation with the ethnic groups regarding the characteristics of the project, the potential impacts on the natural and social environment, if applicable the commercial development of lands and natural resources central to ethnic groups and livelihood or commercial use of ethnic groups' cultural heritage, and the management measures proposed.
- Provide ethnic groups with enough and comprehensible information for an adequate and informed decision making.
- Respect the times of ethnic groups and their decision making systems for the development of the prior, free, and informed consultation.
- Develop the consultation process in an inclusive and participative manner, so that the conclusions and agreements reached are considered legitimate by most members of the community.
- The consultation mechanisms must adapt to the community's social organization, its language, cultural patterns and conditions, and they must be inclusive.
- Document the results of the consultation and the agreements reached with the community.
- Establish and maintain a permanent relationship based on the consultation and participation duly informed through all the stages of the project's cycle.
- Establish mechanisms to guarantee a wide participation of the members of the community, inclusive in terms of gender and age.
- Verify if there is wide support to the project, for impacts, and to Ethnic Group Plan.
- Obtain free, prior and informed consent for projects and programs as stated in V.5.

V.5. About free, prior, and informed consent

- Free, prior, and informed consent (FPIC) must be obtained when it is necessary to resettle the community and/or when there are impacts on: (i) the territory; (ii) the natural resources used including restrictions on land use or loss of access to natural resources, subject to traditional ownership or under customary use of occupation, or the location of a project or program on such land or the commercial development of such natural resources; (iii) cultural heritage; or (iv) sacred places or elements, or with a special value to the community. Both the process and the agreements reached in the dialogs with the community regarding other aspects must be documented.

V.6. About the planning

- In a participative manner and respecting the organizational forms and decision making mechanisms of ethnic groups, design the management measures for the impacts to mitigate or compensate the negative impacts and ensure the existence of positive ones.
- Consult and agree on the measures with the ethnic groups, so that they are culturally appropriate and there is a majority support for these measures.
- Adapt the benefits offered by the project to ethnic groups so that they are culturally appropriate and they can access them easily. Organize the management measures in a Plan for the specific ethnic group. Each measure must define the objectives, goals, activities, responsible parties, timeline, and budget.
- The plan's budget must be included in the total cost of the project, and mechanisms must be ensured for the timely availability of these funds.

V.7. About the execution

- The entity responsible for the project must have sufficient capacity to adequately execute the Plan. For this, it must have professionals that are experts on ethnic groups, human resources, and sufficient physical and financial resources to conduct all the necessarily studies, the consultation process, and the formulation and execution of the Plan for Ethnic Groups.
- Design participative and culturally appropriate mechanisms to conduct a follow up and evaluation of the impact management plan for the indigenous or Afro-American communities
- Design a system to address petitions, complaints, and claims which is accessible and culturally appropriate
- Define an independent mechanism for the resolution of conflicts, accepted by both parties, in case conflicts emerge, and taking into consideration the traditional uses of the communities conflict resolution methods

V.8. About the dissemination

- Disseminate the impact evaluation study and management plans, and make accessible versions of these documents to the communities.

V.9. Documents

In order to organize and document the actions to comply with the above mentioned requirements, the proponent must prepare three documents: (i) Results of the free, prior, and informed consultation; (ii) results of free, prior and informed consent (if applicable), (iii) Social study and impact evaluation, and (iv) Plan for the Ethnic Group. Following is a description of the content and scope of these documents:

Results of the free, prior, and informed consultation

This document must describe the prior consultation process carried out with the communities regarding the project. This document must present the methodologies used, the events of the consultations, who and how was the consultation carried out and their results. This must include film and photographic registries and the acts of documents signed with the communities, to the extent such filming or photography does not conflict with the ethnic group culture or stated objections. If there are guarantors and/or participation of government entities, these must also be included.

Results of the free, prior, and informed consent

If the project requires free, prior and informed consent as established in section V.5, the document must describe the prior consent process carried out with the communities regarding the project and the associated outcomes/agreements established. This document must present (i) the mutually accepted process to carry out good faith negotiations that have been agreed upon by the project Proponent and the ethnic group community and (ii) the outcome of the good faith negotiations including all agreements reached and any dissenting views.

Social study and impact evaluation

This document must include the following four chapters:

- I. Social and ethnographic study. This study must describe the type of ethnic group in detail, its history, demographic, social, economic, cultural, and religious characteristics, the territories they inhabit and those with which they have close links, the use of the territory and its resources, their current situation, their social and political organization, the rights that the State has acknowledged over territories and other types of rights, the projects that have developed over their territory, its consequences, programs or projects that are currently being developed with the communities (objectives, responsible parties, state of execution, results), conflicts that these groups have faced and how they were solved, the existing social liabilities and the adequate manner to conduct the prior, free, and informed consultation so that their organization, cultural patterns, decision making processes, and time management are respected. The main actors that have relationships or influence with the community, their nature, functions, roles, and interests, must be identified.
- II. Legal and institutional framework. This document will describe the country's current legal framework for indigenous peoples or specific ethnic groups, relevant international agreements subscribed by the country, compliance with national legislation and agreements in the framework of the proposed project, and the governmental institutions in charge of managing the affairs of these groups, their functions, and responsibilities.
- III. Impact evaluation. This is the impact evaluation study for both positive and negative impacts that the project may cause to specific communities. This evaluation must specify the methodology used, the results of the impact evaluation, the participation of the communities in the studies, their opinions and comments to the results of this evaluation, and the documents that support this evaluation.

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- IV. Public, free, and informed consultation. This document must describe type consultation process carried out with the communities regarding: (i) the project, (ii) the impact evaluation, (iii) the plan for impact management and relationship building with the communities and of the type of benefits that the communities will receive. This document must include the methodology used, the events of the consultations, who will be consulted and how, and the results. This must also include the film and photographic registries and the acts of documents that have been signed with the communities. If there are guarantors and/or participation of government entities, these must also be included.

Ethnic Group Plan

This plan can be named with the name of the group or specific ethnic community, or with a name agreed upon with said group. It is made up by the measures to facilitate the existence of positive impacts, to mitigate or compensate the negative impacts, and to ensure that the benefits received from the project are inclusive and culturally appropriate. Each proposed measure must establish its objectives, goals, activities, responsible parties, the timeline and budget for its implementation, the source for the allocation of resources, and follow-up and evaluation indicators. The timeline for the development of management measures must be connected to the project's timeline, so that the measures may be applied before the impact occurs. It should specify whether the budget to execute the Plan is included within the project's cost structure, and if these resources will come from the credit granted by CAF, from the national counterpart, or from a combination of these two sources. The Plan will also specify the strategy and relationship building and consultation mechanisms during the execution of the project and of the Plan for Ethnic Groups. The Plan must consider mechanisms to produce synergies with programs from other organizations, if possible.

VI. PROCEDURE

VI.1. Origination

In the origination stage, CAF will verify if the Project's area of influence is close to or in indigenous territories, or if it has the potential to affect indigenous communities or ethnic groups.

VI.2. Evaluation

When a project is presented to CAF for CAF-GEF financing, the documentation related to the evaluation of impacts, risks, and environmental and social opportunities, and their management plans presented by the project's proponent it must specify if there are indigenous or Afro-American communities in the Project's direct or indirect area, or if any of these communities has links to the territories of said communities. If there are communities or territories with which these communities have links, the documents stated in the above mentioned section must be presented.

