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**PRODUCTIVE INVESTMENT INITIATIVE FOR ADAPTATION TO  
CLIMATE CHANGE IN GUATEMALA, EL SALVADOR, HONDURAS,  
NICARAGUA, COSTA RICA, PANAMA AND THE DOMINICAN  
REPUBLIC**

**ENVIRONMENTAL AND SOCIAL  
MANAGEMENT FRAMEWORK (ESMF)**

July 2018

## ABBREVIATIONS

IFC	International Finance Corporation
PS	Performance Standards of IFC
ESIA	Environmental & Social Impact Assessment
IFI	Intermediary Financial Institution.
IFNB	Non-regulated Intermediary Financial Institutions.
MASS	World Bank Group Environment, Health and Safety Guidelines
ODE	Evaluation Office
OFIC	Integrity and Compliance Office.
CSO	Civil Society Organization
PGAS	Environmental and Social Management Plan
SEID	Development Impact Assessment System.
SGAS	Environmental and Social Management System.
SIEMAS	System for Identification, Evaluation and Mitigation of Environmental and Social Risks.
LRP	Livelihood Restoration Plan
OIT	International Labor Organization
OMS	World Health Organization
IPP	Indigenous Peoples Plan
RP	Resettlement Plan
GHG	Green House Gases
ESES	Environmental and Social Evaluation Sheet

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## 1.0 INTRODUCTION

Central America and the Caribbean is one of the regions most affected by climate change. Droughts, hurricanes and El Niño-Southern Oscillation phenomenon are intensifying their impact in the region and will continue to strengthen their intensity and regularity. Agriculture as climate-dependent activity and one of the main sources of income for regional economies, will be gravely affected due to effects of climate change.

At the same time, Central America is a region with biodiverse ecosystems. These ecosystems are already being overexploited due to the current unsustainable development model which will be further aggravated by climate change. The acutest rural poverty in Central America occurs precisely in these agricultural frontier areas, where the proportion of micro, small and medium scale farmers is highly relevant. In addition, these areas are characterized by little presence of public and financial institutions, minimal social infrastructure and lack of governance.

These countries have almost 2.1 million small family agricultural production units or Micro, Small and Medium Enterprises (MSMEs) of 5 hectares or less. The majority of these production units are considered vulnerable in the face of climate change, pests, diseases and market price fluctuations.

One of the main constraint that limits for the growth of any of these small agricultural production units is the limited access to credit. Conservative banking practices and high risks associated with operations in rural areas, have left the agricultural sector with limited financial options for business development. In order to achieve an environment that promotes resilient investments in micro, small and medium-sized enterprises barriers in banking and business need to be removed and incentives put in place.

This project's main objective is to build capacities that implement adaptation measures for micro, small and medium agricultural enterprises from in Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica, Panama and the Dominican Republic, in order and increase their resilience to climate change, ensuring the provision of financial and non-financial services to support ecosystems and agricultural production by providing technical assistance in the adaptation planning processes and incentives for specific alternatives of resilience and investment management options.

This document corresponds to the Environmental and Social Management Framework (ESMF) of Productive Investment Initiative for Adaptation to Climate Change, proposed by CABI as Accredited Entity.

Given the actions and objectives of the Programme, its negative environmental and social impacts are expected to be low and therefore classified in category C, requiring a brief Environmental and Social Analysis in line with IFC Performance Standards and its recommendations.

Considering that the proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and social impacts, the level of intermediation has been set to I3.

To ensure compliance with IFC Performance Standards, CABI shall apply its Environmental and Social Risk Identification, Assessment and Mitigation System (known as SIEMAS).

The purpose of this document is to establish mechanisms to maximize the positive environmental and social effects of the Programme and to prevent, minimize and compensate for any negative impacts.

## **2.0 PROGRAMME DESCRIPTION**

### **2.1. Objective, intervention strategies and beneficiaries**

The Programme has the following components:

**Component 1:** Innovative financial mechanisms for ecosystem based adaptation measures.

Loans will be provided through regulated and non-regulated intermediary financial institutions (IFIs) that are accredited by CABEL. These loans will be directed to the adoption of adaptation measures that will increase the resilience of rural producers to climate change through the sustainable management of resources with an ecosystem-based approach in productive systems. CABEL's network of IFIs, as well as CABEL's experience with intermediated credit, has been described in detail in Section XXX and in the background/ context section in the Feasibility study.

**Component 2:** Capacity building to develop production models resilient to climate change. Support will be provided to MSMEs and IFIs through grants addressed to at improving their technical and business skills, the key for obtaining the expected results in terms of breaking barriers to finance in adaptation.

**Component 3:** Incentive scheme to promote adaptation measures (Adapt-Award). Adaptation incentives will be provided to promote changes in attitudes towards conservation and the sustainable use of natural resources through the implementation of adaptation measures on MSMEs productive systems. In addition, the incentives will support IFIs adoption of credit mechanisms that enhance adaptation measures.

**Component 4:** Programme Management. A Programme Management Unit (PMU) will be established and will have a dedicated team to guarantee all components and activities are carried out according to the Programme design, in order to guarantee that all expected results will be achieved on time and within budget. This unit will have at least three full time positions including an Adaptation Specialist, an Environmental and Social Specialist (with demonstrated knowledge in Gender approach), and a Capacity Building officer that will as well provide administrative support to the PMU. The PMU will work closely with the Monitoring and Evaluation Specialist (covered by the AE fee).

Please refer to the Funding Proposal and the Feasibility Study for further details.

## **3.0 PROGRAMME CONTEXT**

### **3.1. Major recent climate changes, projections, impacts and vulnerability in Central America<sup>1</sup>**

Central America is one of the areas in the world that is most exposed to the consequences of climate change, even though the region accounts for no more than a tiny fraction of the greenhouse gases.

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<sup>1</sup> Based on: Magrin, G.O., J.A. Marengo, J.-P. Boulanger, M.S. Buckeridge, E. Castellanos, G. Poveda, F.R. Scarano, and S. Vicuña, 2014: Central and South America. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Barros, V.R., C.B. Field, D.J. Dokken, M.D. Mastrandrea, K.J. Mach, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L.White (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 1499-1566.

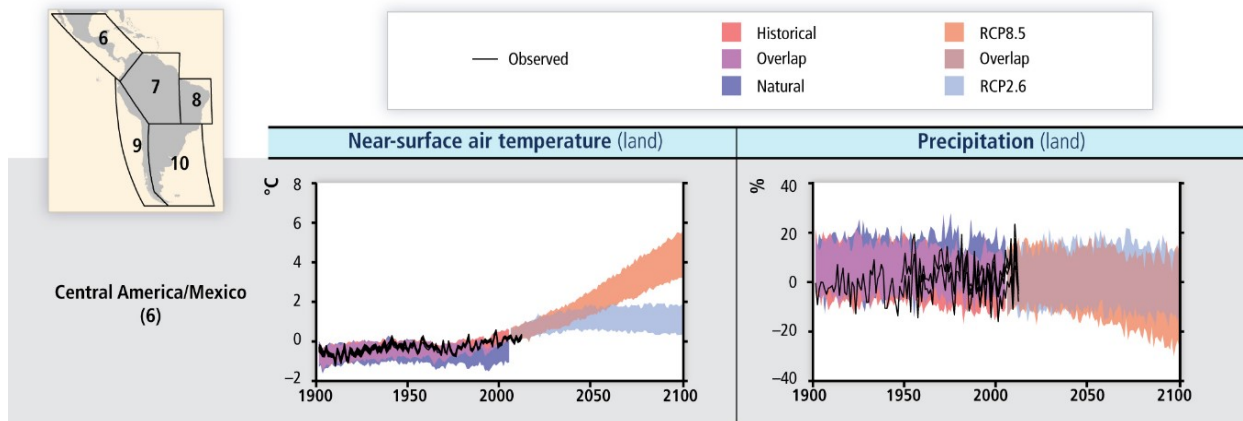
Due to the region is that fuel climate change. As a narrow isthmus between two continents, between the Pacific and Atlantic Oceans, it is frequently hit by droughts, hurricanes and the effects of the El Niño Southern Oscillation.

Climate change is heightening its social and economic vulnerability and it will have an increasingly strong influence on its economic growth, since weather-related factors have a decisive impact on many of its production activities, such as agriculture and hydropower generation.

The region has valuable stocks of natural and cultural assets that must be preserved and appreciated for the contribution that they make to the development of current and future generations. Its ecosystems and abundance of biodiversity provide a wide range of products and services, including pollination, pest control, and the regulation of humidity, river flows and local climatic conditions, nevertheless they are being undermined by the current unsustainable style of development. It is estimated that Central America produces no more than a tiny fraction of global greenhouse gasses (less than 0.3% of emissions, without factoring in changes in land use, and under 0.8% of total (gross) emissions).

Significant trends in precipitation and temperature have been observed in Central America with high confidence of the estimations. In addition, changes in climate variability and in extreme events have severely affected the region. Decreasing trends of precipitations in the region have registered,  $-1$  mm a day in 50 years during 1950–2008. Warming has been detected near  $0.7^{\circ}\text{C}$  to  $1^{\circ}\text{C}$  in 40 years since the mid-1970s. Increases in temperature have been identified with medium confidence of the estimations, while more frequent extreme rainfall has favored the occurrence of landslides and flash floods.

**Figure No.1: Temperature and precipitation trends.**



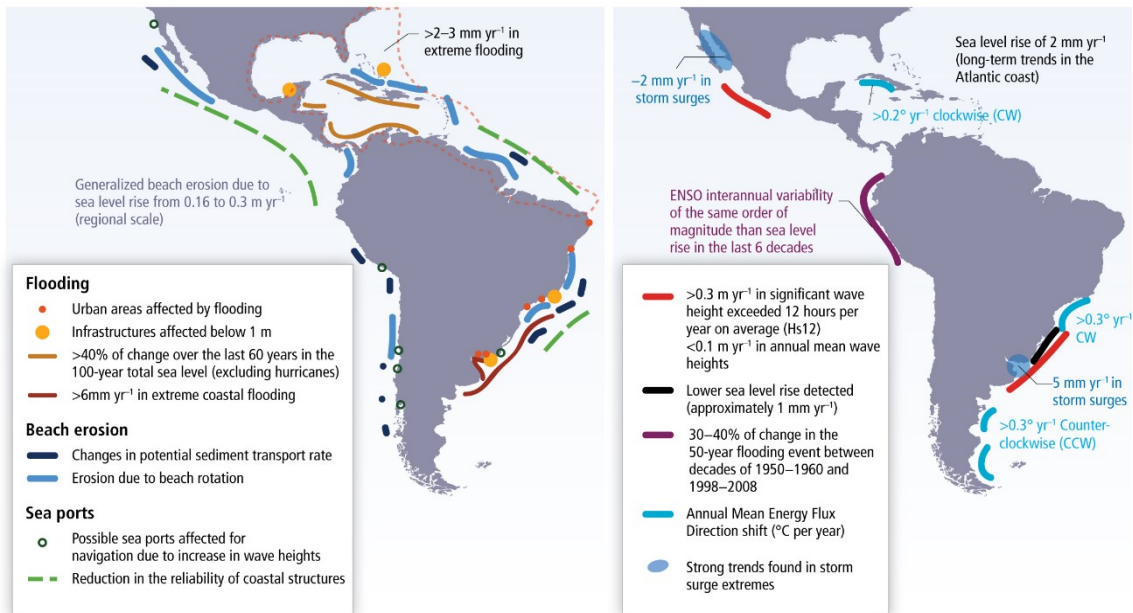
Source: IPCC Fifth Assessment Report, 2014

Climate projections suggest increases in temperature, and variations in precipitation for Central America by 2100. In post-Fourth Assessment Report (AR4) climate projections, derived from dynamic downscaling forced by Coupled Model Intercomparison Project Phase 3 (CMIP3) models for various Special Report on Emission Scenarios (SRES) scenarios, and from different global climate models from the CMIP5 for various Representative Concentration Pathways (RCPs) (4.5 and 8.5), warming

varies from +1.6°C to +4.0°C with medium confidence. Rainfall changes for CA range between –22 and +7% by 2100.

Changes in streamflow and water availability have been observed and projected to continue in the future, affecting already vulnerable regions. The second half of the 20th century was associated with changes in precipitation. Risk of water supply shortages will increase due to precipitation reductions and evapotranspiration increases in semi-arid regions, thus affecting water supply for cities, hydropower generation, and agriculture. Current practices to reduce the mismatch between water supply and demand could be used to reduce future vulnerability.

**Figure No.2: Coastal impacts and coastal dynamics**



Source: IPCC Fifth Assessment Report, 2014

Sea level rise (SLR) and human activities on coastal and marine ecosystems pose threats to fish stocks, corals, mangroves, recreation and tourism, and control of diseases. SLR varied from 2 to 7 mm per year between 1950 and 2008. Frequent coral bleaching events associated with ocean warming and acidification occur in the Mesoamerican Coral Reef. In Central America, the main drivers of mangrove loss are deforestation and land conversion to agriculture and shrimp ponds.

Renewable energy based on biomass has a potential impact on land use change and deforestation and could be affected by climate change. Sugarcane and oil palm are likely to respond positively to CO<sub>2</sub> and temperature changes, even with a decrease in water availability, with an increase in productivity and production. The expansion of sugarcane, and oil palm may have some effect on land use, leading to deforestation in parts of the region. Advances in second-generation bioethanol from sugarcane and other feedstock will be important as a measure of mitigation.

Changes in weather and climatic patterns are negatively affecting human health in Central America, by increasing morbidity, mortality, and disabilities, and through the emergence of diseases in previously non-endemic areas. With very high confidence, climate-related drivers are associated with respiratory and cardiovascular diseases, vector- and water-borne diseases (malaria, dengue, yellow fever, leishmaniosis, cholera, and other diarrheal diseases), hantaviruses and rotaviruses, chronic kidney

diseases, and psychological trauma. Air pollution is associated with pregnancy-related outcomes and diabetes, among others.

Vulnerabilities vary with geography, age, gender, race, ethnicity, and socioeconomic status, and are rising in large cities. Climate change will exacerbate current and future risks to health, given the region's population growth rates and vulnerabilities in existing health, water, sanitation and waste collection systems, nutrition, pollution, and food production in poor regions.

The Latin American and Caribbean region is also affected by various climate phenomena including the Intertropical Convergence Zone, the North and South American monsoon system, El Niño Southern Oscillation, Atlantic Ocean oscillations and tropical cyclones. These phenomena affect the regional climate and changes in their patterns have major implications for climate projections. The El Niño Southern Oscillation will continue to be the dominant form of inter-annual variability in the tropical Pacific, and rising humidity levels will likely intensify El Niño precipitation variability.

The evidence suggests that climate change is already having significant impacts in Latin America and the Caribbean and that, probably, its impacts will be even greater in the future. The effects in the region are unevenly distributed, non-linear and are positive in some cases and for some periods, although the long-term effects are primarily negative. For example, there is evidence of major impacts on agricultural activities, water resources, biodiversity, sea levels, forests, tourism, the population's health and the region's cities.

This evidence is, however, still fragmented in many cases and surrounded by a great deal of uncertainty, which makes it difficult to aggregate or to use as a basis for comparison. Nonetheless, there are many studies that estimate some of the major economic costs of climate change for Latin America and the Caribbean. Aggregate estimates put the economic cost of a 2.5°C rise in temperature (most probably around 2050) for the region at between 1.5% and 5% of the region's present GDP. These are conservative estimates entailing a high degree of uncertainty. In addition, they are limited to certain sectors and regions and are subject to a variety of methodological limitations that make it difficult to factor in adaptation processes and the potential effects of extreme weather events.

#### ***a) Agricultural sector and climate change***

Agriculture in Central America is especially sensitive to weather- and climate-related factors because of these countries' geographical location and their socioeconomic and technological characteristics. It is the production sector that has sustained the greatest losses as a result of extreme weather events in recent decades. This is particularly serious as the agricultural sector accounts for just 9% of the sub region's GDP, but employs 30% of the working population and produces key inputs for the agro industrial.

Initial estimates based on climate change scenarios suggest that grain production could drop significantly during this century (decreases in yields of up to about 35%, 43% and 50% for maize, beans and rice, respectively, by the end of the century under the A2 scenario and of 17%, 19% and 30% under the B2 scenario relative to the yields of the last decade, assuming the absence of adaptive measures). These potential losses would have a direct impact on producers, most of whom operate as family businesses at subsistence levels, but they would also impact food security, poverty and the degree of dependence on grain imports, which has already been rising over the past three decades (ECLAC, 2013d).



The available evidence for Central America indicates that environmental degradation and the destruction of biodiversity are processes that are already in full sway and that will very probably become more marked as climate change progresses. For example, the potential biodiversity index (PBI) for Central America points to a reduction of approximately 13% during this century as a result of changes in land use (without climate change). Climate change is projected to boost this loss to something between 33% and 58% (respectively, for scenarios B2 and A2) by the end of the century (see map III.1) (ECLAC, 2011b).

## **b) Socio-economic context**

### **i. Physical characteristics**

Central America has a surface area of 498,910 km<sup>2</sup>, the largest portion of which pertains to Nicaragua, Honduras and Guatemala. Its coastal line means 6,229 km and its average highest altitude reaches 3,256 m above sea level, Nicaragua having the lowest altitude and Guatemala, the highest.

**Table No.1 Beneficiaries countries physical characteristics.**

<b>Countries</b>	<b>Surface area (km<sup>2</sup>)</b>	<b>Coastal line (km)</b>	<b>Highest altitude (m above sea level)</b>
Panama	75,420	2,490	3,475
Costa Rica	51,100	1,290	3,810
El Salvador	21,041	307	2,730
Guatemala	108,889	400	4,211
Honduras	112,090	832	2,870
Nicaragua	130,370	910	2,438
Dominican Rep.	48,670	1,288	3,175
<b>Total/Average</b>	<b>498,910</b>	<b>6,229</b>	<b>3,244</b>

**Source:** CIA World Factbook

### **ii. Demographic characteristics**

The Central American population in year 2015 is 46.1 million and the Dominican Republic population reaches 10.5 million. Guatemala is the most populated country (16.1 million) and Panama, the least populated (almost 4 million). 64.1% of the regional population lives in urban areas although Guatemala has the lowest rate (50.7%) and the Dominican Republic, the highest rate (79%). Population's average age is 25.3 years old, and Guatemala is the country with the youngest population, with an average age of 19.7 years. Lastly, Central American's population is growing at an average annual rate of 1.5%, with Guatemala being the country with the highest rate (2.5%) and El Salvador, the lowest (0.7%).

**Table No.2 Demographic characteristics of the participant countries**

<b>Countries</b>	<b>Total population</b> Thousands of persons (2015) (a)	<b>Urban population</b> (%) (b)	<b>Average age</b> (years) (b)	<b>Annual average growth rate (%)</b>
Panama	3,989	76.5	28.5	1.6
Costa Rica	4,978	65.6	30.6	1.4
El Salvador	6,405	65.8	24.7	0.7
Guatemala	16,158	50.7	19.7	2.5
Honduras	8,378	53.3	22.5	2.0
Nicaragua	6,236	58.1	23.8	1.4
Dominican Rep.	10,479 (c)	79 (c)	27.4 (c)	1.23 (c)
<b>Total/Average</b>	<b>56,623</b>	<b>64.1</b>	<b>25.3</b>	<b>1.5</b>

**Source:** (a) Cepredenac, Informe Regional del Estado de la Vulnerabilidad y Riesgos de Desastre en Centroamérica [Regional report on vulnerability and risks of disasters in Central America]; (b) UNDP, Informe sobre Desarrollo Humano 2014 [2014 Human development report]; (c) CIA World Factbook.

### iii. Cultural characteristics

The Central American region features a wide variety of ethnic groups across its territory, including white population (22%), mestizo population (59.1%), indigenous population (9.9%) and Afro-descendant population (6.9%). Costa Rica is the country with the greatest proportion of white population (65%), El Salvador has the greatest mestizo population (86.2%), Guatemala has the greatest indigenous population (39.3%), and Panama, the greatest Afro-descendant population (14%). The Dominican Republic has 16% white population, 11% Afro-descendant population and 73% mestizo population (CIA World Factbook).

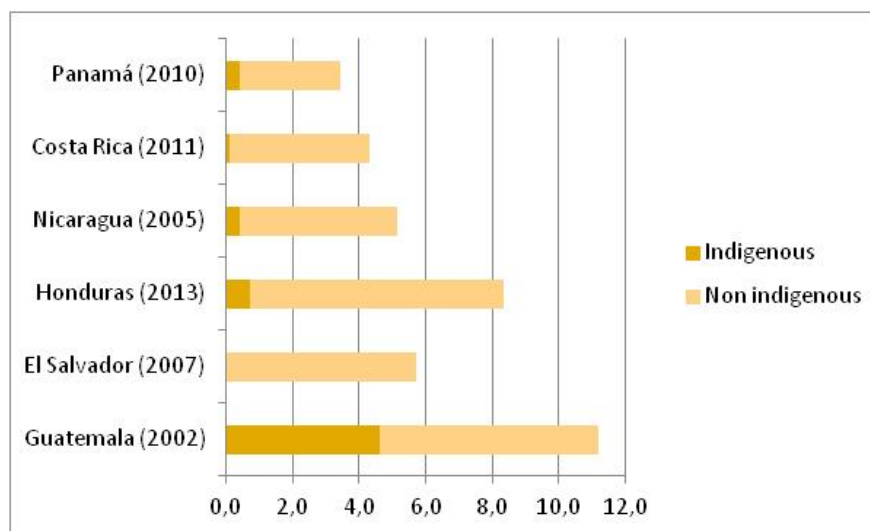
**Table No.3 Beneficiary countries' ethnic characteristics (%)**

<b>Countries</b>	<b>White population</b>	<b>Mestizo population</b>	<b>Indigenous population</b>	<b>Afro-descendant population</b>	<b>Asian population</b>	<b>Immigrants</b>
Panama	10.0	65.3	5.0	14.0	3.0	2.7
Costa Rica	65.0	13.0	2.0	10.0	1.0	9.0
El Salvador	12.0	86.2	1.0	0.0	0.0	0.8
Guatemala	18.5	40.0	39.3	1.0	0.2	1.0
Honduras	13.0	81.7	7.0	8.0	0.0	0.3
Nicaragua	17.0	68.4	5.0	8.5	0.5	0.6
<b>Average</b>	<b>22.6</b>	<b>59.1</b>	<b>9.9</b>	<b>6.9</b>	<b>0.3</b>	<b>2.4</b>

**Source:** (a) Cepredenac, Informe Regional del Estado de la Vulnerabilidad y Riesgos de Desastre en Centroamérica [Regional report on vulnerability and risks of disasters in Central America]; (b) UNDP, Informe sobre Desarrollo Humano 2014 [2014 Human development report].

The following chart shows compiled information on indigenous and non-indigenous population of Central American countries.

**Chart No.1 Indigenous and non-indigenous population in Central American countries (millions)**



**Source:** Prepared by the author based on National Censuses. For the Dominican Republic, no information could be found because their census does not provide for such variable.

For more information about Indigenous Peoples, please refer to [Section 8](#) in this document.

#### iv. Poverty situation

During 2011, approximately 41% of regional population was under the poverty line, with Honduras (67.6%) and Guatemala (53.7%) featuring the highest percentages. Thus, 16.8 percent of the population lives in conditions of extreme poverty, with Honduras (43.9%) featuring the highest percentage.

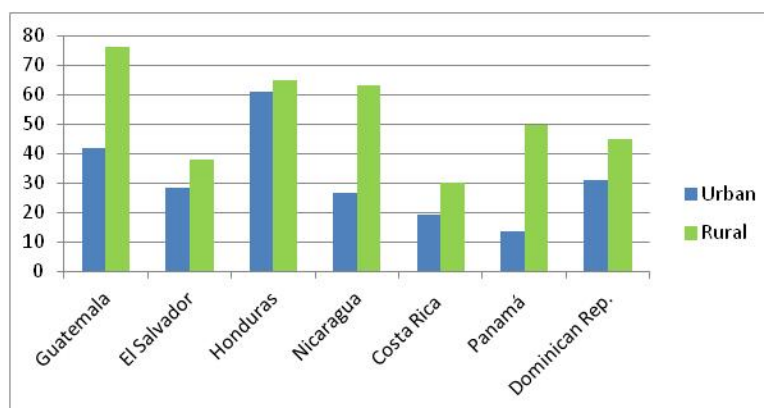
**Table No.4 Beneficiaries countries poverty situation.**

Countries	Population under poverty line (%)	Population under extreme poverty line (%)
Panama	25.3	12.4
Costa Rica	24.8	7.3
El Salvador	47.5	15.5
Guatemala	53.7	13.3
Honduras	67.6	43.9
Nicaragua	44.1	8.2
Dominican Rep.	25.99	7.5
<b>Average</b>	<b>41.3</b>	<b>15.4</b>

**Source:** For Central America: ERCA, 2014 Central America Statistics; for Dominican Republic, 2014 Poverty Map of the Dominican Republic, prepared with micro-scale data of the 2011 National Labor Survey [Encuesta Nacional de Fuerza de Trabajo 2011].

