



Development Bank of Namibia

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DBN PS1-ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM STANDARD

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a) Version Control

The table below serves to track the key revisions made to this document for change control purposes.

Date	Version	Change Description	Author/Editor
08/02/2016	0.01	Initial Draft for first review	Manager: Environment & Social Development
24/04/2016	0.02	Initial Review	Head: Risk and Compliance –John Jacobs
23/05/2016	0.03	2 nd Review	Risk and Compliance Committee
23 May 2016	0.04	Departmental Review	Audit Risk and Compliance
10/10/2016	0.05	Second Review	Senior Manager: Risk and Compliance –Saima Nimengobe
7/11/2016	1.00	DBN Board Approval	Chairperson: DBN Board of Directors
10/01/2019	2.00	Change logo on first page	Manager: Environment & Social Development

1. DEFINITIONS, TERMS & ABBREVIATIONS

DBN	Development Bank of Namibia
EAP	Environmental Assessment Practitioner
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESMP	Environmental and Social Management Plan
PROMOTER	The legally authorised and registered entity that obtained or is applying for funding from DBN to implement a project

2. BACKGROUND

The International Finance Corporation's (IFC's) Performance Standard 1 requires the Assessment and Management of Environmental and Social Risks and Impacts and gives guidance to this DBN Standard.

The overall objective of this Standard is to outline the promoters responsibilities in the process of assessing, managing and monitoring environmental, occupational health and safety and social impacts and risks associated with the operations. The DBN will not fund or will pull funding should the promoter not comply with these requirements. Specifically:

- **Policy commitment**
 - Fostering the promoter's senior level endorsement of, and adherence to sound and sustained environmental, occupational health and safety and social performance policies, standards and systems that are accordingly communicated internally and externally, and reflected in the promoter policies and procedures.
 - Adequate staff and budget shall be provided;
- **Assessment**
 - Improving the planning process through the performance of a strategic environmental assessment, so that environmental, occupational health and safety and social considerations are taken into account in the selection of alternatives, for cumulative and large-scale effects to be addressed, and a participatory approach applied in the engagement with project-affected individuals, communities, as well as other relevant stakeholders;
 - Identifying, describing and assessing both adverse and positive, direct, indirect and induced environmental, occupational health and safety and social impacts, cumulative and in-combination impact/effects associated with the operation, its ancillary/associated facilities and the project area of influence;

- Applying the mitigation hierarchy by identifying measures to be taken to avoid, reduce and, if required, compensate/remedy significant adverse residual effects on workers, affected stakeholders, and the environment, so as to contribute to the avoidance of any deterioration in the quality of human life, the environment and any net loss of biodiversity and ecosystems;
- **Management**
 - Requiring the development of an environmental and social management system, as a dynamic, adaptive, and continuous process, initiated and supported by the promoters senior management, while fostering meaningful communication and dialogue between the promoter's, its workforce, local communities and, where appropriate, other stakeholders. The system should be commensurate to the size and nature of the project activity;
 - Assigning actions and responsibilities, including resources, key performance indicators, funds, skills, etc. to implement the measures;
- **Monitoring & Evaluation**
 - Following up over time and in a systematic way, during construction, operation, and decommissioning, using certain parameters that are indicators of the status of the environment and human well-being so as to ascertain that after the implementation of mitigation and compensatory measures, no adverse impacts exceed those initially predicted;
 - Reporting on the performance and effectiveness of the environmental and social management system against pre-determined indicators and performance criteria.
- **Stakeholder Engagement**
 - Identifying people and/or communities that are or could be affected by the project, as well as other interested parties;
 - Ensuring that such stakeholders are appropriately engaged with on environmental, community health and social issues that could potentially affect them through a sustained public participation process comprising both information disclosure and meaningful consultation;
 - Maintaining a constructive relationship with stakeholders on an ongoing basis through meaningful engagement throughout the planning, implementation, monitoring and decommissioning of the project.