If the project's proponent has not completed some of these documents when presenting the project to CAF for CAF-GEF financing, the necessary actions will be agreed upon for the development of the necessary studies, and of the Plan for the Ethnic Group. All of this must be prepared and approved by CAF before the start of the execution of the project, an aspect which will be established in the environmental and social conditions of the credit contract. When a project includes several subprojects or annual investments that are not defined at the time of the project's presentation to CAF, when each sub project is defined, an analysis must be carried out to identify if there are ethnic groups in its direct or indirect area of influence in order to apply this safeguard. All these agreements will be reflected in the credit contract, which will include specific clauses for non-compliance by the project's executing agent.

VI.3. Formalization

The formalization phase will ensure that a strict compliance of the Plan for the Ethnic Group is compulsory for the client.

VI.4. Administration

Once the operation has been approved, the client will develop actions to comply with the agreements established in the credit contract regarding this matter and will execute the Plan for the Ethnic Group. The client must also conduct a participative monitoring of the execution of the Plan to determine the degree of advance and the need to take corrective measures if necessary. The client will periodically prepare a follow-up and monitoring report of the Plan, stating the activities carried out and the level of achievement of the proposed objectives. The follow-up and monitoring reports, specific for the Plan for the Ethnic group, will be presented to CAF, to the communities involved, and to interested actors. CAF will review these reports and may propose corrective measures, if necessary.

At the close of the project, the executing agent must evaluate the Plan for the Ethnic Group in a participative manner, in order to determine if the proposed objectives were achieved. The final report of the evaluation must be available for the communities involved and the interested actors. CAF will review the evaluation report of the management measures prepared by the Project's executing agent

and may agree on a additional measures for compliance with the objectives established in this safe guard, if necessary.

CAF will prepare a closing report of the project, specifying the level of achievement of the objectives proposed in the Plan for the Ethnic Group, as well as the lessons learned for future projects

CAF-GEF PROJECT SAFEGUARD S07 POPULATION RESETTLEMENT

I. INTRODUCTION

The projects that require land for their implementation may cause a compulsory displacement of the people who live or work there. These projects include those related to infrastructure, urban renewal, extractive, protection or recovery of the environment, those that reduce the risk of disasters, or those related to reconstruction after disasters. With the exception of the latter two, where the displacement is carried out for the benefit of the displaced population, in the other types it is conducted as a prior condition to the execution of the project.

In some cases, an area is only partially affected and people may rebuild the elements that were found in that location in the same area, if and when the remaining area is viable; but when the entire area is required or the remaining area is not viable, the people or economic activities that take place must be forcefully displaced.

The compulsory displacement of population, is one of the most severe negative socio-economic impacts that may be generated by development projects, as if adequate measures are not taken, displaced people may lose their heritage, their subsistence means and left in poverty.

The compulsory displacement of people, not only affects the people that are displaced, but also the neighbors that continue living in that place, the receiving population, and the territorial units where all this happens. World evidence has shown that economic indemnity alone is not sufficient for people to restart their lives and reestablish their socio-economic conditions

Therefore, it is the responsibility of any organization or entity that develops a project or activity on an activity that causes compulsory displacement to resettle the people to reduce the risk of impoverishment of those displaced and a deterioration in the quality of life of the people that will continue living in the place, as well as the receiving population.

II. DEFINITIONS

Compulsory displacement, occurs when a person must abandon their home or work as a result of a decision imposed by an external agent, and has no option to remain in that place. The external agent may be the State, companies with the authorization of the State, or events such as natural disasters.

Physical displacement, occurs when people must leave their place of residence including loss of residential land or residential shelter.

Economic displacement occurs when people must abandon the place where they develop an economic activity from which they derive an income in species or money, but they do not live in that place. This includes loss of land assets or loss to assets leading to loss of income sources or other means of livelihood.

Displaced population, refers to the people who must abandon their homes or places of employment as a result of a decision imposed by an external agent, and they have no option of staying in that place.

Land acquisition refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property, and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (i) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (ii) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. Land includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.

Population that continues to live in the place, refers to the people who live close to those who are being displaced, but may continue to live in the place.

Receiving population, are the people who live close to the places where the displaced population is being resettled.

Social unit, refers to family, stores, industries, services, and productive units.

Involved groups, refers to the displaced populations, those who continue to live in the same place, and the receiving population.

Resettlement, refers to a planned process that seeks to improve, or at least reestablish the socio-economic conditions and standards of life of the displaced population in a sustainable manner, without negatively impacting the population that will continue to live in the area or the receiving populations. The resettlement has four stages: before relocation, from the time the people are informed that they must be compulsorily displaced, and the necessary studies are developed to plan their resettlement; the physical relocation which is the time in which the people must abandon their homes or work; the stage of transition from the moment in which people arrive to their new homes or work, until they can develop activities that generate income, and they may constitute social organizations once again; and the consolidation and reestablishment stage which begins when people are incorporated to the new environment, reestablish their means of life, their incomes, and their social organizations.

Restrictions on land use, refers to limitations or prohibitions on the use of agricultural, residential, commercial, or other land that is directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements, or safety zones.

In-situ relocation, this type of resettlement occurs when only a part of a property is required and the remainder is viable, whether to relocate the home or to develop the economic activity that was being carried out.

Cut-off date, is the date established to close the census of the people who must be compulsorily displaced.

III. OBJECTIVES

- Resettle the displaced population to improve or at least reestablish the socio-economic conditions and standard of life of the displaced population in a sustainable manner, independently of their ownership condition.

- Provide sustainable and inclusive alternatives for resettlement that respond to the different characteristics of the people that must be displaced.
- Prevent, mitigate, and compensate the negative impacts that may be faced by the people who will continue residing in the place where population was displaced, and the receiving populations
- Integrate the resettled population with the receiving population.

IV. SCOPE

This safeguard applies to all the CAF-GEF financed projects and operations that: require compulsory permanent or temporary physical or economic displacement; involve restricted access to land rights or land use rights; restrictions on land use and access to natural resources; or that cares for displaced populations after the occurrence of a disaster.

If an operation that already started activities applies for CAF-GEF financing, and cost compulsory displacement, an evaluation will be prepared of the actions carried out in said operation, in order to determine if it is necessary to formulate and execute a remedial resettlement plan that guarantees compliance with the objective3s proposed in this safeguard.

The safeguard applies to all the components of the CAF-GEF financed project, independently of the source of financing.

For CAF-GEF financed projects that involve any resettlement related to ethnic groups, including the acquisition of lands and territories that have been traditionally owned or customarily used by ethnic groups, additional specific requirements are established in CAF-GEF Safeguard 06 on Ethnic Groups.

V. REQUIREMENTS

V.1. About the regulations and institutions

- Comply with the national legislation and international agreements related to the displacement and resettlement of population.
- Have the constitutional capacity to plan and execute the resettlement which implies having interdisciplinary suitable teams with adequate financial resources, and swift decision making processes.
- From the early stages of a project's cycle, connect the entities which, according to their functions, must participate in the preparation and execution of the resettlement.

V.2. About avoiding or reducing land acquisition and restrictions on land use

- Consider all feasible alternatives for the project design to avoid or minimize land acquisition, economic or physical displacement, or restrictions on land use while balancing environmental, social, and financial costs and benefits, and paying particular attention to gender impacts and impacts on the poor and vulnerable. Describe the process for analysis of alternatives decision making.

