

# GCF ENVIRONMENT AND SOCIAL SAFEGUARDS

Lessons Learned from Indonesia’s Accredited Entities Forum



## I. GCF ENVIRONMENT AND SOCIAL SAFEGUARDS BASIC INFORMATION

### What is GCF Environment and Social Safeguards?

Environment and Social Safeguards (ESS) is GCF’s overarching approach to integrate environmental and social considerations into its decision-making and operations to effectively manage environmental impacts and social risks to improve outcomes. The GCF tries to integrate environmental and social sustainability in multiple ways, which can be seen in Figure 1.

### What are the Supporting Policies for Environment and Social Safeguards?

The GCF ESS and other policies composes the Environmental and Social Management System (ESMS) which can be seen in Figure 2, but the three core policies of the system are:

- Environmental and Social Policy, including Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH)
- Relevant GCF policies: Indigenous Peoples Policy and Gender Policy
- Environmental and Social Safeguards

### What are the Roles of Accredited Entities and National Designated Authority on Environment and Social Safeguards?

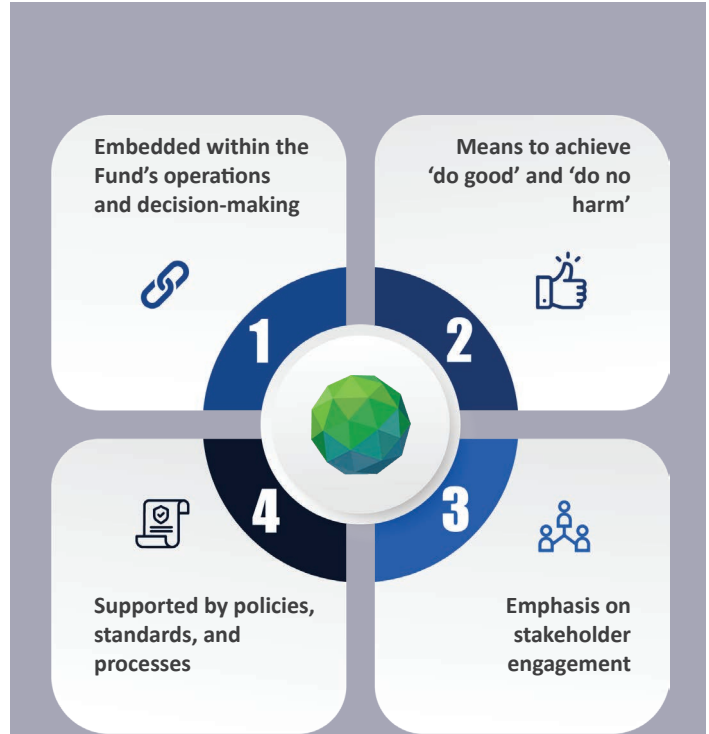
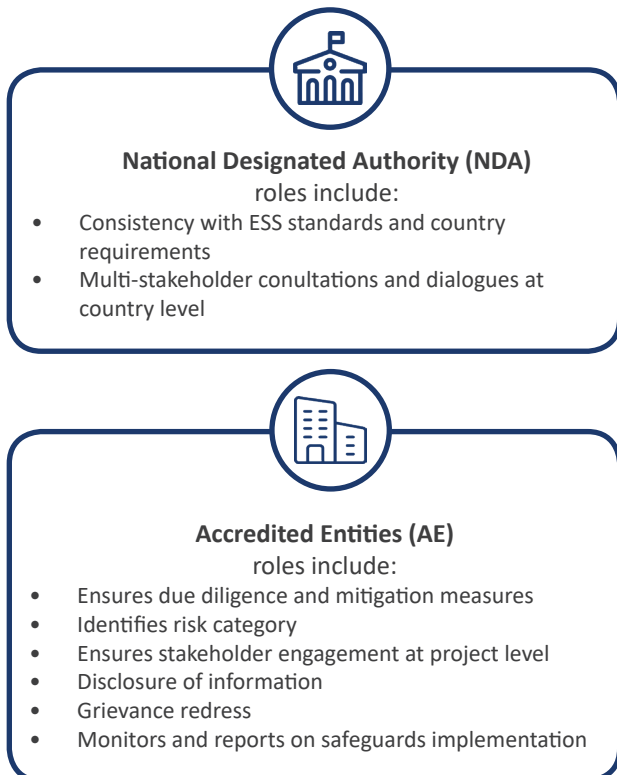