The ESMS should be supported by internationally recognised environmental, health and safety and quality management systems (ISO 14001:2015, 18001 and ISO9001).

The Standard generally addresses what must be done but does not specify how each clause should be implemented. In assessing a projects compliance with the Standard, reviewers should expect general

conformance to this Standard unless the project can demonstrate that it meets the intent of the Standard by an alternative approach.

3. SCOPE

This standard is applicable to the Development Bank of Namibia (DBN) and its clients and extends to their assets, facilities, operations, projects and activities, including activities undertaken by any contractor on behalf of the Company, business units and managed operations including corporate/administration offices and other facilities located off site.

It applies to all operations likely to have significant and material environmental and social impacts and risks. These impacts and risks need be taken into account at the earliest possible stage in all the technical planning and decision-making processes.

Failure to comply with the implementation of this standard requirement will be treated as an Event of Default. A no Event of Default will occur if the failure to comply is capable of remedy and is remedied within timeframes as stipulated in the DBN Term Loan Facility Agreement with the promoter.

4. INTENT

The intent of this standard is to ensure that promoters take into account the findings of the environmental and social assessment and the outcomes of the consultation with affected individuals, communities and other relevant stakeholders.

This Standard specifies a number of requirements, which promoters businesses and operations must satisfy, and the achievement of this will be audited following an appropriate time for implementation.

The promoter will develop and implement an appropriate environmental and social management system (ESMS) that, in sum, will describe the mitigation of environmental, climate, occupational health and safety and social impacts and risks, the performance improvement as well as the opportunities.

The level of detail and complexity of the ESMS and the priority of the identified measures and actions shall be commensurate with the nature and magnitude of project's impacts and risks, and will take account of the outcome of the engagement process with affected stakeholders, as appropriate.

5. PLANNING

- 5.1. All operations shall comply with Namibian national legislation and regulations as well as any obligations and standards in the relevant international conventions and multilateral agreements to which Namibia is party to;
 - o Government Gazette No 30: Environmental Impact Assessment Regulations: Environmental Management Act, 2007, with the requirements related to access to

- information, public participation in decision-making and access to justice in environmental matters;
 - The assessment of the significant adverse effects of projects on biological diversity, contributing to attaining halting biodiversity loss, the degradation of ecosystem services and restoring them where feasible as required in the Convention on Biological Diversity
 - United Nations Framework Convention on Climate Change and the Paris Agreement Protocol on Climate change addressing both mitigation and adaptation measures
 - The Community approach on the prevention of natural and man-made disasters which stresses the need to put in place procedures for assessment of the disaster risk implications of major infrastructure projects.
- 5.2. Ensure the appropriate level of environmental and social assessment and management is carried out to the satisfaction of in-country, requirements of financiers funding the DBN and other applicable legislation and standards.
- 5.3. Projects must be the subject of an environmental and social impact assessment (ESIA) procedure if they are likely to have significant and material impacts and risks on the environment, human health and well-being and interfere with human rights.
- 5.4. The ESIA must be consistent with the principles contained in the Government Notice No. 29: List of activities that may not be undertaken without Environmental Clearance Certificate: Environmental Management Act, 2007 as gazetted in 2012 and Government Notice No. 30: Environmental Impact Assessment Regulations: Environmental Management Act, 2007 as gazetted in 2012.
- 5.5. When an ESIA is carried out, the promoter through its EAP is responsible for:
- determining the scope of the environmental, occupational health and safety and social assessment and the details of information to be included in the environmental and social report;
 - drawing up an environmental and social report that identifies, describes and evaluates the likely significant effects of implementing the plan or programme. This includes the provision of information on reasonable alternatives identified, taking into account its objectives and the geographical scope. When preparing the environmental and social report, the promoter should pay special attention to the evolving baseline analysis, consideration and identification of alternatives, and integration of climate change and biodiversity;
 - communicating and consulting with public authorities with environmental responsibilities and the public, as well as the other countries potentially affected; and,
 - monitoring the environmental and social effects resulting from the implementation of the plan or programme implementation so that unforeseen adverse effects can be identified at an early stage and remedial action can be taken when and where required.