V.3. About the identification of the areas required by the project, and the characterization of the affected population, those will continue living in the place, and the receiving population

- Precisely determine the areas required by the project.
- Identify the affected population which are persons eligible for assistance, including (i) people with formal legal rights to land or assets; (ii) people without formal legal rights, but with a claim to land or assets that is recognized or recognizable under national law; and (iii) people who have no recognizable legal right or claim to the land or assets they occupy or use, but

who are occupying or using the land prior to a project-specific cut-off date.

- Carry out cadastral and ownership studies to determine the land included in the required area, identify the people that have rights over them, and the types of ownership.
- Carry out a topographic survey of the properties (land and constructions) existing in the required area.
- Carry out a census and socioeconomic study of the social units (families, homes, industries, services, stores, and other productive units) that reside in the required lands, and the type of ownership they have.
- Establish the cut-off date of the census of the population to be displaced, to define the eligibility criteria of the resettlement solutions. Identify the population that will continue living in the place once the population that resides in the area required or intervened by the project is displaced, and analyze the types of relationships they have with the people that must be displaced.
- Identify the population that lives in neighboring areas to where the displaced population will resettle, analyze their socioeconomic characteristics and the supply of public and social services in the area.

V.4. About impact evaluations

- Identify and evaluate the type of loss of the social units, people and land that will be affected by displacement or land restrictions from the areas that are required or intervened by the project.
- Identify and evaluate the impacts faced by the neighbors of the population to be displaced that will continue living in the place.
- Identify and evaluate the impacts faced by the receiving population as a result of the resettlement of the displaced population.
- Conduct a census to identify the persons who will be affected by the project, to establish an inventory of land and assets to be affected, to determine who will be eligible for compensation and assistance, and to discourage ineligible persons from claiming benefits. In conjunction with the census, the project Proponent will establish a cut-off data for eligibility, which will be documented and will be disseminated throughout the project area.

V.5. About the consultation and relationship building

- Carry out an exclusive consultation process with those affected by resettlement processes.
- Provide clear, reliable, and timely information to the involved people (residents, displaced, receiving) regarding the resettlement process and their options, rights, and obligations.
- Establish bilateral channels of communication during all the stages of the resettlement process so that the people involved may provide and receive information, present their petitions and questions, and receive responses.
- Consult with the affected population about the identification and evaluation of displacement impacts and land restrictions, resettlement options and objectives, scope, and content of the resettlement plan.
- Consult the population that will continue residing in the place about the evaluation of the impacts they will face as a result of the displacement of their neighbors, and about the measure that will be applied to prevent, mitigate, or compensate said impacts.
- Consult the affected population about the evaluation of the impacts they will face as a result of the resettlement, the measures that will be applied to prevent, mitigate or compensate said impacts, and their integration with the resettled populations.

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- Undertake good faith efforts to secure negotiated settlements with the affected population.
 - Establish a grievance mechanism to address specific concerns about compensation, relocation or livelihood restoration measures raised by displaced or other affected persons.
 - Develop consultation mechanisms that are inclusive in terms of gender and age and which guarantee a wide participation of the people and social units involved.
 - Document the results of the consultation and the agreements achieved with the involved groups.

V.6. About the planning

- In a participative manner, design the resettlement plan which must include the measures to prevent, mitigate, and compensate the negative socioeconomic impacts that will be faced by the displaced or affected population, those who will continue residing in the place, and the receiving population. Each measure must define objectives, goals, activities, responsible parties, timeline and budget. Resettlement activities shall be conceived as sustainable development activities, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant. See Annex 1 for specific requirements for resettlement.
- Include measures to provide special attention to the groups that, as result of their condition, are more vulnerable to displacements, such as single-parent head of household, head of productive units whose sustenance derives from the activities developed in the required lands, and any other group that requires it.
- In a participative manner define the date in which people will be displaced, in agreement with economic, social, educative, cultural cycles of the displaced population, with the purpose of achieving a successful resettlement.
- Coordinate the timeline for the Resettlement Plan with the timelines of the project which is causing the displacement, so that the housing solutions and all the necessary conditions for the reestablishment of the life conditions are available in the Resettlement Place and to ensure that the measures to prevent, mitigate, and compensate the impacts faced by the populations that will continue living in the place, and the receiving populations, are applied in a timely manner.
- Establish an adequate budget for the effective implementation of the Resettlement Plan and ensure the budget is included in the total cost of the project and the timely availability of these funds.

V.7. About the execution

- Have sufficient institutional capacity to adequately execute the Resettlement Plan. For this, the entity responsible for the Project must have all the human, physical, and financial resources that are necessary in a timely manner.
- Undertake good faith efforts to secure negotiated settlements with the affected population.
- Design participative mechanisms to conduct the follow-up and evaluation of the resettlement plan.
- Design a system to address petitions, complaints, and claims that is accessible for all the people involved.
- Define a conflict resolution mechanism (intra-family, between social units, and between people and the entities that participate in the resettlement process) that may emerge during the planning and execution of the resettlement.

V.8. About the follow-up, monitoring, and evaluation

- Design a follow-up and monitoring system that provides timely information regarding the life conditions of the groups involved during the resettlement process and regarding the execution Resettlement Plan.
- Design evaluation indicators for each measure included in the Resettlement Plan so that the achievement of the proposed objectives may be determined in an objective and verifiable manner.
- Design participation mechanism for the groups involved to carry out the follow-up and evaluation of the resettlement plan.

V.9. About the dissemination

- Disseminate the census of the social units and people that must be displaced or affected.
- Do not divulge personal and confidential information of the social units to be displaced or of the people of the groups involved.
- Disseminate the results of the socioeconomic, property, and ownership studies; the evaluation of the socioeconomic impacts of the involved groups and the Resettlement Plan, excluding the measures that may be used by opportunistic people, threatening the development of the Resettlement Plan and the Project.

V.10. Documents

In order to organize and document the actions to comply with the above mentioned requirements, the proponent must prepare a document that includes: (i) Resettlement Plan when there is physical displacement; (ii) plan for the reestablishment of socioeconomic conditions when only economic displacement or restrictions on land rights, use or natural resources is present. Following is a description of the content and scope of these documents (refer to section V for support descriptions; see Annex 1 for specific resettlement requirements.

The document must include two Parts and the following chapters, and should be commensurate with project characteristics and potential impacts and risks:

Part I. Census, socioeconomic studies, and impact evaluation

- Description of the project that will cause compulsory permanent or temporary physical or economic displacement, restricted access to land rights or land use rights, or restrictions on access to land natural resources.
- Population to be affected. Census and socioeconomic study of the population to be affected which are persons eligible for assistance, including (i) people with formal legal rights to land or assets; (ii) people without formal legal rights, but with a claim to land or assets that is recognized or recognizable under national law; and (iii) people who have no recognizable legal right or claim to the land or assets they occupy or use, but who are occupying or using the land prior to a project-specific cut-off date.. The methodology used to conduct the census and socioeconomic study must be presented in addition to the dates in which the information was gathered, the instruments used, the results of the census of social units and their socioeconomic characteristics, the mechanisms and results of the validation of the census and socioeconomic study, and the cut-off date of the census.
Identification of the losses and impacts faced by the social units as a consequence of their displacement specifying: loss of house, of income sources, of income, of access to public services, with access to educational and health services, rupture of economic and social networks, social dismantling, restrictions on land use, rights or natural resources, and any other impact identified. The existing elements and activities developed in the required areas must be identified, together with the total area of the property, and the remaining area, specifying if this is viable to relocate the elements ore affected activities. Classification of social units by type of loss and impact, and identification of losses and impacts for each social unit. Mechanisms and results of the validation of these impacts, and documentation of these consultations. A description should be provided of alternatives considered to avoid or minimize displacement and the measures selected to minimize such displacement or restrictions. The methodology used must be presented together with the events of the consultations, who will be consulted and how, and the results. This must be accompanied by film and photographic registries, and the acts or documents that have been signed with the communities.
- Resident Population. Socioeconomic characterization of the area required or intervened by the project, of the population that will continue residing in the place, and of the type of relationship they have with the population to be displaced.
Identification of the impacts faced by the population that will continue residing in the place, resulting from the displacement of their neighbors. Mechanisms and results of the validation of these impacts and documentation of these consultations.

