Annex XI

Environmental and Social Management Framework (ESMF)

I. Rationale for the ESMF

The Project aims to improve the flow of ecosystem services from selected forest landscapes, and is expected to enhance livelihoods, build climate resilience and conserve biodiversity. It is organized in the following four main components:

Component 1: Improving ecosystems services in China's State owned forests farms (SFFs): Implementation of restoration programs and complementary initiatives;

Component 2: Mainstreaming ecosystem services in China's forest policies: Policy development and integration;

Component 3: Capacity building and knowledge dissemination: Institutions, finance and upscaling; and

Component 4: M&E and information management and communication: Knowledge, partnerships, project monitoring and assessment.

ESMS relevant activities are primarily implemented under component 1. As part of Outcome 1.1 the project intervention will build the capacity of China's State Forest Farms (SFFs) to develop and implement sustainable forest management and restoration (FMR) plans incorporating FLR. This will be done initially in seven pilot SFFs in the three project areas; in years 2 and 3 the process will be replicated in 3 additional SFFs at the level of each of the three prefecture-level cities.

A separate activity set, also under Outcome 1.1, is the upscaling of FLR planning capacity at the municipal level by engaging planners from forestry and non-forestry sectors in Restoration Opportunity Assessment Methodology (ROAM) training. Through this, the Project and city-level stakeholders will produce FLR plans and as such assist city (in Bijie, Guizhou and Chengde, Hebei) and county (in Ganzhou, Jiangxi) forestry departments together with SFFs to engage across sectors to produce FLR plans with SFFs as core areas for transformation of the surrounding landscape.

Environmental impacts of these interventions are expected to be highly positive as the project provides for comprehensive ecological expertise and analysis when developing the FMR and the ROAM/FLR plans. However, forest restoration and changes in forest management regimes may involve negative social impacts due to changes in use rights and respective enforcement. For the city and county FLR plans this risk is considered relatively low as the ROAM approach ensures that restoration strategies are designed together with relevant local stakeholders. Remaining risks and the fact that the process of developing the FMR plans for SFFs is less defined triggers the need for risk management measures. As the plans and respective restoration activities will only by decided during implementation, risk management provisions need to be integrated into the project. Table 3 in the preliminary situation analysis presented in Appendix VIII provides an overview of SFFs visited during the

preparation phase and recommendations for potential activities; but these are only indicative activities.

Social impacts might also be triggered when policies and frameworks on landscape restauration and forest management are rolled out at the national scale (component 2). While such impacts are not directly caused by the project, social impacts might even be more significant as the project has less control over the implementation of such policies and social safeguard instruments may be absent. Examples for policies that might affect peoples' livelihood are strengthened regulations related to illegal logging and lumbering in Jiangxi and respective enforcement.

In order to ensure that the FRM plans developed by the pilot SFFs and the city & county FLR plans designed during the FLR/ROAM exercise are compliant with the ESMS, an Environmental and Social Management Framework (ESMF) has been developed. An ESMF describes the process for screening, assessing, addressing and managing safeguard issues for project activities that will only be known during project preparation. The ESMF will also provide for ESMS review of the policies and legal frameworks supported by the project under component 2 in order to facilitate possible application of safeguard instruments as risk prevention.

More concretely the ESMF will provide the following guidance and procedures:

- Formulating provisions for the **ROAM process** to be implemented by the identified pilot cities and counties to ensure adherence with ESMS Principles and Standards.
- Establishing a simplified ESMS procedure for identifying and managing environmental and social risks of the **FMR and FLR plans** as well as of **policies and legal frameworks** supported by the project.

II. ESMS-enhanced ROAM process

While the Terms of Reference for the development of Forest Landscape Restoration/ Restoration Opportunities Assessment Methodology (ROAM) capacity building and planning activities presented in Annex X of the project document already reflects elements that are similar to the IUCN ESMS risk management approach, this chapter present further enhancements to ensure full ESMS compliance of the ROAM process.

The FLR/ROAM planning process at the local level will involve five distinct steps. The ESMS enhancement of each of the distinct steps is delineated below.

Step 1 - Inspiring people: raising awareness, mobilizing communities and stakeholders to participate

In this step it will be critical to ensure an inclusive stakeholder engagement strategy for the local level and that appropriate participants are selected and invited for the local level workshops and other consultation events. The stakeholder analysis conducted during the project design phase identified eight broad stakeholder groups; however these were quite generic and did not reflect the specific conditions of the seven selected project sites. Hence

at the outset of the ROAM process a more detailed stakeholder analysis will be prepared in each pilot area to prepare the ground for the engagement strategy.