- 5.6. The promoter through the EAP should ensure a participative and transparent ESIA process by engaging all relevant stakeholders in different EIA activities and stages and using various communication and consultation tools and methods according to the occasion, type of stakeholders, context, timing and resources.
- 5.7. The promoter through the EAP should pay special attention to engage individuals and groups that may be at a heightened risk of vulnerability to negative impacts, or that may face barriers to accessing engagement processes, with a view to engaging them fully.
- 5.8. The promoter through the EAP is encouraged to apply the principles of the EIA as an important tool towards reaching the objectives introduced by the relevant national legislation and international treaties and to manage the development challenges generated by the promotion of sustainable use of natural resources, adaptation and mitigation to climate change, enhancement and maintenance of biodiversity values, ecosystem services, landscape and cultural heritage, human well-being, and the protection of human rights.
- 5.9. The promoter through the EAP shall carry out an environmental and social impact assessment for any project which is likely to have significant environmental and social impacts and risks. The promoter shall be responsible for putting in place its own systems that will allow for a comprehensive and rigorous environmental and social assessment of impacts and risks, using an integrated approach in order to achieve a high level of protection of the environment taken as a whole.
- 5.10. Monitor to ensure that the agreed upon management measures (usually contained in an environmental and social management plan (ESMP) are adhered to, and that they remain effective to address impacts for the lifetime of the project, while the DBN has a commitment via the loan.
- 5.11. The ESMS shall document key environmental, climate, occupational health and safety and social impacts and risks, and the measures to be taken to address them adequately following the mitigation hierarchy. Thus, the ESMS is expected to:
- prevent the negative impacts that could be avoided;
 - mitigate the negative impacts that could not be avoided but could be reduced;
 - Compensate/remedy the negative impacts that could neither be avoided nor reduced; and, enhance positive impacts.
- 5.12. All compensatory and remedial measures will be addressed in the ESMS. Where stakeholders were identified as disadvantaged, marginalised or vulnerable during the assessment process, the ESMS will include differentiated measures so that adverse impacts do not fall disproportionately on them, and they are not disadvantaged in sharing any development benefits and opportunities resulting from the project.

- 5.13. Additionally, the ESMS should be developed as a tool to assess the implementation and the expected effectiveness of the mitigation and compensation measures and to identify any unforeseeable adverse effects.
- 5.14. The ESMS will also address, where appropriate, opportunities to achieve additional environmental and social benefits of the project including, where relevant, community development programmes, noting clearly that any positive contributions are made in addition to impact management and do not offset any adverse social and human right impacts identified.
- 5.15. The ESMP will contain measures and actions that are measurable to the extent possible, including elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods. This includes allocation of resources, responsibilities and timeframes for its implementation, as well. As appropriate, the ESMS will recognise and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts.
- 5.16. The ESMS will include provisions for the involvement of impacted individuals, communities and other stakeholders as appropriate (e.g. joint environmental monitoring), as well as provisions for remedy (through an effective grievance mechanism), regular communications with impacted stakeholders on the content, implementation and effectiveness of impact management measures.
- 5.17. It will also suggest improvements in project design, where appropriate, to fit the needs of the beneficiary groups, include vulnerable and marginalised groups, and promote transparency and accountability.
- 5.18. Depending on the nature and scale of the project, the ESMS may consist of some documented combination of the organisational structure, responsibilities, practices, procedures, processes and resources for its implementation, measurable actions and related supporting documents (including legal agreements) that are managed in a systematic way.
- 5.19. Recognising the dynamic nature of the project, the ESMS should be responsive to the changes in circumstances, unforeseen events, and the results of monitoring and review, the DBN agreeing with the promoter, on a case-by-case basis, the way in which proposed project changes or unforeseen circumstances are managed and reported.
- 5.20. In order to implement the ESMS, the promoter shall put in place an integrated environmental, and social management system (ESMS). The ESMS will outline the set of management processes and procedures, such as human resources management, environmental management, occupational health and safety and social management, that allow the client to identify, avoid, minimise, mitigate and offset or remedy any environmental, occupational health and safety and social impacts of the operation.