Part II. Resettlement Plan

- Legal framework. Description of the current legal framework in the country regarding the process to acquire the lands for the case of the proposed project, indicating the steps, procedures, valuation method, rights and responsibilities of the persons involved, national or international regulation that support the mitigation and compensation measures for the groups involved included in the Resettlement Plan.
- Institutional Framework and Organization. Description of the organizational unit in the entity that will execute the project and which will be in charge of planning and implementing the Resettlement Plan and/or the Plan for the Reestablishment of Socioeconomic Conditions, human, physical, and financial resources assigned, and levels of decision making. List of the entities and government levels that, as a result of their functions, will participate in planning and implementing the Resettlement Plan or the Plan for the Reestablishment of Socioeconomic Conditions, with their respective roles, participation commitments, and coordination mechanisms between them.
- Eligibility. Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cutoff dates.
- Valuation of and compensation for losses. The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation for land, natural resources, and other assets under local law and such supplementary measures as are necessary to achieve replacement cost for them.
- Community participation and Grievance Mechanism. Involvement of displaced persons (including host communities, where relevant): (i) a description of the strategy for consultation with, and participation of, displaced persons in the design and implementation of the resettlement activities; (ii) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan; (iii) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them; and (iv) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous peoples, ethnic minorities, the landless, and women are adequately represented. Grievance redress mechanism describes affordable and accessible procedures for third party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
- Resettlement Plan. This plan may be called by the name assigned by the entity responsible for the project. It is made up by the measures for the acquisition of the lands required by the project, and measures to prevent, mitigate or compensate losses and negative impacts faced by the population to be affected (housing, incomes, access to education and health services, public services, restructuring of economic and social networks, and social and community reorganization), which will continue residing in the place (that responds to the impacts identified and the receiving population if it was already identified). The Plan must include the timeline and budget for its execution. See Annex 1 for additional details.
- Plan for the Reestablishment of Socioeconomic Conditions. This plan may be called by the name assigned by the entity responsible for the project. It includes the measures to prevent, mitigate or compensate the loss of economic activity or income faced by the people who develop subsistence activities or income generation in the areas required or intervened by

the Project, but they do not lose their place of residence. The plan must include the timeline and the budget for its execution. See Annex 1 for additional details.

- In Situ Relocation Plan. This plan may be called by the name assigned by the entity responsible for the project. It is aimed at owners or residents of partially affected plots, with whose remaining areas are viable. It includes measures related with the acquisition or indemnity of the partially requested area of each plot; the fragmentation procedures of these areas, and the changes in the deeds or property deeds; and the measures to support the reconstruction of houses and infrastructure, or for the installation of activities in the remaining areas. The plan must include the timeline and budget for its execution.

The measures that make up the previous Plans (Resettlement, Reestablishment of Economic Activity, and In Situ Relocation) must establish their objectives, goals, activities, responsible parties, timeline and budget for their implementation, source of resource allocation, and follow-up and evaluation indicators. The timeline for the development of the measures must be coordinated with the project's timeline, so that the measures are applied before the impact manifests itself. The budget shall be adequate for the effective implementation of the plans and ensure the budget is included in the total cost of the project and ensure the timely availability of these funds. It must also specify if the budget resources will come from the credit granted by CAF-GEF or other source in whole or part.

VI. PROCEDURE

VI.1. Origination

It must be determined if due to the characteristics of the operation and the location of the project, it is necessary to resettle the population during the implementation of the project.

VI.2. Evaluation

When a project is presented to CAF for CAF-GEF financing, the documentation related to the evaluation of impacts, risks, and environmental and social opportunities, and their management plans presented by the project's proponent it must specify if the proposed project requires or will intervene areas that imply the physical or economic displacement of people. If this impact materializes, the related documents in the previous section must be presented.

If the project's proponent has not prepared any of these documents when presenting the project to CAF for CAF-GEF financing, the necessary action will be agreed upon to prepare the necessary studies and to develop the respective Plan (Resettlement, Reestablishment of Socioeconomic conditions, In Situ Relocation). All of this must be prepared and approved by CAF before any of the project's activities that generate physical or economic displacement of people are executed. When a project includes several sub-projects or annual investments which are not defined at the moment the project is presented to CAF, when each sub-project is defined, an analysis must be conducted to identify if there will be physical or economic displacement of population to apply this safeguard. All these agreements will be reflected in the credit contract, which will include specific clauses in case of non-compliance by the project's executing agent.

VI.3. Formalization

When resettling the population is necessary for the implementation of the project, it must be verified that the credit contract establishes the obligation to comply with this safeguard.

VI.4. Administration

Once the operation is approved, the client will develop actions to comply with the agreements established in the credit contract regarding the matter, and will execute the Resettlement Plan and/or the Plan for the Reestablishment of Socioeconomic Conditions. The client must also conduct participative monitoring of the Plan's implementation, to determine the degree of advance and the need to take corrective measures, if necessary. The client will periodically prepare a follow-up and monitoring report of the Plan, including the activities carried out and the level of achievement of the proposed objectives. The follow-up and monitoring report will be presented to CAF, to the communities involved, and to interested parties. CAF will review these reports and may propose corrective measures, if necessary.

At the end of the project, the executing agent must conduct a participative evaluation of the Ethnic Group Plan, to determine if the proposed objectives were achieved. The final evaluation report must be available for the communities involved and interest actors. CAF will review the evaluation report

of the management measures prepared by the project's executing agent, and may agree on additional measures for the compliance with the objectives established in this safeguard, if necessary.

CAF will prepare a closing report on the project, specifying the level of achievement of the objectives proposed in the Resettlement Plan and/or the Plan for the Reestablishment of Socioeconomic conditions, as well as the lessons learned for future projects.

VII. Annexes

Annex 1. Resettlement requirements for CAF-GEF Financed Projects

For CAF-GEF financed projects where physical displacement occurs, displaced persons with title or a claim recognizable under national law are provided with: (i) choices among feasible resettlement options, including land-based compensation where possible equal to the existing land in productive potential, location, and security of tenure, ownership and use rights; (ii) adequate replacement housing and/ or cash compensation, access to services, and resources/organization to support maintenance of social organization and social cohesion; (iii) relocation assistance suited to displaced persons needs; and (iv) assistance to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the start of project implementation, whichever is higher.