Studying the poverty statistics broken down per rural and urban poverty, we can observe that in each one of the 7 countries, the highest percentage poverty is located by far in rural areas. Some of the biggest contrasts are found in Nicaragua, with 63.3% more poverty in the rural medium, as compared with 26.8% in cities; in Guatemala, there is 76.1% in rural medium as opposed to 42.1% in cities; or in Panama, where the poverty index is among the region's lowest but a considerable variation occurs between rural poverty and urban poverty (almost 50% vs. 13.8%).

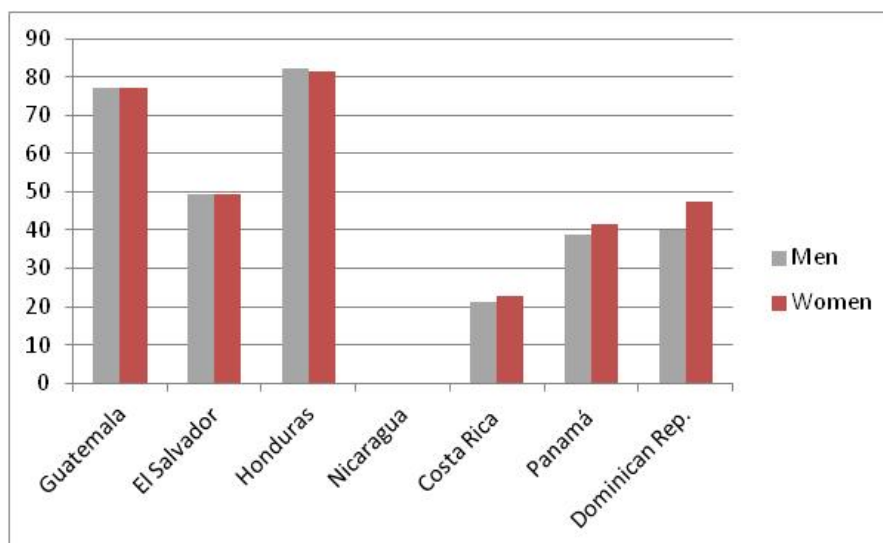
**Chart No.2 Poverty incidence per national poverty line, in urban and rural media (%).**



**Source:** Prepared by the author based on CEPALSTAT data. Information from the Multi-purpose Household Survey for El Salvador, from the National Survey on Living Conditions in Guatemala, and database from the World Bank for Honduras. 2014 Information for all except for El Salvador (2009).

According to statistics, this rural poverty would be relatively balanced between men and women in Guatemala, El Salvador, and Honduras. There would be a higher percentage of rural women than men in poverty conditions for Costa Rica (19.3% women vs 17.8% men) and in Panama (21.7% women vs. 20.7% men). This is significantly more so in Dominican Republic where 40.1% of rural women are poor as opposed to 34.3% rural men.

**Chart No.3 Population in poverty situation broken down per sex (total percentage of the population in rural medium)**



*Source: Prepared by the author based on data of the CEPAL: Economic Commission for Latin America and the Caribbean - Statistics Division. Social Statistics Unit, based on the special tabulations of the household surveys for the relevant countries. Nicaragua: without information*

#### **v. Healthcare Characteristics**

According to the UNDP Human Development Report (2014), the mortality rates for the newborn and infants of less than 5 years are highest for Guatemala (27 and 32 every 1,000 born alive, respectively). Growth restriction is the highest in Guatemala (48%). As far as adults are concerned, the highest mortality rates (138 for women and 294 for men) pertain to El Salvador.

#### **vi. Education Characteristics**

Costa Rica has the highest rates of literacy in Central America both for adults (96.3%) and for young population (98.3%). The highest gross rate for preschool enrollment belongs to Costa Rica (73%), primary school, to Guatemala and El Salvador (114%) and secondary school and tertiary education to Costa Rica (101% and 47%, respectively). The highest dropout rate goes to Nicaragua (51.6%) followed by Honduras (30.4%) and by Guatemala (29%).

#### **vii. Labor sector and Economically Active Population Characteristics**

The region's highest employment rate belongs to Guatemala (69.1%) and highest youth unemployment occurs in Costa Rica (18.4%). Adult unemployment is greatest in Costa Rica and Nicaragua (7.8%), child labor is highest in Guatemala (25.8%), and the participation of poor workers is highest in Honduras (29.6 % of total employment). Paid maternity leave has the longest duration in Costa Rica, with 120 days.

**Table No.5 Labor and Vulnerability in Central America**

Countries	Employment Rate	Precarious work	Youth unemployment	Unemployment Rate	Child Labor	Poor worker share	Duration of maternity leave
	(% of 25 years and older)	(% of total employment)	(% between 15 and 24 years)	(% of population of 15 years or older)	(% of 5 to 24 years)	(% of total employment)	(days)
	2012	2003-2012	2008-2012	2004-2013	2005-2012	2003-2010	2013
Panama	68.8	29.2	10.3	6.5	5.6	6.8	98
Costa Rica	64.0	20.2	18.4	.8	4.7	4.2	120
El Salvador	64.5	---	12.4	6.4	10.4	12.1	84
Guatemala	69.1	---	7.5	2.9	25.8	---	84
Honduras	66.6	---	8.0	4.3	15.6	29.6	84
Nicaragua	65.5	---	11.9	7.8	14.5	27.4	84

Source: PNUD, *Informe sobre Desarrollo Humano 2014*. [UNDP 2014 Human development report]

In Central America and the Dominican Republic, more than 6 and a half million people, approximately 25% of the population, are dependent on the primary sector, which is highly dependent on climate and quality of ecosystems. The chart below shows the proportion of the Economically Active Population in each sector.

**Table No.6 Structure of Economically Active Population per production sector**

Countries	EAP (a) (b) (thousands of people)	Tertiary (b) (services)	Secondary (c) (industries)	Primary (d) (agriculture)
Panama	1,743	64.4%	18.6%	17.0%
Costa Rica	2,211	64.0%	22.0%	14.0%
El Salvador	2,795	58.0%	20.0%	21.0%
Guatemala	5,909	48.0%	14.0%	38.0%
Honduras	3,628	39.8%	20.9%	39.2%
Nicaragua	3,209	50.0%	18.0%	31.0%
Dominican Rep.	4,930	64.7%	20.8%	14.4%
<b>Summation/Average</b>	<b>24,425</b>	<b>55.6%</b>	<b>19.2%</b>	<b>31.0%</b>

Source: (a) ERCA, *Estadísticas de Centroamérica 2014*, information of 2013; (b) The World Factbook <https://www.cia.gov/library/publications/the-world-factbook/geos/nu.html>.

#### viii. Food security and nutrition

The prevalence of underfeeding means the likelihood of any one person, randomly selected, of consuming a quantity of calories insufficient to cover his or her energy requirements for a healthy, active life. In Central America, the highest likelihood of underfeeding is found in Nicaragua (16.8%), followed by Guatemala (14.3%) and El Salvador (13.5%).

### ***c) Agricultural sector and food production overview***

The agricultural sector contribution to the GDP of countries within the region, measured by the national accounts, represents about 20% in Guatemala and Nicaragua, between 10% and 15% in Honduras and El Salvador and less than 10% of GDP in Costa Rica and Panama while for the Dominican Republic it represents 8.9% of total GDP.

The primary agricultural sector is closely linked to other sectors such as agribusiness and food production through commercial agricultural production chains in sectors such as coffee, bananas, sugar, oils, flours, concentrates, fruit, meat, dairy, fisheries and aquaculture, among others. If the agricultural sector is considered as a whole, its contribution to the GDP is much more significant, as an example, in countries such as Guatemala, Honduras and Nicaragua the sector as a whole contributes 30% of the GDP.

### ***d) Relevance of MSMEs in agricultural sector.***

As mentioned before, in Central America and the Dominican Republic, there are almost 2.1 million agricultural small production units or MSMEs of 5 hectares or less, many of them considered vulnerable in the face of climate change, pests and diseases, and market price instability.

Indeed, the production area is characterized by low productivity and little diversification, losses on account of droughts and floods, absence of product quality controls and standardization, high transportation and logistics costs, low investment in resource and development: low technological innovation and adaptation, not enough qualified staff and limited managerial capacity; constraints in the work market: high formalization costs, social and cultural problems, informality, corruption, lack of trust, among others.

In Latin America, micro-sized enterprises represent 85% of the facilities, SMEs, 9%, and large-sized enterprises, roughly 6%.

MSMEs push the economic growth in the Region. Some relevant data about MSMEs in the Region are highlighted below<sup>2</sup>:

- There are about half a million SMEs (SMEs with 5 to 200 employees).
- Companies are concentrated in trade and services (activities easier entry and exit and low productivity).
- Microenterprise is the largest group of companies in the region (90% or more).
- They are generators of growth for all economies.

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<sup>2</sup> Based on "Assessment of SMEs in Central America". Revista SUMMA, July 2015.

- They are important generators of jobs and local development in terms of wealth creation and entrepreneurial culture as well as the implementation of new technologies and innovations.
- The SMEs form the basis for moving from a model of comparative advantage towards a model of competitive advantage.

In Guatemala, agriculture and trade prevail within the productive structure of the country and in those sectors MSMEs occupy 54% of the total, and most of the activity in microenterprises is related agriculture, with 38.7% of workers. In the case of small business agriculture related activities reach 16.5%. Finally, agriculture midsize businesses become relevant, occupying 24.6% of workers.

In El Salvador, the distribution of MSMEs by economic sector shows that 86.98% are engaged in trade and services, followed by 11.54% dedicated industry.

The Chamber of Commerce and Industry of Cortes (CCIC) of Honduras, affirms that about 1,800 MSMEs are affiliates to the organization. They are located throughout the north of the country, especially in San Pedro Sula. They are mainly engaged in the services and trade sector.

During the last period, Nicaraguan MSMEs report an increased growth in their financial balance which according to AMCHAM and COSEP is attributed to the dynamism this sector has shown due to following factors: reduced time of starting a business, macroeconomic stability, high level of public safety and government-business consultation private-unions.

In the case of Costa Rican MSMEs, they have had to address internal factors arising from the nature of the course of business and external factors that arise from the effects of globalization on the economy and business competition.

In Panama, records show that there are currently 49,979 micro, 6,751 small and 1,558 medium-sized enterprises. The majority of these MSMEs economic activities are trade and services, who represents 40% and 25% respectively. Agriculture sector is the third economic activity who shows more potential for small and medium enterprises. This MSMEs creates jobs for more than 60% of the economically active population.

In the Dominican Republic, there are 1.4 million MSMEs established who represents 99% of the economic structure of the country. These MSMEs contribute with the 38.6% of the national income, and creates more than 2 million jobs who represents the 54.4% of the economically active population. In the country there are approximately 224,173 agricultural MSMEs.

## **4.0 ENVIRONMENTAL AND SOCIAL PROCEDURES OF THE PROGRAMME**

According to the objectives and actions considered by the Programme, it is expected that it will have positive or neutral environmental impacts, hoping that the potential negative impacts will be low.

The procedures to be applied during the identification, formulation, evaluation and execution of projects are presented below with the objective of ensuring that Programme's investments maximize environmental benefits and prevent, control and / or mitigate the negative effects on natural resources and the welfare of the community.

### **4.1. Regulatory and institutional framework**

All project activities must compliant with CABEI's Environmental and Social Risk Identification, Evaluation and Mitigation System (SIEMAS, in Spanish), which includes each country's national and



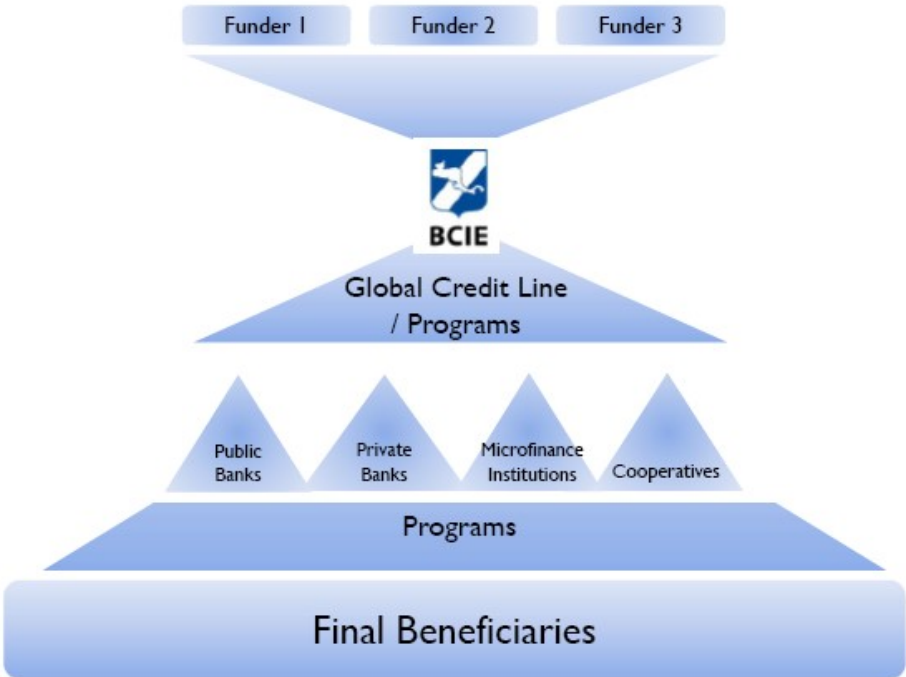
international legislation, as well as IFC Performance Standards. Each activity will be analyzed specifically by the person in charge of IFI’s Environmental and Social analysis and the Environmental and Social Specialist of the PMU within CABEL, who must verify whether it is necessary to meet any specific regulation, permitting, special licenses, as well as to ensure that the rights of any person or community are not infringed.

At this stage, CABEL has identified the most relevant national standards of each one of the seven countries, including the ones related to EIAs and water/agricultural specific regulations that the project will comply with. This first identification of national standards has been included in APPENDIX V Regulatory Framework. Each project shall comply with national, provincial and municipal applicable laws and all their requirements, and the procedures of environmental and social assessment described in this ESMF.

The necessary permits for the execution of each project will be considered at the stage of analyzing the projects and completing the form F1 and its environmental and social section. Project's characteristics and location will be taken into account. Each country has its specific requirements for each case and even the ones presented in this document can suffer modifications by the local authorities.

**4.2. CABEL's assessment of IFIs' capacities**

The following figure explains CABEL’s model of execution of intermediated credit.



**Figure No.3. Network of financial intermediation**

In the model of execution of intermediated credit, different sources of financing step in, and these provide specific guidelines for resource execution. For such execution, CABEL is underpinned by a network of Financial Intermediaries providing it with access to a Global Credit Line (GCL). Such intermediaries may be private or public banks, microfinance companies or cooperatives.

The GCL consists in a revolving credit quota that any IFI may access through different disbursements under financial intermediation programs implemented by CABEL, pursuant to such IFI financing needs.

The IFIs, through the GCLs, offer financing to the final beneficiaries according to the programs and criteria approved by CABEL. Access to such programs is evaluated in terms of the eligibility criteria inherent to each program, defined by the external source of resources.

The analysis of IFI's eligibility to the GCL takes place during the preparation and analysis stage of CABEL's project cycle. In this stage, the creditworthiness of the IFI is analyzed depending on the type of institution (regulated or not regulated) using a credit risk methodology to assign to it a credit quota which may be later used through the different intermediated credit programs. The credit risk methodologies used are CAMEL from ACCIÓN International for the case of microfinance companies and PERLAS for the case of savings and loans cooperatives. For the case of banks (both public and private), a methodology known as METRIC is used.

Each one of the above credit risk methodologies analyzes areas such as the institution's capital, the quality of its assets, efficiency, rate of return and liquidity. Such areas have financial indicators to determine a credit risk rating. Among the most important indicators there is financial vulnerability and delinquency, which reflect the quality of the assets of the institution, with which the health and performance thereof is measured.

Also, CABEL has in place an Identification, Evaluation and Mitigation System for Environmental and Social Risks - SIEMAS - through which, and as part of the analysis process, the relevant documents on environmental and social aspects of the IFI are reviewed to study and mitigate environmental and social risks. Such analysis takes into account two types of impacts: direct and indirect. Direct impacts derive from the institution's own activities and indirect impacts stem from the projects included in the loan portfolio of the IFI, the latter defining the level of such institution's environmental and social risk.

The environmental and social risk analysis for financial institution reviews and mitigate against the size and probability of direct and indirect impacts of the IFI, the category of environmental and social risk is defined, the existing controls to mitigate the risks are determined, and any additional measures are established relative to the minimization, mitigation or compensation of risks. This last process is conducted through the preparation of an Environmental and Social Action Plan, which establishes the measures that allow the IFI to manage the risks and/or impacts stemming from the operations with its clients.

The environmental and social credit and impact analysis for the GCL to be granted to the IFI is submitted to the credit committee, which is comprised by different technical areas of CABEL. After

approval by the credit committee, such analysis must be submitted for approval by CABEI's Executive Presidency and Board of Directors.

The environmental and social analysis is part of the documents presented to the decision-making spheres for the GCL to be granted to the IFI together with the credit and financial risk assessment. The Environmental and Social Action Plan is an integral part to the loan agreement and its fulfillment is mandatory. In addition, such Action Plan provides a monitoring frequency for the environmental and social aspects during the execution stage of the GCL.

#### **4.3. Capacity of CABEI to implement the EMSF**

CABEI's strategic guidelines established in its Environmental and Social Policy provide the integration of environmental considerations in the context of sustainable development in the analysis of all projects and internal practices of the Institution. As part of CABEI's Institutional Strategy the cross-cutting axis of Environmental Sustainability is included in order to ensure that any institutional efforts for the development, competitiveness and integration are environmentally viable in the long term.

To such end, CABEI has an Environmental and Social Risk Identification, Evaluation and Mitigation System (SIEMAS, in Spanish) in place. This system is defined as the instrument that will allow the identification and protection against any environmental and social risks as well as to take any mitigation measure established in the projects' environmental and social assessments, integrated into CABEI's project cycle.

CABEI has been implementing SIEMAS since year 2010. In 2014, the SIEMAS was updated in 2014 in order to incorporate additional requirements such as the presentation of EIAs and the inclusion of independent environmental and social consultants for projects with high risks. In 2015, SIEMAS was updated further with the purpose of reinforcing monitoring and follow-up during the execution and operation stages, as well as the generation of lessons learned and a grievance mechanism. As part of the institutional strengthening process, during 2016 an update was conducted of CABEI's Environmental and Social Policy. Such update required the review of the elements comprising such policy, bearing in mind the general principles and guidelines outlined in CABEI's Environmental and Social Policy. The new SIEMAS, sanctioned in November 2016, incorporates changes related to environmental and social standards applicable to the operations funded by the Bank through the Project Cycle, and to the processes of disclosure, consultation and citizen participation regarding Groups of Interest.

SIEMAS is based on environmental and social standards according to best practices. In this regard, it guarantees compliance with the environmental and social legislation of the applicable countries and the minimization, mitigation or compensation included in the environmental and social action plans of the projects and monitoring instruments to carry out an efficient monitoring thereof.

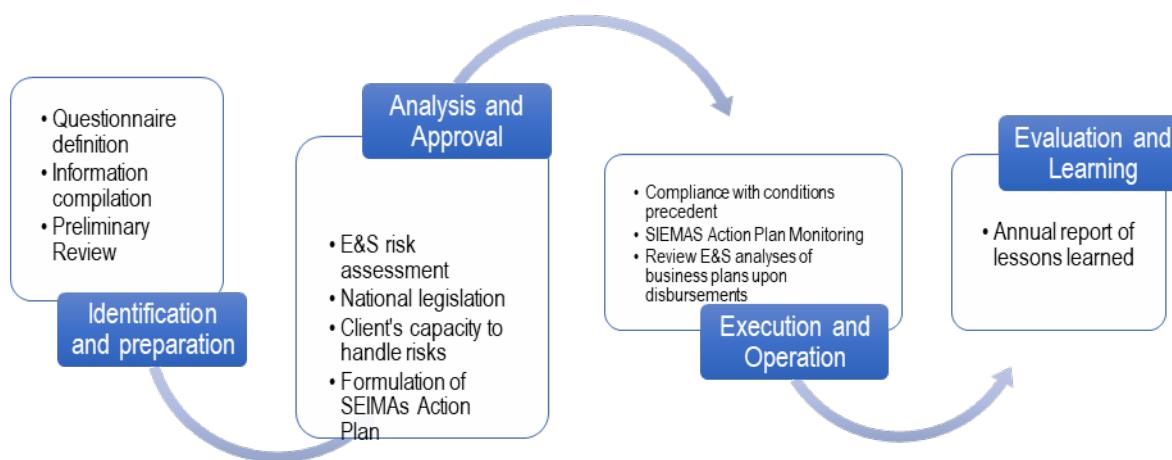
During the entire project cycle, CABEI's environmental and social analysis for its financed operations and its risk categorization should be aligned with the International Finance Corporation (IFC) Performance Standards, Equator Principles, and World Bank Group Environment, Health and Safety Guidelines (MASS), as well as relevant national regulation.

When the national regulation of the country where the operation will be carried out is different from the guidelines presented in the SIEMAS, it is necessary to comply with those that are more rigorous in terms of environmental and social protection.

To such end, SIEMAS includes the following principles:

- Principle 1: Labor Rights
- Principle 2: Resource Efficiency and Pollution Prevention
- Principle 3: Impacts in Surrounding Communities
- Principle 4: Land Acquisition and Resettlement
- Principle 5: Resources Conservation
- Principle 6: Indigenous Peoples and Minorities
- Principle 7: Cultural Heritage
- Principle 8: Capacity to Manage Risks by Executing Entity / Client

SIEMAS is included in CABEL's Project Cycle according to the detail presented in the following figure:



**Figure No. 4: CABEL's Project Cycle**

In order to verify the effectiveness of SIEMAS and keep it updated according to best practices, CABEL:

- a. Conducts independent annual reviews on compliance with the environmental and social standards established in the Environmental and Social Action Plans, and submits a report with the findings and recommendations to the Board of Directors.
- b. Conducts an independent review on SIEMAS every two years. The review may be accompanied by an external specialist in the management of environmental and social risks, and must cover at least the following:

- i. The review of a selection of files to validate compliance with SIEMAS requirements and provide recommendations to improve the process.
  - ii. The alignment of SIEMAS with best international practices applicable to the subject-matter.
- c. Generate lessons learned about the implementation of SIEMAS along Project Cycle.

#### **4.4. Environmental and social procedures into the project cycle**

This section lists the key actors and their responsibilities for the implementation of the ESMF. For further details on the roles and responsibilities of each, please refer to the Funding Proposal document of the Programme.

The implementation of the analysis process and the monitoring of environmental and social risks of the intermediated credit are included in SIEMAS and CABEL's project cycle, considering the following stages:

- At the Preparation Stage, CABEL defines the SIEMAS questionnaire to use and collect the information required for the analysis to preliminary review the environmental and social risks related to the Financial Institution (IFI).
- At the Analysis Stage, CABEL completes the environmental and social risk analysis, as may arise from the operation of the Financial Institution, and determines the capacity the IFI has to manage such risks. This with the purpose of preparing the IFI's Environmental and Social Action Plan establishing mitigation measures to be fulfilled by such IFI and frequency thereof.

At this stage, CABEL identifies the initial environmental and social risks of the loan portfolio of the Financial Institution, analyzes the size and probability of its direct and indirect impacts, defines the category of environmental and social risks, checks compliance with environmental and social legislation, determines the existing controls, and recommends any measures pertaining to the minimization, mitigation or compensation in case the impacts come into being. All of the above with the purpose of evaluating the residual risk of the operation after applying all controls and thus defining the level of intensity of the action plan.

The determination of the portfolio risk stems from the following three indicators:

- Size of the portfolio and/or investments of the Financial Institution.
- Size of the loan per employee: current loan portfolio or estimated investments of the IFI divided by the number of employees.
- Portfolio categorization: three categories of environmental and social risk are defined according to IFC Performance Standards:

- o Category SA: If the current or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potentially adverse environmental or social risks or impacts of a considerable nature, which are diverse, irreversible. Sectors where most of the projects have adverse or irreversible environmental/social impacts. Such impacts may affect an area outside the site of the project or are difficult to manage.

- o Category SB: If the current or proposed portfolio includes, or is expected to include, activities that pose potentially adverse environmental or social risks or impacts of a limited nature, scarce in number, typically located in specific sites,

mostly reversible and easily addressed through mitigation measures, or includes a very reduced number of business activities with potentially adverse environmental and social risks or impacts of a substantial nature which are diverse, irreversible or without precedents.

o Category SC: If the current or proposed portfolio includes financial exposure to activities with predominantly minimal or no adverse environmental or social impacts.