6. IMPLEMENTATION AND OPERATION

- 6.1. The promoter, in collaboration with appropriate and relevant third parties, shall establish, maintain, and strengthen as necessary the organisational structure that defines roles, responsibilities, and authority to implement the ESMS and the related Environment and Social Management Plan (ESMP). Specific staff, including management representative(s), with clear lines of responsibility and authority should be designated.
- 6.2. Key environmental, occupational health and safety and social responsibilities should be well defined and communicated to the relevant staff and to the rest of the promoter organisation. The promoter should ensure that sufficient human and financial resources will be provided on an on-going basis to achieve effective and progressive environmental and social performance.
- 6.3. The promoter shall ensure that employees with direct responsibility for activities relevant to the project's or the company's social and environmental performance are adequately qualified and trained so that they have the knowledge and skills necessary to perform their work.
- 6.4. Training should also address the specific measures and actions required under the applicable Standards and the ESMS and the methods required to perform the action items in a competent and efficient manner.
- 6.5. The promoter is also responsible for the proper implementation of any specific requirements set out in the ESMP which should be carried out by contractors or subcontractors. It is the promoter responsibility to ensure that contractors working on project sites meet these requirements. Effective contractor management includes due consideration to relevant ESMP provisions:
 - into tender documents as appropriate, and screening potential contractors' capacity to meet the requirements;
 - contractually requiring contractors to comply with the DBN conditions of contract and including appropriate non-compliance remedies;
 - ensuring that contractors have the competence (knowledge and skills) to perform their project tasks in accordance with ESMS requirements;
 - monitoring contractor compliance with the above requirements; and,
 - in the case of sub-contracting, requiring the contractors to have similar arrangements with their subcontractors.

7. PERFORMANCE MANAGEMENT

- 7.1. The promoter shall establish and maintain (a) procedure(s) to monitor and measure, on a regular basis, the key characteristics of its operations that can have significant impacts on the environment, occupational health and safety and social impacts.
- 7.2. The promoter shall establish procedures to monitor and measure the timely implementation and effectiveness of the ESMP against the agreed indicators and benchmarks, as well as compliance with any environmental and social provisions included in relevant legal and/or contractual obligations and regulatory requirements.
- 7.3. The extent of monitoring will be commensurate with the project's environmental and social impacts and risks and with compliance requirements. For projects with significant impacts, the promoter might be required to retain qualified and experienced specialists to perform periodic monitoring functions/audits throughout the life of the DBN's involvement with the project.
- 7.4. The promoter shall document monitoring results. In addition, the promoter may use third parties, such as independent experts, local communities or NGOs, to complement or verify its own monitoring information.
- 7.5. Monitoring will normally include recording information to track performance and establishing relevant operational controls to verify compliance and progress, as well as acting on inspection reports by the relevant enforcement authorities, and on feedback from stakeholders such as community members. In addition, the promoter should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes.
- 7.6. The results of the monitoring should be used to correct and improve operational performance, and when relevant, disseminated to the stakeholders. The information and communication programme is a useful tool to this end and to communicate any changes or adjustments to ESMP. Similarly, monitoring activities can be adjusted according to performance experience and feedback, including feedback received through any project-level grievance mechanism and other feedback loops.
- 7.7. If during project implementation and taking into account the promoter self-monitoring, governmental inspection reports and/or third party audits/reports the need for corrective and preventive actions is identified, the promoter shall amend the ESMP accordingly and shall submit it to the DBN for approval.
- 7.8. The promoter shall implement agreed corrective and preventive actions, and follow up on these actions to ensure their effectiveness