Additional planning requirements where resettlement involves physical displacement shall be included as applicable to the project. When project circumstances require the physical relocation of residents (or businesses), resettlement plans require additional information and planning elements including: (i) transitional assistance such as relocation of household members and their possessions (or business equipment and inventory) or transitional allowance; (ii) description of site selection, site preparation, and relocation, including institutional and technical arrangements for identifying and preparing relocation sites, identification and consideration of opportunities to improve local living standards, procedures for physical relocation including timetables, and legal arrangements for regularizing tenure and transferring titles to those resettled; (iii) housing, infrastructure, and social services to provide (or to finance local community provision of) housing and necessary infrastructure; and (iv) environmental protection and management to mitigated environmental impacts of the proposed resettlement.

For CAF-GEF financed projects where economic displacement occurs, affected persons with title or a claim recognizable under national law are provided with: (i) prompt and adequate compensation for the loss of assets or access to assets, such as sites of productive activity, with replacement property of equal or greater value, or cash compensation at replacement cost; (ii) assistance to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the start of project implementation, whichever is higher; and (iii) transitional support, as necessary.

Additional planning requirements where resettlement involves economic displacement shall be included as applicable to the project. If land acquisition or restrictions on use of, or access to, land or natural resources may cause significant economic displacement, arrangements to provide displaced persons with sufficient opportunity to improve, or at least restore, their livelihoods are also incorporated into the resettlement plan, or into a separate livelihoods improvement plan. These include: (i) direct land replacement including for those with agricultural livelihoods an option to receive replacement land of equivalent productive value, or demonstrates that sufficient land of equivalent value is unavailable, and methods and timing for land allocation to displaced persons; (ii) loss of access to land or resources for those whose livelihood is affected, means to obtain substitutes or alternative resources, or otherwise provides support for alternative livelihoods; (iii) support for alternative livelihoods for all other categories of economically displaced persons, the feasible arrangements for obtaining employment or for establishing a business, including provision of relevant supplemental assistance and special assistance to women, minorities, or vulnerable groups who may be disadvantaged in securing alternative livelihoods; and (iv) consideration of economic development

opportunities to identify and assess feasible opportunities to promote improved livelihoods as a result of resettlement processes; and (v) transitional support to those whose livelihoods will be disrupted which may include payment for lost crops and lost natural resources, payment of lost profits for businesses, or payment of lost wages for employees affected by business relocation.

For CAF-GEF financed projects that involve persons without formal legal rights to land, or claims to such land that could be recognized under national laws, resettlement assistance is provided in case of physical or economic displacement, in lieu of compensation for land, to help improve or at least restore their livelihoods in another location; and in cases of physical resettlement, arrangements to allow them to obtain adequate housing with security of tenure, and compensation for assets other than land (such as dwellings), where feasible.

The project Proponent of CAF-GEF financed projects will not resort to forced eviction, where forced eviction is defined as the permanent or temporary removal against the will of individuals, families and/or communities from the homes and/or land which they occupy with the provides without the provision of access to appropriate forms of legal and other protection. Forced eviction is prohibited in CAF-GEF financed projects.

CAF-GEF financed projects shall provide compensation, assistance, and benefits to affected persons in a timely manner, before project or program activities begin on the acquired land.

CAF-GEF PROJECT SAFEGUARD S08 WORKING AND TRAINING CONDITIONS

I. INTRODUCTION

The development of projects generates benefits to the communities through the creation of employment and generation of income that contributes to the reduction of poverty. These projects include infrastructure, urban renewal, extractive, manufacturing, and agro-industrial, among others. CAF acknowledges the importance of ensuring that the activities financed guarantee that workers in the projects have a fair and dignified deal, with balanced remunerations, without discrimination, under safe and healthy conditions, through constructive relations between the workers and the administrator, helping to obtain benefits in the development of the project with efficiency and productivity in their operations.

The referential framework is provided by a series of international agreements⁸⁴ and instruments that include those of the International Labor Organization (ILO) and the United Nations Organization (UN), to which most of the countries of the region are signatories.

Therefore, it is the responsibility of any organization or entity that develops a project, to offer workers dignified, safe, and healthy working conditions. Based on the nature of each project, occupational risks are identified to design measures to minimize risks, monitor, and promote the workers' health.

In addition, CAF considers that the generation of capacities in its clients in the implementation stage of the projects its finances is important.

II. DEFINITIONS

Forced labor, is defined as "any work or service demanded from an individual under any threat, and for which the individual does not offer himself voluntarily."⁸⁵

Children's working age, the minimum age at which children are authorized to work is 15 years old (14 in developing countries). For light work (just a few hours from time to time) the minimum limit is from 13 to 15 years old (12 to 14 in developing countries). Finally, for arduous works the limit climbs to 18 years old (16 under certain conditions in developing countries).⁸⁶

Dangerous child labor, the term "dangerous child labor" is usually defined as any work that deprives children of their childhood, their potential, and their dignity, and which is detrimental for their physical or psychological development. It refers to work that is dangerous and damaging for their physical, mental, or moral wellbeing, and which interferes with their schooling because: i) it deprives of the

⁸⁴ The agreements are:

ILO's Agreement 29 regarding forced labor
ILO's agreement 100 regarding equality of remunerations
ILO's agreement 105 regarding abolition of forced
ILO's agreement 111 regarding discrimination (employment and occupation)
ILO's agreement 1038 regarding minimum working age
ILO's agreement 100 regarding worker safety and health,
ILO's agreement 182 regarding the worst forms of child labor

⁸⁵ ILO's agreement 29 regarding forced labor, art. 2

⁸⁶ <http://www.humanium.org/es/trabajo-infantil/>. Humanium in an international NGO that supports children, committed to end the violations of the Rights of Children worldwide

possibility of attending classes; ii) forces them to abandon school prematurely; or (iii) demands that they combine study with heavy work which demands a significant amount of time.

Risk factors,⁸⁷ conditions of the environment, instruments, materials, the task or the organization of work that entails a potential damage to the health of workers or a negative effect on the company. They are classified as physical, chemical, biological, mechanical, ergonomic, electric, and psychosocial risks.

Biological risks, are those represented and originated in microorganisms, toxins, biological secretions, tissue and human and animal organs, present in certain working environments which, when contacting an organism, may unleash infectious diseases, allergic reactions, intoxications, or negative effects on the health of the workers.

Physical risks, are those susceptible of being produced by environmental conditions of a physical nature, considering the latter as the energy that moves in the environment, and when getting in contact with people, may have adverse effects on their health depending on its intensity, exposure, and concentration, and are associated to noise, temperatures, vibrations, radiation, illumination etc.

Chemical risks, are those susceptible of being produced by chemical elements and substances which, when entering the body through inhalation, skin absorption, or ingestion, may produce intoxication, burns, irritation or systemic injuries. Depending on the degree of concentration and period of exposure, it may have irritating, asphyxiating, anesthetic, narcotic, toxic, systemic, allergenic, pneumoconiotic, carcinogenic, mutagenic, and teratogenic effects..

Mechanical risks, these risk factors refer to everything that is related with objects, machinery, equipment, and tools which, due to their functioning conditions, design, shape, size, and location, have the potential capacity to be in contact with people or materials, provoking injuries or damages.

Electrical risks, refers to the electrical systems of machineries, and installations of locative equipment that lead to or generate dynamic or static energy and which, when in contact, may produce injuries such as: burns, shock, and ventricular fibrillation, depending on the intensity and duration of contact.