Categories SA and SB are excluded from the proposed Programme.

Depending on the IFI's portfolio categorization and to protect against the materialization of the risks associated with it, CABEL includes at least the following as part of the existing controls: 1) Policies or formal plans for the client's environmental and social management; 2) Institutional Environmental and Social Management System; 3) In-house or external staff entrusted with the environmental and social management; 4) Training received by the staff 4) Level of implementation of the Environmental and Social Management System. 5) Other environmental and/or social plans of the client.

In general terms, in the case of financial intermediation operations, with a current or proposed portfolio categorized in 75% or more as Category SA, CABEL must ensure the client develops and implements an Environmental and Social Management System, in order to mitigate the risks associated with the portfolio.

The level of the action plan is defined considering two factors: i) Risk category of the portfolio of the Financial Institution and ii) client's capacity to manage environmental and social risks. This level is classified as intense, medium or slight.

To mitigate the risks identified, CABEL is responsible for communicating and reaching consensus with the client on the environmental and social required conditions as well as on the time periods to implement the mitigation measures.

- At the Approval and Signing Stage, the Environmental and Social Action Plan is guaranteed to be an integral part to the agreement, and it is also ensured at this point that if any conditions should be established, then they be mandatory. Failure to meet the Environmental and Social Action Plan shall constitute grounds for early termination when such noncompliance is not healed by the borrower in the terms outlined in the agreement.
- At the Monitoring and Supervision Stage, CABEL reviews to what extent the Financial Institution has incorporated the recommendations to minimize the environmental and social risks identified at the analysis stage subject to the frequency provided in the action plan.

With the purpose of reviewing and/or validating the extent to which the financial institution has incorporated the conditions and/or recommendations to minimize environmental and social risks identified during the monitoring and supervision stages, CABEL executes the following activities:

- a. Monitoring the implementation of strict compliance conditions and recommendations set forth in the Environmental and Social Action Plan.
- b. Validating the environmental and social of strict compliance conditions according to the term outlined in the Environmental and Social Action Plan.

c. Reporting and verifying compliance with the Environmental and Social Action Plan for financial intermediation operations with the monitoring frequency defined in the Plan. Also, verifying the actions and terms of implementation in the Environmental and Social Action Plan in force in order to request, if necessary, any amendments to the Plan.

CABEI must ensure that the monitoring frequency is related to the credit term of the financial intermediation operation to guard against the risks during the term of the loan.

The frequency, as well as the monitoring reporting methods, shall be fixed in the Environmental and Social Action Plan considering the type and state of intervention. However, typically for operations concerning financial institutions under analysis, CABEI shall establish an initial frequency upon loan instrumentation of:

- Two years, for the operations of financial intermediation with a current or proposed portfolio categorized 75% or more thereof as Category SA.
- Three years for the rest of the operations of financial intermediation.

In addition, during the disbursement process for intermediated programs, the business plans of the final beneficiaries must include the environmental and social analysis of each project. Prior to granting any disbursement, there must be guaranteed compliance with environmental and social standards, as well as projects' environmental and social risk mitigation, including as part of the business plans any measures that might allow ensuring compliance with the SIEMAS and with the Environmental and Social Policy of the financing source.

In the case of this initiative, where projects are expected to reach as maximum Category C, the IFIs will be required to meet the GCF guidelines so they cascade down to the MSMEs for fulfillment thereof. In the case of IFIs that currently have an Environmental and Social Assessment System, the evaluation of the IFIs will be accepted, as long as it is comparable with the requirements detailed in section 4.3.1. In the case of IFIs that do not have an Environmental and Social Assessment System, they will be asked for the requirements detailed in section 4.3.1.

With the objective of evaluating the environmental and social risks related to the projects under the programme, during its execution the most relevant actors in the formulation, implementation and monitoring of the ESMF are:

- The person in charge of Environmental and Social analysis within the IFI: in charge of assessing and completing the environmental and social risks section included in form F1 of each project; follow-up of the implementation; monitoring of the mitigation actions.
- Adaptation Specialist of the PMU (CABEI): in charge of assessing the vulnerability and eligibility of the adaptation actions proposed in the projects; follow-up of the implementation; monitoring of the mitigation actions.
- Environmental and Social Specialist of the PMU (CABEI): in charge of assessing the potential risks considering environmental and social aspects such as the gender approach and the Indigenous Peoples and vulnerable minorities approach; follow-up of the implementation; monitoring of the mitigation actions.
- Monitoring and Evaluation Specialist of the Accredited Entity (CABEI): in charge of the monitoring of the environmental and social indicators approved in the projects.

The roles and responsibilities of each of them during the monitoring and supervision stage of the Programme are detailed in the following sections.

#### 4.4.1. *Project's environmental and social assessment during Programme Execution*

The Environmental and Social Assessment is a process that anticipates future negative and positive environmental impacts of any activity, project or work and allows the selection of alternatives that meet the proposed objectives, maximize the benefits and minimize unwanted impacts. The environmental and social assessment procedure should be an integral part of the whole process and not only considered at the end of it.

Environmental and social procedures are the reference framework for the integration the environmental and social variables into the project cycle. They are designed to match the objectives of the project with the conservation and sustainable use of natural resources. The following table summarizes the applicable environmental procedures in each project stage.

**Table No. 7 Environmental and Social Procedure for Projects during Programme Execution**

Phases	Stage of Environmental and Social Procedure	Responsible	Result
<b>Project Formulation / Preparation</b>	1. Diagnosis, adaptation, vulnerability, identification and formulation of adaptation project 2. Project Formulation	MSMEs	Project Formulated (Credit form, business plan, technical project of adaptation)
<b>Environmental and social analysis and evaluation</b> (project Category C)	2. Complete form and prepare the Environmental and Social Plan of project	Person in charge of Environmental and Social analysis within IFI	E&S Plan of F1 Form
	3. Review E&S Plan of F1 Form	Adaptation Specialist PMU-CABEI Environmental and Social Specialist PMU - CABEI	F1 Analysis
<b>Execution and Monitoring</b>	1. Implementation of mitigation measures	MSMEs	Progress and monitoring reports
	2. Monitoring mitigation measures implementation	Person in charge of E&S analysis within IFI	
	3. Implementation of the Environmental and Social Management Plan	E&S Specialist PMU - CABEI	
	4. Report Implementation E&S Plan	M&E Specialist AE CABEI	

As shown in the table above, the environmental and social procedure for the projects during Programme execution will include:

- Formulation / Preparation: In this phase the project is elaborated, activities are planned and the necessary inputs to reach the proposed goals are identified. APPENDIX I presents the Exclusion List of projects that are not eligible for this Programme.



- Environmental and social analysis and evaluation: The analysis of each adaptation project should be performed to classify it and determine the scope and type of the most appropriate environmental and social assessment. Given their characteristics, MSMEs' projects are low impact, the E&S Plan (see APPENDIX II), will be used for the environmental and social analysis. The categorization procedures applicable to projects according to the level of potential environmental or social impact is detailed below.

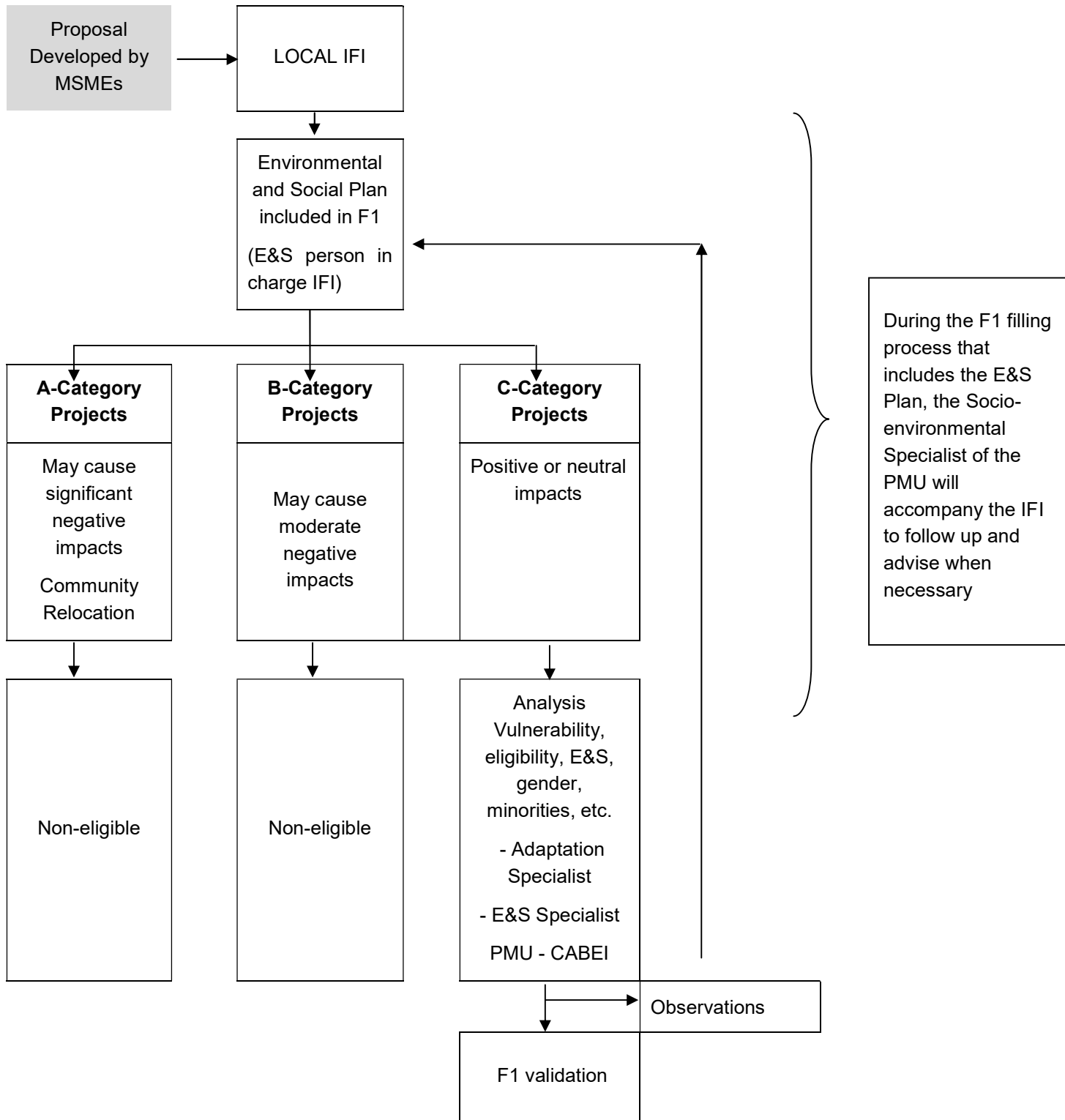
**Table No 8 Category of the project**

<b>Category</b>	<b>Characteristics</b>	<b>Evaluation Instrument</b>
<b>Risk Project High (A)</b>	Projects that may cause significant negative environmental and social impacts of medium to long term not mitigable with simple and economically viable measures.  Projects that involve relocation of communities.	Non-eligible projects
<b>Risk Project moderated (B)</b>	Projects that may cause negative environmental and social impacts of a moderate nature. Require environmental and / or social analysis focused on specific issues identified during the eligibility process.	Non-eligible projects  The development of an Environmental Impact Assessment (ESIA) is required.
<b>Risk Project Low (C)</b>	Projects specifically designed to improve the socioeconomic conditions, or whose negative environmental impacts are neutral or minimum.	The formulation of an Environmental & Social Analysis is required, E&S Plan.  However, specific studies of environmental and social impacts, reporting or training may be required when deemed necessary or where positive environmental and social impacts can be increased.

Considering that the proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and social impacts, the level of intermediation has been set to I3.

In APPENDIX III - Project Classification a reference guide tool for the assignment of Categories A, B or C during the E & S Plan is presented. Figure 5 shows the analysis and evaluation process of Programme's projects.

**Figure No. 5: Environmental and Social Analysis and Assessment of Projects**



The preliminary assessment is carried out to identify potential environmental and social problems associated with a proposed project and to identify the type of environmental information required to assess the risks, taking into account human health and social aspects (cultural indigenous peoples and cultural property, agriculture and agrochemicals, air quality, water resources and quality, biological resources, land planning and use, traffic, transport, circulation and hazards). The Plan is also used to identify potential environmental and social benefits or improvements that can be exploited in the proposed projects. These could include opportunities for cleaner production, energy efficiency, waste reduction, conservation and enhancement of biodiversity, soil and water conservation, and other forms of good environmental practices.

Based on the analysis performed, if the E&S Specialist identifies that the E&S Plan included in F1 is not suitable, it will be returned to the IFI observations and comments to attend the requirements to proceed with the validation of it.

The objective of the E&S Plan is to establish the environmental and social context of the project and its possible negative and positive environmental and social effects at the level of the project activities, which are identified both in the design and the operation stages of the project.

E&S PMU Specialist will evaluate the E&S Plan, determining the corresponding environmental classification.

Each project can be:

A) Approved environmentally and socially.

B) Disregarded: when the project doesn't meet environmental and social eligibility requirements due to it is included in Exclusion List (see APPENDIX I) or has no positive impact on adaptation to climate change. The F1 will be returned to the IFI to attend the requirements to proceed with the validation.

#### Execution and Monitoring:

At this stage, CABEL will be able to determine the performance of project monitoring by PMU specialists.

#### **4.5. Costs related to ESMF (contemplated in Programme Budget – Annex VI)**

With regards to the costs related to the implementation of the ESMF, the Programme will cover the costs related to:

- The hiring of an Environmental and Social Specialist for the Programme Management Unit (PMU), during the lifetime of the Programme (USD\$ 181,000.00 in Component 4), and
- Technical Assistance activities for supporting IFIs and MSMEs in their capacity building in environmental and social safeguards (to be determined based on needs raised during the lifetime of the Programme - budget of Output 2.2 is USD\$ 465,250.00, from which around USD\$ 150,000.00 in activities that would cover environmental and social safeguards).

Other costs related to the implementation of the ESMF will be covered by the IFIs, since they will assign human resources (person in charge of environmental and social analysis) for this goal. CABEL will hold oversight functions in these matters as Accredited Entity.

#### 4.6. Consultation and stakeholder engagement framework

During the implementation of the Programme, the multi-stakeholder approach pursuing to create conditions for Programme ownership from its start to the final evaluation. The following will be considered: concrete responses to community needs, lining with national policies and strategies to combat climate change, priorities of development partners captured in formulating the objectives, the components, the expected results and the activities.

The active participation principles by the different public and private stakeholders are guaranteed, together with social inclusion criteria, gender and generation equality. Also, for the collective building of the Programme, a constant, transparent and open dialog was required in order to listen to the opinions of all actors involved when incorporating adaptive measures based on ecosystem measures through the innovative financial proposals.

This is to improve the decision-making process, and to build a bridge between the project and those groups and organizations related to the project, by providing timely information to any stakeholders, and by promoting an active participation thereof to receive their feedback, suggestions, recommendations, and to answer to any concerns so that the project may be executed in a context of mutual understanding and respect.

The direct and indirect participation of the following actors, among others, will be considered:

National governments: Ministries of Environment, Agriculture, Development, Finances and/or any other as may apply.	Traders associations (MSMEs)
Local governments: department/municipal	Regional Center for the promotion of MSMEs (CENPROMYPE)
National Institutes for Agricultural Technology	Intermediate Financial Institutions
Universities	Technical Assistance Service Providers
Central American Commission on Environment and Development (CCAD)	United Nations Environment Programme (UNEP)
The Tropical Agriculture Research and Higher Education Center (CATIE)	Food and Agriculture Organization of the United Nations (FAO)
Associations of local producers, organizations and cooperatives of rural producers.	United Nations Office for Disaster Risk Reduction (UNISDR)

#### Programme's general dissemination

Throughout the life of the Programme, informative channels will be kept open with the community, with the local authorities, and with managers, employees, and their families in order to promote their participation in the Projects.

CABEI maintains a constant reporting activity related to monitoring, evaluation, workshops, CABEI's annual reports, and similar. This information will be shared with IFIs and with MSMEs through audio-visual material, sharing on social networks, and participation in forums and events.

A website, and informative material, will be created about the initiative to hand out in nearby areas. The website and the material will be updated based on the concerns expressed by the stakeholders, as well as the Programme's progress throughout its stages.

The municipal authorities will be informed of the Programme's progress so that they can, in turn, inform the community via any such means as the authority deems pertinent.

As a rule of thumb, all communications from the Programme to the stakeholders will be prepared in a culturally appropriate wording, accessible and in the language of the recipients, to ensure their efficacy.

As regards the inclusion of the existing indigenous communities in the region, the project proposed will develop dissemination and promotion strategies to ensure that the information on objectives, instruments, requirements and ways of access get to the indigenous communities, to promote their participation. Also, to ensure that these communities participate in an effective manner, and especially to ensure equal opportunities, consultation processes will be implemented and appropriate instruments pursuant to the policies will apply.

## 5.0 ENVIRONMENTAL AND SOCIAL IMPACTS OF THE PROGRAMME

The Programme activities are oriented at protecting natural habitats, preserving biodiversity, preventing contamination and favouring the efficient use of resources, preserving soil, among others. Therefore, changes in the environment will tend to be positive; however, low negative environmental impacts could be generated at a local level and in many cases for short periods of time, e.g. the construction phase works (small scale).

The stages of project formulation, evaluation and classification are key steps to ensure a good environmental and social performance of the Programme (well designed, considering the needs and interests of the community, evaluating the possible negative impacts that the activities can generate in the environment and people and include the measures necessary to avoid them, reduce them to the maximum or eliminate them when possible). SIEMAS procedures ensure that these principles are met.

The next table presents a verification list to identify potential negative environmental and social impacts.

**Table No 9 Possible Negative Environmental and Social Impacts of the Programme**

Activities identified for each Component	Potential Negative Impacts		Comments
	Yes	No	
<b>Component 1 Innovative financial mechanisms for ecosystem based adaptation measures</b>			
MSMEs receive credit for the implementation of adaptation measures IFIs operate credit lines for adaptation investments	X		An inadequate design can lead to projects that do not achieve the intended impact and can even have an adverse effect.
<b>Component 2 Capacity Building for the Development of Production Models Resilient to Climate Change</b>			
MSMEs are supported with Pre-investment activities. MSMEs and IFIs complete capacity building activities related to adaptation solutions, organizational, financial and related topics. Sponsorships,		X	

dissemination events, publications, promotional materials.			
<b>Component 3 Incentive schemes to promote Ecosystem based Adaptation measures (Adapt-Award)</b>			
MSMEs and IFI receive incentives for adopting adaptation measures.		X	
<b>Component 4 Project Coordination Unit (PCU)</b>			
Project Management, Monitoring and Evaluation.		X	

Some of the most important environmental and social aspects to be considered during the execution of the Programme, are pointed out below.

Please find below a first screening of the social and environmental benefits that project's activities will provide.

Social benefits	Environmental benefits
<ul style="list-style-type: none"> <li>• Increase in agricultural yields and income will improve living conditions of the small farmers.</li> <li>• Enhanced resilience and preserved landscapes promote the roots of communities.</li> <li>• Food supply will be enhanced.</li> <li>• Increased potential for agriculture diversification.</li> <li>• Increased skills focused on climate change adaptation approaches.</li> <li>• Increased gender equality and representation by women within community structures.</li> <li>• Participatory processes enhance local capacity of coming together and making collective decisions. Social cohesion.</li> <li>• Increased capacity for developing and implementing efficient adaptation approaches to climate change</li> <li>• Incorporation of gender and indigenous perspective.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased maintenance and provisioning of ecosystem services such as carbon sinks, water flow regulation, erosion control, pollination and soil fertility.</li> <li>• Load on land diminished, contributing to strengthening the carbon and essential nutrients cycles.</li> <li>• Avoid erosion risks upon the occurrence of heavy rain that causes the decapitation of the surface horizon and the exposure of low permeability layers and less content of organic matter</li> <li>• Enhanced carbon sequestration contributing to mitigation of climate change.</li> <li>• Increased forest and crop species diversity creating resilience to climate change and sustained ecosystem functioning and services.</li> <li>• Increased knowledge and awareness about climate change and its impacts will help create consciousness on environment protection.</li> </ul>

Please find below main potential Negative Environmental and Social Impacts and their mitigation measures by project activities.

**Table No 10** Potential Negative Environmental and Social Impacts and their mitigation measures by project activity

Examples of Project Activities	Impact	Mitigation Measures
<p><b>Catchment and distribution of surface water</b></p> <p>The scale of these subprojects correspond to small-scale infrastructure such as ponds and iron-cement tanks. The subprojects will consider water storage in order to face increasing water stress for different water use: family house, agriculture, aquaculture, farming, etc.</p> <p>Dams are not eligible in this Programme.</p>	<p>Reduction of water availability below the intake; affectation of fish</p>	<p>Consideration of specific studies when necessary, e.g. natural slopes for surface water catchment works.</p> <p>Operation and maintenance should become the responsibility of the communities benefiting from the water catchment facilities, and technical assistance (incorporating health and sanitation) on water management will be initiated at an early stage in the design/ construction process.</p> <p>Involvement of the community that uses the resource and especially women in the decision making and design of the water projects.</p>
<p><b>Small construction works: sheds, processing rooms, construction of greenhouses.</b></p>	<p>Local contamination of water and soil by spillage of fuel, paint or other materials; affectation of birds and neighbors by noise and vibrations; flooding due to waterproofing of built surface</p>	<p>Evaluate the natural runoff of the land and define safe areas of storage on site. Special containment for hazardous materials.</p> <p>Control and monitoring of noises and vibrations in the work and control of times of duration of works.</p> <p>Collection and use of rainwater from buildings.</p> <p>Staff should use the appropriate protection elements for tasks even when they are in rural areas.</p>
<p><b>Productive project</b></p>	<p>Increase in soil salinization, Loss of soil fertility, Soil compaction; soil, water and air pollution with waste from the productive activity.</p>	<p>Agroecological practices, control of pests by using biological control methods avoiding the use of agrochemicals; integrated management of livestock and forests.</p> <p>Consider good waste management practices / Effluent treatment to avoid negative impacts. Train and provide the necessary technical support to all</p>



Examples of Project Activities	Impact	Mitigation Measures
		<p>involved in the management throughout the project to avoid dropping the project due to lack of maintenance. Filter or separate solid waste from liquids and treat them separately</p> <p>Always propose use of by-products to use their energy and avoid the problems of their accumulation.</p> <p>Natural forest areas should not be converted into crop areas</p> <p>Development of plans for reforestation, conservation or enrichment of natural forests with native plants.</p> <p>Diversification of production (it is also a mitigation measure if the negative impact is generated by a mono production)</p> <p>Projects involving crops shall provide for measures that prevent and mitigate potential hazards arising from the insertion of invasive species that might put biodiversity at risk.</p> <p>Training on specific environmental and social issues and regulatory updates.</p>
<b>Eco-tourism<sup>3</sup></b>	Affectation of birds and wildlife, compaction of	Only tourism projects that follow the principles of

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<sup>3</sup> Agritourism is usually defined as visiting a working agricultural setting (such as a farm, ranch) for leisure, recreation, or education purposes (Gil Arroyo, Barbieri, & Rozier Rich, 2013; Ollenburg & Buckley, 2007). Many types of activities offered on farms are typified as agritourism, including those related to the appreciation of nature and agriculture (e.g., orchard tours, wildlife observation), educational activities (e.g., school tours, culinary

Examples of Project Activities	Impact	Mitigation Measures
	soil, deforestation or clearing of roads or paths, increase of waste and effluents.	Sustainability and environmental balance will be authorized. Consider the carrying capacity of tourists and their residues in the locality and the appropriate treatments. Specific training in sustainable tourism and conservation of natural areas, wildlife and wild flora for MSMEs.

It is important to consider that the scale of the projects and their objectives considerably limit the occurrence possibilities, beyond these potential negative environmental and social impacts identified.

During the identification, evaluation and execution stage of the projects, criteria that ensure environmental protection in order to prevent, minimize and mitigate any negative impacts will be adopted.

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lessons), recreational harvest (e.g., pick-yourown; fishing for a fee), and general outdoor recreational activities (Barbieri & Mshenga, 2008; McGehee & Kim, 2004; Tew & Barbieri, 2012).

CAMBio II proposes the support to sustainable agritourism as an adaptation strategy because of its suitability as a sustainable economic activity to supplement agricultural incomes and enhance rural livelihoods. Existing rural tourism projects will be eligible to receive credits from the Programme oriented to investments related to increase their resilience to climate change. Access to water, protection against floods or reforestation activities can typically be required by a sustainable agritourism MSME.