For engaging community stakeholders a balanced ratio of men and women will be sought as well as balanced representation of stakeholder groups concerning other criteria (e.g. ethnic groups, different age, status/class etc.). As part of the stakeholder and situation analyses conducted in each area at the onset of the Project, the team will hold a preliminary meeting with the respective Pilot Area Advisory Boards (ABs) to request their advice on developing the stakeholder engagement methodology in each area, including identification of legitimate representatives of each group.

The engagement strategy should respect IUCN policy reflected in the ESMS Principle on Stakeholder Engagement and the Principle of Protecting the Needs of Vulnerable Peoples as well as provisions of the Indigenous People Standard. As such it will be ensured that not only stakeholder groups are identified that actively articulate their stake in forest restoration, but also (sub)-groups whose interests and livelihoods might be impacted (positively or negatively) by the forest restoration and management approaches promoted by the project but whose ability to articulate their needs and interests is less pronounced and/or might generally have less access, power and influence on land use decisions processes. Engaging these groups in the project will not only ensure that their needs and concern are taken appropriately into consideration when designing FLR plans but their engagement will also contribute to their empowerment.

The project team will design the workshops and other consultation activities in a culturally appropriate, non-discriminatory and gender-sensitive manner, free of external manipulation, intimidation or coercion. Information relevant to stakeholders will be shared in a timely manner in appropriate language and channels of communication. In village meetings, pro-active involvement of stakeholders will be institutionalized by a priori orientation on what the meeting is about. The meeting facilitators ensure that time and location are suitable for all stakeholder groups, in particular for ethnic groups, women and elderly. Wherever sensible the team will set-up separate meetings for ethnic communities and/or women in order to ensure appropriate levels of participation in the discussion or to accommodate schedules and obligations.

It is good practice to document the meetings and their participatory methods with minutes, describing topics discussed, concerns raised and potential disagreement, together with names/occupation of participants (but participants not obligated to provide names) and photography or video, where appropriate. Stakeholder consultation will also include other forms of engagement such as interviews with stakeholder or stakeholder groups, results of which should also to be documented.

Step 2 – Clarifying use rights

Before any FLR interventions can be contemplated, it is important to clarify the relevant tenure situation and use rights disaggregated by relevant groups. This will involve working with local people to ensure that a good understanding of land, forest, and tree use rights and their actual implementation is developed. While recognizing statutory rights it is critical that also customary rights are well understood and respected when designing FLR interventions. Through this process grievances related to land issues may be identified, recognized and

where possible managed. This relates in particular to ethnic communities as they might have experienced negative impacts from land-use decisions including violations of their rights The involvement of different government departments is important in order to ensure that local policy, legal, and administrative frameworks related to forest management as well as expected changes are taken appropriately into account..

Step 3 – Undertaking a comprehensive, integrated situation analysis

The purpose of the situation analysis is to assess each of the selected pilot sites on its bio-physical and socio-economic conditions and on local communities' dependency on ecosystem services; as such it will lay the foundation for the identification of the priority issues for FLR engagement. The situation analysis will be conducted with multi-stakeholder participation to co-develop a shared understanding. In addition to covering the topics delineated in Annex X of the project document this steps should describe and analyse the following:

- Key demographic and socio-cultural features of the project sites including current and emerging social differentiation (based on ethnicity, language, class/status etc.), social organization and importance of family and kinship ties in the communities;
- Economic and social trends and challenges, disaggregated by social groups.

Since each community is different, it is critical to determine social groups in each project site and ensure an appropriate understanding of the development needs and dependencies on ecosystem services of the different groups, in particular of vulnerable members of the community. The consideration of vulnerable groups will include ethnic minorities, people who are landless or displaced, laid-off workers, elderly or disabled, children and groups that are impoverished, marginalised or discriminated against.

A number of ethnic minority groups in the three sites have already been pre-identified such as Miao, Buyei and Yi in Guizhou, She in Jiangxi, Mongolian in Hebei. Migrant herders may or may not be considered ethnic minorities, depending on their location. The situation analysis should provide a comprehensive overview of the minority groups who inhabit or use the project's area of influence, describe their language and levels of literacy and their use of land, land-use practices and means of livelihood. The geographic location of their settlements should be mapped as well as the location of main economic or cultural activities (including sites and resources of cultural and religious significance). The analysis should further clarify gender differences within the respective ethnic groups (e.g. land use, rights etc.) and suggest measures for ensuring cultural and location specific appropriateness of the FLR interventions. It will also be essential to determine whether any of these groups qualify as "indigenous peoples" according to IUCN definition.