Ergonomic risks, refers to all the factors that are inherent to the process or task that include organizational aspects, aspects of the interaction between man-environment-working conditions, and productivity, which have an impact on the physical load, static load, postures, dynamic load, and design of workstations.

Psychosocial Risks,⁸⁸ working psychosocial risks are the facts, developments, situations or states that are consequence of the work organization, with a high probability of affecting the workers' health, with significant consequences. In contrast to psychosocial factors, psychosocial risks are not organizational conditions, but rather facts, situations, or states of the body with a high probability of significantly damage the health of the workers. Psychosocial risks are labor contexts that usually

⁸⁷ Guía técnica para el análisis de exposición a factores de riesgo ocupacional, Ministry of Social Protection, Republic of Colombia, 2011. (Reference used for: Risk Factors, Biological Risks, Physical Risks, Chemical Risks, Mechanical Risks, Electrical Risks, and Ergonomic Risks).

⁸⁸ Factores y Riesgos Psicosociales, formas, consecuencias, medidas y buenas prácticas. Ministry of Labor and Immigration, National Institute for Work Safety and Hygiene, Spain 2010.

cause significant damage in the worker's health, although the effects may be different for each worker. In this respect, the facts, situations, or contexts that are proposed as labor psychosocial risks, need to have a clear probability of damaging the physical, social, or mental health of the worker in a significant manner. For example, violence in the workplace or labor harassment. Psychosocial risks have high probabilities of causing significant damages. Their consequences have greater probabilities of occurring and of being more severe.

Vulnerable workers, are workers or groups of workers that comply with the condition of vulnerability with respect to all the workers, that is, people with handicaps, migrants or foreigners, women, and children of working age.

III. OBJECTIVES

- Promote compliance with the national legislation regarding work, relations, and labor conditions.
- Promote a fair treatment, without discrimination, and with equal opportunities for all workers
- Promote the prevention of occupational risks through the evaluation and control of risks in the activities carried out in the projects
- Avoid the use of dangerous child labor and forced labor.
- Promote safe and healthy working conditions, protect and ensure the health of workers, including vulnerable groups.

IV. SCOPE

This safeguard applies to all the CAF-GEF financed projects and operations that require hiring a workforce.

The application is aimed at all the workers of the projects, including groups of vulnerable workers, that is "direct workers", who are people that work in a relationship of direct dependence with the client, "indirect workers" who are people that work or are linked to the projects through third parties as contractors, sub-contractors, executing agents, suppliers, and community workforce.

V. REQUIREMENTS

Establish and apply human resources, policies and procedures, which are in agreement with the size and workforce required for the project, which will be managed according to the applicable national legislation regarding labor issues. These policies will apply to all the workers of the project.

The workers of the project will have at their disposal clear and comprehensible information regarding their terms and labor conditions, as well as their rights according to the national labor legislation and to applicable collective agreements, including hours of work, salaries, overtime, compensations, benefits and, when necessary, any substantial changes to their working conditions.

Vulnerable workers must be identified, that is, people with special needs migrants or foreigners, women, children of working age. These people must have equal conditions and equivalent terms as non-vulnerable workers.

When housing services are included, they must be offered under conditions of equal opportunities and non-discrimination, with quality policies and the provision of adequate basic services regarding minimum space, sanitary facilities, storage and kitchens, water, electricity and sanitation supply, control of vectors, adequate ventilation and illumination and in relevant cases, medical attention.

The client will establish his working relations, and will ensure that through third parties his employment relations are based on the principle of equal opportunities, non-discrimination, and fair treatment, and will take measures to prevent and address harassment, intimidation, or working exploitation. Employment relations are understood as the comprehensive management of the human talent, that is, the selection, recruiting, hiring, compensation, working conditions and terms, training, development, promotion, firing, retirement, and disciplinary practices. In addition, the client will not make employment decisions based on personal characteristics beyond the requirements of the workpost (gender, race, nationality, ethnic origin, religion, special needs, sexual orientation, or age).

The client will provide a complaints mechanism for the workers of the project to express their doubts, concerns, or complaints. The mechanism must be of easy access for everyone and workers must be informed and protected against retaliations resulting from its use. The client shall allow workers to use the mechanism without retribution, and that the mechanism does not impede access to other judicial or administrative remedies available under the law or through existing arbitration procedures, or substitute for grievance systems provided through collective agreements.

The CAF-GEF financed projects and/or operations will not directly or indirectly use dangerous child labor. To this effect, the client will ensure that child labor will not be contracted in any form that may constitute economic exploitation or that may be dangerous for the child's health, or physical, mental, spiritual, moral, or social development, or that interferes with the child's education. The client must identify the presence of minors under 18 years old in the projects, and comply with local legislation regarding the employment of minors, respecting the working age for children, established by the national law, or in the absence of the latter, use the dispositions established in the definitions of this safeguard.

CAF-GEF financed projects and/or operations will not directly or indirectly use forced labor. To this effect, the client will, directly or through third parties, ensure that forced labor is not contracted, that is, any service or work performed involuntarily, demanded from an individual under threat of force or punishment, including work demanded through contracts, in conditions of servitude or similar contracting agreements. No workers who are victims of human trafficking will be used.

CAF-GEF financed projects and/or operations will provide workers with a safe and healthy environment for the development of their activities. The necessary measures have to be taken to avoid accidents, injuries, and diseases related to the activities developed in the project, based on a preventive management of labor risks.

CAF-GEF financed projects and operations will provide that workers who participate, or seek to participate, in workers' organizations and collective bargaining, do so without interference, are not discriminated or retaliated against, and are provided with information needed for meaningful negotiation in a timely manner.

The risks for worker safety and occupational health inherent to the operation and/or project must be identified and evaluated. These are physical, chemical, biological, mechanical, ergonomic, electrical,

and psychosocial risks to which workers are exposed, and vulnerable groups must be considered. Adequate measures must be taken to prevent, minimize, and control the identified risks, and this management must be aimed at controls in the source of danger, in the environment, or in the individual, and establish continuous follow-up programs of this management and of the vigilance towards the health of workers through occupational health exams based on the risk factors to which they are exposed. In the case where security personnel is required for the custody of some inputs or elements to be used in the projects, the definition of this need will obey to: (i) need to protect people from dangerous inputs; (ii) a risk analysis of the presence of this personnel; and (iii) definition of the inputs to be supplied based on the previously mentioned risk analysis. In addition, the communities must be provided with information, through mass media, regarding the presence of such personnel and the reasons for their incorporation.

As part of the preventive management of safety and occupational security risks, a series of measures must be established, which must be incorporated to the activities of the project with exclusive personnel in charge of this management. Prevention management must be strengthened through inspections that help promote a safe behavior during the tasks to be developed and, additionally, provide training to the workers regarding safety and occupational health, with an emphasis on the risk factors to which they are exposed, preventive occupational health, and response to emergencies.

In case of labor accidents, an investigation must be carried out regarding the causes of the accident, incidents, and/or occupational diseases, disseminate the lessons learned, and take the corrective measures necessary to avoid recurrence.

The project must have procedures for prevention, preparation, and response to emergencies. To this effect, it will prepare an emergency plan considering the main risks of the project, create brigades to address them, and conduct drills.