## 6.0 APPLICABLE ENVIRONMENTAL AND SOCIAL STANDARDS

This section describes the Performance Standards and their different activation scenarios that the Programme will implement.

**Table No 11: The Programme and the Performance Standards**

<b>Performance Standard</b>	<b>Description of the Performance Standard</b>	<b>Activation Scenarios for the Programme</b>
<b>PS 1 Assessment and management of Environmental and social risk and impacts</b>	An environmental assessment is required for every proposed project to be socially and environmentally sustainable.	Each project shall comply with a risk and impact assessment following the procedures of their category.
<b>PS 2 Labor and working condition</b>	Recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers.	The hiring of personnel for any activity conducted in the Programme framework will abide by the current labor laws.
<b>PS 3 Resource efficiency and pollution prevention</b>	Recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional and global levels	Projects involving a significant level of air, water or soil permanent contamination will not be eligible.
<b>PS 4 Community health, safety and security</b>	Recognizes that the Programme activities, equipment and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subject to impacts from climate change may also experience an acceleration and/or intensification of impacts due to project activities.	The Programme has a responsibility to avoid or minimize the risks and impacts to community health, safety and security that may arise from project related-activities, with particular attention to vulnerable groups.
<b>PS 5 Land acquisition and involuntary resettlement</b>	Involuntary resettlement shall be avoided or reduced to a minimum. For this to occur, all shaping variables must be scrutinized.  In those cases where resettlement is	Not Applicable.  Projects entailing resettlement according to the scope of the Resettlement Policy Framework of

Performance Standard	Description of the Performance Standard	Activation Scenarios for the Programme
	<p>unavoidable, necessary measures shall be taken to ensure that those uprooted people are fully informed of their rights and possibilities. They must be able to choose between economically and technically different options. A proper and swift compensation should be granted before, during and after resettlement. Further compensations for the development of sources of income or subsistence.</p>	<p>the Project will not be eligible.</p> <p>All projects will be on private land belonging to credit applicants. Therefore, there will be no involuntary resettlement projects.</p>
<p><b>PS 6 Biodiversity conservation and sustainable management living Natural Resources</b></p>	<p>The Programme supports the protection, conservation and rehabilitation of natural habitats and their functions, specifically in those natural habitats already degraded and in a critical state.</p>	<p>Projects with activities in or nearby protected natural areas or natural habitats in critical condition with special consideration towards wetlands and sources of micro-watersheds.</p>
	<p>Assistance is provided to borrowers towards forest restoration and sustainable management of crops.</p>	<p>Projects concerning forests, which involve natural forests or operations in forest areas in critical condition.</p> <p>Projects that may involve a significant conversion or deterioration of forestry areas in critical conditions, or natural habitats in a critical condition related to it will not be funded.</p> <p>Although it should not happen since the Programme promotes the adoption of EbA measures, the safeguard is activated in a preventive way.</p>

Performance Standard	Description of the Performance Standard	Activation Scenarios for the Programme
	A strategy will be supported for the promotion of the use of integrated management methods, such as biological control or ecological methods, growth practices and use of agricultural varieties resistant to plagues and cutting down the dependence on synthetic chemical pesticides that affect the agricultural activity or public health.	Projects containing plague control or that involve the use of chemical control methods and biological control methods, which have not been reliably justified, will not be eligible.
<b>PS 7 Indigenous Peoples</b>	It is required that a previous, open and informed consultation for all those Projects involving Indigenous Peoples is performed.	Based on the fact that Indigenous Peoples will be beneficiaries of the Programme, and that adaptation measures promoted will be designed with an EbA - agroecological approach that inherently respects their cultural relationship with the territory, it is assumed that Indigenous Peoples would not be affected.  Although projects should not affect Indigenous Peoples, the safeguard is activated in a preventive way, solely due to their presence in the territories.
<b>PS 8 Cultural Heritage</b>	Projects that preserve and safeguard peoples' cultural heritage and their location and design is aimed at preventing possible damages will be promoted.	Not Applicable.

### **PS 1 Assessment and management of Environmental and social risk and impacts**

The formulation of each project involves social and environmental assessment procedures for category C. Such procedures provide for mechanisms for classification, assessment and implementation from a social and environmental perspective. The Programme cannot select projects classified as (category) A or B.

**Climate Change:** No special concern, beyond adaptation activities. The project will not generate large amounts of greenhouse gas (GHG). Conversely, in some cases (always, at a small scale), it may

reduce them through the incorporation of technology that improves energy efficiency of some of the premises, and the transition to agro-ecological production gradually eliminating the use of chemicals or the conservation of woods preventing deforestation effects.

### **PS 2 Labor and working condition**

Each hiring of personnel connected with the Programme, either directly or indirectly, whether it provides for the rendering of services or the carrying out of works, will abide by the current labor laws. No special issues are to be considered. To be confirmed and verified for each country during the implementation stage.

The rural setting typically features precarious and informal working conditions. The project will provide for measures leading to make the problem visible and try to bring solutions for the rural workers in an employment relationship. In all cases, ILO's work rights will be guaranteed.

### **PS 3 Resource efficiency and pollution prevention**

In theory, no activity of the project will generate pollution. On the contrary, this project promotes adaptation measures with an EbA - agroecological approach, which reduces the risk of pollution and ensures an efficient use of natural resources. Based on the scale of the projects, large energy consumption is not foreseeable. However, during the monitoring and follow-up procedure, the necessary mitigation measures will be considered to guard against the materialization of this risk.

The project does not anticipate the execution of large works that would require earthworks or the use of agrochemicals. Rather, it promotes agro-ecological production and application of organic fertilizers nourishing and preserving the soil.

### **PS 4 Community health, safety and security**

Special attention will be given to: proper management of agricultural supplies; decrease of agrochemicals and toxic substances use, in order to prevent health risks, proper hygiene standards when handling edible manufactured products, honey harvesting and other non-wood products from the native forest, compliance with water for human consumption and irrigation standard, compliance with livestock standards, with particular emphasis on zoonosis and implementation of safety standards for construction (cistern for rain harvesting).

### **PS 5 Land acquisition and involuntary resettlement**

Not applicable. All projects will be on private land belonging to credit applicants. Therefore, there will be no involuntary resettlement projects.

CABEI through the IFIs will ensure that ownership of the facilities is documented and the sharing of benefits among community members defined with the agreement of the community.

### **PS 6 Biodiversity conservation and sustainable management of living Natural Resources**

As part of the Programme, the advance of the agricultural frontier will not be encouraged in detriment of native forests or other areas for conservation of biological diversity. The promotion of diversified agro-ecological production systems enhances biodiversity, and, in the mid-term, it turns production systems into more stable and sustainable systems in the long run.

The project does not provide for habitat disturbance. In this regard, the activities to be developed are related to habitat preservation. However, preventive measures will be considered for avoiding any potential impact on natural habitats.

Prior to the conduction of any particular action, the Programme will ensure that areas or sites with conservation value are identified, and will guarantee that they would not suffer any kind of deterioration.

The Programme will not breach any international environmental agreements in biodiversity or nature preservation matters.

Projects involving crops shall provide for measures that prevent and mitigate potential hazards arising from the insertion of invasive species that might put biodiversity at risk.

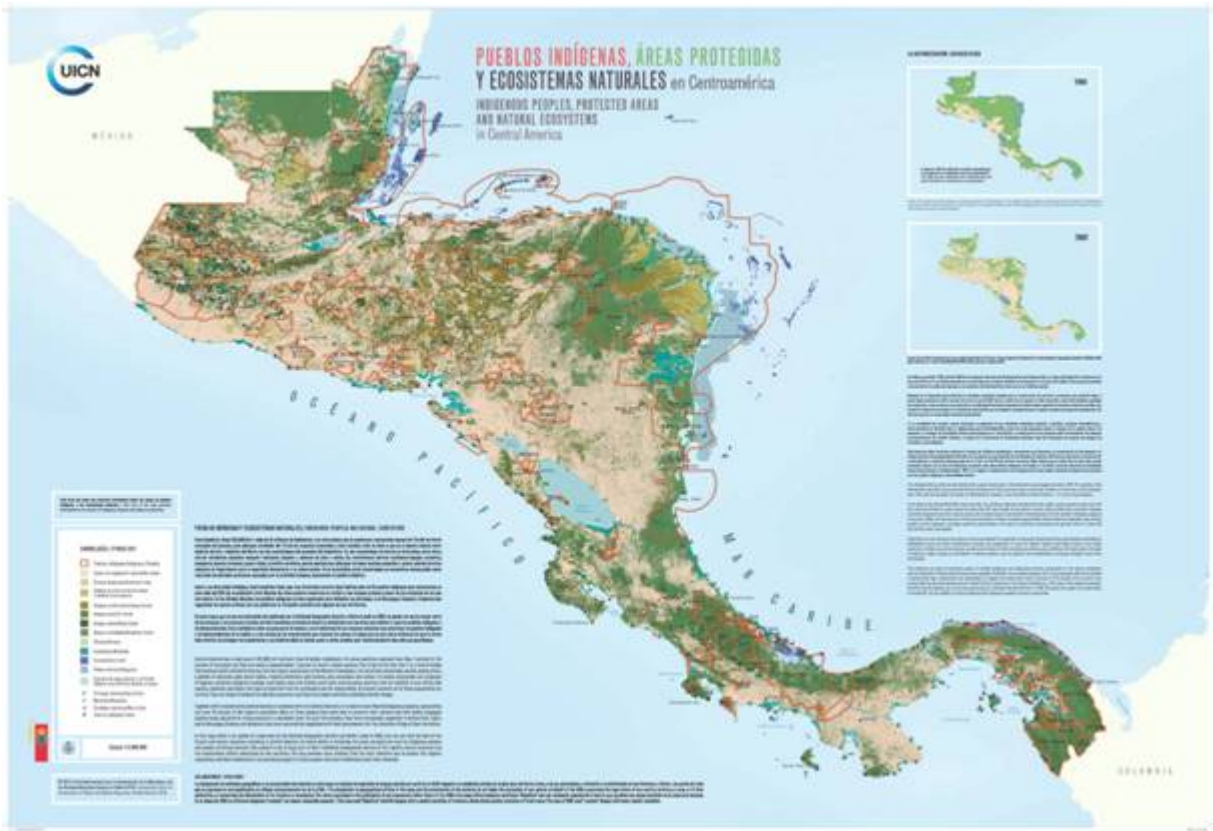
Countries legislation sets forth a wide range of provisions aimed at the preservation of natural habitats, specifically those with particular characteristics. For more information on protected areas please refer to the Protected Areas section of this document.

**Protected areas:** The ESMF must identify any area of ecological importance located within and adjacent to the region, such as protected areas and recognized wetlands. It must also specify how the practices will affect these areas and which measures should be taken to prevent and minimize such impacts.

At the time of analyzing projects, the environmentally sensitive areas, protecting the native forest, and the protected areas in general shall be considered, taking into consideration the environmental legislation of each country.

The following map shows the protected areas of Central America, in addition to Indigenous Peoples and Natural Ecosystems distribution.

**Figure No 6: Map of Indigenous Peoples, Protected Areas and Natural Ecosystems in Central America.**



**Source: UICN**

**PS 7 Indigenous Peoples**

The Programme does not foresee negative effects upon indigenous communities. On the contrary, given their extended presence throughout the territory, there will be communities that will benefit from the projects.

Please refer to the section “Indigenous Peoples Planning Framework” available in the ESMF.

**PS 8 Cultural Heritage**

Not applicable.

**Gender Equity and Women’s Empowerment:** the programme is intended to prevent any existing inequalities from increasing, and to generate specific mechanisms to ensure a gender equitable access to benefits. Indicators will be available that show the generation of employment for women and their access to the project’s benefits. Considering the necessary precautions, the project’s impact will be highly positive in terms of empowerment of women. Please refer to the Gender Assessment and the Gender Action Plan of the Programme for further details.



## 7.0 INDIGENOUS PEOPLES PLANNING FRAMEWORK (IPPF)

### 7.1. Indigenous communities' context

According to the last round of censuses available, in 2010 there were about 42 million indigenous people in Latin America, representing nearly 7.8 percent of the total population. However, the total number of indigenous peoples is not conclusive or fixed; rather, it needs to be understood as a variable figure that is continually changing as a result of new forms of indigenization, ethnogenesis, and legal recognition.

The Map below, elaborated by IUCN using the participatory mapping methodology, shows cartographic information about indigenous peoples and the spaces they use and / or occupy; protected areas throughout the region, both terrestrial and marine.

**Figure No. 7: Map of Indigenous Peoples, Protected Areas and Natural Ecosystems in Central America**



Source: IUCN

For more details on the Indigenous Peoples of each of the beneficiary countries please refer to APPENDIX VI of this document.

## **7.2. The Programme and Policies for Indigenous Peoples**

The purpose of this section is to present the Programme's guidelines for Indigenous Peoples that comply with the conditions established in the Performance Standard 7 of the Performance Standards on Environmental and Social Sustainability.

The possible effects of the activities and the institutional mechanisms for consultation, participation and monitoring are presented below.

## **7.3. Activities with Indigenous Peoples**

Regarding the specific need of Minorities and Indigenous Peoples, the following activities are proposed.

Regarding project beneficiaries, this is an open and inclusive Programme through which vulnerable communities and local organizations can present their initiatives to access credit facilities as well as technical assistance.

Indigenous Peoples and vulnerable minorities will benefit from Technical Assistance through capacity building, which will enable them to develop and execute projects related with climate change, entrepreneurship based on an EbA approach, considering the different cultural and language barriers of the potential beneficiaries.

The Programme's strategy regarding indigenous peoples is based on the following core issues:

- a) Self-determination, as the right to decide on their own development priorities;
- b) Working with the communities should be planned with their authorities and according to their traditional ways of social and political organization to strengthen the structure that supports their life system;
- c) Relevant information of this Programme will be available for the indigenous communities during the project execution stages, including an assessment of the negative or positive effects of the project;
- d) Their cosmovision will be respected and the acknowledgment of their native knowledge and traditional production practices will be guaranteed.

## **7.4. Effects of the Programme on Indigenous Peoples**

The Seventh session of the UN Permanent Forum on Indigenous Issues, held in May 2008, focused on the relationship between climate change and indigenous peoples' livelihoods. In this Forum, it was declared that Indigenous peoples are among the first to face the direct consequences of climate change, owing to their dependence upon, and close relationship with the environment and its resources.

As expressed by Minority Rights Group International, Indigenous peoples tend to live close to nature, in relatively natural environments, rather than in cities, growing and making much of the food and other products that they need to survive. This gives them an extraordinarily intimate knowledge of local weather and plant and animal life. Traditional wisdom on matters such as when to plant crops or where to hunt for food has been accumulated over many generations, but now that the climate is shifting, some of those understandings are proving to be no longer valid.

Some of the main obstacles faced by the Indigenous peoples and vulnerable minorities in light of climate change have been identified by these bodies:

- Some mitigation measures may have undesirable direct and indirect consequences for indigenous communities. For instance, certain agricultural initiatives may reduce greenhouse gas emissions but may lead to an increase in monoculture crops and plantations and an associated decline in biodiversity and food security.
- Deforestation, particularly in developing countries, is pushing indigenous families to migrate to cities for economic reasons, often ending up in urban slums. Then, they will be unable to maintain the current balance between people and nature. Loss of the forests will exacerbate climate change, with consequences for the entire world.
- Adaptation takes place at the local level and people are already making the changes they can. But individuals' and communities' ability to adapt is limited, for instance by lack of financial resources and technical expertise, and by the sheer scale of some of the changes that are needed.

Finally, the UN Permanent Forum on Indigenous Issues, in its fifteenth session held in May 2016, focused on the relationship with land and environmental degradation: "While it is recognized that land and environmental degradation are factors of global concern, they have caused severe and stressful negative impacts among indigenous peoples as a result of land mismanagement such as the overexploitation of natural resources through factors such as mining and the overutilization of forest wood (timber) and other products. This has resulted in soil and water degradation, leading to the acceleration of the effects of climate change, low food production and uncertain livelihoods for communities".

This Programme will address many of the identified challenges: it will promote adaptation measures with an approach of conservation and sustainable use of natural resources (land, water, forest, biodiversity). These practices will promote the conservation of natural habitats and ecosystems where indigenous communities live, preventing deforestation and environmental degradation, and encouraging agriculture diversification. Moreover, adaptation projects will be proposed by each community and will therefore be aligned with the communities' culture and knowledge. Livelihoods will be conserved and strengthened, reinforcing communities' roots.

The Programme will help to address the issue of lack of financial resources and technical expertise, since components 1 and 3 will help to access credit for rural organizations / MSMEs, with the technical support of component 2. Technicians working on the Programme will always consider the potential beneficiaries' languages and dialects for any call, training performance, and communications in general. This will ensure the inclusion of beneficiaries belonging to vulnerable minorities.

#### **7.5. Mechanisms of permanent participation**

As mentioned, the Program is open and responsive to Indigenous People, minorities and the wider community, allowing equal access to all MSMEs who submit eligible projects and meet the established requirements.

As detailed in section 4.5 Consultation and stakeholder engagement framework, the ongoing process ensures that the inclusion of all indigenous groups and other minorities at all stages of all stakeholder groups.

## 7.6. Process for further consultation

As already clarified in previous sections, the Programme will not support activities that could trigger requirements for free, prior, and informed consent, based on the assessment and due diligence of the accredited entity. However, this does not exclude the possibility that during the implementation of subprojects, adverse impacts may manifest and may need further consultation leading to consent by the indigenous communities.

This section describes a simplified procedure for attending potential concerns from Indigenous communities. The inclusion of this simplified procedure does not imply a change in the category risk (C).

### Consultation and participation

The process of consultation and participation aims at a) guaranteeing the right to information and participation of the indigenous communities, b) providing transparency to the process, and c) agreeing with the communities affected by the subproject on the mechanisms of repairing (when the subproject causes adverse effects), or the profit sharing (when the subproject causes positive effects).

Therefore, in such instances, an outline shall be considered, which ensures the involved indigenous communities receive information related to: a) the main aspects of the subproject; b) the primary goals, their actions and extent; c) the main negative and/or positive identified effects; d) the proposed action plan, with particular emphasis in the cultural adaptations for the communities.

The consultation and participation process shall be implemented through a simple methodology agreed with the involved indigenous communities, in such a way as to guarantee they can: i) gain access to the information of the subproject, ii) express their comments and suggestions, and iii) as a last resort, give their support to the subproject through a participative and documented mechanism.

To that end, the following processes shall be carried out: a) meetings and exchanges between the technical areas and those involved in or affected by the subproject; b) a workshop to build the Tree of Problems and Solutions, with the participation of direct and indirect beneficiaries, and/or those affected by the project; c) social and profitable polls; d) interviews to the direct and indirect beneficiaries and/or to those affected by the subproject; e) informative meetings.

The following must be considered as general guidelines in connection with the indigenous communities of the subproject's area of influence:

- To ensure the participation of the indigenous population in the instances of consultation and participation that may be proposed, through their representative organizations.
- To ensure that the subproject activities may be carried out with total respect of the dignity, human rights, economies and cultures of the affected indigenous communities.
- To apply consultation methods that are relevant to the social and cultural values of the affected indigenous communities and their local conditions, and, while designing these methods, to pay particular attention to the intergenerational and gender aspects. To ensure that the planning considers the clear preferences and necessities of the young members of the community and, especially, of women (considering, for example, a

specific timetable which not interfere with their productive and reproductive tasks; precaution of resources to the care of the children during scheduled meeting and workshop hours, and/or any other suggestion made by the women of the community.)

- Invitations to participate shall be culturally appropriate to make them effective, conserving the social organization of the communities with explicit invitations, and using the indigenous language if necessary.
- The place to carry out the instances of participation shall be accessible, according to their mobility capacities and traffic rules, and dates and schedules appropriate to the cultural standards.
- To provide all the relevant information about the subproject to the involved communities, in every phase of preparation and execution of the subproject.

The process of consultation and participation shall be recorded. These records shall have at least:

- a) a document which contains the agreements about the mutually accepted mechanisms between the technical team and the Affected Indigenous Communities, and
- b) evidence of the agreement between the parties as a result of the negotiations, such as a record of the meetings signed by the representative authorities of the Communities, which shall be valid even if certain individuals or groups inside the communities explicitly show their disagreement.

## **8.0 GRIEVANCE REDRESS MECHANISM**

Grievances can be sent through calls, e-mail, or through the Reports Channel (<https://www.bcie.org/acerca-del-bcie/canal-de-reportes/>).

In this Reports Channel, the complainant begins by classifying his complaint as environmental and social, ethics, fraud and corruption or others (see Figure below).

In the specific case of the CAMBio II Programme, the established channel will be used. However, specific treatment for complaints issued within the Programme by including staff from the Programme. Therefore, PMU personnel and the official from the corresponding IFI will be selected to be part of the complaint resolution committees. However, if, for example, the complaint is of an environmental and social nature, the Environmental and Social Specialist of the PMU will also be present in the resolution tasks. If the complaints are of another nature, the specific personnel of the subject will always be selected, always including staff from the Programme.

**Figure No. 8 Screenshot of the first page of the incident form.**

1. Tipo de incidente

2. Detalles del incidente

3. Info. adicional

4. Revisión final

Seleccione el tipo de incidente que describa mejor su situación.

Ambiental/Social ?

Ética/Normas de Conducta del personal del BCIE ?

Fraude/Corrupción en operaciones del BCIE ?

Otros ?

Siguiente

For the Programme, related to environmental and social complaints the mechanism used by CABEL in all its operations its Environmental and Social Management System. This mechanism seeks to strengthen the environmental and social performance of CABEL and its clients, allowing for the recording, analysis and amendment of irregularities related to environmental and social risks considered critical by the Bank.

CABEL is responsible for reviewing and updating the relevant operational documentation, in order to ensure the existence and compliance of the Environmental and Social Complaints Mechanism.

CABEL ensures that the Environmental and Social Grievance Mechanism applies to all activities, both public and private, that have been financed in whole or in part by CABEL. In order to safeguard CABEL's reputation and integrity in environmental and social matters. The reception and analysis of environmental and social complaints may be carried out from the approval of projects until the end of the contractual relationship with the client.

In order to properly receive the complaint, CABEL will receive and channel the complaint, as long as the programme is between the stages of approval and completion of the contractual relationship with the client.

To analyze the pertinence of the complaints, CABEL is responsible for verifying that they are submitted by natural or juridical persons, who reside in the area of influence of a Development Intervention financed by CABEL and / or that evidence that persons in the area of influence are being affected or may become. In the case of legal persons, the complaint will be filed by its legal representative.

To be consistent with international best practices and environmental and social standards, CABEL analyzes and evaluates complaints about possible irregularities related to environmental and social risks, giving priority to complaints that are linked to any of the described below:

- Project location in a sensitive area or critical habitat: that affects the quality of ecosystem services or the degradation of natural resources (water, soil, forest, biodiversity, among others).
- Indigenous peoples, minorities or human settlements: affecting their human rights, dignity, culture and livelihoods.
- Affectation on cultural heritage: That implies the deterioration of its value and functionality.

## **Process of Environmental and Social Complaints**

### *Reception of the Environmental and Social Complaint*

In order to initiate a process of environmental and social complaint, CABEL shall fulfill the following functions:

- Verify in the first instance if the complaint is appropriate and is linked to a Programme's project funded by CABEL.
- Ensure that all complaints contain clear and detailed information in accordance with the criteria established in the operational mechanisms of the Environmental and Social Complaints Mechanism.
- Notify the complainant whether the complaint has been accepted for analysis, and the reasons for not proceeding.
- Submit the complaint to CABEL for analysis, duly confirmed and accompanied by the necessary documentation.

### *Analysis of the Environmental and Social Complaint*

The Executive Presidency establishes that all denunciations must be received in order to carry out an initial review and bring the complaint to the attention of the respective Managers and Chiefs, for the purpose of designating the officers that will be part of the Technical Working Group.

The Environmental and Social Specialist carries out the initial review of the documentation associated with the complaint. The Specialist prepares and submits an initial report on the case to the Technical Working Group.

The Technical Working Group is responsible for analyzing the complaint to issue a Technical Opinion on the content of the complaint, as well as the conclusions, recommendations and necessary actions that must be implemented by the client to mitigate the risks and to compensate the damages caused.

This Technical Working Group should be composed of the following members:

- o Environmental and Social Specialist, who will be the Coordinator.
- o Sector Specialist linked to the intervention.
- o Evaluation Specialist.
- o Project Executive responsible for the operation.
- o Credit Operations Supervision Analyst.
- o Risk Specialist.
- o Lawyer.

The Coordinator is responsible for convening the meeting of the Technical Working Group to analyze each complaint and will be responsible for preparing the minutes of the meetings held and the agreements of the Group.