- 7.9. The procedure(s) shall include the recording of information to track performance, applicable operational controls and conformity with the promoter's environmental, occupational health and safety and social objectives and targets.
- 7.10. The promoter shall establish and maintain (a) procedure(s) for periodically evaluating compliance with applicable environmental, occupational health and safety and social legal requirements to meet the promoters commitment to compliance.
- 7.11. In the absence of such regulatory requirements, or if incomplete or inadequate adopt recognised internationally acceptable specifications, which must have formal approval from the promoters MD or CEO.
- 7.12. The promoter shall establish and maintain (a) procedure(s) for dealing with preventive and corrective actions. Any action taken to identify, correct, mitigate or eliminate the causes or effects of actual and potential nonconformity (-ies) shall be appropriate to the magnitude of problems and the environmental, occupational health and safety and social impact encountered.
- 7.13. The promoter shall review the actions taken and implement and record procedural changes resulting from preventive and corrective action.
- 7.14. Senior management at the DBN will receive regular performance assessments of the effectiveness of the ESMP, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with the promoter's' management system/programme, the ESMP and other applicable project requirements.
- 7.15. Based on results within these performance reviews, senior management shall take the necessary and appropriate steps to ensure the intent of the promoter's policy is met, that procedures, practices, and plans are being implemented, and are seen to be effective.
- 7.16. Periodic and planned inspections and audits should be conducted and documented and should be available for review by the DBN.

8. REVIEW

The principles contained in this standard will be reviewed on an annual basis to facilitate improvement.

9. GENERAL REFERENCES FOR STANDARD METHODS

- ISO14001:2015, ISO18001 & ISO9001
- Environmental Management Act No 7 of 2007 and its Regulations
- Performance Standard 1, Assessment and Management of Environmental and Social Risks and Impacts, IFC, January 1, 2012
- African Development Bank Group Integrated Safeguards System (ISS) - Approved 17 Dec 2013
- European Investment Bank (EIB) Environmental and Social Handbook, Environment, Climate and Social Office Projects Directorate, Version 9.0 of 02/12/2013
- DBSA Environmental and Social Safeguard Standards_ESSS_13May2014

10. BOARD APPROVAL OF STANDARD



12 Daniel Munamava Street, Windhoek • PO Box 235, Windhoek, Namibia • Tel: +264-61-290-8000 • Fax: +264-61-290-8049
5626 Main Road, Trade Fair Grounds, Ongwediva • PO Box 3226, Ongwediva, Namibia • Tel: +264-65-230-130 • Fax: +264-65-230-126
206 Sam Nujoma Drive, Erf 735, Central Business District, Walvis Bay • PO Box 4514, Walvis Bay, Namibia Tel: +264-64-220-924 • Fax: +264-64-221-857
E-mail: info@dbn.com.na • Web: www.dbn.com.na

EXTRACT OF THE UNAPPROVED ORDINARY BOARD MINUTES OF THE BOARD OF DIRECTORS' MEETING HELD ON 7 NOVEMBER 2016 AT 12 DANIEL MUNAMAVA STREET, WINDHOEK, NAMIBIA

“7. RISK, COMPLIANCE AND POLICIES

7.1 The Board reviewed and approved without any amendments thereto the following environmental standards,

- 7.1.1 Environmental and Social Management System Standard
- 7.1.2 Occupational Health and Safety, Public Health and Security Standard
- 7.1.3 Rights and Interests of Indigenous People Standard
- 7.1.4 Stakeholder Engagement Standard
- 7.1.5 Labour and Working Conditions Standard
- 7.1.6 Land Acquisition and Involuntary Resettlement Standard
- 7.1.7 Cultural Heritage Standard
- 7.1.8 Emergency Prevention, Preparedness and Response Standard
- 7.1.9 Pollution Prevention and Control Standard
- 7.1.10 Biodiversity and Ecosystems Standard
- 7.1.11 Greenhouse Gas Emissions and Climate Change Standard

Company Secretary

R Brusa

14 December 2016