Figure 1. Integrating Environmental and Social Sustainability

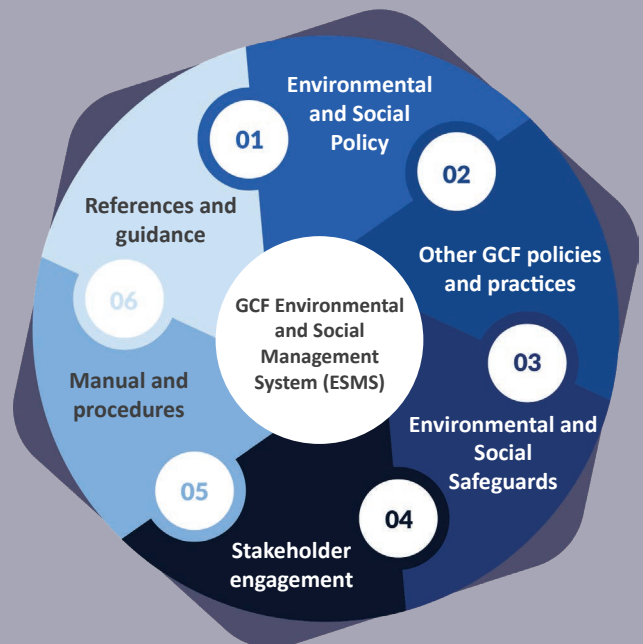


Figure 2. GCF Environmental and Social Management System (ESMS)