In case the Working Group deems it appropriate, it may request the hiring of external consultants to

deal with specialized cases, a process that will be subject to the applicable internal recruitment regulations.

Based on the Technical Opinion prepared by the Technical Working Group, the formulating of the pertinent modifications to the Environmental and Social Action Plan will be performed, in order to establish the mitigation measures that must be fulfilled by the client of the projects, considering the continuous communication of the results to the complainants as part of it.

*Implementation of the Environmental and Social Plan*

The Environmental and Social Action Plan is sent to the Credit Committee, for its knowledge.

CABEI informs the client that the new Environmental and Social Action Plan replaces the plan originally defined for the project and that its compliance is mandatory, to proceed with the amendment of the contractual document of the project, as applicable.

*Follow up*

CABEI ensures compliance with all the actions contained in the Environmental and Social Action Plan, to safeguard environmental and social risks following the guidelines established in this Manual and other applicable regulations.

CABEI is responsible for submitting annual reports on cases of the complaint filed and resolved, for the Board's knowledge.

**9.0 MONITORING AND REPORTING**

The environmental and social safeguards mentioned in the ESMF are monitored by CABEI. The SIEMAS establishes its own process of monitoring environmental and social aspects at the IFI level; at the project level, it is the responsibility of the IFIs and PMU specialists.

The main steps for environmental and social monitoring of projects are presented below.

**Table No. 12 Monitoring project**

<b>Activities</b>	<b>Responsible</b>
1. Implementation of mitigation measures	MSMEs
2. Monitoring mitigation measures implementation	Person in charge of E&S analysis IFI
3. Implementation of the Environmental and social Management Plan	E&S specialist PMU - CABEI



4. Report Implementation E&S Plan	M&E Specialist PMU - CABEI
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The monitoring and reporting tools (such as monitoring sheets, field visits and monitoring reports) will be designed together with the Programme's Operational Manual.

ESMF monitoring will be integrated into the overall monitoring of the Programme.

## LIST OF APPENDIXES

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APPENDIX I - Exclusion List

APPENDIX II – Environmental and Social Plan

APPENDIX III – Project Classification Criteria

APPENDIX IV – Environmental Regulatory

APPENDIX V – Environmental and social policy of CABI

APPENDIX VI - Indigenous People context of each countries

APPENDIX VII – Previous Consultation Summary

APPENDIX VIII - Stakeholder engagement (ANNEX II of Funding Proposal)

## **APPENDIX I - Exclusion List**

### **LIST OF ACTIVITIES THAT THE PROGRAMME WILL NOT FINANCE**

- Projects that generate unprecedented negative environmental and/or social impacts, which result in massive transformations of social context, natural resources, and their capacity to provide services, and which cannot be mitigated by suitable actions and works.
- Projects that negatively interfere with the assumed obligations under international environmental agreements, treaties or covenants signed by the relevant country to the project activities or their impacts.
- Projects that interfere with areas planned for urbanization and/or urban expansion.
- Projects with negative impacts affecting natural habitats or cultural heritage, including archaeological and historical sites, which cannot be mitigated
- Projects that represent the partial loss or degradation of critical or important natural habitats.
- Projects that could provoke the loss of natural habitats or areas of use important for the survival of native peoples' or other vulnerable human groups.
- Projects that generate collapse risks on existing infrastructure and services in a given area.
- Interventions in national, provincial or municipal protected areas that involve activities or generate incompatible impacts with the permitted uses by the protection instrument.
- Exploitation of endangered or vulnerable species of flora and fauna listed on the International Union for Conservation of Nature and Natural Resources' Red Lists of Animals and Plants (IUCN, [www.iucnredlist.org](http://www.iucnredlist.org) or [www.uicn.org.ar](http://www.uicn.org.ar)) or BirdLife's list of threatened birds ([www.birdlife.org](http://www.birdlife.org)).
- Use of zoo and phytosanitary products prohibited by national legislation or classified as class IA or IB by the World Health Organization - WHO.
- Use of products prohibited by national legislation on public health.
- Unsustainable utilization, conversion or degradation of natural forests, including deforestation of natural forested areas.

The Programme will not finance projects associated with any of the potentially adverse impacts on Indigenous Communities identified below:

- Negative impacts on lands and natural resources subject to traditional ownership or under customary use.
- Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use.
- Projects with significant impacts on critical cultural heritage that is essential to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous Peoples lives, including natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees, and sacred rocks
- Use of cultural heritage, including knowledge, innovations or practices of Indigenous Peoples for commercial purposes.

## **APPENDIX II – Environmental and Social Plan**

This questionnaire is part of the Project Form F1.

### **a) Questionnaire for IFIs with environmental and social systems in place**

Questionnaire for IFIS that have a system they must detail each of the risks of the project activities which they identified under its own system.

#### **1. Category (see Project Classification Criteria in ANNEX III)**

	<b>Category Established in the Analysis</b>	<b>Justification</b>
<input type="checkbox"/>	<b>A</b>	
<input type="checkbox"/>	<b>B</b>	
<input type="checkbox"/>	<b>C</b>	

#### **2. Environmental and Social Risks and mitigation measures**

<b>Risks</b>	<b>Mitigation measures</b>	<b>Period of validity of mitigation measure</b>
Risk 1	Mitigation measure 1	X months
...	...	...

#### **3. Responsible of the Action Plan**

<b>Name:</b>	
<b>Position:</b>	

**b) Questionnaire for IFIs with no environmental and social systems in place**

Questionnaire for IFIS that do not have a system where they must detail each of the risks of the project activities. The list of risks found in the questionnaire would be available for selection as a drop-down menu.

**1. Category** (see Project Classification Criteria in ANNEX III)

	<b>Category Established in the Analysis</b>	<b>Justification</b>
<input type="checkbox"/>	<b>A</b>	
<input type="checkbox"/>	<b>B</b>	
<input type="checkbox"/>	<b>C</b>	

**2. Environmental and Social Risks and mitigation measures**

Risks	Mitigation measures	Period of validity of mitigation measure
Risk 1	Mitigation measure 1	X months
...	...	...

A non-exhaustive list of possible examples of risks of the activities Document is presented below; however, each project will have its particularities: the assessment must contemplate the environmental and social characteristics. The system will be enabled to include all possible new risks that are identified during the Programme's lifetime.

<b>Performance Standards</b>	<b>Risk</b>	<b>Examples of Risk</b>
<b>PS 1 Assessment and management of Environmental and social risk and impacts</b>		Reduction of biodiversity in reforestation activities.
<b>PS 2 Labor and working condition</b>	Physical, chemical, biological, and radiological hazards to workers Child labor	Security affected by infrastructure works (e.g. physical hazards in the construction of a greenhouse)
<b>PS 3 Resource efficiency and pollution prevention</b>	Increase in soil salinization Loss of soil fertility Soil compaction Soil pollution Water pollution Air pollution	Soil compaction in a livestock project; Local contamination of water and soil by spillage of fuel, paint or other materials; noise and vibration; flooding due to waterproofing of built surface in small construction works: sheds, processing rooms, construction of greenhouses. Increase of effluents in an eco-tourism project.
<b>PS 4 Community health, safety and security</b>	Activities, equipment and infrastructure can increase community exposure to risks and impacts	Community health affected by water pollution Security affected by infrastructure works Direct impacts on priority ecosystem services e.g. due to land use change.
<b>PS 5 Land acquisition and involuntary resettlement</b>	Non-eligible. Project is installed in an inhabited location. Project affects the access to the use of natural resources.	Reforestation prevent shepherds from accessing location that was previously free of access.
<b>PS 6 Biodiversity conservation and sustainable management of living Natural Resources</b>	Affectation of birds and wildlife Deforestation or clearing of roads or paths Conversion of forest areas in critical conditions (non-eligible) Use of chemical or biological control methods	Affectation of wildlife by an eco-tourism project attracting new people to protected areas. Productive agricultural project that involves the use of chemical pesticides without a proper justification
<b>PS 7 Indigenous Peoples</b>	Project affects a neighboring Indigenous community	New water intake affects water consumption of Indigenous community
<b>PS 8 Cultural Heritage</b>	Project affects cultural heritage (non-eligible)	Project works find archaeological site

### 3. Responsible of the Action Plan

<b>Name:</b>	
<b>Position:</b>	

## APPENDIX III – Project Classification Criteria

**The shaded boxes are meant to show the classification corresponding to various situations. This table aims to provide orientation for the application of the criteria but it does NOT correspond to a screening conducted for the Programme.**

Criterion	Classification		
<p>The following classification is supplemental in nature and must be considered alongside a Negative List, which includes types of projects that are not eligible.</p> <p><b>The highest rank (A&gt;B&gt;C) shall apply to each project on account of Safeguard or Project Type, even where the classification arises from a project component rather than from its main activity.</b></p>			
<b>A. SAFEGUARD</b>			
	<b>A</b>	<b>B</b>	<b>C</b>
<p><b>Pest Control</b></p> <p>These criteria must be taken into account not only in projects funding pest control but also those projects which may generate an increase or change in the use of pesticides or which may have pest management problems.</p>			
<p>Projects promoting the use of biological pest control, environmental methods, based on agricultural practices and/or resistant seeds, which reduce dependency on synthetic chemical pesticides.</p>			
<p>Projects financing the manufacture, purchase, application, transport, storage and/or disposal of synthetic chemical pesticides Class III or U (WHO classification).</p>			
<p>Projects financing the manufacture, purchase, application, transport, storage and/or disposal of synthetic chemical pesticides Class II (WHO classification).</p>			
<b>Natural Habitats</b>			
<p>Projects the area of influence of which includes <i>critical natural habitats</i> (see definition in Negative List), even where no impacts are expected.</p>			
<p>Projects anticipating the intervention, conversion, degradation or loss of <i>natural habitats</i> (see definition in Negative List)</p>			
<p>Projects the area of influence of which includes natural habitats even where no significant intervention is anticipated for them.</p>			



Criterion	Classification		
Projects intervening natural habitats, such as wetlands, water courses, lakes, lagoons, etc.			
<b>Forests and Silviculture</b>			
Projects which do not intervene <i>critical natural forests</i> (see definition in Negative List), but have critical forests or natural habitats in their potential area of influence or in adjacent areas or downstream.			
Projects anticipating the utilization of <i>natural forests</i> (see definition in Negative List) or anticipating significant impact upon them.			
Projects anticipating the utilization of or significant impacts upon <i>forests</i> of ecological or social value.			
Forest plantations in non forested areas without natural habitats or which have been converted (other than lands converted for the purposes of the project).			
Small-scale forestry commercial operations certified by an independent system of proven forest certification as to compliance with regulations of responsible management and use of forests and woods or in the process of obtaining such certification.			
Operations of small-scale owners or communities who meet the principles and criteria of responsibly managed forests, even in the absence of certification, or who may have developed a plan of action to meet such practices.			
<b>Dams</b>			
Building of new dams of more than 15 m high. Building of new dams of 10 to 15 m high, with somewhat complex design <sup>4</sup> .			
Building of new dams of up to 15 m high, of simple design in sites of low environmental and social sensitivity, without substantial impacts and low risks, which does not generate conversion of natural environments, the re-settlement of population, disturbance of indigenous peoples, native forests, cultural heritage,			

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<sup>4</sup> New dams with complex design: These are dams the design of which present specially complex aspects, for example, the need to contain unusually large floods, the location in an area of significant seismic activity, complex basement or difficult preparation, or the need to contain toxic materials.

Criterion	Classification		
etc.			
Any other project type (irrigation, electrification) directly depending on existing dams or dams undergoing construction in adequate safety conditions.			
Any other project type directly depending on existing dams or dams undergoing construction requiring additional safety measures or corrective works to be financed by the project or by third parties.			
<b>Involuntary re-settlement</b>			
Projects entailing the involuntary physical dislodgement <sup>5</sup> of population.			
Projects entailing the involuntary, physical dislodgement <sup>6</sup> of a limited number of families (less than 10).			
Projects entailing the involuntary loss of lands for indigenous peoples or other socially vulnerable groups <sup>7</sup> resulting in: i) the dislodgement or loss of housing; ii) the loss of assets or access to assets; or iii) the loss of source of income or livelihoods, regardless of whether those affected must relocate or not.			
Projects entailing the involuntary loss of lands resulting in: i) the dislodgement or loss of housing; ii) the loss of assets or access to assets; or iii) the loss of source of income or livelihoods, regardless of whether those affected must relocate or not.			
<b>Indigenous Peoples</b>			
Projects entailing the involuntary physical dislodgement of indigenous population.			
Projects anticipating the performance of activities with indigenous peoples or the area of direct influence of which includes indigenous peoples, even if no activities			

<sup>5</sup>Physical dislodgement - Loss of housing and assets resulting from land acquisition related to the project, which requires the re-location of the person or persons affected to a different place.

<sup>6</sup> "Involuntary" means those actions that can be performed without the person or persons dislodged giving their consent for cause or having the possibility of making any decision about it.

<sup>7</sup> Vulnerable groups - People who on account of their gender, ethnic origin, age, physical or mental disability, economic disadvantage or social condition may be affected more than others by the resettlement and whose capacity to lodge claims or benefit from assistance for the resettlement process and connected development benefits may be limited.

Criterion	Classification		
are expected to be conducted with them.			
Projects affecting natural resources or areas of use of indigenous peoples for their survival.			
Projects anticipating the commercial utilization of cultural resources and knowledge (for example, pharmacological or artistic) of indigenous peoples.			
<b>Physical cultural resources</b>			
Projects which affect areas containing sites of special historical, cultural, religious, paleontological and/or archaeological value, and natural places with cultural value (for example, landscapes, gullies, waterfalls).			
Projects in areas of cultural, historical, religious, paleontological and/or archaeological heritage with legal protection.			
Projects in areas without sites of historical, archaeological and paleontological value identified.			
<b>International Water Courses <sup>8</sup></b>			
Projects intervening in (i) water bodies making the frontier between two States or flowing across two or more States, or (ii) in affluents to such water bodies by such a volume that may affect them, or (iii) any bay, gulf, strait, or channel bordering two or more States, or any bay, gulf, strait or channel within any specific State recognized as a necessary communication way between open sea and other States, and any river or stream discharging therein.			
In any of the above-mentioned cases, projects consisting in minor additions or changes <sup>9</sup> to endeavors in progress and which: (i) do not adversely change the quality or quantity of water discharge to other riparian States, (ii) do not adversely affect the potential use of water by the other riparian States.			

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<sup>9</sup> The Project cannot encompass works or activities in excess of the original plan, change its nature or alter or enlarge its magnitude and reach in such a way that the endeavor ceases to resemble the original one.

## APPENDIX IV – ENVIRONMENTAL REGULATIONS

**Table App. 1 Environmental Regulation of Guatemala**

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
General	<p>Law of environment protection and improvement (decree number 68-86).</p> <p>National Policy of Integral Rural Development (PNDRI), formalized by Governmental Agreement 196-2009</p>	<p>The protection, conservation and improvement of the country's natural (soil, fauna, flora, air, biodiversity, lithic) and cultural resources, as well as prevention from degradation, misuse or destruction thereof, and restoration of the environment in general.</p> <p>Prioritized beneficiaries are the rural population in a situation of poverty and extreme poverty, with priority in the indigenous peoples and peasants with insufficient, unproductive or landless land; indigenous and peasant women; permanent or temporary employees; craftsmen; small rural producers, micro and small rural entrepreneurs "(PNDRI, 2009: 14). Also, it raises the responsibility of the State to promote integrated rural development in a multi and intersectoral manner, based on the concrete conditions of the different territorial realities existing in the country.</p>	
Water	<p>National Action Plan on Climate Change (PNACC)</p>	<p>There is no specific law on waters or any specific authority in the matter. The legal system on water is scattered across regulations of different rank.</p> <p>In the PNACC, Cap. V. 6 of Integrated Management of Water Resources, aims to "sustainably manage the country's water resources to ensure the population's access to water and reduce their vulnerability to the effects of climate variability and change," and establishes ambitious goals for the year 2032, including a national law on water resources.</p>	
Forestry	<p>National Forestry Law</p>	<p>This executive order compiles the</p>	<p>High-density</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
	<p>EXECUTIVE ORDER 101/-96</p> <p>National Action Plan on Climate Change (PNACC)</p>	<p>requirements related to concessions and licenses for sustainable utilization of forestry resources, a Management Plan in place, definition of beneficiary subjects, constitution of bonds, recording of concessions, prohibitions to cut protected or endangered species, use of fire, burns and related penalties. The prohibition of clearing woods in the upper sections of river basins covered with forests, especially those located in areas of water recharge supplying water sources is also regulated. In this context, it is a must having sustainable forest management, or regeneration or reclaim in the case of degraded areas.</p> <p>Forestry is part of the solutions in terms of adaptation, although it appears mainly mentioned as part of the mitigation strategies. This general policy document does not establish specific regulations for the activity.</p>	<p>planting Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder)</p>
Flora and Fauna	LAW OF PROTECTED AREAS EXECUTIVE ORDER No. 4-89	<p>This law compiles the requirements related to the utilization and management of forests, collection of fauna and flora legally authorized by DIEGOS and CONAP. Anyone conducting any of these activities without any granted license shall be punished with five to ten years imprisonment and a fine of ten to twenty thousand Quetzals. Also, they must restore those associations or ecosystems patently transformed and/or contaminated, whether directly or indirectly.</p>	<p>Use of forest by-products. Sustainable forestry management and design of forest management plans Reforestation with native species. Consolidation of agro-forestry and agro-silvopastoral systems (grasses and fodder)</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
Sanitation	<p>RULES OF VEGETAL AND ANIMAL SANITATION LAW. GOVERNMENT RESOLUTION No. (1999)</p> <p>GOVERNMENTAL AGREEMENT NUMBER 236-2006</p>	<p>The sanitation law requires that the introduction of plants, animals, products and byproducts, and supplies for agricultural and animal use should be subject to the fulfillment of phyto-sanitary or zoo-sanitary requirements provided by the Unit. This will be conducted on a weekly basis through department coordination and promptly, if the situation so warrants. Also, the MAGA shall be informed in the case of occurrence of pests, diseases, contaminants, products or byproducts capable of causing harm.</p> <p>To import these products, the permit or license granted by MAGA is required.</p> <p>The ingress of plants, animals, any of their products and byproducts, and supplies for agricultural and animal use shall not be authorized where the above should have been unloaded, handled or transported through areas or countries where there exist pests warranting quarantines. The introduction to the country of soil and seeds, plant parts and plants accompanied by soil is also prohibited.</p> <p>It regulates the discharges and reuse of wastewater and the disposal of sludge.</p>	<p>Promotion of local seed banks and varieties resilient to droughts, pests and diseases.</p> <p>Reforestation with native species.</p> <p>Land use conversion by species of medicinal use or edible (fruit trees and others)</p> <p>Use of forest by-products.</p>
		<p>Any individual, business or corporation interested in manufacturing, producing, formulating, and bottling supplies for agricultural and animal use shall register with the Unit. The effectiveness of such registration shall be of ten years.</p> <p>In the case supplies should be imported, permit must be requested from the Unit annotated upon product's arrival at the country.</p>	<p>Preparation and use of organic fertilizers.</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		<p>In order for premises and centers devoted to production of animals, where unprocessed animal products and byproducts are handled, to conduct business, they must have a Sanitary Operation License, granted by the Unit. Such license shall be effective for one year, renewable for an equal term upon compliance with the legal and technical requirements provided by MAGA in the relevant Ministry Resolution. Best practices according to the relevant Manual of Procedures provided by MAGA must be followed.</p>	<p>Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder)</p>
<p>Environmental Impact Assessment</p>	<p>GOVERNMENT RESOLUTION No. 431-2007</p>	<p>For all projects rated as Category C in the Exhaustive Listing, or for all projects whose nature is of low environmental impact, the environmental assessment procedure will follow the next steps:            Submittal of Initial Environmental Assessment, accompanied by the documents required by the MARN, which may be delivered before the relevant Department Delegation, depending on the location of the project, or in its case, to the DIGARN. This procedure will have a maximum term of ten (10) business days, after which, the relevant Resolution and, if applicable, the environmental assessment license, will be issued.            In the case the project falls within a Protected Area formally established by the legislation in force, and when the DIGARN deems it relevant, or it is required by law, the relevant entity may be requested to issue an opinion within 15 days. Once the previous term has elapsed, the DIGARN shall</p>	<p>Water harvesting, drainage and efficient irrigation systems (drip)            Rain water catchment in cisterns connected with production.</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		issue the relevant resolution.	

**Table App. 2 Environmental Regulation of Honduras**

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
Water	National Congress Resolution ["decreto"] No. 181-2009, Gazette No. 32088 dated Monday, December 14, 2009, GENERAL WATER LAW.	<p>This resolution compiles the requirements regarding concessions and licenses for water management and planning. The Municipalities shall grant water use rights to meet needs of family subsistence or for surface areas not larger than 1 ha. with a consumption under 0.06 liter per second. Rights shall not be granted when the balance between recharge and drawing of surface water, groundwater, or aquifers are affected or when such rights limit the use of water for human consumption. For the development of renewable energy projects or projects with irrigation volumes of more than ten hectares, the Water Authority shall grant use rights through agreements of concessions based on the Law of Concession and any applicable administrative laws.</p> <p>The agreement for granting water use rights shall contain information on the following: Holder of use right; Source, quantity, quality of the water over which use rights are granted, and the natural assets associated with it; Type of water use; Type of concession granted; Any relevant rights-of-way; When use is for human consumption, a study of contaminant shall be also included; Other specifications related to the nature of the concession.</p>	Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in water reservoirs or cisterns connected with production.



Forestry	<b>Law on Forestry, Protected Areas and Wildlife, Resolution ["decreto"] 98-2007</b>	<p>This law governs utilization and other private activities to promote an efficient and sustainable management and use of the resource. It is a prerequisite to have a Forestry Management Plan in place, which shall include an environmental impact assessment. The holder of the Forestry land shall be responsible for preparing the above, which shall be drafted by a Professional in Forestry, to be submitted before the National Institute for Forestry Conservation and Development, Protected Areas and Wildlife (ICF) and approved and registered in the relevant municipality.</p> <p>The National Forest Management Plan shall provide for a criterion of multiple uses, equity, profitability, sustainability, and it shall include among its objectives, the protection and improvement of the forest and the use of products such as: Seeds, resins, latex, wood, scenery, and other forest by-products.</p> <p>In the case of small surface areas - one to one hundred (100) hectares - the regulations of the management plan may be simplified:</p>	<p>Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder). Sustainable forestry management and design of forest management plans</p>
		<p>In forest areas where there are grazing activities, the Management Plans shall provide for practices compatible with forestry management, in order to favor natural regeneration and protect the forested areas. For the purposes of the paragraph above, in forested natural areas without Management Plans and used as "potrero" [land for horse grazing and breeding], their owners shall apply for technical assistance from the nearest forestry office.</p>	<p>agro-silvopastoral (grasses and fodder)</p>

Biodiversity		No specific law has been identified on biodiversity	Sustainable forestry management and design of forest management plans Use of forest by-products.
			Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Greenhouses of mixed uses.
Sanitation	RESOLUTION ["decreto"] No. 157-94 ANIMAL AND PLANTS HEALTH LAW	This resolution compiles the obligations by which all agricultural producers are bound to promptly report before the SAG the outbreak of any pests, disease, occurrence of toxic waste and contaminants that may affect animals, plants, their products and the environment, besides taking part in the warning or emergency actions provided if necessary. Furthermore, anyone conducting activities governed by this Law shall be subject to the regulations and procedures regarding animal and plant health as provided, with the purpose of ensuring safety and quality of the agricultural services, supplies and products.	Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Preparation and use of organic fertilizers. Integrated pest management. Storage structures (silos, warehouses, stockpiling centers)
Environmental Impact Assessment		The Secretariat of Natural Resources shall be responsible for issuing any	Eco-tourism projects Water

		environmental license. The procedure provided in the Rules of the SINEIA can be summarized as follows. 1. Registration and application for Environmental License by the project's applicant. 2. Project rating and preparation of terms of reference by the DECA. 3. Preparation of the Environmental Impact Study by the applicant. 4 Assessment and preparation of Technical Opinion by DECA. 5 Legal resolution and signing of the Agreement of Performance of Mitigation Measures. 6 Granting of the Environmental License.	harvesting), drainage and efficient irrigation systems (drip) Rain water catchment in cisterns connected with production. Eco-tourism and sustainable tourism
	RESOLUTION ["acuerdo"] No. 455-2004 (PROCEDURE FOR ENVIRONMENTAL AUTHORIZATION OF PROJECTS OF CATEGORY I)	This resolution provides that an Environmental Record Proof will be issued for such projects which cause minimum environmental impact and rated as category I. To obtain this record, documents shall be submitted to the General Secretariat, and which shall be delivered to the General Directorate of Environmental Assessment and Control to issue the relevant opinion.	
	Amendment of section 2 of resolution ["acuerdo"] No. 1152-2002 dated October 24, 2002, issued by this Secretariat.	According to this amendment, the applicant shall publish a notice once at its own expense in a newspaper of wide circulation in the country whereby it informs the public in general of its intent to request before SERNA the environmental authorization for the project it intends to develop, stating name, project's name and location.	

