TEMPLATE

Terms of References for Environmental and Social Due Diligence Assessment for

[Project]

06 June 2021

**[The Financial Institution]** requires the services of an independent environmental and social consultant (“a Consultant”) to perform an environmental and social due diligence (“ESDD”) assessment of a proposed investment in **[describe]** company (“the Company”).

The following Terms of References are applicable to the execution of the requested services.

**NOTE - THE POINTS BELOW TO BE ADAPTED AS NECESSSARY**

### Description of the Project

**[Insert description].**

### Objective

The requested services are to support **[The Financial Institution]** investment decision and follow-up approach by independently assessing and verifying the Project against the reference framework elaborated in Section [3], identifying compliance gaps, necessary mitigation and follow-up actions.

### Reference Framework

The reference framework will be (adapt as necessary):

* Applicable local, national and international environmental and social (including occupational health and safety) legislation.
* [Financial Institution’s Policy]
* [IFC Performance Standards, 2012].
* [The World Bank Group General Environmental, Health and Safety (EHS) Guidelines, April 2007.]
* [The relevant World Bank Group Industry Sector EHS Guidelines].
* [Other international standards which may be applicable]

### Team

The assignment has to be carried out by suitably qualified independent environmental and social experts, with appropriate background and experience in the sector and region.

[**Add any specific requirements**].

### Scope of Work and Tasks

The scope of work comprises the independent assessment of all material environmental and social aspects of the Project, within the framework stipulated in Section [3].

Specifically, this work will entail (*examples below*):

1. [Review the Company’s environmental and social programs and management systems, and implementation, and **[assess compliance with / benchmark them against**] the Reference Framewrok);
2. Review processes, procedures and the institutional capacity of the Company to manage environmental and social risks and impacts in accordance with Good International Industry Practice (GIIP), as defined by the IFC Performance Standards and the World Bank Group EHS Guidelines (both General and Industry Sector guidelines.
3. Assess the capacity of the **[Company/Project]** to **[comply/operate accordance with/develop a Project in accordance with]** GIIP, identifying gaps to compliance and recommending actions as necessary with implementation prioritisation;
4. Reviewing and, where necessary, recommending improvements to the **[Environmental and Social Impact Assessments (ESIAs) / Other documents]** and the proposed environmental and social management plans for **[the Project]**; and
5. Perform site visits to assess the implementation of the Company’s environmental and social management systems and plans and the adequacy of the Company’s management practices against the Reference Framework;
6. Identify opportunities for value addition through environmental and social improvements and initiatives.
7. Prepare an Environmental and Social Action Plan (ESAP) describing the actions to be implemented to achieve compliance with the Reference Framework within a reasonable timeline. Refer to Appendix A.
8. Conduct a review to identify from publicly available media sources if there are any potential environmental and/or social issues, including NGO attention/campaigns, or items that may lead to reputational risks to the Company and/or CDC Group plc.]

The assessment will comprise of **[X]** tasks (*examples below*):

1. [*Kick-off Meeting*: **[Describe].**
2. *Assessment of the Company’s capacity and track-record*: **[Describe].**
3. *Information Review*:   
   **[Describe].**
4. *Site Reconnaissance*:   
   **[Describe].**
5. *Preparation of the deliverables (see Section [6])*:

**[Describe].**

### Reporting and Deliverables

The Consultant will provide (*examples below*):

* 1. [*Preliminary Summary of Principal Findings* – shortly after conclusion of the site reconnaissance, the Consultant will provide a concise back-to-office report focusing on principal findings and identified risks, impacts and opportunities. A meeting/conference call will be scheduled between **[The Financial Institution]** and the Consultant to discuss the principal findings and the timeline for preparation of the ESDD report; and
  2. *Environmental and Social Due Diligence Report* – the Consultant will provide a detailed report fully reflecting the scope of work. Where compliance gaps with the Reference Framework and/or opportunities for value addition through E&S improvements have been identified these will be presented in Environmental and Social Action Plans (using a tabular format substantially similar to the example presented in Annex A)].

### Timeframe

**[Insert].**

### Proposal

The proposal for the ESDD should contain the sections listed below:

1. **Scope of Work:**   
   The scope of work should include a description of the specific activities that will be performed in order to accomplish the required tasks identified in Section 5. This should include any proposed site visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as “Optional Tasks”.
2. **Project team and qualifications:**   
   This should include the name of the principal staff members and any sub-contractors, and a brief description of their role within the project team. Qualifications of staff should include relevant technical capabilities, specific previous project experience similar to this Project, specific in-country experience and knowledge, specific language skills.
3. **Estimated costs:**  
   A total lump sum cost estimate (not to be exceeded), in US Dollars, must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented (i.e. tabular format) and should include Direct Labour Costs (number of hours or days per staff and their associated unit costs) and Indirect Labour Costs (i.e. travel, per diem, sub-contractors, etc.). All reasonable project-related expenses will be reimbursed by CDC ‘at cost’ (i.e. without mark-up) following provision of receipts. If necessary, the final project costs may be revised and agreed with CDC following initial discussions with the Company and finalisation of the scope of work; however, any assumptions related to the estimated costs presented in the fee proposal must be clearly stated.
4. **Conflicts of interest:**

As part of the proposal, the Consultant shall also confirm that they do not have a conflict of interest and that they are able in a position to provide an adequate, accurate and objective review.

1. **[ADD NEW SECTIONS AS APPROPRIATE]:**

**Annex A: Environmental and Social Action Plan (ESAP) indicative template**

The report should include a standalone Action Plan to address the gaps identified against the Reference Framework. This Action Plan will diligently aggregate the gaps identified in the report in a tabular format (such as the example presented below), set realistic deadlines for completion of the actions (with the emphasis on achieving compliance as soon as possible), and include the information shown below. The Measure and/or Corrective Action description should be succinct, but suitably detailed, accurate and clear and referenced against the appropriate standard.

Additional notes on the Action Plan are:

* Where issues are identified that carry associated high risks or potential for regulatory action, addressing these issues should be prioritised in the Action Plan.
* The Action Plan should take into account any additional staff or skills required by the Company E&S management.
* Where appropriate, larger or longer-term Measures or Corrective Actions should be further broken down to milestone to facilitate monitoring of progress in achieving them.
* In preparing the Action Plan, it should be taken into account whether significant synergies to achieve compliance with both international standards (i.e. IFC Performance Standards) and national requirements exist.

[EXAMPLE FORMAT:]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reference standard / law / regualtion** | **Actions** | **Priority**  **(Low, Medium, High)** | **Responsibility** | **Deadline** | **Completion indicator** |
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