### What are Key Considerations for Environment and Social Safeguards Implementation?

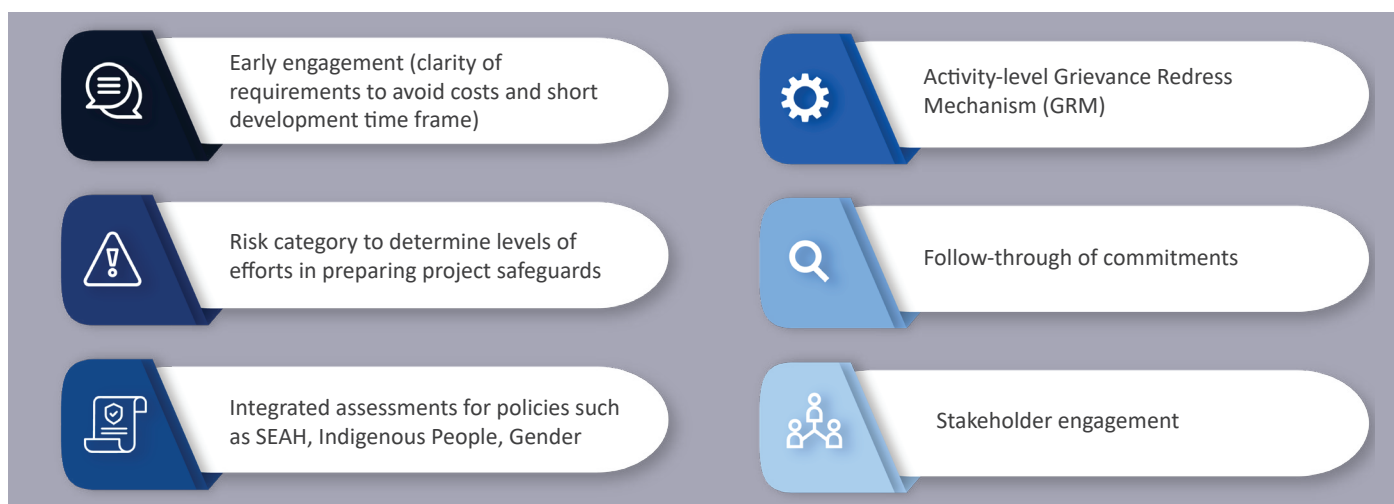


Figure 3. Key Considerations in Implementing Environment and Social Safeguards

### GCF Safeguards Categorization System

CATEGORY	RISK LEVEL	RISK MITIGATION MEASURE
<b>A/I-1</b>	<b>High Risk:</b> significant adverse impacts that are irreversible, diverse, or unprecedented.	Comprehensive impact assessments and management plans or frameworks, stakeholder engagement and grievance redress.
<b>B/I-2</b>	<b>Moderate Risk:</b> potential impacts less adverse, limited, site-specific, likely reversible, mitigation measures readily designed and implemented.	Focused assessments and management plans or frameworks, stakeholder engagement and grievance redress.
<b>C/I-3</b>	<b>Low Risk:</b> minimal to no adverse environmental and social impacts easily and fully mitigated through routine measures.	Screening and management plan as may be needed, stakeholder engagement and grievance redress.