**Table App. 3 Environmental Regulation of Nicaragua**

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
Water	GENERAL LAW OF NATIONAL WATER LAW No. 620	Such law compiles the requirements for a sustainable utilization of national	Water harvesting,

		<p>waters. It is prerequisite to have a special license for the case of supply of potable water and for the generation of hydro-electric energy, or hold a Concession for purposes other than those of the License, both being granted by the Water National Authority (ANA, Spanish acronym). The applications for concessions shall be submitted in writing and shall include the applicant's ID, site location and body of water from where the resource is to be drawn, ownership title or Right issued by the land owner, Environmental Impact study, required water discharge, specifications on the initial use, requested duration of the authorization, permit for the performance of works. In no case shall the term of such permit be less than five years or more than thirty years, with the possibility of extending its duration (with a six months' term) for similar uses. Water availability and condition of the sources shall also be taken into account.</p> <p>The rights covered by the licenses or authorizations may not be the subject-matter of change of water uses. The water rights shall be suspended where the owner should fail to pay the concession fees required by this Law.</p> <p>Suspension shall subsist until the infringer sets its situation right.</p> <p>In the case of agricultural use, concessions shall be granted for areas larger than twenty hectares within the same property or in an irrigation district board.</p>	<p>drainage and efficient irrigation systems (drip) Rain water catchment in cisterns connected with production.</p>
Forestry	<p><b>LAW No. 462 ON CONSERVATION, PROMOTION AND SUSTAINABLE DEVELOPMENT OF THE FORESTRY</b></p>	<p>This law compiles the requirements regarding concessions and licenses for the sustainable utilization of the forestry resources. For forestry utilization in lands with</p>	<p>Provision of agro-forestry and agro-silvopastoral systems</p>

	<b>SECTOR</b>	<p>agro-silvopastoral production systems in areas of natural woods, the following is required: a forest replacement plan (INAFOR methodological guide), designation of the manager ["regente"], property's ownership title, authorization from the General Directorate of Protected Areas of the MARENA when the property is located within any such protected area.</p> <p>The forestry management and utilization activities conducted within protected areas shall meet any technical regulations depending on their management category. Such shall be authorized by MARENA.</p>	<p>(grasses and fodder). Sustainable forestry management and design of forest management plans</p>
Biodiversity	LAW No. 807 LAW ON CONSERVATION AND SUSTAINABLE UTILIZATION OF BIODIVERSITY	<p>This Law compiles the requirements regarding Environmental Permits for the utilization of any component of biological diversity which may pose a risk in terms of biodiversity. The competent entity authorized to issue this Environmental Permit shall take into account, before issuance thereof, any national environmental laws, and any international conventions and treaties signed and ratified by Nicaragua.</p>	<p>Sustainable forestry management and design of forest management plans Use of forest by-products.</p>
		<p>This law compiles the requirements regarding concessions and licenses for the sustainable utilization of biodiversity. The license and access permit shall be granted by the Biodiversity Directorate together with any territorial delegations of the relevant jurisdiction, with the endorsement of the indigenous and Afro-descendants authorities; provided, however, that their traditional organization is respected. Furthermore, the law regulates the prohibition of freely introducing any exotic or invasive species, including</p>	<p>Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Greenhouses of mixed uses.</p>

		wild, domestic and genetically modified varieties, which may endanger the existence of native flora and fauna existing in the country.	
Sanitation	<p><b>BASIC LAW ON ANIMAL AND PLANTS HEALTH</b></p> <p>Law No. 291 dated April 16, 1998</p>	<p>According to this law, anyone registering, importing, manufacturing, formulating, storing, for commercial purposes, for agricultural/aquaculture uses, shall be entered in the records of the Registry kept for such end by the Ministry of Agriculture and Livestock. This ministry shall be responsible for issuing animal and plants health certificates, proving the absence of pests and diseases in animals and plants, as well as in products and by-products thereof. Furthermore, it is the duty of every citizen to inform the General Directorate of Agricultural Protection and Sanitation the outbreak of any pest or disease.</p>	<p>Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Preparation and use of organic fertilizers. Integrated pest management. Storage structures (silos, warehouses, stockpiling centers)</p>
Environmental Impact Assessment	<p><b>ENVIRONMENTAL ASSESSMENT SYSTEM RESOLUTION</b> ["decreto"] No. 76-2006, as appearing in Gazette No. 248 dated December 22, 2006.</p>	<p>This Law classifies projects into various Categories depending on the environmental impact of thereof. Projects of low environmental impact are not subject to an Environmental Impact Study. Applicants shall submit the environmental form before the relevant municipal authority for the processing of the application for permits, according to the procedures established.</p> <p>Projects with Moderate Environmental Impacts which may generate cumulative effects shall be subject to</p>	<p>Eco-tourism projects Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in water cisterns connected with production.</p>

		Environmental Valuation as prerequisite to grant the relevant authorization. The Environmental Valuation process and issuance of environmental authorization shall be in the care of MARENA's Territorial Delegations. The following projects fall into the above category: generation of hydro-electric power of less than 10 MW; dams of less than one hundred hectares (100 ha), micro-dams and reservoirs; rain water catchment and channeling projects for basins with surface areas of 10 to 20 km <sup>2</sup> ; potable water supply works; eco-tourism projects.	Eco-tourism and sustainable tourism
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**Table App. 4 Environmental Regulation of Costa Rica**

<b>Area</b>	<b>Administrative act - Scale of application</b>	<b>Legal requirements of the project</b>	<b>Project applied</b>
Water	LAW ON WATERS No. 276 Publicada en La Gaceta No. 190 de 28 de agosto de 1942	This resolution compiles the requirements regarding concessions and licenses for sustainable water use. In the case of household and subsistence uses, owners are allowed to open up water wells without the need for any concession. However, well-to-well distance shall be kept of two meters, as well as a fifteen-meter clearance with the neighbor's well. If groundwater is to be used for other purposes, a concession is required. For the case of use of public water, an authorization by the Ministry of Environment and Energy is required in the way stipulated by this law. If water has been used for over 20	Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in water cisterns connected with production.

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		years, no such authorization is required. The nature of the use of public water shall be established in the concession, as well as quantity in liters per second, and if it were for irrigation, the tract of land to be irrigated, and the kinds of crops to be watered. Any such use may not be applied to a different use without the relevant authorization.	
Soils	Ley 7779 USO, MANEJO Y CONSERVACIÓN DE SUELOS	<p>This law is fundamentally intended to protect, conserve and improve soils under sustainable and integrated management with all other natural resources, through appropriate environmental promotion and planning.</p> <p>Therefore, it is mandatory to cooperate and abide by such measures as may be issued by the Ministry of Agriculture and Livestock, in coordination with the Ministry of Environment and Energy, in order to manage, conserve and reclaim the soil resource. In addition, agricultural producers are required and entitled to prevent soil degradation as caused by water. To such end, all such practices that enhance infiltration in their lands or evacuation of surplus water into natural channels shall be applied.</p>	Crop rotation Soil conservation (zero tillage, coverage)
Forestry	<b>Forest Law No.7575</b>	This law regulates the prohibition to conduct activities in woodlands, and the land use may not be changed. Neither shall forest plantations be established. In the case infrastructure should be built for eco-tourism purposes, a permit shall be requested from the Forest Administration. Such permit may also be requested to prevent wood fires or other similar causes or their	Sustainable forestry management and design of forest management plans Eco-tourism and sustainable tourism



Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		<p>consequences. In the above cases, the cutting of woods will be limited, proportional to, and reasonable for the purposes above mentioned. Previously, a pre-selection questionnaire must be filled in before the State's Forest Administration in order to determine the potential for the requirement of an environmental impact assessment, according the rules of this law.</p>	
		<p>Agro-forestry and silvopastoral systems shall only gain authorization to cut trees in tracts of land of agricultural use and without any woods in them, having previously obtained authorization from the Environmental Regional Board or the relevant municipality and up to a maximum five trees per hectare per year. To cut more than twenty trees per property, the authorization of the State's Forest Administration shall be required. An exception is made in permits for cutting. Forest plantations, including agro-forestry systems, and trees planted individually, and their products, shall not require a cutting permit. Also, it regulates the prohibition to remove woods in areas adjoining permanent headwaters, defined in a 100-m radius measured horizontally. A fifteen-m strip in rural areas and a ten-m strip in urban areas, around any source of natural water, in flat relief, and of horizontal fifty meters, if the relief is rolling. Projects declared by the Executive Branch of Government of national concern shall be exempted.</p>	<p>Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder).</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
Biodiversity	LAW 7788 April 23, 1998  Biodiversity Law	<p>This law provides rules in order to preserve biodiversity and its sustainable use.</p> <p>Permit from the plant health protection service shall be obtained before any genetically modified organism in terms of agricultural production, whether created within or outside Costa Rica, may be released into the environment. It is mandatory to request the Biosafety National Technical Commission for a binding opinion to determine the necessary measures to evaluate and manage risk. Furthermore, any human activity shall conform to scientific-technical standards issued by the Ministry and other competent public entities, so that vital ecological processes can continue without and outside protected areas.</p> <p>For the case of access to seed banks, the requirements are the consent of the local representatives from the place of access; registration with and authorization of the Technical Office of the Commission (maximum three years); the terms of transfer of technology and distribution of benefits; territory where they will be used; and ways in which said activities will contribute to the conservation of species and ecosystems.</p>	Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Greenhouses of mixed uses.
Sanitation	LEY N° 7664 LEY DE PROTECCION FITOSANITARIA LA ASAMBLEA LEGISLATIVA DE LA REPÚBLICA DE	This law compiles the requirements related to the introduction and dissemination of pests threatening food security. For the tagging of organic agriculture, and registration of substances for agricultural use, the State's Plant Health Service shall be	Promotion of local seed banks and varieties resilient to droughts, pests and

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
	COSTA RICA	responsible for granting certificates and keeping a record of producers and processors of organic vegetal material and supplies. This same service shall supervise compliance with the procedures established. On the other hand, anyone can report before the Ministry of Agriculture and Livestock the presence of pests with economic or quarantine significance. In addition, the owners are bound to treat or destroy dry crop residue and waste, according to the technical measures issued by the State's Plant Health Service.	diseases. Preparation and use of organic fertilizers. Integrated pest management. Storage structures (silos, warehouses, stockpiling centers)
		For the specific case of manufacturing or formulating chemical or biological substances, the professional shall be a chemist or a micro-biologist, as the case may be. Also, they shall register with the Register of agricultural units of the Professional Association of Agricultural Engineers and pay the annual fee fixed by the Executive Branch of Government via the Ministry of Agriculture and Livestock.	Preparation and use of organic fertilizers.
Environmental Impact Assessment	General Regulations on Environmental Impact Assessment Procedures (EIA) N° 31849 -MINAE-S-MOPT-MAG-MEIC	These rules are intended to define the requirements and general procedures by means of which the environmental viability (license) of the activities shall be determined. A general categorization of projects was conducted according to their potential environmental impact (IAP, Spanish acronym). Based on the results of the evaluation, a listing was prepared ranking such projects into three categories of IAP: Category A: High Potential of Environmental Impact Category B: Moderate Potential of Environmental Impact	Eco-tourism projects Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in cisterns connected with production. Eco-tourism and sustainable

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		<p>This category is in turn subdivided into two lesser categories, to wit: Subcategory B1: Moderate-High Potential of Environmental Impact, and Subcategory B2: Moderate -Low Potential of Environmental Impact Category C: Low Potential of Environmental Impact</p> <p>Small-scale producers and small-sized enterprises according to the CNP of 14.08.2002 belong to categories B2 and C; therefore, they shall submit Environmental Assessment Document (D2). As defined by these Rules, it includes: description of the process the project entails, and of the potential generation of waste including the environmental measures to prevent, correct, and mitigate any potential environmental impacts. Similarly, the developer shall submit the following documents: a copy of the identity card, a notarily recorded certificate of legal status, a certified copy of the cadastre plat. All such documents shall be submitted before officers of the SETENA.</p>	tourism

**Table App. 5 Environmental Regulation of Salvador**

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
Water	IRRIGATION AND DRAINAGE LAW - DECRETO N° 153	This law meets requirements and permits related to the sustainable use of water resources for irrigation purposes. The permits must be registered in the Register of Waters that for this purpose the Ministry of Agriculture and Livestock will carry out in accordance with this Law and its Regulations. In the event that the	Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in cisterns

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		<p>projects are financed partially or totally by the state, an application will be submitted to the Registrar of the Property and Mortgage for the inscription of the right-of-way (e.g: works for irrigation), which will include the description of the area of land on which the right-of-way is to be exercised, as well as the name/names of the owners.</p> <p>Other conditions to take into account for the extraction of water are the structures that allow their regulation (gates, landfills, etc.).</p> <p>It also regulates the prohibition to use water supplied for purposes other than agriculture, unless authorized, alter existing works, the course and distribution of water or affect the quality of them.</p>	connected with production.
Soil		No specific rules were found.	
Forest	FOREST LAW - DECRETO No 268	<p>This law regulates the prohibition of activities in land covered by forest and will not allow changing the use of the soil, nor to establish forest plantations. In the case of deforestation to open new land for agricultural or livestock, the authorization for clearing in order to open new to the farm or livestock, is only granted by The Service. Previously, a study and a work plan shall be submitted, in order to determine whether the circumstances described are present in the respective area. Then, the proper execution of the forest utilization plan must be based on technical studies.</p> <p>In addition, the maintenance of the quality and quantity of the forest is regulated through control and limitation of overgrazing, prohibition of grazing of</p>	<p>Sustainable forestry management and design of forest management plans</p> <p>Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder).</p> <p>Eco-tourism and sustainable tourism.</p> <p>Reforestation with native</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		<p>certain species of livestock, exploitation of hydro halophytic forests for cultivation, burning practices in forest lands and their vicinity.</p> <p>In the case of afforestation and reforestation, these will be executed according to the General Forest Management Plan elaborated by the Service, based on the respective technical and economic studies.</p>	species.
Biodiversity	<p>WILDLIFE CONSERVATION LAW - CHAPTER I PRELIMINARY PROVISIONS DECRETO N° 844</p>	<p>This Law establishes regulations in order to conserve biodiversity and its sustainable use. In the case of introduction, reproduction, collection, import and export of wildlife to the country, prior authorization must be obtained by the Ministry of Environment and Natural Resources, which requires studies or published experiences that clearly indicate that said Introduction does not pose a threat to human life or other wildlife species in the country; In addition that all the provisions have been complied with by the regulations for such introductions.</p>	<p>Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Greenhouses of mixed uses.</p>
Health	<p>ANIMAL AND PLANT HEALTH LAW DECRETO N° 524.-</p>	<p>This decree meets the requirements related to the regulation of introduction and dissemination of pests that threaten food safety. For this compliance, it is established the obligation of every person to allow the entry of the MAG Inspectors, to any commercial establishment of inputs for agricultural use and to report in case of pests that damage the crop.</p>	<p>Promotion of local seed banks and varieties resilient to droughts, pests and diseases. Preparation and use of organic fertilizers. Integrated pest management. Storage structures (silos,</p>

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
			warehouses, stockpiling centers)
Seeds	SEEDS LAW DECRETO N° 530	Requirements and phytosanitary controls for the importation, investigation, production and trade of seeds. Those interested in engaging in any of the aforementioned activities must first apply in writing to the Ministry, in compliance with the requirements established in the corresponding specific regulations.	Promotion of local seed banks and varieties resilient to droughts, pests and diseases.
Environmental Impact Assessment	GENERAL REGULATIONS OF THE ENVIRONMENTAL LAW DECRETO N° 17	<p>The purpose of these regulations is to define the general requirements and procedures by which the environmental feasibility (license) will be determined for the activities.</p> <p>The Environmental Impact Assessment process comprises the following stages:</p> <ol style="list-style-type: none"> <li>1. Presentation of the Environmental Form, by the owner.</li> <li>2. Inspection of the project site, if necessary.</li> <li>3. Categorization of the project by the Ministry, and can be determined based on technical criteria. Whether or not it requires the preparation of an Environmental Impact Assessment.</li> <li>4. If the preparation of an Environmental Impact Assessment is considered relevant, the Ministry will provide the Terms of Reference for its elaboration.</li> <li>5. Elaboration and presentation of the Environmental Impact Study, by the Holder.</li> <li>6. Evaluation of the Environmental Impact Study, by the Ministry.</li> <li>7. Technical Report on the Environmental Impact Study.</li> </ol>	Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in water cisterns connected with production. Eco-tourism and sustainable tourism.

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
		<p>8. Public consultation of the Environmental Impact Study, as appropriate</p> <p>9. Report of the public consultation of the Environmental Impact Study by the Ministry.</p> <p>10. Approval opinion of the environmental impact study and bond requirement.</p> <p>11. Presentation of the Environmental Compliance Bond, by the Holder.</p> <p>12. Issuance of the Environmental Permit by the Ministry.</p> <p>13. Monitoring, control and Environmental Assessment Audits, during the life cycle of the project, understood from the submission of the form by the Holder, until the closure of operations or rehabilitation.</p> <p>According to the scale and nature of the environmental impact, it is believed that these projects may belong to the Group A whose potential environmental impacts are low and therefore, the Holder should not submit environmental documentation to the Ministry. They may also belong to category 1 of Group B where they are expected to generate slight environmental impacts, where the Ministry will issue a resolution stating that no environmental impact study is required.</p>	

**Table App 6 Environmental Regulation of Panamá**

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
Water	Decree Law No. 35 of September 22, 1966, which regulates the	This law describes the requirements and permits related to the sustainable use of water resources	Water harvesting, drainage and



	use of Waters	<p>for irrigation purposes. The condition for its use is to have a permit or concession issued by the Executive Body for different uses. The request to obtain a permit or concession must contain the name and address of the applicant, the source of the water supply, the nature of the use, the amount of water to be required, the description of the work being attempted. In addition you must include maps, diagrams, specifications needed to describe the project to be carried out.</p> <p>In the case of farms of less than ten (10) hectares, the costs of the services to which the article refers will be borne by the Commission.</p> <p>Permission for use of water will be valid for a period of one year and for the use of a determined flow, the latter can be renewed in the opinion of the Commission.</p>	<p>efficient irrigation systems (drip)</p> <p>Rain water catchment in water cisterns connected with production.</p>
Soil		No specific regulations have been found.	<p>Crop rotation</p> <p>Soil conservation (zero tillage, coverage)</p>
Forestal	<p>LAW No. 1 (FEBRUARY 1994) "BY WHICH THE FOREST LEGISLATION IS ESTABLISHED IN THE REPUBLIC OF PANAMA AND OTHER PROVISIONS".</p>	<p>This decree describes the requirements related to concessions for the sustainable use of forest resources. These are related to inventories, regional localization plans, reforestation plans, forest management plans, and cases in which environmental impact studies are to be submitted to the institute of Renewable Natural Resources (INRENARE). It must also be published for three (3) consecutive days in a period of national circulation and once only in the Official Gazette. Once the concession is obtained, it is the concessionaire's obligation to inform</p>	<p>Sustainable forestry management and design of forest management plans.</p> <p>Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder).</p> <p>Certification for forest plantations and</p>

		INRENARE periodically (every four months), on all forest operations, including protection measures, total volume extracted by species, etc. In addition, this law regulates the prohibition of changes in land use, establishing forest plantations, destroying trees or shrubs in the areas surrounding the birth of any natural watercourse and its adjacent areas.	natural woodlands. Eco-tourism and sustainable tourism
		In the case of the use of forest by-products, authorization must also be obtained from INRENARE.	Use of forest by-products
		In the case of reforestation or collection and sale of forest seeds, registration in the Forest Registration Book authorized by INREMARE is required.	Reforestation with native species. Promotion of local seed banks and varieties resilient to droughts, pests, and diseases
Biodiversity	Legislative Assembly Law N° 24 (June 7, 1995) "By which the legislation of wildlife is established in the Republic of Panama, and other provisions "	This Act establishes regulations in order to conserve biodiversity, rare species, promote the development of genetic resources and their sustainable use. The condition for the utilization and collection of the wildlife and its derived products or the in situ conservation is the authorization of the National Direction of Protected Areas and wildlife of the INRENARE. In addition, they must deposit a sample or a specimen in the herbarium or in the museum of the University of Panama. In the case of wanting to import exotic species, technical studies must be carried out in order to prevent damage to native ecosystems and submitted to INERENARE. This study should	Promotion of local seed banks and varieties resilient to droughts, pests, and diseases. Mix-use greenhouses Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder). Conversion of land use through species for medicinal and edible use.

		contain the objectives of the introduction, resource demand in the country, feasibility study, species condition at world level, life cycle of the species in its original environment, behavior, reproductive potential, predators, potential of the species as a predator, potential of the species as a pest, potential of the species as a competitor for resources or space, with native species, hybridization potential with native species, dispersion potential, population control methods for the species, population Minimum viable and sex ratio of the introduced species and experiences of introduction of the species in other countries.	Integrated pest management.
Health	Law N° 47 (dated 9 July 1996) "IN WHICH PHYTOSANITARY PROTECTION MEASURES AND OTHER PROVISIONS ARE ADOPTED"	This decree describes the requirements related to the regulation of all actions relating to plant protection of the national agricultural heritage, with the aim of preventing and controlling phytosanitary and pest problems. The corresponding authorization of the National Direction of Plant Health is required to import, to mobilize, to release to the environment, to multiply and to reproduce and to commercialize seeds, transgenic plants or their products, agents of biological control. Requirements published in the Official Gazette will need to be met in order to undergo the phytosanitary control of the National Direction of Plant Health.	Promotion of local seed banks and varieties resilient to droughts, pests, and diseases. Preparation and use of organic fertilizers. Integrated pest management. Storage structures (silos, warehouses, stockpiling centers)
		In the case of fertilizer for agricultural use, the registration process at the National Plant Protection Authority must have been undergone.	Preparation and use of organic fertilizers.
Seeds	Law No. 23 of July 15,	No articles were found in this	Promotion of

	1997, Title V, Rules for the Protection of New Varieties of Plants	regulation that would apply to the project.	local seed banks and varieties resilient to droughts, pests, and diseases
Environmental Impact Assessment	REPUBLIC OF PANAMA - MINISTRY OF ECONOMY AND FINANCE. EXECUTIVE DECREE 123 (August 14, 2009)	The present regulation establishes the dispositions by which the Process of Evaluation of Environmental Impact will be governed. According to the characteristics and size of the eligible projects, these will likely not need to undertake an EIA, or they will at most belong to category 1. This category is applicable to the projects, works or activities included in the exhaustive list provided for in Article 16 of this Regulation that generate non-significant negative environmental impacts and that do not entail significant negative environmental risks. The Environmental Impact Assessment Category I shall be constituted in a duly notarized affidavit.	Water harvesting, drainage and efficient irrigation systems (drip). Rainwater catchment in water cisterns connected with agricultural production. Eco-tourism and sustainable tourism. Fishfarming Mix-use greenhouses Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder).
		When referring to reforestation projects, the Environmental Impact Assessment must be accompanied by a Reforestation plan for the evaluation process. The ANAM will regulate with respect to this Plan through Administrative Resolution, for which it will have the term of one year from the entry into force of this Executive Decree.	Reforestación con especies nativas.