Local ethnic minority groups and in particular pastoralist groups are sometimes misunderstood and may be confronted with prejudices, sometimes exacerbated by inappropriate policies implemented in the past. These issues would need to be taken into consideration not only in the situation analysis but also in the wider engagement strategies and during the development of the FLR plans.

Data gathering and consultation with monks, religious leaders, women and community leaders will ensure that relevant cultural conditions are perceived and that sites with cultural and/or spiritual importance are located. The latter will be important to ensure that forest management regulation do not prevent access to sites; it might also be relevant when developing potential future tourism and other income generating activities.

The situation analysis should provide for understanding gender specific livelihood strategies, roles or norms and needs and barriers faced by different genders, differences in the dependency on ecosystem services and forest products as well as current roles in forest management - within the SFF and as users of the surrounding forest landscape. Such understanding will allow identifying the potential need for gender differential action when designing FLR plans to address a bias or disadvantage as well as to seek opportunities for empowering women and improving gender equality. This might include identifying opportunities for playing a more active role in forest management, increasing women's participation in decision-making and providing economic and social benefits through project activities (including access to resources, training, etc.).

Step 4 – Co-develop FLR plans

The social baseline data gathered as part of the situation analysis will be instrumental for the development of the FLR plans and to ensure that rights and livelihood context of the different social groups are respected, negative impacts are avoided and social benefits sought wherever possible and in line with the conservation objective. The development of the FLR plans is designed as a participatory process; following the provision described in the section on inspiring peoples (step 1) will ensure inclusiveness of this process.

It is evident that participation in the planning workshops will often be limited to the legitimate representatives elected by the communities at each project site. It is therefore essential that disclosure meetings will be organized at the community level to present the results of the workshops to a wider audience to inform them on the FLR plans and ensure their buy-in as well as feed-back on potential risks. Good practice rules for organizing and documenting community meetings are already described under steps 1.

Step 5 – Implement FLR plan, Review, revise and adapt

During implementation of the FLR plans it will be important that the Project team and government staff establish and maintain close relationship with the respective local communities and stakeholders in order to ensure ongoing social acceptance of FLR within the local community. Local stakeholders will be actively engaged in monitoring the implementation of the agreed FLR plans. Monitoring should also provide for checking on new environmental and social risks that might emerge during project implementation.

A project-level grievance mechanism will be established following the guidance provided by the generic IUCN ESMS grievance mechanism[1]. This generic mechanism will need to be adapted to reflect local customs and institutions; it will be described in the local language and communicated and disseminated in a culturally appropriate way to all relevant stakeholders, women and men, in the project's area of influence at the beginning of project

[1] Available on IUCN website at www.iucn.org/esms

implementation. To minimise grievances it will be essential that the project team and implementing partners are highly attuned to community concerns and provide for regular consultation during implementation.

III. ESMS review and risk management procedure

a) Screening for potential environmental and social risks

A simplified ESMS procedure has been established to ensure that the FRM plans developed for the pilot SFFs and the city & county FLR plans as well as the proposed restoration and forest management policies and legal frameworks are each screened for potential environmental and social risks.

The screening of the identified FLR plans is best done during step four of the ROAM process ("Co-develop FLR plans"). It should be undertaken as early as possible - when information on the FLR plans' interventions is available in sufficient detail (e.g. geographical location, activities etc.).

The screening step will be supported by a questionnaire (ESMS questionnaire) that is designed to tease out risk issues that could give rise to potential negative impacts. It is structured in three sections.

In its **first section** the ESMS Questionnaire analyses impact issues related to the four ESMS standards:

- Standard on Involuntary Resettlement and Access Restrictions;
- Standard on Indigenous Peoples;
- Standard on Cultural Heritage;
- Standard on Biodiversity Conservation and Sustainable Use of Natural Resources.

The **second section** of the ESMS Questionnaire focusses on other environmental or social impacts (beyond the four ESMS Standards) that might be caused by the FRM and FLR plans and the proposed policies. It looks at risks such as

- health and safety issues,
- human-wildlife conflicts,
- community impacts including disturbances to patterns of social relations and social cohesion,
- risk of triggering conflict between communities, groups, or individuals and
- the potential of project benefits leading to discrimination or marginalisation of certain groups[2].