Table 1. GCF Safeguards Categorization System

### Environment and Social Safeguards Implementation in Project Development

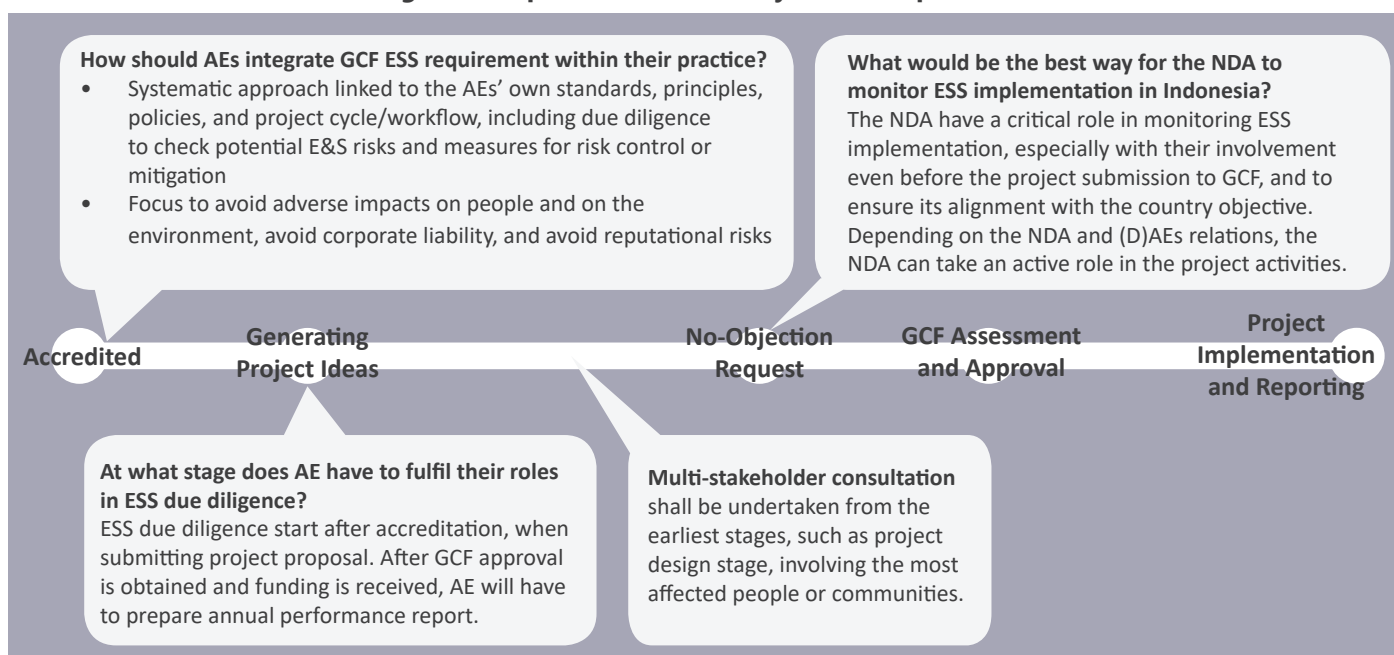


Figure 4. Integrating Environment and Social Safeguards in Project Development

## II. EXAMPLE AND LESSONS LEARNED

### International Union for Conservation of Nature (IUCN)

International Union for Conservation of Nature (IUCN) systematically combines their mission and policies; GCF and Global Environment Fund (GEF) requirements; and past project practice; into their standards and principles to improve environmental and social performance of their projects. Their **Environmental and Social Management System (ESMS) Policy Framework** is divided into four standards shown in Figure 5.

In accordance with the GCF requirement, IUCN placed stakeholder engagement as key activities throughout the project cycle, including:

- As guiding principles to enhance social, environmental, and financial sustainability of projects
- During project preparation phase, i.e. stakeholder identification, analysis and consultation for project design
- Development of stakeholder engagement strategy and action plan based on the analysis and inclusive (recognizing diversity of local stakeholders by gender, local communities, ethnic groups, etc.)
- Stakeholder engagement strategy and action plan implemented during project implementation phase and updated as needed.

**IUCN ESMS principle on grievance mechanism** ensures project accountability by opening a communication line for people to express their concerns about potential adverse impact from the project and providing assurance that the concerns are addressed in timely manner. When communicating with different representatives of local communities who have different needs and priority, AEs must balance the justification from technical point of view, political dynamic, and operational feasibility. The 3 stages of grievance mechanism are shown in Figure 6.

**IUCN ESMS principles on vulnerable groups protection** include:

1. ESMS screening of the presence of vulnerable groups in a project area.
2. Assessment of risks through consultation with the identified vulnerable groups.
3. Management of risks within project design or by developing specific mitigation measures based on non-discrimination principle.