**Table App. 7 Environmental Regulation of Dominican Republic**

Area	Administrative act - Scale of application	Legal requirements of the project	Project applied
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<p>General Law of Environment and Natural Resources, No. 64-00</p>	<p>General</p>	<p>General law that establishes basic principles and precepts for the protection of the environment and natural resources. In its article 17, the law establishes the creation of the Secretary of State for Environment and Natural Resources as a Governing Body.</p> <p>Sectorial or special laws, decrees and other legal provisions relating to the environment and natural resources should be framed within the principles and provisions of this law and are considered complementary to it.</p>	<p>Generality of the project</p>
<p>Water</p>	<p>Law No. 5852 on Terrestrial Domain and Distribution of Public Waters. This law is amended by: Ley N° 487 Ley N° 436 Ley N° 134</p>	<p>Law No. 5852 provides that the Secretary of State for Agriculture, through the Directorate General of Water Resources, may grant authorizations for the use of public waters.</p> <p>Law No. 487: defines the regime for ordinary wells, establishes that the National Institute of Hydraulic Resources will keep a record of existing works and to perform; They establish the closures; Illegal works, those under construction, expropriation, priorities, easements, powers and permits are regulated.</p> <p>Law No. 436: establishes the percentages of quotas to be paid by landowners who use or are able to use the water channels constructed by the State.</p> <p>Law No. 134: specifies a percentage for the quota when it comes to uncultivated land.</p>	<p>Water harvesting, drainage and efficient irrigation systems (drip) Rain water catchment in cisterns connected with production.</p>
<p>Soil</p>		<p>No specific regulations have been found.</p>	<p>Crop rotation Soil conservation (zero tillage, coverage)</p>
<p>Forestry</p>	<p>Forest Regulation, 2004</p>	<p>The purpose of the Forest Regulations is to establish the necessary guidelines for the proper application of the Law on the Environment and Natural Resources, with the specific purpose of conservation, promotion and development of forest resources, their</p>	<p>Sustainable forestry management and design of forest management</p>

	<p>Law No. 118 - Forestry Code, 1999</p> <p>Resolution No. 1/06 - Formats of forest management plans and annual operational plans</p>	<p>protection and sustainable use, as well as their conservation and Recovery.</p> <p>Law No. 118 aims to: a) establish a legal framework and institutional structure for the forestry sector; B) promote and regulate the protection and sustainable use of forest resources by establishing rules that allow the necessary incorporation of civil society; C) ensure the management, conservation and sustainable development of existing forests and the recovery of areas currently devoid of vegetation; (D) to promote the recovery and development of forests on forest-prone lands, so that they fulfill the function of conserving soils, waters and biological diversity, and to boost rural development by generating jobs that contribute to income, the reduction of poverty and the improvement of the quality of life of the Nation.</p> <p>Resolution No. 1/106 approves the formats for the presentation and guideline of the forest management plans and annual operational plans for areas subject to forest management for timber purposes.</p>	<p>plans.</p> <p>Provision of agro-forestry and agro-silvopastoral systems (grasses and fodder).</p> <p>Certification for forest plantations and natural woodlands.</p> <p>Eco-tourism and sustainable tourism.</p> <p>Use of forest by-products</p> <p>Reforestation with native species.</p> <p>Promotion of local seed banks and varieties resilient to droughts, pests, and diseases</p>
Agroecology	Resolution No. 15/08 - Regulation for organic agriculture	This Resolution approves the Regulation for organic agriculture, which refers only to foods that may carry a reference to organic production methods.	Organic certification.
Biodiversity	Nagoya Protocol	<p>The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity, was ratified by the Dominican Republic in November 2014; the protocol entered into force in February 2015.</p> <p>Adopts the Regulations on Trade in Wild Fauna and Flora, which regulates the</p>	<p>Promotion of local seed banks and varieties resilient to droughts, pests, and diseases. Mix-use greenhouses</p> <p>Provision of</p>

	Decree No. 1.288 / 04 - Regulations for Trade in Wild Fauna and Flora	national implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).	agro-forestry and agro-silvopastoral systems (grasses and fodder). Conversion of land use through species for medicinal and edible use. Integrated pest management.
Sanidad	Laws No. 1161, 4990, 180-01, 278, 311, 259, 4030, 62, 218.	There is a significant number of regulations establishing the requirements related to animal and plant health: apart from the mentioned laws, a large number of decrees and resolutions are added to the legislation that shall be considered in the eligible projects. In all cases, the Ministry of Agriculture is the reference institution for these topics.	Promotion of local seed banks and varieties resilient to droughts, pests, and diseases. Preparation and use of organic fertilizers. Integrated pest management. Storage structures (silos, warehouses, stockpiling centers). Beekeeping, fish farming.
Environmental Impact Assessment	Regulation of the environmental assessment process  Environmental assessment procedure  Regulation for the process of thematic authorizations	The current environmental regulations of the Dominican Republic state that any project, work or activity that due to its characteristics may affect, in one way or another, the environment and natural resources, must obtain from the Ministry of Environment and Natural Resources, prior to its execution, the corresponding environmental authorization, according to the magnitude of the effects it may cause.	All projects shall review this legislation.

	<p>Procedure for thematic authorizations</p>	<p>The Compendium of Regulations and Procedures for Environmental Authorizations establishes the following classification with respect to environmental authorizations:</p> <ul style="list-style-type: none"> <li>- Environmental License: It is granted to projects with high potential impacts that require an environmental impact study and correspond to category A.</li> <li>- Environmental Permit: It is granted to projects with moderate potential impacts, which require an environmental impact statement and correspond to category B. Likewise, for projects with a lower environmental impact, the following types of authorizations are considered within environmental permits: <ul style="list-style-type: none"> <li>- Environmental Record: It is granted to projects of low environmental impact for the execution of which only is required to guarantee the compliance with the current environmental regulations and correspond to category C.</li> <li>- Minimum Impact Certificate ("CRIM"): it is granted to projects with minimum environmental impact subject to compliance with applicable environmental regulations and correspond to category D.</li> </ul> </li> </ul> <p>Depending on the characteristics and dimensions of eligible projects, it is most likely that they will, at most, be awarded the Minimum Impact Certificate or the Environmental Record.</p>	
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***APPENDIX V – CABEI's Environmental and social policy***



**BCIE**

**ENVIRONMENTAL AND SOCIAL POLICY OF THE CENTRAL  
AMERICAN BANK FOR ECONOMIC INTEGRATION**

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**V e r s i o n 2**

**C A B E I**



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## I. INTRODUCTION

Pursuant to article 2 of the Constitutive Agreement of CABEL, the Bank's objective is to promote the economic integration and the balanced economic and social development of the Central American region, which includes the founding countries and the non-founding regional member countries. In this sense, the Bank will attend programs or projects related to the conservation and protection of natural resources and the environment, as well as those involving climate change mitigation and adaptation, among others.

CABEL recognizes that the impact of climate change and variability represents a clear threat to economic and social development. In this sense, the Bank is committed to helping the Central American region and its member countries to combat the adverse effects of climate change. By means of Agreement No. ACDI-29/2015, on December 18, 2015, the Bank's Board of Directors expressed its satisfaction with the agreements reached at the 2015 United Nations Climate Change Conference (COP 21) of the United Nations Framework Convention on Climate Change (UNFCCC). It also reiterated the Bank's commitment to support projects aimed at reducing greenhouse gas emissions, mainly by promoting clean energy generation, sustainable transportation, urban development and food production.

Moreover, in April of 2016, the Board of Governors made a Declaration of Commitment to Promote and Support Actions to Finance Climate Change Adaptation and Mitigation<sup>1</sup>. This Declaration reiterated CABEL's commitment to supporting its member countries to achieve the goals established at the United Nations Climate Change Conference (COP 21) as a fundamental step for combating climate change, as well as promoting the necessary measures and investment to ensure a resilient and sustainable, low-carbon future. The declaration also reiterated the Institution's commitment to promoting and supporting financing for climate change adaptation and mitigation, with a focus on the development of sustainable cities, the promotion of resilient infrastructure in vulnerable communities, food and nutritional security and sustainable natural resource management, from a constant perspective of social inclusion and gender equality.

In July 2016, CABEL was admitted as an intergovernmental observer organization under the UNFCCC, which reaffirms the Bank's commitment to achieving the goals set out at the 2015 United Nations Climate Change Conference (COP 21).

From this perspective, it is also important to mention that, within its Institutional Strategy, CABEL has established a cross-cutting axis of environmental sustainability for all its operations, as well as guidelines that contribute to environmental sustainability in all its institutional initiatives.

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<sup>1</sup> The Declaration was formalized through Resolution No. AG-11/2016, in the framework of the LVI Ordinary Meeting of the CABEL Board of Governors, held in Panama City.

## II. OBJECTIVE

Establish guidelines and an action framework, aligned with the cross-cutting axis of environmental sustainability, that will ensure that operations financed by the Bank and all activities involved in its own operations are environmentally and socially sustainable, thereby contributing to the reduction of carbon emissions and the promotion of resilience to climate change.

## III. SCOPE

This Policy applies to all operations financed by the Bank and the activities involved in its own operations, with regard to environmental and social aspects.

Also, the Policy must be applied by all CABEL's collaborators and respective interest groups, pursuant to the provisions of the Policy.

## IV. ABBREVIATIONS AND TERMS

- CABEL or Bank: Central American Bank for Economic Integration
- COP 21: 2015 United Nations Climate Change Conference
- CSO: Civil Society Organization
- EHS: Environmental, Health and Safety Guidelines established by the World Bank Group
- GERCRED: Credit Division
- GERFIN: Finance Division
- GEROP: Operations and Technology Division
- GERSYP: Sectors and Countries Division
- IFC: International Finance Corporation
- MEI: Institutional Strategic Framework
- ODE: Office of Evaluation
- OFRI: Institutional Relations Office
- OPEP: Office of Strategic Planning and Programming
- SDGs: Sustainable Development Goals
- UN: United Nations
- UNFCCC: United Nations Framework Convention on Climate Change
- Senior Management: CABEL Presidency and Executive Vice Presidency

## V. DEFINITIONS

- **Project Cycle:** Process through which CABEL structures financial products with the purpose of promoting operations that have a significant impact on the integration and the balanced economic and social development of the beneficiary countries. This process includes every stage, from identification, determining eligibility, analysis, approval and implementation to recovery and closing of an operation.
- **Stakeholder Engagement and Consultation:** is an organized and thorough interchange of impressions and information between the client and the surrounding communities and interest groups regarding issues related to the execution of an operation that directly affect them (such as proposed mitigation measures, the sharing of benefits, opportunities and implementation issues) in order to be considered during the decision-making process.
- **Institutional Strategy:** is CABEL's planning framework, which serves as a reference for the other instruments that make up the Strategic Institutional Framework. This instrument harmonizes the regional development needs of each five-year period with the objectives established in article No. 2 of the Constitutive Agreement, pursuant to the provisions of the CABEL Modernization Plan. Additionally, it includes specific strategic guidelines regarding impact on development, financial management, the management of the organizational structure and institutional learning.
- **Interest Groups:** are those affected directly by the operations financed by the Bank and the operational activities related to its functioning, or that have an interest in the same, such as communities in the area of influence, developers, civil society organizations (CSOs) and other key actors.
- **Strategic Institutional Framework:** is the mechanism that establishes the set of guidelines that must be put into practice to ensure the correct interaction between the Bank's different strategic planning instruments, responding appropriately and in a timely fashion to the development needs and priorities of the countries and to the focus areas established to guide institutional actions for every five year period. In this context, the objective is that CABEL's operations maintain their focus on the region and each member country, while at the same the Bank works to strengthen its own framework of institutional and strategic evaluation.

The instruments that make up the Strategic Institutional Framework are: the Institutional Strategy, the Frameworks for Sector Intervention, the Country Strategies and the Annual Operating Plan.

- **The Environmental and Social Grievance Mechanism:** is an instrument that allows the Bank to register, analyze, and amend irregularities with respect to environmental and social risks considered critical by the Bank that are related with any intervention it finances in order to strengthen the Institution's environmental and social performance and that of its customers.

- **Operation:** This refers to programs/projects, global credit lines, and products and services that CABEI funds and/or executes in order to promote economic integration and positively impact the balanced economic and social development of its member countries.

## VI. RELATED DOCUMENTS

- Declaration of CABEI's Commitment to Promote and Support Funding Actions for Climate Change Adaptation and Mitigation
- Institutional Strategy
- Environmental and Social Strategy
- Gender Equity Policy
- Regulations of the CABEI Reporting Channel
- SIEMAS manual
- Manual of the System for Environmental and Corporate Social Responsibility
- Institutional Strategic Alignment Manual
- Manual of the Institutional Responsibility Committee
- Guidelines for SIEMAS

## VII. DEVELOPMENT

### GENERAL GUIDELINES

**Article 1. Environmental and Social Mandate:** In the exercise of its functions, CABEI is committed to adopting guidelines that ensure proper environmental and social management, as well as strategically address the region's challenges and opportunities.

**Article 2. General Principles:** The principles that govern the CABEI Environmental and Social Policy are as follows:

- a. Best International Practices: CABEI must seek to adopt standards and best international environmental and social practices with regard to the implementation of the present Policy and its components.
- b. Sustainable Development Financing: CABEI must pay close attention to promoting and financing operations that are consistent with achieving the United Nations Sustainable Development Goals (SDGs) in its member countries, pursuant to the provisions of its Constitutive Agreement.
- c. Transparency, Stakeholder Engagement and Consultation: CABEI must promote transparency, disclosure and effective communication with regard to this Policy. This must be carried out on the CABEI web page, as well as through other media.

**Article 3. Approval:** The Bank's Board of Directors is responsible for the approval of the CABEI Environmental and Social Policy at the proposal of the Institution's Senior Management.

**Article 4. Responsibility for implementation:** The Bank's Senior Management, through the Executive Vice President's Office, is responsible for the implementation of the Environmental and Social Policy and for proposing regular updates to the Policy and its elements, as well as for publicizing it at all levels of the Institution and designating the areas responsible for its implementation.

**Article 5. Elements of the Environmental and Social Policy:** The Policy is executed through the following elements:

- a. CABEI Social and Environmental Strategy
- b. CABEI Environmental and Social Risk Management System, which is composed of:
  - Environmental and Social Risk Identification, Evaluation and Mitigation System (SIEMAS).
  - System for Environmental and Corporate Social Responsibility (SASC).<sup>2</sup>

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<sup>2</sup> New Name for the Institutional Responsibility Plan (PRI).



## CABEI's SOCIAL AND ENVIRONMENTAL STRATEGY

**Article 6.** The CABEI Environmental and Social Strategy defines its frame of action, which includes strategic components and actions that contribute to the implementation of the Environmental and Social Strategy, with the purpose of supporting initiatives that are environmentally sustainable and that foster social development, competitiveness and regional integration. In that context, the formulation and development of the Institutional Strategy, Country Strategies, Sector Intervention Frameworks and Annual Operating Plans, as instruments of the Strategic Institutional Framework (MEI), will be carried out considering the implementation of elements under an environmental and social perspective.

**Article 7.** GERSYP and the Office of Strategic Planning and Programming are responsible for the process of preparing the Social and Environmental Strategy in the framework of the cross-cutting axis of environmental sustainability defined in the Institutional Strategy. GERSYP, GEROP, OFRI and GERFIN will be responsible for the implementation of this strategy.

**Article 8.** The Office of Strategic Planning and Programming ensures the alignment between the Environmental and Social Strategy and the CABEI Institutional Strategic Framework.

**Article 9.** The Office of Evaluation (ODE) is responsible for the evaluation of the Bank's Environmental and Social Strategy.

## ENVIRONMENTAL AND SOCIAL RISK IDENTIFICATION, EVALUATION AND MITIGATION SYSTEM (SIEMAS).

**Article 10.** SIEMAS enables the Bank to carry out the identification, evaluation and systematic mitigation of the social and environmental impacts of operations financed by CABEI. Through SIEMAS, CABEI must promote and facilitate the participation of stakeholders in order to avoid or minimize risks and adverse impacts to people and the environment.

**Article 11.** SIEMAS requires that operations financed by the Bank and its environmental and social risk categorization be aligned with the performance standards of the International Finance Corporation (IFC), the Equator Principle and the Environmental, Health and Safety (EHS) guidelines of the World Bank Group, as well as with relevant national legislation. CABEI must ensure compliance with the rules and regulations through a formal process of monitoring that includes a review of the customer's periodic reports, as well as possible on-site visits and audits.

When the regulations of the host country are different from the guidelines presented in SIEMAS, CABEI requires compliance with the more stringent in terms of environmental and social protection.

**Article 12.** CABEI must allow a reasonable duration for consultations prior to the approval of an operation, making publically available the relevant documentation, in order to ensure the participation of interest groups, paying special attention to operations involving higher risk and environmental and social impact.

**Article 13.** CABEI must establish an Environmental and Social Grievance Mechanism in order to strengthen CABEI's environmental and social performance and that of its clients, allowing documentation, analysis, and amendment of environmental and social risks irregularities that are deemed critical, pursuant to the provisions of SIEMAS.

**Article 14.** The Sectors and Countries Division (GERSYP) is responsible for implementing the SIEMAS. The Credit Division (GERCRED) is responsible for supervision of SIEMAS.

**Article 15.** CABEI must not finance operations that are on its List of Exclusions, pursuant to the corresponding regulations. In addition, the Bank must refrain from financing and supporting operations that violate: (i) these guidelines and other related regulations; (ii) the legal environmental and social framework in force in the country concerned; and (iii) any international environmental and social agreements and conventions.

**Article 16.** The Office of Evaluation (ODE), in coordination with the technical area designated by Senior Management, will carry out an independent review of SIEMAS every two years. In addition, the ODE will carry out annual independent reviews to determine compliance with the environmental and social standards established in the Social and Environmental Plans, in order to verify the system's effectiveness.

#### **SYSTEM FOR ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY (SASC).**

**Article 17.** CABEI must establish practices that reduce the environmental and social impacts of its own activities, through the implementation of a Corporate Environmental and Social Responsibility System.

**Article 18.** The Corporate Environmental and Social Responsibility System must facilitate the consistent adoption of international standards in the Bank's internal operations, in order to ensure their direct impact. This system has two areas of action:

- a. **Environmental Responsibility:** CABEI must adopt and promote best environmental practices to avoid or minimize the direct adverse impact of its own facilities and daily operations on the environment and promote environmental sustainability in its immediate environment.
- b. **Social Responsibility:** CABEI must adopt good social responsibility practices and promote them to its collaborators, suppliers, communities and other stakeholders in the Bank in order to avoid or minimize adverse impacts and maximize the positive social impact of its activities.



ENVIRONMENTAL AND SOCIAL POLICY OF THE  
CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION

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**Article 19.** The Committee for Oversight of the Corporate Environmental and Social Responsibility System is responsible for overseeing the implementation of the Corporate Environmental and Social Responsibility System.

**Article 20.** This Environmental and Social Responsibility may be revised periodically by both Senior Management and the Bank's Board of Directors.

## **APPENDIX VI – Indigenous Peoples' context of the participant countries**

### **Contents**

1. Indigenous People of Guatemala
2. Indigenous People of Honduras
3. Indigenous People of El Salvador
4. Indigenous People of Nicaragua
5. Indigenous People of Costa Rica
6. Indigenous People of Panama
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### **Indigenous People of Guatemala**

Guatemala is widely ethnically and culturally varied. The current count of linguistic communities is deemed to be 22, mostly belonging to the Maya, Xinka, and Garifuna families.

Guatemalan indigenous population comprises 41% of the country's total population, that is, 4,710,440 out of the 11,237,196 inhabitants recorded by the 2002 Census (Verdugo, 2009, p. 853). The country's indigenous peoples are the Mayas, the Garifunas and the Xincas. The government of the Republic of Guatemala recognizes their identities and their political, economic, social and cultural rights, according to the Agreement on Identity and Rights of Indigenous Peoples.

The most numerous indigenous people in the country is the Mayan, with 39.3% of the total population and 22 linguistic communities: *achi'*, *akateko*, *awakateko*, *chalchiteko*, *ch'orti'*, *chuj*, *itza'*, *ixil*, *jakalteco* or *popti'*, *kaqchikel*, *k'iche'*, *mam*, *mopan*, *poqomam*, *poqomchi'*, *q'anjob'al*, *q'eqchi'*, *sakapulteko*, *sipakapense*, *tektiteko*, *tz'utujil* and *uspanteko*. 28% of the Mayan population belongs to the Mayan linguistic community of *k'iche'*; 19.3%, to the Mayan *q'eqchi'*; 18.9%, to the Mayan *kaqchikel*; and 14% to the Mayan *mam* community (Verdugo, 2009, p. 855).

According to the 2002 Census, only 1.7% of the country's population self-identifies as Xinka and Garifuna. According to this source, roughly 16000 people identify themselves as Xinkas and 5040 as Garifunas. However, the Parliament of the Xinka People of Guatemala reports 164,613 people self-identifying as Xinka (Verdugo, 2009, p. 857).

The most renowned version of the origin of the Garifuna people dates back to 1635 when two slave ships are believed to have sunk in the shores of the Antilles, the survivors having been received by the Caribbean Indians. They bore children with them and formed a settlement. Besides Guatemala, Garifuna people can be found in Honduras, Belize, and Nicaragua.

The Xinkas are believed to be the most ancient indigenous people to inhabit the south of Guatemala, and to have sustained the fastest acculturation process. Even though their language is virtually extinct, ethnic revival has allowed several communities from departments Santa Rosa and Jutiapa to assert themselves as Xinkas.

Present-day Mayas are one of the most numerous indigenous peoples of the Americas and also one of the most diverse. They descend from the classic-period civilization that inhabited the low lands of Mesoamerica and from Mexican migrations.

Guatemala's linguistic communities	Location (Departments)	Population number 2002 Census/Richards, M. (2003)
Achi'	Baja Verapaz	96,178/51,593
Akateka	Huehuetenango	35,677/5,572
Awakateka	Huehuetenango	10,108/16,272
Ch'orti'	Chiquimula and Zacapa	41,418/9,105
Chalchiteka	Huehuetenango	Recognition through Decree 24-2003/35,000
Chuj	Huehuetenango	58,022/38,253
Garifuna	Izabal	4,690/203
Itza'	El Petén	1,829/123
Ixil El	Quiché	84,911/69,137
Jakalteka	Huehuetenango	42.871/
K'iche'	El Quiché, Huehuetenango, Quetzaltenango, Retalhuleu, Sololá, Suchitepequez Tonicapán, San Marcos and Chimaltenango.	1,160,017/922,378
Kaqchikel	Chimaltenango, Guatemala, Baja Verapaz, Sacatepéquez, Sololá and Suchitepéquez.	760,855/475,889
Mam	Huehuetenango, Quetzaltenango, San Marcos and Retalhuleu	560,511/519,664
Mopan	El Petén	2,685/468
Poqomam	Escuintla, Guatemala and Jalapa	38,653/9,548
Poqomchi'	Alta Verapaz, Baja Verapaz and El Quiché	102,075/69,716
Q'eqchi'	Alta Verapaz, Petén, El Quiché and Izabal	755.532/726,723
Q'anjob'al	Huehuetenango	143,396/99,211

Guatemala's linguistic communities	Location (Departments)	Population number 2002 Census/Richards, M. (2003)
Sakapulteka	El Quiché	9,151/3,940
Sipakapense	San Marcos	9,587/6,344
Tektiteka	Huehuetenango	1,904/1,241
Tz'utujil	Sololá and Suchitepéquez	72,344/47,669
Uspanteka	El Quiché	6,810/1,231
Xinka Santa	Rosa and Jutiapa	14,794/18

## Territory

In prehispanic Guatemala, human settlement was dispersed (except for the capitals of the kingdoms) organized on a relationship basis. Without chiefs, and limited to local action, the population of these states managed land in a communal way, thus communal management becoming the cornerstone of the social organization that came to be known thereafter as indigenous. Therefore, the progressive privatization of communal property during the 19<sup>th</sup> and 20<sup>th</sup> centuries posed a threat not only to the economic survival of the peoples but also to their forms of organization and authority. In fact, the fight for communal property since then has formed the political field of many indigenous communities.

Indigenous demands in Guatemala have been more consistent with land issues than with territorial problems. The failed agrarian reform of 1952 and the organization tradition around *campesinos*, which has continued on in organizations such as the Committee of Campesino Unity (CUC) and the National Indigenous and Campesino Coordinator (CONIC) have characterized the country's social movements. However, since 1990s some organizations have introduced the notion of territory insofar it includes a cultural recognition of the land. Demands from indigenous peoples of Guatemala are above all about recognizing and titling land for communal use (villages, municipalities, cooperatives...) rather than a demand for a *mam* or *k'iche'* territory.

## Economy

Guatemala is an agricultural country above all. Many indigenous are *campesinos* combining the production of their own corn with employment basically in coffee farms. Trade is also a fundamental activity conducted by men but especially indigenous women who sell their produce across the country's numerous marketplaces. There is also a small but significant cultural indigenous elite, urban mostly, who lead the work performed by many indigenous organizations.

## Forms of government

The organization of spiritual guides Oxlajuj Ajpop separates authorities of the Maya world on the one hand, and indigenous authorities with State recognition on the other. Although the State does not recognize them legally as indigenous. Among the former there are the *Ajq'ij* or Maya priests, the medicine men and women, and the midwives, whose services are announced by the Maya calendar. They also mention *cofrades* and *principales* who have already served the community within the *cofradía* or as *alcaldes auxiliares*. Among the State-recognized indigenous authorities there are the president of committees, organizations and associations, the *alcaldes auxiliares* appointed to act as liaison between the municipal government and the communities, and the *alcaldes indigenas* in those places where this institution still endures.

## Indigenous People of Honduras

According to the 2001 national census, 7% of the total population of 6 million people was indigenous or Afro-descendant at the time. According to the census conducted by indigenous organizations in 2007, indigenous population and Afro-descendants would be 20% approximately, that is, 1.5 million out of a national population of 7.6 million. 80% of the indigenous population live in their traditional lands, whereas 20% live in urban areas.