The client will ensure that workers contracted by third parties also comply with the local legislation regarding labor regulations and prevention of safety and occupational health risks

The client will present:

- Safety and Occupational Health plan, which must include at least: (i) the identification and simplified evaluation of the safety and occupational health risks, that is, physical, chemical, biological, mechanical, ergonomic, electrical, and psychosocial risks to which workers, including vulnerable groups, are exposed during the development of the activities related to the project; (ii) The measures to prevent and control the safety and occupational health risks aimed at control in the source of danger, in the environment, and/or in the individual as the case may be; (iii) An occupational medical vigilance plan, emphasizing health prevention of workers through occupational exams based on the risks to which they are exposed; (iv) a training plan regarding safety and occupational health; (v) this document must also verify compliance with the applicable national regulation and relevant international commitments that the country has adopted regarding safety and occupational health.
- Emergency Plan of the project must be presented, including at least the organizational chart of the emergency plan, the brigades, a schedule of drills, and the procedures to respond to emergencies based on the worker health and safety risks identified in the project.

With respect to training, the client must inform the workers about the training plans and programs during the term of the CAF-GEF financed project.

VI. PROCEDURE

VI.1. Origination

In the origination phase of CAF-GEF credit process, the client must provide the necessary information on the project, so that in the preliminary analysis of environmental and social risks, it may be established if it is within the scope of application of this safeguard. The application of the safeguard will be established in the Annex 2 of CAF-GEF Safeguard S01.

VI.2. Evaluation

If the safeguard is applicable the client will be requested to prepare a Safety and Occupational Health plan for the project and an Emergency Plan that includes detailed relevant analysis based on the identified worker health and safety risks.

If the client has not prepared the plans indicated in the requirements at the time of the presentation of the CAF-GEF financed project to CAF, the necessary actions will be agreed upon so that the client can prepare the safety and occupational health plan and the emergency Plan to present to CAF. When a project includes several sub-projects or annual investments that are not identified when presenting the project to CAF, once each subproject is defined, the safety and occupational plan and emergency plan must be prepared. All these agreements will be reflected in the credit contract which will include specific clauses for cases of non-compliance by the project's executing agency.

When due to the nature or location of the project there is a risk of dangerous child labor or forced labor linked to the project, the client will establish periodic control and vigilance measures that are necessary to correct it.

The client must present the worker training plan or program, established for the operation for which financing is required.

VI.3. Formalization

In the formalization phase, it will be ensured that the conditions associated to security and occupational health and working conditions are included in the contract.

VI.4. Administration

In the administration phase (during the implementation of the project) the client will comply with the agreements established in the credit contract, and will implement the security and occupational health plan. The client will present an advanced report of the plan, which will be presented with the frequency established in the contract. The report will be a public document, available to all interested parties. CAF will review the reports, and, if necessary, will propose the corrective or complimentary measures that are needed.

CAF-GEF PROJECT SAFEGUARD S09 GENDER EQUITY AND MAINSTREAMING

I. INTRODUCTION

The search for gender equity is a central element of a sustainability vision in which each member of society respects others and performs a role that allows each one to reach their maximum potential. The wide goal of gender equity is a social goal to which education and the other social institutions must contribute. Gender discrimination is embedded in the weave of societies. In many societies, women have the main burden of food production and raising children. In addition, women are often excluded from community decisions that affect their lives and well-being

Gender issues must be considered a priority in planning, from infrastructures to the development of materials or processes in all the spheres of development. Total and equitable participation of women is essential to ensure a sustainable future because:

- Gender roles are created by society and learned from one generation to another;
- Gender roles are social constructs and may be changed to reach equality and equity between women and men;
- Empowering women is an essential tool to advance on development and reduce poverty;
- Gender inequalities erode the capacity of girls and women to exercise their rights;
- Ensuring gender equality between girls and boys means that both have the same opportunities to access school as well as during their course of studies.

CAF's institutional mission is to promote sustainable development and regional integration in its member countries through social inclusion and gender equity, understood as the same treatment for women and men and same access to the resources and services through its operations.

II. DEFINITIONS

*Gender.*⁸⁹ Refers to the social tributes and opportunities associated to being a man or a woman, and the relationships between both. These attributes, opportunities, and relationships, are socially constructed and learnt through socialization processes, and depend on a time or context, and, therefore, they may change. Gender determines what society expects, allows, and values of men and women in a specific context. In most societies there are differences and inequalities between women and men regarding the responsibilities assigned, activities assumed, access and control of resources, and opportunities to participate in decision making activities. The concept of gender is part of a wider social-cultural context that also includes other criteria such as class, race, age, level of poverty or ethnic group.

Gender equity. Means that men and women enjoy equal conditions in the full exercise of their human rights, in their possibility to contribute to the national political, economic, social, and cultural development, and to benefit from its results.⁹⁰

⁸⁹ UN Women. Concepts and definitions. <http://www.un.org/womenwatch/osagi/conceptsanddefinitions.htm>.

⁹⁰ UNAM. «Equidad de género». Mexico: UNAM's Secretariat for Comprehensive Development.

Gender equality. Also known as sex equality, implies that men and women must receive the same benefits, same sentences, be treated with the same respect, and that there is no violence between both sexes. This concept is key in the United Nations Universal Declaration of Human Rights, where the final objective is to grant people legal, cultural, and social equality, especially in democratic activities, and ensure equal salaries for equal jobs.⁹¹

Access. Refers to the opportunity of using a resource.

Control. Refers to the power of deciding how a resource is used and determining who has access to it.

III. OBJECTIVES

- Ensuring that women and men benefit equally from the CAF-GEF financed projects and programs
- Ensure the equitable participation of women and men in the CAF-GEF financed projects and programs, both in their design, as well as in their execution.
- Avoid deepening preexisting gender gaps in the design and execution of CAF-GEF financed projects and programs as well as adverse impacts that affect either gender.
- Ensure that no discrimination against women or girls, or gender based discrimination occurs in CAF-GEF financed projects.

IV. SCOPE

This safeguard applies to all the CAF-GEF financed projects.

The safeguard applies to all the components of the CAF-GEF financed project, independently of the source of financing.

V. REQUIREMENTS

As part of the CAF-GEF project environmental and social evaluation process (CAF-GEF Project Safeguard S01) the client will undertake a gender analysis. The analysis will include collection and analysis of sex-disaggregated data and gender information to understand gender differences and gaps, determine gender differentiated impacts and risks, to identify measures to avoid adverse gender impacts, and to uncover and act on opportunities to address gender gaps and inequalities and promote gender equality. The analysis will identify and evaluate the potential risks, threats, impacts, and opportunities that the project may have on gender equality and women. The analysis will evaluate the potential roles, benefits, impacts, and risks for men and women of different ages, ethnic groups, status, and social structure. Any risks or potential adverse impacts on women, men, girls and boys will be differentiated by gender where relevant, including adverse impacts on gender equality, gender-based violence, and sexual exploitation and abuse. Possible negative and positive direct, indirect, synergic, and cumulative negative impacts will be identified. The gender analysis will determine if socioeconomic benefits generated by the project are culturally adequate and generationally inclusive, both for women and men, and if the project generates different impacts and risks for women and men.

As part of the CAF-GEF project environmental and social evaluation (S01), which may be performed as part of the gender analysis, the potential impacts and risks on disadvantaged or vulnerable groups or Individuals to ensure that differentiated mitigation measures are incorporated so that risks and

impacts do not fall disproportionately on disadvantaged or vulnerable individuals or groups, and disadvantaged or vulnerable individuals or groups do not face discrimination or prejudice in accessing benefits and resources. The differentiated risks and potential impacts of projects and programs on persons with disabilities will be addressed in the identification and evaluation in such a way that ensures non-discrimination and equality, and aims to provide opportunities for persons with disabilities to participate in and benefit from projects and programs on an equal basis with others.