This step also involves analysing the FMR and FLR plans and policies on economic, social and cultural risks for women (or other gender groups) including the risk of inadvertently perpetuating or aggravating inequalities between women and men. Since the project proposes the creation of significant casual employment opportunities for community

[2] This includes the risk of negatively affecting the livelihood or rights of ethnic minority groups - in case these groups are not considered as indigenous groups (and as such covered by the Standard on Indigenous Peoples).

members, it is important to check on community dynamics of the employment and potential risks associated with temporal or seasonal employment.

In the **third section** the ESMS Questionnaire addresses risks of the proposed interventions inadvertently increasing the vulnerability of ecosystem and peoples in the context of climate change.

The results of the screening of the FMR plans for each SFF and FLR plans for each pilot city & county will be documented in form of screening reports according to the provided IUCN template. A separate screening report will be produced for each policy and legal framework supported by the project.

b) Managing environmental and social risks

If the ESMS screening identifies environmental or social risks these will be addressed by

- analysing the probability and significance of the identified risks,
- identifying alternative approaches in order to avoid risks and/or
- developing culturally appropriate and agreed measures for mitigating the risks.

These steps will require additional consultations with the affected groups and other concerned stakeholders which should be initiated as early as possible. Where risks of FLR interventions are identified the consultations include a discussion about alternative project design, trade-offs and mitigation measures. Depending on the nature of the risk this step might also require further environmental and/or social impact assessments (ESIA) and the development of mitigation measures to assist people affected by project activities in their efforts to improve or restore their livelihoods; the latter need to be documented in form of an Environmental and Social Management Plan (ESMP).

c) Relevant norms – ESMS Standards

Standard on Involuntary Resettlement and Access Restrictions

The Standard applies to projects where the conservation objectives require (1) resettlement of communities or (2) restricting peoples' access to areas and/or the use of natural resources with impact on the economic, social, cultural and environmental benefits that people accrue from these resources or areas.

The access restriction component of the Standard is triggered by projects that involve

- establishing use restrictions under formal frameworks (e.g. legal framework for protected area),
- strengthening enforcement of existing resource restrictions and/or
- designing or redesigning protected area boundaries.

The Standard also covers activities that may require resettlement or eviction of households as well as involuntary land acquisition from a village or individual land owners for the purpose of infrastructure development or for the creation of buffer zones around a high biodiversity area.

The Standard does not apply to projects that support local communitys in establishing resource use regimes (including access or use restrictions) on a voluntary basis, e.g. for the purpose of sustaining long-term use of resources to which they have legitimate rights. However, the project needs to ensure that these regimes do not put members of the community into a vulnerable position and that the community decision-making process is adequate and reflects voluntary, informed consensus; and if negative impacts on vulnerable groups are expected, that appropriate measures have been put in place to mitigate them.

If a project supports voluntary co-management agreements between relevant agencies and the community or other potentially affected stakeholders such as herders using rangeland within the project's area of influence, a process of Free Prior and Informed Consent (FPIC) must be established. This process should start with the identification of legitimate representatives of the community and be accomplished through a series of at least 4 well-documented meetings conducted in good faith (an introductory meeting, a consultation meeting, and meeting to present the draft of an agreement, and a meeting to sign the agreement). The Project will ensure the involvement of at least one neutral observer that is not associated with the agency proposing the agreement (e.g. an independent social scientist with knowledge of the socio-cultural context of the affected group(s)).

These meetings should be combined with an analysis of social impacts to better comprehend potential impacts and their significance. If significant social impacts cannot be avoided by adjustments of project design and/or if the above mentioned consultation process does not provide for agreement on mitigation measures, the Standard is triggered and the respective provisions need to be followed.

Gender balanced representation of the affected group(s) in these consultations is desirable, although the project should take the community's culture and traditions appropriately into account. An expert on gender, familiar with the local context should be able to advice on the right ways to ensure gender-responsive risk management strategy.

Standard on Indigenous Peoples

Projects that operate on land or territory of indigenous peoples require the analysis of the specific socio-economic and cultural conditions of these groups, their rights and needs. The applicability of the Standard's provisions will be established by the integrated situation analysis that determines whether any of the ethnic groups present in the respective site qualify as "indigenous peoples" according to IUCN definition. The screening would then need to check whether potential adverse impacts are avoided or adequately addressed through mitigation measures. It also needs to be ensured that project activities respect indigenous people's social and cultural identity, traditions and institutions, including their cultural and spiritual values and perspectives on the environment. Wherever relevant and possible, the project should seek opportunities for providing culturally adequate and gender inclusive benefits to indigenous groups.