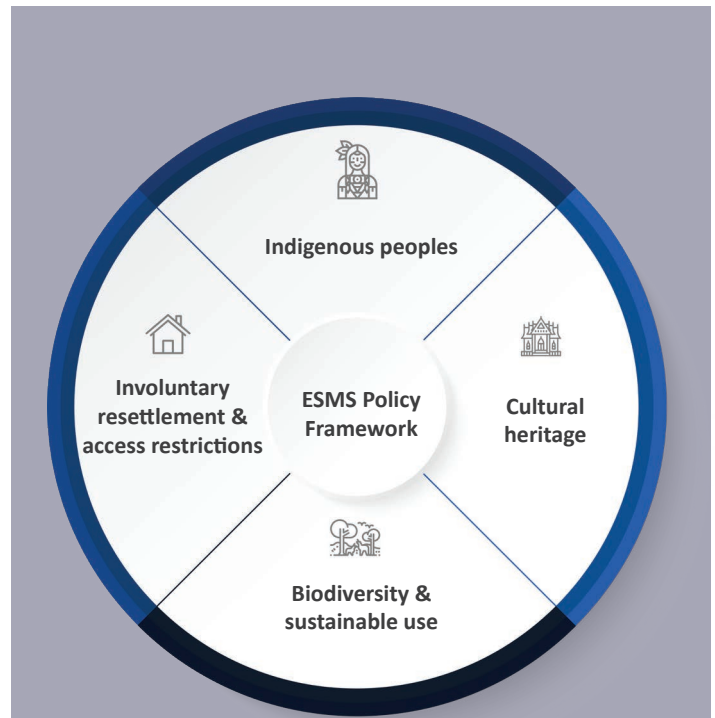


Figure 5. IUCN Environmental and Social Management System

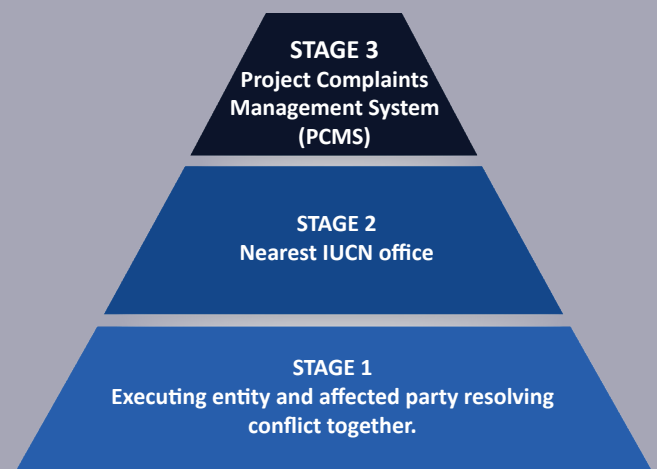


Figure 6. IUCN Three Stages of Grievance Mechanism

**IUCN: Focus on indigenous people**, who are among the poorest and most socially excluded, when the project takes place in their territories or lands and may impact their lives. To minimize adverse impact, a project need to conducted social assessment (SA) through meaningful free, prior, and informed consultation (FPIC) with the indigenous community. The consultations are gender and intergenerationally inclusive to avoid additional discrimination; and discuss issues that will affect them i.e. lands, territories, and natural resources.

**IUCN and UNDP: Dissemination of project information to local communities**, especially those who are affected and potentially affected by the project, is mandatory and must be locally appropriate. In Nepal, for example, with limited communication infrastructure, executing entities have to visit the community in person. So far, in-person visit is most successful especially when communicating with vulnerable groups, such as indigenous people. Visits shall be scheduled multiple times to ensure strong connection between parties and dissemination of information/report update.

**For projects under UNDP and IUCN, roles to monitor ESS implementation is as follows:**

- Executing entities: main responsibility to monitor ESS implementation throughout the project cycle that will also strengthen their project ownership.
- Accredited Entities: quality assurance responsibility, providing balance and checking.

**IUCN and UNDP’s Challenges of ESS implementation:**

- Identifying different indigenous people
- Inadequate capacity to implement ESMS standards
- Resourcing ESMS experts (project-based experts) which may reduce the sustainability of ESS implementation, and
- Limited financial resources

**UNDP: Way to overcome communication challenge in Environmental and Social related issues**

When confronted with local communities that have different priorities, the key step is to balance the project’s justification from the technical point of view, political dynamic, and operational feasibility.

**GCF: Should Accredited Entities find gaps between project report and implementation**, GCF expects AEs to highlight the gaps along with mitigation measures to be undertaken on their annual performance report. Issues that cannot be captured through this process will go through GCF independent redress mechanism.



Photo Source: IUCN



Photo Source: Green Climate Fund

**Will having National Environment Assessment mean redundancy of ESMS screening?**

**GCF:** There might be differences, but the risk categorizations are almost always aligned. The analysis will be based on the requirements of ESS standards. There are also times special technical studies need to be conducted to get better information.

**UNDP:** Having different monitoring process does not mean we have to report to both. It is not a duplication, but a more detail assessment in term of mechanical intervention; it is complimentary.

**How can the (D)AEs best distribute roles and responsibilities in implementing ESS standards between project partners or Executing Entities (EEs)?**

**GCF:** Depending on the capacity assessment of the partners, DAEs must allocate partners in the most efficient working position to get the maximum impact of the project. ESS implementation can be equally distributed between partners/EEs or distributed based on EEs strength, i.e. more technical or managerial role. However, capacity building of EEs staff on safeguard aspects and social considerations is also key, as well as regular review of ESS tools to adjust as needed and capture emerging risks.



**Disclaimer:**

This factsheet is based on Indonesia’s NDA event called “GCF Environment and Social Safeguards (ESS) Sharing Sessions for Indonesian Direct Access Entities (DAEs)” on April 20<sup>th</sup>, 2021 with speakers from International Union for Conservation of Nature, United Nations Development Programme, and the Green Climate Fund.