Among Honduras' indigenous peoples there are different preservation levels of language, and social and cultural structures, depending on different experiences and contact levels with European settlers and subsequent, non-indigenous governments and societies. Indigenous peoples are strongly attached to their identity, as a distinctive people, and their wish to maintain and strengthen their cultures, languages, knowledge, territories and forms of government.

Indigenous peoples of Honduras have a rich cultural diversity across the country. According to the 2001 census, they are the following in terms of location and population:

- The Lenca people (population 279,507) mainly located in the departments of Intibucá, La Paz, Lempira and Santa Bárbara in west Honduras;
- The Mayan Chortí people (population 34,463) in the western departments of Copán and Ocotopeque;
- The Tolupe people (population 9,617) in central departments Yoro and Francisco Morazán;
- The Garifuna people (population 46,448) in the Atlantic coastline, from department Cortés to Gracias a Dios;
- The Nahua people (population 20,000, according to non-official data) in the eastern department of Olancho;
- The Pech people (population 3,848) in departments Colón, Olancho and Gracias a Dios;
- The Tawahka people (population 2,463) in the eastern departments of Olancho, Colón and Gracias a Dios;
- The Miskito people (population 51,607) in department Gracias a Dios.

Each indigenous people has one or more organizations or federations defending the interests of their members or of specific sectors of their population. During the 1990s, indigenous peoples and organizations conducted political mobilizations or "pilgrimages" in Tegucigalpa to call the attention of both government and national society to their demand for recognition of their territories, cultures, languages, and access to health, education and other social services. As a result of these mobilizations, some progress was made in the titling of indigenous lands, the Convention on

indigenous and tribal peoples was ratified, 1989 (No. 169) of the International Labor Organization (ILO) and education and health coverage were extended in indigenous communities.

## Indigenous People of El Salvador

El Salvador does not have precise statistics, for instance, within a national population census. Rather, information varies depending on the source. However, based on CONCULTURA, the Government considers that 10% of the population of El Salvador are indigenous.

In year 2007, in the context of the most recent national census, the following results were obtained:

### EL SALVADOR

#### Population and Housing Census – 2007

##### Indigenous Population per Sex, per Municipality

Departments	Population			Indigenous population											
				Lenca			Kakawira (Cacaopera)			Nahua-Pipil			Others		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
TOTAL COUNTRY	5,744,113	2,719,371	3,024,742	2,012	959	1,053	4,165	2,038	2,127	3,539	1,704	1,835	3,594	1,700	1,894

The historical-social conditions of El Salvador in indigenous matters are very special, very different from the situation in neighbor countries such as Guatemala, Honduras, and Nicaragua. For instance, the indigenous communities are not identified with any specific language as the entire population speaks Spanish, and a small number speaks indigenous languages. These have been near extinction but now they are being reclaimed.

The indigenous population cannot be identified by their clothing either as only a reduced number still wears them. However, a series of very strong indigenous identity elements can be found in most of the population including: traditions and customs, eating habits, the abundant mythology, and of course, manners of speaking and individuals' anatomic-morphological appearance, that is medium height; and thick, black hair, which is an indigenous biological feature.

Since 1986 an increasingly faster process has been in motion, noticeable and participatory, of recognition and emphasis on the subject-matter.

An aspect worth mentioning is the development and execution of short and long range projects by many indigenous organizations, most of them under the umbrella of the National Indigenous Coordinating Council of El Salvador (CCNIS). This has had the support and guidance of CONCULTURA [national council of arts and culture] through the Unit of Indigenous Matters. In addition to a considerable amount of actions executed in terms of traditions and customs by the most



customary, generally accepted indigenous organization - the *cofradías* - across the territory, with the most representative one being the *Alcaldía del Común* in the western region.

El Salvador is a signatory party to the Puebla-Panama Plan, the methodology of which is adopted by the Advisory Group for the Participation of Indigenous and Ethnic Peoples (GAPIE), comprising signatory governments and indigenous populations.

In terms of institutional matters, CONCULTURA has, since 2005, led the NATIONAL MEETING for inquiry in and subsequent execution of cultural policies including the indigenous issue.

## **Indigenous People of Nicaragua**

There are seven indigenous peoples in Nicaragua. According to the 2005 census, 8.6% of Nicaraguan population self-identifies either as indigenous or belonging to one of two Afro-American groups (Garifunas or Creoles) settled in the country. Without counting Afro-American ethnic groups, which according to national statistics are 2,500 (Garifunas) and 43,000 (Creoles) (Wessendorf, 2009: cf. page 114), the percentage of indigenous groups in Nicaragua's population is clearly lower. Presently it is about 5 per cent (Factbook, 2010).

The three largest indigenous peoples in Nicaragua are the Chorotegas, with over 221,000 members; the Miskitos, with 150,000 members; and the Matagalpas, also known as Cacaoperas, with about 98,000 members. In the same way as most indigenous population, these three peoples are settled mostly in rural areas of Nicaragua. The same as about 60% of Afro-American communities (INIDE, 2005).

However, there are substantial variations as to preservation of traditions, culture and language. Mostly the Miskitos, the Mayangnas and the Ramas peoples along the Atlantic coastline have largely kept their indigenous identity. In the 1980s, after involuntary displacements by the military forces of Miskitos communities settled along Rio Coco, which constitutes the border with Honduras, and a Spanish assimilation policy by the Sandinists, a violent resistance led by Brooklyn Rivera and Steadman Fagoth ensued. The Atlantic region became a scenario of violent fights between the "contra" and the military troops of Nicaragua government. (Ospina, 2009). In 1987, lastly, still under FSLN ruling, the independence of the Caribbean Coast was declared, resulting in the creation of two regions: The North Caribbean Coast Autonomous Region (RAAN), where mainly the Miskitos and the Sumo-mayangnas live, and the South Caribbean Coast Autonomous Region (RAAS), where the Ramas, Garifunas and Creoles or the Afro-Caribbean live.

According to the official census of 2005, 244,305 Nicaraguan citizens, that is, a mere 4.75 percent of the total population, speak an indigenous language.

A large portion of them lives in autonomous regions of the Caribbean Coast - RAAN, RAAS (INIDE, 2005).

Furthermore, over the last two decades, initiatives came up to strengthen indigenous cultures and to grant them more rights. Thus, in 1993, for instance, the "Language Act" was implemented, and in 2003, a law on health rights. In 2006, a law was passed on education rights for indigenous peoples (Wessendorf, 2009; cf. page 114)

## Indigenous People of Costa Rica

According to the work prepared by **Manuel E. Soto Aguilar and Gustavo Cabrera Vega, Tutela Legal-SERPAJ-CR**, there are eight indigenous peoples in Costa Rica preserving their culture. These are:

**Cabécar.** Presently, the Cabécar people is one of the largest in the country. They preserve many of their cultural traditions, including language. They have traditionally occupied the most remote areas of the country (see map Chart 2 and Image 1), which accounts for their lesser cultural assimilation. They are also settled in one of the mountain ranges with the greatest natural richness in terms of soil, subsurface, and groundwater. They maintain their matrilineal clan system, which determines the relatives and couple relations (for the external system, "matrimonial").

**Chorotegas.** The Chorotegas have settled in a large portion of the present-day province of Guanacaste and province of Puntarenas. These have sustained a wide "miscegenation" process evidenced today in the communities of the current Nicoya peninsula, in their traditional dances and music. They inhabit the indigenous territory of Matambú (cantons Nicoya and Hojancha) although their population are on the fences as to asserting their indigenous identity or rejecting their ethnic identity.

**Bribris.** The Bribris are located both sides of the Talamanca mountain range in four territories: Talamanca, Keköldi (shared with the Cabécares in Talamanca canton), Salitre and Cabagra (in Buenos Aires canton of province Puntarenas). In the former two, one of the most extensive forests and soil richness are found: they have deep-rooted traditions and customs, similarly to the Cabécar people. With the advent of colonists and outsiders' institutions, their traditional culture has weakened. They keep a clan-based matrilineal lineage system, similar to the Cabécar people.

**Brunkas or borucas.** The Brunkas, also known as Borucas, are found today in the indigenous territories of Bourca and Rey Curré (Buenos Aires canton in Puntarenas), and in communities that were left out of the indigenous territories such as Puerto Cortes and Palmar Norte, as well as in the vast savannas at the outlet of river Térraba. This people, together with the Teribes, are deemed to have sustained the largest impact of territorial disarrangement. The presence of religious orders, livestock production, and the construction of inter-American south highway were triggers for the process of cultural loss. The language has virtually vanished. However, a huge cultural revival process is underway, through crafts and folkloric cultural expressions.

**Ngäbes.** The Ngäbes represent the most numerous people of the so-called Lower Central America (being more numerous in Panama). They have a very strong attachment to their traditional culture. They speak their language in a 100% across all territories and communities, there being two variations, Ngawbere and Bokotá (known as Buglé in Panama). The traditional relationship system is a very complex one, lineage being referred to maternal and paternal grandparents.

**Huetares.** The Huetares are located in two indigenous territories, Quitirrisí (Mora canton) and Zapatón (Puriscal canton). Other communities outside the indigenous territories considered of Huetar descent are Bajo de Cárdenas and Cerro. The preservation of their traditions is reflected by their work with textile materials, the use of natural inks, home-made implements, their houses, food, beverages and laws. Sadly, their language disappeared many years ago.

**Téribes.** The Teribe people of Costa Rica descends from the Teribes who were displaced by the Spaniards in the 17<sup>th</sup> and 18<sup>th</sup> centuries from Talamanca (a region in Panama). The Teribe people of Costa Rica and the Naso-teribe people of Panama are related. In Panama, they are known as Nasos. But in Costa Rica, they are known as Teribes or Térrabas (Broran). They are located in a single

indigenous territory called Térraba (Buenos Aires canton) at the banks of Río Grande de Térraba. Their language has virtually disappeared. Cultural disassembly occurred at colonial times, added to the fact that they were forced to migrate. Despite their cultural loss, huge efforts are being made to revive their identity through exchanges with their brothers from the neighboring country.

**Malekus.** The Maleku people is also known as "Guatuso" due to a colonial name given in the 18<sup>th</sup> century, related to the place where they were found, Mount La Guatusa. They are located in Guatuso and San Carlos cantons, and in three towns or *palenques*: Tonjibe, El Sol and Margarita. Their settlers were not made subjects during the colony. Therefore, they managed to keep a strong cultural autonomy up until the beginning of the 20<sup>th</sup> century. Although they were stripped off their ancestral lands and affected by it, both the youth and the elderly keep their traditions alive.

### **Population Data**

Based on the **10<sup>th</sup> National Population Census of Costa Rica, of 2011**, regarding the main demographic and socio-economic indicators of indigenous peoples, a total of 104,143 people identifying themselves as indigenous was estimated, out of which 51,709 are women and 52,434 men. This means an increase of 1.7% for 2000, and 2.4%, for 2011, out of the total population of the country, which is 4,301,712.

As regards **Costa Rican indigenous territories**, these are 24 Territories, for 8 Peoples. These are lands that cannot be disposed of, transferred, and are meant solely for the indigenous. These lands cannot be reduced in any way, either, according to the 1977 Indigenous Act.

## **Indigenous People of Panama**

The 2000 Census considered a population of 285,231 indigenous in the country, out of which 61,707 were Kuna; 17,731 Buglé; 993, Bokota; 6,882 Wounaan; 169,130 Ngöbe; 3,305 Teribe; 22,485 Emberá; 2,521 Bri-bri; and 477, could not be classified.

60% of the **Kuna** live in three Kuna *comarcas* [special territorial organization units]. The oldest and most renowned is the Comarca of Kuna Yala, consisting of 365 islands in the Caribbean Coast, and has category of province. The Comarca of Madungandí was then created, and lastly, the Comarca of Wargandí. Both have category of *corregimiento*. The rest of the population live in Kuna communities from other areas of the provinces of Darién and Panamá, and in urban areas.

The Kuna or Dule typically have a strong political and administrative cohesion represented in the Kuna General Congress created in 1945 as their highest governing body. The Congress holds sessions twice a year with 5 delegates for each one of the 48 communities of said *comarca*. The Kuna General Congress has representation in the Panamanian Government by three general chiefs. The congress has also created other institutions such as the Institute for Integral Development of Kuna Yala (IDIKY), which manages the development projects of said *comarca*, and the Congress of General Culture, for culture preservation. There are also local congresses at a community level.

Agriculture is the main economic activity of the Kuna people (banana, coconut, avocado) as well as fishing, crafts (wood, pottery, textiles) and tourism, but there is also a portion of the population who has migrated to cities in search of a better economic situation. Currently, the Kuna people face problems that come with mining concessions, the arrival of new settlers at their territory, war and drug trafficking in their border with Colombia.

The **Emberá** and the **Wounaan** speak different languages and live in different communities but both peoples share the same habitat and, for the time being, the same authorities and institutions. They are mainly devoted to agriculture, combined with trade of some products such as plantains, hunting, animal husbandry, fishing, and picking. They originally come from the Colombian Chocó, so they used to be known as Chocó Indians. In Panama, they are found mostly in Comarca Emberá-Wounaan (1983) where 35% of the population live, distributed in 40 dispersed communities of the province of Darién, in the country's eastern woods. This *comarca* has category of province, with two districts and five *corregimientos* the capital of which is Unión Chocó. Its population is about 9000, living in 42 different communities. Traditionally, the Emberá-Wounaan are semi-nomad groups living close by rivers in family clans, who encouraged by the government of Panama and some leaders organized themselves in 1968 following the Kuna model. Back then, the first Emberá chiefs were chosen. But it wasn't until 1983 that the Comarca had official recognition.

The **Ngöbe** and the **Buglé** were previously known as Guaymías, which was the largest indigenous people of the country. Although they are divided into two ethnic groups speaking different languages, for the time being, they are deemed a single People. The Ngöbe and the Buglé are located in west Panama, in a mountain habitat growing rice, yams, corn, beans, bananas and coffee. They usually work temporarily in coffee or banana plantations. The Ngöbe-Buglé used to live in small and scattered communities without traditional centralized forms of government. In the 1970s, however, a new political model was adopted based on the Kuna form of organization, creating the General Congress of the Ngöbe-Buglé as well as the Regional Congresses of Bocas del Toro, Chiriquí and Veraguas. This model was legally recognized by Panama in March 1997 with the set up of Comarca Ngöbe-Buglé. Approximately 69% of this people live in it. Presently, the Ngöbe-Buglé face problems deriving from mining concessions and dam construction in their territory, added to the poverty issue, which affects most indigenous.

The **Bokota** are one of the smallest and least known indigenous groups from west Panama. Their language is Buglere. That is why they are considered by some as part of the Buglé group. They inhabit small communities scattered across the east of Bocas del Toro and in regions neighboring the northwest of Veraguas.

The **Naso Teribe** are a minority located in west Panama, in La Amistad International Park, nearby the border with Costa Rica. In 1973 a process had begun to establish an indigenous Comarca. In the light of the interest arisen by the potential use of its natural resources, in 2008, still the area did not receive recognition. There are also some differences among their leaders, which makes it hard to present a unified political front.

The **Bri-bri** inhabit the shores of river Yorkin and Sixaola in the border with Costa Rica, where there is more Bri-bri population. This is a minor group that had gone unrecognized until 1911, as they had been previously identified as Guaymías, Ngöbes or Bokotas. Some members of the Bri-bri people demand their own *comarca* as well.

Ethnic group	Population (2000 Census)	Language
Bokota	993	Dialect of the Buglere language
Bri-bri	2,521	Bri-bri

Ethnic group	Population (2000 Census)	Language
Buglé	17,731	Buglere
Emberá	22,485	Emberá
Kuna	61,707	Kuna
Naso-Teribe	3,305	Naso or Téribe
Ngöbe	169,130	Ngöbere or ngäbe
Wounaan	6,882	Wounaan, Waunana or Noanamá

### Forms of government

Although most of these peoples would not traditionally recognize unified forms of government, other than relationship or community forms, the indigenous *comarcas* and the Kuna model of relations with the State have caught on among them, paving the way for new forms of authority and institutions. Chief among them are the General Congress of Kuna, Emberá-Wounaan and Ngöbe-Buglé, as well as chiefs ("caciques"). These forms of organization are replicated at the community level.

Each indigenous *comarca* has a law governing them and bylaws compiling the laws and forms of organization agreed upon with the Panamanian government. In them, justice administration and conflict resolution are established according to their culture, as well as land use, and bilingual education. Another warranty is political representation of the *comarcas* in the Panamanian Nation.

### Indigenous People of the Dominican Republic

The Dominican Republic shares a wide ethnic and cultural variety with most of the Caribbean and Latin American nations. Early on, the Dominican people have received the cultural inputs of the Taíno people, the Spaniards and the black Africans.

The Taíno people were exterminated from the island shortly after the arrival of the Spaniards. Their culture virtually vanished. Most of their cultural contributions are found in some words, foods and implements for household use.

The most prevalent ethnic groups have been the Africans and the Spaniards. The Spanish and European cultures have prevailed. The Spanish forced their language, religion and customs upon the indigenous and the blacks that had been enslaved and brought to work in the sugar plantations mid-sixteenth century.

The ethnic composition of the Dominican population according to CIA World Factbook is 73% of mixed race, mostly *mulatos* and *mestizos*; 16% whites; 11% blacks. Other estimations define the ethnic composition of the Dominican population as follows: 67% multi-racial, 30% blacks, 3% whites. In 2002, population was estimated in 8.4 million. Out of these, 7 million people had African descent. The multi-racial population is mostly a mixture of Europeans and Africans.

## APPENDIX VII – Previous Consultation Summary

In total, 13 IFIs, 21 MSMEs, 2 Technical Assistance Providers and 3 NGOs were consulted for the design of this Programme. The table below shows the list of consulted stakeholders.

Country	Stakeholders consulted
Costa Rica	<b>IFIs:</b> PROMERICA, BAC San José <b>MSMEs:</b> Asociación Amantes de lo Orgánico (AAMOR), Nala Kalú, Association of Talamanca Small Producers (APPTa).
El Salvador	<b>IFIs:</b> Caja de Crédito de Zacatecoluca [credit union], Banco Hipotecario [mortgage bank] <b>MSMEs:</b> Rhina Yolanda Flamenco de Rehmann, producer of organic indigo; Raúl Villalta, producer of organic cashew.
Nicaragua	<b>IFIs:</b> LAFISE BANCENTRO (private bank), FDL (micro finance institution) <b>MSMEs:</b> UCASANJUAN, Hotel Victoria, Ojo de Agua, Agricultural cooperative union in San Juan de Río Coco <b>Technical Assistance Provider:</b> NITLAPAN <b>NGO:</b> Centro Humboldt
Honduras	<b>IFIs:</b> ODEF Financiera (micro finance institution), BANPAIS (commercial bank), BANHCAFÉ (intermediary financial institution) <b>MSMEs:</b> RAOS Cooperative, Regional Agricultural Cooperative Union Chinacla Limitada, CAFEL cooperative <b>NGO:</b> FUNDER
Guatemala	<b>IFIs:</b> AYNLA (micro finance institution), Génesis Empresarial (non-banking financial institution) <b>MSMEs:</b> Clemente Set Cac, cardamom producer; Apolonio Coc Paul, sawyer and cardamom producer <b>NGO:</b> Guatemalan Center for a Cleaner Production
Panama	<b>IFIs:</b> Banco Aliado (commercial bank) <b>MSMEs:</b> GORACE (Organic group of Cerropunteño agricultural producers), Cooperativa de S/M Cacao Bocatoreña, (COCABO R.L.)
Dominican Republic	<b>IFIs:</b> Banreservas (commercial bank) <b>MSMEs:</b> ADOBANANO (banana producers' association), mango producers' association, Avocado Producers' Association Los Arroyos, CONACADO (National Confederation of Dominican Cocoa Producers) <b>Technical Assistance Provider:</b> CODESPA (International Cooperation and Development)

### Responses obtained during the consultations

Following is a summary of the responses obtained during the consultations. For more information regarding each of the interviews please refer to the briefings in Annex II.

## IFIs

Meetings and conference calls were held with private and public banks, as well as non-financial institutions. Please find records and outputs of the consultations in **Annex II- Stakeholder engagement**. Follows a summary of the main outputs:

- All the IFIs consider that the impacts of climate change are already affecting rural MSMEs and that both IFIs and MSMEs need to be trained in this topic.
- They demand experience exchanges as the ones organized during the Programme CAMBio, to work on the barriers to credit for MSMEs (support for legalization of land tenure, access to markets, project preparation, financial education).
- The majority of the IFIs recognizes the need of support for supervising environmental and social safeguards of the projects.
- In general, they declare having a high percentage of women as clients (around 50%), although having more barriers than men. Women need to be supported in terms of confidence, administrative capacities, commercialization strategies, credit and business management, facilitation of guarantees.

## MSMEs

Meetings and conference calls were held with MSMEs from different scales (individuals, associations, cooperatives) and production systems (family agriculture, forestry, for export organic products, and others). Please find records and outputs of the consultations in Annex II. Follows a summary of the main outputs:

- Main climate change impacts: droughts and heat waves – water scarcity, change in rain patterns, lower quality of the products due to higher temperatures or excessive humidity, floods, pests, strong winds, colder temperatures and displacement of dates in higher altitudes, interrupted access ways due to landslides or floods, hurricanes.
- Successful adaptation options identified: crop diversification, diversification with activities such as eco-tourism, reforestation and plantation of high grasses for shelter and diversification, wells for access to groundwater, reservoirs, improvement of roads and bridges, resistant seed varieties.
- Difficulties with accessing credits: collaterals, presentation of financial situation, changing prices of the products, fear of banks.
- Strategies for accessing credits: group credits, work plans, regularization of land ownership.
- Capacity building needs: climate change scenarios for their regions, climate information, financial education, administration, commercialization, project inception and formulation.

## NGOs

Meetings were held with 3 NGOs, one in Nicaragua and one in Guatemala. Please find records and outputs of the consultations in Annex II. Follows a summary of the main outputs:

- Guatemalan Center for a Cleaner Production: the country is particularly vulnerable to climate change. There are no credit lines for adaptation in commercial banks and there is no offer of credit lines for small scale producers. Environment degradation worsens vulnerability conditions. Need of capacity building.
- FUNDER, Nicaragua: Small scale producers in Central America are the most vulnerable and very little funding accessible for this sector. Need to work in access to water, pests, resistant

seeds, agro-forestry for restoring woods. Recommendation of promoting associations and considering long-term investments.

- Centro Humboldt: Country's vulnerable areas: everything is grouped along the Dry Corridor, but the rest of the areas in the country are undergoing an increase in temperatures. A 16% decrease in precipitation is expected. The sectors most affected will be: fishing, shrimps, peanuts, sesame, cane, tourism. Need for information on which varieties will be more tolerant to new climate conditions. For producers to adapt, they need information (EWS).

### **Technical Assistance Providers (TASPs)**

As for the **Technical Assistance Providers (TASPs)**, two were interviewed, from the Dominican Republic and Nicaragua.

They emphasize the impact of CAMBio for having introduced environmental aspects in the financial sector, and having found the way to capitalize synergies between the financial and the technical parts. A large number of small and medium-sized producers was reached contributing to create biological corridors that did not exist up until then. The impacts of the investments made are maintained even in the absence of access to financing. All the experience gained remained there upon completion of the project.

Recommendations for a new project:

- Need of access to financing, which is a very serious problem for the small-scale agricultural sector.
- Technical Assistance is key to make changes more effective, credits more advantageous and for the award to drive and foster producers to follow the path of the project.
- Establish payments according to farmers' cash flow (crop cycles).
- Forge stronger bonds with the markets.
- Alliances with commercial firms that were willing to get involved in the production chain. Quality standards.
- Encourage producers to diversify their economic activities with a more sustainable production of the resources.
- Establish concrete measures, indicators.
- Special attention to protected areas.
- Promote collective efforts, work in coordination with different actors.

Adaptation to Climate change considerations:

- Necessary and urgent approach. Depending on the sectors, but water, forest coverage, and diversification topics are key regardless of the area: deal with food security and reduction of disaster risks.
- Agricultural insurance.
- Resistance species, shades, windbreaks, improved grasses.
- Emergency response to hurricanes.

Role of women and young population: Rural women have a prevailing role. They should have a more leading position. Need to implement Gender approach, reduce social exclusion and gender-based gaps.



## **Interviews with NDAs**

Meetings and conference calls were held with the seven NDAs. The Programme concept was explained and open to questions and discussion. Each of the NDA confirmed the alignment with the climate change national strategies and provided recommendations for the improvement of the proposal. The stages for the attainment of the No Objection Letters were explored, and next steps were agreed. Please find the NOLs of the seven countries in **Annex I**.

***APPENDIX VIII – Stakeholder engagement (ANNEX II of Funding Proposal)***

***These documents are submitted in Word format in the ESMF folder***

***APPENDIX IX - Draft of questionnaire for assessing eligibility criteria (F1 Form).***

***F1 form is submitted in Excel format in the ESMF folder***