Legitimate representatives of indigenous groups need to be involved in relevant components of project design and their consent sought (following FPIC) to activities that might affect their rights, resources or livelihoods. If negative impacts cannot be avoided, mitigation measures need to be developed and agreed with the respective groups; the measures should be either

incorporated in the ESMP or, if measures are substantial, articulated in form of a separate Indigenous Peoples Plan. FPIC is also required in case the project seeks to make use of indigenous knowledge or promotes the generation of social or economic benefits from cultural sites or resources to which they have legal rights.

Standard on Cultural Heritage

The Standard applies to projects that could adversely affect peoples' cultural heritage defined as tangible or intangible, movable or immovable cultural resources or natural features of historical, cultural, spiritual or symbolic value.

The Standard is triggered for projects that involve:

- risks of potentially damaging cultural resources when undertaking small scale construction;
- the need of restricting access to cultural resources or sites;
- the development of social or economic benefits from cultural heritage.

Standard on Biodiversity Conservation and Sustainable Use of Natural Resources

The situation analysis is expected to achieve a thorough understanding of the state and trend of natural resources, drivers and pressures of environmental change, current flow of ecosystem services. It is further assumed that identification of FLR interventions is carried out in iterative steps where the impacts (positives and also potential negatives ones) on all components of biodiversity are assessed before agreeing on interventions. However, the Standard-related questions in the ESMS Questionnaire should nevertheless be competed as this might hint to issues potentially overlooked in preceding analytical steps.

One aspect that will deserve attention is the project's intention to improve the conditions of existing tree monocultures by enriching with native species and protecting natural regeneration and soil. The project intends to test the performance of native species introduced from lower to higher altitude and/or from neighbouring climate zones to the immediate south of the sites. To mitigate against the danger of invasive behaviour of species or introduction of pathogens the project will:

- Screen any species to be introduced from beyond its current range for the potential to become invasive (e.g. due to its dispersal mechanism or growth habits) and avoid those species that are likely to be invasive.
- Avoid species subject to a current pathogen that negatively affects the fitness of individuals or populations.

d) Institutional Arrangements for ESMS

The institutional arrangements for implementing the ESMS review and management procedures are the following:

- High-level oversight will be provided by the Implementing Agency (see section 5.1.1 of the project document);

- The Project Management Office (PMO) led by the national Project Manager will be responsible for implementing the ESMS review steps and risk management procedures, including the drafting of respective screening reports and ensure implementation of possible mitigation measures established in the ESMP; he will also provide annual reports demonstrating compliance with the ESMS procedures (see section 5.1.6).
- The screening report of the FLR plan for city or county pilot site will be reviewed and approved by the respective Pilot Areas' Advisory Boards (see section 5.1.5). The ABs will also monitor the implementation of the ESMP, where relevant.
- The Project technical advisor, the coordinators for each pilot area and other relevant technical staff and consultants will provide technical expertise on ESMS-relevant topics on request of the project manager and/or support him in ESMS-specific stakeholder consultation activities.
- Environmental or social impact assessments (ESIA), where needed, will be carried out through consultancies assignments.
- ESMS Training is provided during the inception phase of the project for all project staff including the social team at the SFF Office and relevant governmental and non-governmental project partners.

e) Monitoring of ESMP progress and ESMS risks

Monitoring the progress in implementing the mitigation measures presented in the ESMP will be integral part of the project's monitoring system described in chapter 7 of the project document.

ESMS monitoring also involves tracking the measures' effectiveness in mitigating the identified environmental and social risks. Social baseline data for the villages and households adjacent to the forest areas belonging to the pilot SFFs will be collected during the project's inception phase. Baseline data on local communities located in the area of influence of the counties/cities piloting the FLR/ROAM process are expected to be gathered as part of the integrated situation analysis. Follow-up assessments, conducted at mid-term review and at terminal evaluation, will update these data for the purpose of monitoring and evaluating the effectiveness of mitigation strategy.

If FMR or FLR plans require the establishment of new restrictions on the use of forest resources or the enforcement of existing restrictions, this will require the development of dedicated indictors at village level to monitor livelihood impacts.