The gender analysis serves as the basis for the development and implementation of a gender action plan comprising necessary measures to prevent, mitigate and/or compensate such impacts and risks, including measures to prevent discrimination against women or girls, or gender-based discrimination.

Measures will be established and implemented to prevent discrimination against women or girls, or gender-based discrimination, and provide equal opportunities for women and men. Measures will be established for in case of incidences of gender-based violence and/or sexual exploitation or abuse occur, including: (i) established reporting and response protocols in place, with specific procedures for gender-based violence including confidential reporting with safe and ethical documenting of gender-based violence cases, that indicate when and where to report incidents, and what follow-up actions will be undertaken; and (ii) modalities to provide services and redress to survivors.

CAF-GEF financed projects will be conducted, designed and implemented in an inclusive manner so that women's participation and voice are, regardless of their background, age, race, ethnicity or religion, reflected in decision-making, and that consultations with women's organizations, including indigenous women and local women's groups, are supported at all scales. Women and men are to be provided equal opportunities in terms of participation and decision-making throughout the identification, design, implementation, monitoring and evaluation of activities.

The CAF-GEF project proponent will be responsible for undertaking the gender analysis should use qualified expert or groups of experts who are independent of the project. Stakeholder Engagement and analysis are conducted in an inclusive and gender responsive manner, so that the rights of women and men and the different knowledge, needs, roles and interests of women and men are recognized and addressed.

The project Proponent will promote a timely, effective, and transparent stakeholder participation of women and men in the project area, providing the means to maintain the participation during the whole cycle of the project. Stakeholder engagement and analysis shall be conducted in an inclusive and gender responsive manner, so that the rights of women and men and the different knowledge, needs, roles and interests of women and men are recognized and addressed. Meaningful consultations with stakeholders will be held during preparation of the gender analysis to provide input. Relevant and understandable information about project-related gender equity and mainstreaming, including the gender analysis and gender action plan, shall be made available in a timely manner to stakeholders.

⁹¹ United Nations. Report of the Economic and Social Council for 1997. A/52/3.18. September 1997

The CAF-GEF financed project will establish the necessary institutional, technical and financial capacities to implement and conduct follow-up of the gender action plan. As applicable, the gender management measures should be adjusted based on the project evolution, including corrective measures to minimize the negative impacts that may generate during the normal operation of the project. Collection of sex disaggregated data and information on gender, and the use of gender-sensitive indicators, sex-disaggregated targets and results, as relevant, shall be regularly incorporated in monitoring, evaluation and reporting.

During the evaluation stage of the operation, the client is requested to present to CAF a specific Gender Analysis for the proposed project for CAF-GEF financing. The analysis should be commensurate with the potential gender related impacts, risks, benefit and opportunities and , must include the following:

- I. **Gender study.** This study must provide a detailed description of the social structure of the population residing in the direct area of influence of the project/program, it's history, social-political organization, demographic, social, economic, cultural, and religious characteristics. It must also describe the roles of women and men in the area of influence of the project, regarding the activities of the project/program, and the existing differences in the control, access and use of the land, natural resources, goods and services, and the factors that contribute to these differences. The study must also present the existing inequalities in public decision making (political and institutional representation), and private decision making (existing inequities in the household). Finally, the study must show prior experiences in the design and implementation of projects that are sensitive to gender in the area of influence of the project/program or the country, as well as the vision and opinion of men and women regarding similar projects.
- II. **Institutional framework.** This document will describe the current legal framework in the country regarding gender issues, relevant international agreements subscribed by the country, compliance with this national legislation and agreements in the framework of the proposed project, and the governmental institution in charge of managing gender issues, its functions, and responsibilities. It will also identify other relevant actors of the civil society such as non-governmental organizations, women organizations, or community organizations, and will analyze their institutional capacity and possible connections with the project/program.
- III. **Impact evaluation.** This is the study of both positive and negative impacts and potential risks, benefits and opportunities that the project/program may have on the existing gender relations. This evaluation must specify the: methodology used to address the requirements in this safeguard; the results of the impact, risk and benefit/opportunity evaluation; and the participation of women and men in the project area, their opinions and comments to the results of this evaluation, and the documents that support this participation. In particular, three areas are identified which could present potential risks: (i) economic opportunities such as the existence or incorporation of unequal requirements for access to the benefits and economic opportunities generated by the execution of the project/program such as remunerated work, training, credit, or business opportunities, in addition to requirements that limit the participation of women and men in the benefits and activities in the project/program, resulting from pregnancy, maternity/paternity leave or marital status.; (ii) property rights, result of ignoring the right of women to inherit and own lands, housing or other assets or natural resources, and (iii) gender violence, which includes sexual exploitation, human trafficking, or sexually

transmitted diseases.

IV. Gender Action Plan. The plan will identify measures to avoid project-related adverse gender impacts, and to address project-related opportunities to resolve gender gaps and inequalities and promote gender equality. If there are adverse impacts on any gender, measures to prevent, mitigate, and/or compensate said impacts will be identified. In particular, it is necessary to ensure that:

- The goals, objectives, processes, and activities of the project are gender sensitive and respond to the needs and priorities of the men and women of the projects' area of influence.
- Men and women are involved in the Project's decision making processes, such as choosing the technology, service levels, the operation and maintenance, etc.
- Restrictions to the participation of women and the development of strategies that help to eliminate or minimize them must be identified.
- The necessary personnel and budget provisions are taken so that both men and women can be involved, including plans to hire women (especially if men and women do not share public spaces).
- If the project has institutional strengthening components, education and/or training, identify the needs of the population of the area of influence of the project and incorporate women.
- If the project uses community committees, ensure that they are constituted in a gender sensitive manner, including the creation of women's committees (in case men and women do not share public spaces).
- If gender-responsive measures have been identified, the results framework or logical framework include actions, gender-sensitive indicators and sex disaggregated targets.

VI. PROCEDURE

VI.1. Origination

In the origination phase (when applying for the CAF-GEF project credit), the client will provide relevant existing information relevant to this safeguard to assist in defining the scope of project-related gender related evaluations (gender analysis) and plans. CAF will analyze the information and indicate in the preliminary analysis of environmental and social risks, issues related to the scope of gender related studies and plans required for the project.

VI.2. Evaluation

In the evaluation phase, once it has been included in the inventory of operations, the client will present the social and environmental studies of the project, including the Gender Analysis and if applicable the Gender Action Plan.

VI.3. Formalization

In the formalization phase (before signing the credit contract), CAF will ensure that the credit contract includes, when necessary, the specific commitments resulting from the Gender Action Plan.

VI.4. Administration

In the administration and disbursements phase (during the implementation of the project), the client will implement the agreed upon measures, including compliance and performance indicators. The client will present advance reports with a frequency established in the contract. The report will be a public document available to all interested parties. CAF will review the reports and, if necessary, will propose corrective or complimentary measures as needed.

CAF-GEF PROJECT ACCOUNTABILITY MECHANISMS

INCLUDED FINAL VERSION OF SYSTEM IN SEPARATE DOCUMENT.